

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 10, 2009

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 10, 2009 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Virginia S. Bauer
 Hon. Anthony J. Sartor
 Hon. David S. Steiner

NEW YORK

Hon. Henry R. Silverman, Vice-Chairman
 Hon. Michael J. Chasanoff
 Hon. Stanley E. Grayson

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

Susan M. Baer, Director, Aviation
 Ernesto L. Butcher, Chief Operating Officer
 Ana Carvajalino, Supervising Financial Analyst, Aviation
 Rosemary Chiricolo, Assistant Director, Management and Budget
 Arthur J. Cifelli, Deputy Director, Public Safety/Deputy Superintendent of Police
 James N. Colangelo, Supervising Financial Analyst, Management and Budget
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 Harry Czinn, Senior Project Manager, Management and Budget
 John C. Denise, Audio Visual Supervisor, Public Affairs
 Michael P. DePallo, Director, Rail Transit
 Claudia Dickey, Assistant Director, Management and Budget
 Francis A. DiMola, Director, Real Estate Services
 Michael P. Dombrowski, Cinematographer, Public Affairs
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Jennifer Friedberg, Staff Public Information Officer, Media Relations, Public Affairs
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Director, Human Resources
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Mark D. Hoffer, Senior Counsel, Law
 Charles Huang, Manager, Corporate Financial Services, Financial Analysis
 Kara Hughes, Senior Advisor for New York State, City & Labor Affairs, Government and
 Community Affairs
 Howard G. Kadin, Esq., Law
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Catherine Kim, Leadership Fellow, Human Resources
 Kevin J. Kirchman, Director, Marketing and Special Events
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Richard M. Larrabee, Director, Port Commerce
 Francis J. Lombardi, Chief Engineer
 Stephen Marinko, Esq., Law

Ronald Marsico, Assistant Director, Media Relations, Public Affairs
Michael G. Massiah, Director, Management and Budget
Candace McAdams, Director, Media Relations, Public Affairs
Carol A. McCarthy, Executive Secretary, Port Commerce
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Lynn A. Nerney, Senior Business Manager, Office of the Secretary
Summer Oesch, Special Assistant to the Deputy Executive Director
Steven P. Plate, Director, World Trade Center Construction
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
I. Midori Valdivia, Leadership Fellow, Human Resources
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
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Speakers:

John Castella, CWA Local 1102
Bill Lindauer, New York Taxi Workers Alliance
Berrisford Simmons, New York Taxi Workers Alliance

The public meeting was called to order by Chairman Coscia at 1:38 p.m. and ended at 1:52 p.m. The Board met in executive session prior to the public session. Commissioner Pocino was present for a portion of the executive session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 19, 2009. She reported that copies of these Minutes were delivered in electronic form to the Governors of New York and New Jersey on November 20, 2009. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 7, 2009.

Whereupon, the Board of Commissioners unanimously approved the Minutes of the meeting of November 19, 2009.

The Secretary also reported that the actions set forth on pages 253 through 275 of the Minutes of the meeting of November 19, 2009, adopting a Port Authority Plan of Financing were also approved for purposes of the public approval provision of Section 147(f) of the Internal Revenue Code of 1986 and the regulations with respect thereto, upon expiration of the gubernatorial review period.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on December 10, 2009, which included discussion of matters involving external or internal investigations or audits, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in executive session at its meeting on December 10, 2009, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center (WTC) Redevelopment Subcommittee reported, for information, on matters discussed in public and executive sessions at its meeting on December 10, 2009, which included discussion of certain construction trade contracts and agreements in connection with the continued development of the WTC site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Special, Interim Meeting of the Committee on Operations

In view of the likelihood that there would be no quorum for the Board to act on certain matters to be considered at its December 10, 2009 meeting, consistent with the Board's resolution of December 15, 1994, a special, interim meeting of the Committee on Operations was held. At the meeting, the Committee acted for and on behalf of the Board on certain contract matters. A copy of the minutes of the special, interim meeting of the Committee on Operations held on December 10, 2009 is included with these minutes.

PORT NEWARK – PORT ELIZABETH TERMINAL & WAREHOUSE CORPORATION – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into an agreement with Port Elizabeth Terminal & Warehouse Corporation (PETW) for the leasing of space at Port Newark, consisting of: (1) Buildings 201 and 202 (approximately 312,000 square feet of warehouse space and associated open area), the Building 173 Annex (25,696 square feet of shed area and associated open area), and approximately four acres of open area on Tyler Street and Coastwise Street, for a ten-year period; and (2) Buildings 194 and 199 (approximately 208,000 square feet of warehouse space and associated open area) for a three-year period.

PETW has been a tenant at the New Jersey Marine Terminals since 1969 and is the second largest warehouse tenant at Port Newark, handling approximately 20,000 containers per year. PETW currently occupies the Building 173 Annex and Buildings 194, 199, 201 and 202, as well as certain associated and open areas, under an agreement (Lease No. L-PN-226) that expired on October 31, 2009. In addition, PETW also leases Building 191, consisting of approximately 104,000 square feet of warehouse space, under an agreement (Lease No. L-PN-286) that expires on July 31, 2013.

Buildings 194, 199, 201 and 202 are within the designated footprint for a potential expansion of Port Newark Container Terminal's (PNCT) leasehold to handle future container volume growth. Under the proposed new agreement, PETW would continue to occupy the aforementioned premises to allow for interim guaranteed revenue to the Port Authority until a final determination is made regarding the PNCT expansion.

Under the agreement, the effective date for the leasing of the Building 173 Annex and Buildings 194, 199, 201 and 202 would be November 1, 2009, and the effective date for the leasing of the open area would be February 1, 2010. The proposed lease would generate approximately \$28.6 million in aggregate rental over the term of the lease.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Silverman, Sartor 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 enter into an agreement with Port Elizabeth Terminal & Warehouse Corporation (PETW) for the leasing of space at Port Newark, consisting of: (1) Buildings 201 and 202 (approximately 312,000 square feet of warehouse space and associated open area), the Building 173 Annex (25,696 square feet of shed area and associated open area), and approximately four acres of open area on Tyler Street and Coastwise Street, for a ten-year period; and (2) Buildings 194 and 199 (approximately 208,000 square feet of warehouse space and associated open area) for a three-year period; 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 agreements, contracts and other documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

AUTHORIZATION FOR THE PORT AUTHORITY TO CONTRIBUTE TOWARD CONTINUED MEMBERSHIP IN TRANSCOM, INC. FOR 2010

It was recommended that the Board authorize the Director, Tunnels, Bridges and Terminals, to expend \$502,000 for the Port Authority's financial contribution toward its continued membership in TRANSCOM, Inc. (TRANSCOM) for the 2010 calendar year.

TRANSCOM originally was created in 1986 as a three-year demonstration program focused on enhancing the region's transportation management capabilities, and by 1989 TRANSCOM had become a permanent regional institution. Other TRANSCOM members include the Connecticut Department of Transportation (Connecticut DOT), Metropolitan Transportation Authority (MTA), MTA Bridges and Tunnels (B&T), MTA New York City Transit (NYCT), New Jersey Department of Transportation (NJDOT), New Jersey State Police, New Jersey Transit Corporation (NJT), New Jersey Turnpike Authority (NJTA), New York City Department of Transportation (NYCDOT), New York City Police Department (NYPD), New York State Bridge Authority (NYSBA), New York State Department of Transportation (NYSDOT), New York State Police, New York State Thruway Authority (NYSTA), and Port Authority Trans-Hudson Corporation (PATH).

At its January 22, 2009 meeting, the Board authorized: (1) the Port Authority's continued membership in TRANSCOM for a five-year period commencing on January 1, 2009; and (2) the Director, Tunnels, Bridges and Terminals, to enter into an agreement with TRANSCOM's other members to continue to participate in TRANSCOM programs and operations and to serve on TRANSCOM's Board of Trustees during such five-year period, at a cost of \$502,000 for 2009.

A companion item is being submitted to PATH's Board of Directors requesting authorization to provide for PATH's financial contribution toward its continued participation in TRANSCOM for the 2010 calendar year. Together, the Port Authority and PATH provide 19.62 percent of TRANSCOM's member contributions toward the operating budget (15.69 percent for the Port Authority and 3.93 percent for PATH). The percentage share of contributions of the Port Authority and PATH would remain the same in 2010 as in 2009.

The current list of TRANSCOM members and their percentage shares of contributions toward TRANSCOM's budget are as follows:

- 15.69 percent: Port Authority, NJDOT, NYSDOT
- 7.84 percent: MTA, B&T, NYCDOT, NJTA
- 3.93 percent: NJT, PATH, NYCT, Connecticut DOT, NYSTA
- 1.96 percent: NYSBA

The three police members (New Jersey State Police, New York State Police and NYPD) do not contribute financially.

To address a structural deficit in TRANSCOM's budget covering operations and ongoing technology infrastructure, the New York, New Jersey and Connecticut state departments of transportation have agreed to cover up to the maximum \$1.9 million of TRANSCOM deficit projected for 2010, using various federal funding sources at shares of 50 percent, 45 percent and five percent, respectively. This new funding has permitted the dues from all other members to remain flat in 2010, totaling approximately \$3.2 million.

Future authorization will be requested from the Board for annual financial contributions toward TRANSCOM's budget during the balance of the five-year membership period beyond 2010, subject to the development of the TRANSCOM business plan and future budgets. TRANSCOM members have veto rights with respect to the TRANSCOM budget and have the right to terminate their participation.

Authorization for the Port Authority's continued participation in TRANSCOM would enable TRANSCOM to continue its regional transportation coordination and technology development programs, and ensure that the Port Authority's regional transportation leadership role is advanced. TRANSCOM's services to the Port Authority, its other members and the region include:

- Regional Interagency Transportation Monitoring and Incident Management through TRANSCOM's Operations Information Center, which collects and disseminates real-time regional information on highway and transit conditions, incidents, construction and special events 24 hours a day.
- Regional Interagency Construction Coordination, to avoid restricting capacity on parallel or intersecting roadways or transit lines.
- Intelligent Transportation Systems (ITS) Program that enables the members, including the Port Authority and PATH, to benefit from federal funding to implement transportation management technologies, including regional traveler information systems across modes, jurisdictions and states.
- TRANSCOM System for Managing Incidents and Traffic, to relay real-time travel times and average speeds and to detect incidents.
- TRANSCOM Regional Architecture, to integrate the members' ITS Program systems to enable electronic sharing of information among members' operations centers and with the traveling public.
- Interagency Remote Video Network, to enable the members to share 400 closed-circuit television feeds.

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

RESOLVED, that the Director, Tunnels, Bridges and Terminals, be and she hereby is authorized, for and on behalf of the Port Authority, to expend \$502,000 for the Port Authority's financial contribution toward its continued membership in TRANSCOM, Inc. for the 2010 calendar year; and it is further

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

ONE WORLD TRADE CENTER – AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR BEAM AND COLUMN CLADDING

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Kenneth J. Herman, Inc. for beam and column cladding work associated with the construction of One World Trade Center, at an estimated total cost of \$8,046,000, including an eight-percent allowance for extra work.

The scope of work for this contract includes the furnishing and installation of the aluminum composite panel cladding at the perimeter beams and columns located on the mechanical floors of One World Trade Center. The work includes required clips, anchors, sealants, and metal framing for the cladding system. A five-year warranty for defects in material and/or workmanship for the composite aluminum panels is included in this contract.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policy and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security, and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement between Tishman and 1WTC LLC.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized, through its construction manager, Tishman Construction Corporation, to enter into a construction trade contract with Kenneth J. Herman, Inc. for beam and column cladding work associated with the construction of One World Trade Center, at an estimated total cost of \$8,046,000, including an eight-percent allowance for extra work; and it is further

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

ONE WORLD TRADE CENTER – AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR PLAZA FINISHES

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Crimson Construction Corporation for plaza finish work associated with the construction of One World Trade Center, at an estimated total cost of \$12,312,000, including an eight-percent allowance for extra work.

The scope of work for this contract includes the furnishing and installation of plaza finishes in the East and West plaza, including stone paving, stainless steel plate gratings, irrigation landscaping planters, water and lighting features and terraced seating. The contract also includes the protection of the plaza slabs during construction with waterproofing, fill and concrete.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policy and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security, and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest bidder, in accordance with the procurement procedures established in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement between Tishman and 1WTC LLC.

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

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized, through its construction manager, Tishman Construction Corporation, to enter into a construction trade contract with Crimson Construction Corporation for plaza finish work associated with the construction of One World Trade Center, at an estimated total cost of \$12,312,000, including an eight-percent allowance for extra work; and it is further

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

WORLD TRADE CENTER TRANSPORTATION HUB PROJECT – AUTHORIZATION OF AGREEMENTS FOR THE CONSTRUCTION OF THE LIBERTY STREET LINER WALL

It was recommended that the Board authorize the Executive Director to take several actions necessary to provide for the construction of the Liberty Street Liner Wall (Liner Wall) in support of World Trade Center (WTC) Transportation Hub infrastructure, at a total estimated cost of approximately \$5.34 million, including authorization to enter into: (1) a supplemental agreement to the construction management agreement with Bovis Lend Lease LMB, Inc. (Bovis) for Structural Rehabilitation of the Port Authority Trans-Hudson Corporation (PATH) rail system South Projection, in order for Bovis to provide additional construction management services for the Liner Wall, with Bovis' fee to perform such services to be a lump-sum amount of \$85,000, and with general conditions work in the amount of \$360,000; (2) a new construction trade contract, through construction manager, Bovis, with Navillus Contracting, Inc. for the construction and placement of the Liner Wall, at an estimated cost of \$2,743,200, including an eight-percent contingency; and (3) a supplement to the existing construction trade contract with Hugh O'Kane Electric Company for electrical conduit relocations associated with the Liner Wall, at an estimated cost of \$2,160,000, including an eight-percent contingency.

The construction of the Liner Wall is part of the WTC Transportation Hub Project scope of work. This work is a precursor to the steel framing that will be installed above the PATH substation, which is scheduled to commence in the second quarter of 2010. The Liner Wall will provide foundation reinforcement to the existing slurry wall and enable the erection of steel in the southeast corner of the WTC site, which will be integral to the opening of the Memorial Plaza on September 11, 2011.

Bovis, the construction manager for the WTC Memorial and Memorial Museum Projects, and its trade contractors, are proposed for sole-source procurement for the Liner Wall work, because the work is situated within the WTC Memorial construction site. Utilizing the same contractors is required due to the complex staging and logistical planning for the work. Because the proposed work is part of the WTC Transportation Hub Project, staff expects to seek recovery as part of the Federal Transit Administration (FTA) grant for that project, consistent with the terms of the FTA grant and other applicable agreements with the FTA.

The scope of work for the construction of the Liner Wall includes the demolition of a four-foot flood wall, which sits on top of the existing slurry wall, in order to install steel over the PATH substation. Concurrent with the demolition, the relocation of electrical conduits is necessary, because they run the length of the existing slurry wall along Liberty Street. Prior to this work, the millennium feeder, which provides temporary power for construction at the WTC site, must be relocated. The relocation of the millennium feeder and conduits is integral to the start of construction of the Liner Wall. The second phase of the work includes the construction and placement of the Liner Wall behind the PATH substation, which is inclusive of all formwork, rebar, concrete, and demolition necessary to complete the wall.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, 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: (1) a supplemental agreement to the construction management agreement with Bovis Lend Lease LMB, Inc. (Bovis) for Structural Rehabilitation of the Port Authority Trans-Hudson Corporation rail system South Projection, in order for Bovis to provide additional construction management services in support of the construction of the Liberty Street Liner Wall in support of World Trade Center (WTC) Transportation Hub infrastructure, with Bovis' fee to perform such services to be a lump-sum amount of \$85,000, and with general conditions work in the amount of \$360,000; (2) a new construction trade contract with Navillus Contracting, Inc. for the construction and placement of the Liberty Street Liner Wall, including all formwork, rebar, concrete, and demolition necessary to complete the wall, at an estimated cost of \$2,743,200, including an eight-percent contingency; and (3) a supplemental construction trade contract with Hugh O'Kane Electric Company for electrical work, including relocating conduits that run the length of the existing slurry wall along Liberty Street and relocating the millennium feeder, which provides construction power to the WTC site and is integral to the start of the liner wall construction, at an estimated cost of \$2,160,000, including an eight-percent contingency; 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.

2010 BUDGET

Consistent with long-standing Port Authority policy and in keeping with governance best practices, the Port Authority strives to adopt a Budget, to the greatest extent possible, prior to the commencement of the ensuing budget year. As such, the 2010 Budget is being presented to the Board for its consideration.

The 2010 Budget for The Port Authority of New York and New Jersey, including the anticipated expenditures of its wholly owned entities, provides for capital and operating expenditures during calendar year 2010 necessary to achieve the Port Authority's goals and objectives.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Entities
(In Thousands)

	<u>2010</u> <u>BUDGET</u>	<u>2009</u> <u>ESTIMATE</u>	<u>2009</u> <u>BUDGET</u>
Operating Expenses	\$2,482,998	\$2,573,114	\$2,488,996
Debt Service Charged to Operations	688,674	620,000	825,000
Other Expenses	<u>44,313</u>	<u>57,482</u>	<u>87,380</u>
Total Operating	3,215,985	3,250,596	3,401,376
Capital Expenditures	<u>3,126,548</u>	<u>2,516,385</u>	<u>3,304,415</u>
Total Port Authority Expenditures	<u>\$6,342,533</u>	<u>\$5,766,981</u>	<u>\$6,705,791</u>

The proposed 2010 Budget represents a zero-growth operating expense budget, reflecting aggressive cost containment efforts, and provides for, among other things: preserving safe and secure facilities by hardening our facilities' infrastructure and installing state-of-the-art surveillance and detection equipment, and investing in energy conservation and environmental programs. In order to accommodate higher costs and provide resources for agency priorities, such as the World Trade Center (WTC) site, Access to the Region's Core (ARC) Tunnel, and Port Authority Trans-Hudson (PATH) rail system Program, the 2010 Budget reflects savings initiatives recommended through the agency's ongoing organizational effectiveness efforts, including reducing our authorized staffing to the lowest level in 40 years through the reduction of 150 positions, by continuing to restructure functions, streamline operations and implement other staffing strategies. Also anticipated are initiatives such as the Clean Air Program, in participation with the U.S. Environmental Protection Agency, that includes financing and retrofitting trucks using our ports, an Ocean-going Vessel Fuel Incentive Program to partially offset the cost of low-sulfur fuel for vessels entering New York Harbor, and a program to procure carbon offsets in support of the Port Authority's goal to reduce greenhouse gas emissions.

The Port Authority exists to 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 the 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.

As part of a comprehensive planning process, the proposed 2010 Budget serves as a financial planning tool that outlines estimated expenditures for the next year to fulfill these objectives through programs already authorized or to be considered. In addition, the Strategic Plan serves as a tool for directing the agency's planning and project development resources for outlying years, and the Ten Year Capital Plan represents the long-term investment plan to develop and operate transportation facilities and services that contribute to regional economic growth and prosperity.

The 2010 Budget totals approximately \$6,343 million. It consists of \$2,483 million for operating expenses, \$3,127 million for gross capital expenditures, \$689 million for debt service charged to operations, and \$44 million for other expenditures.

Our most critical capital initiatives include:

- the rebuilding of the WTC site and reinvigorating Lower Manhattan with the National September 11 Memorial and Museum, the World Trade Center Transportation Hub, One World Trade Center, a Vehicular Security Center, retail development, new public open spaces, new streets and a new common WTC site infrastructure;
- security projects to harden our facilities' infrastructure and installing state-of-the-art-surveillance and detection equipment;
- building, in partnership with New Jersey Transit Corporation, the ARC project that includes a two-track passenger rail tunnel under the Hudson River to Manhattan, and a new rail terminal under 34th Street and adjacent to the current Penn Station;
- major upgrades and modernization of our tunnels, bridges and terminals, such as planning for the modernization of the Goethals Bridge; rehabilitating the Holland and Lincoln Tunnels; and improving the George Washington Bridge;
- completing a permanent ferry terminal in Hoboken, New Jersey;
- implementing a new toll collection system with cashless (all-electronic) capability;

- modernizing our airports, implementing a Flight Delay Reduction program at John F. Kennedy International Airport, terminal improvements at LaGuardia and Newark Liberty International Airports and upgrading Stewart International Airport;
- redeveloping our port facilities, including dredging to accommodate larger vessels and expanding ExpressRail; and
- expanding capacity and enhancing the PATH rail system by: modernizing stations; adding new railcars and replacing the aging fleet, and implementing a new state-of-the-art signal and communication system; and enhancing security.

The 2010 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The 2010 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, and spending to maintain existing Port Authority facilities in a state of good repair.

The Executive Director would implement the Budget in conjunction with his authority under the By-Laws and would 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 personnel benefit, classification, range and procedural adjustments.

A provision is also 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 Port Authority's annual Budget and any amendments thereto.

Circumstances arose during the year 2009 that were not foreseeable or determinable when the 2009 Budget was prepared, which are estimated to cause total expenditures to amount to \$939 million lower than the amounts set forth in the 2009 Budget.

The Executive Director would implement the capital plan in conjunction with his authority under the By-Laws, consistent with the 2010 Budget and capital program projections, through the application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, in addition to other capital funds carried into 2010 and the proceeds of Port Authority obligations to be issued. As such, it would be desirable to establish a maximum limit on such Consolidated Bond Reserve Fund applications, in an amount not to exceed \$1,600 million (after reimbursement for temporary applications).

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

Pursuant to the foregoing report presented by staff, the following resolution was adopted with Commissioners Bauer, Chasanoff, Coscia, Grayson, Silverman, Sartor and Steiner voting in favor; none against:

RESOLVED, that the 2010 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 Wholly Owned Entities
2010 BUDGET
(In Thousands)

Item	Total Expenditures	Personal Services	Materials & Services
Audit	\$13,256	\$10,824	\$2,432
Aviation	717,912	152,153	565,759
Chief Administrative Officer	1,068	933	135
Chief, Capital Planning	2,302	1,792	510
Chief Financial Officer	3,003	749	2,254
Chief Operating Officer	3,656	1,621	2,035
Capital Security Projects	20,683	5,019	15,664
Project Management Office	11,588	2,016	9,572
Chief of Public & Government Affairs	489	455	34
Chief, Real Estate & Development	2,363	1,977	386
Comptroller's	13,437	12,978	459
Engineering	273,632	96,842	176,790
Capital Construction Contracts	508,722	-	508,722
Executive Offices	2,826	2,512	314
Ferry Program	18,923	-	18,923
Government & Community Affairs	4,097	1,931	2,166
Human Resources	15,074	10,161	4,913
Medical Services	4,630	2,456	2,174
Inspector General	20,288	6,052	14,236
Labor Relations	2,248	1,643	605
Law	53,427	21,740	31,687
Management and Budget	7,797	6,605	1,192
Marketing	13,482	4,379	9,103
Media Relations	1,924	1,251	673
Office of Business and Job Opportunity	3,736	2,346	1,390
Office of Emergency Management	8,317	3,544	4,773
Office of Environmental & Energy Programs	7,400	2,394	5,006
Office of Financial Analysis	1,521	1,156	365
Office of the Secretary	4,401	2,737	1,664
Office of Strategic Initiatives	1,599	1,204	395
Operations Services	69,558	62,705	6,853 (1)

Operations Standards	1,757	1,326	431
Planning	5,400	3,261	2,139
Port Commerce	202,715	26,677	176,038
Procurement	16,234	13,205	3,029 (1)
Public Safety	374,979	342,400	32,579
Rail Transit	346,530	165,867	180,663
Real Estate & WTC Redevelopment	357,566	12,341	345,225 (1)
Technology Services	62,293	17,909	44,384 (1)
Corporate Enterprise Systems	24,091	-	24,091
Treasury	30,528	6,439	24,089
Tunnels, Bridges and Terminals	228,608	124,087	104,521
WTC Construction	1,219,168	24,955	1,194,213
Other:			
Access to the Region's Core (ARC Tunnel)	502,627	4,421	498,206
Amounts in Connection with Operating Asset Obligations	33,731	-	33,731
Bi-state Dredging Program	4,300	-	4,300
Debt Service – Operating	688,674	-	688,674
Debt Service – Capital	173,745	-	173,745
Insurance	180,002	-	180,002
Municipal Rents and Amounts in Lieu of Taxes	226,334	-	226,334
Port Authority Insurance Captive Entity LLC	510	-	510
Provision for Efficiency and Phasing	(290,274)	-	(290,274)
Regional Programs – Operating	21,250	-	21,250
Regional Programs – Capital	49,922	-	49,922
Special Project Bonds Debt Service	68,484	-	68,484
Total Port Authority Budget	<u>\$6,342,533</u>	<u>\$1,165,063</u>	<u>\$5,177,470</u>

(1) Net after charges to other departments.

; and it is further

RESOLVED, that the revisions to the Budget for the year 2009 be and the same hereby are approved:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Wholly Owned Entities
2009 ESTIMATE VS 2009 BUDGET
(In Thousands)

	<u>2009 ESTIMATE</u>	<u>2009 BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,573,114	\$2,488,996	\$84,118
Debt Service Charged to Operations	620,000	825,000	(205,000)
Other Expenses	<u>57,482</u>	<u>87,380</u>	<u>(29,898)</u>
Total Operating	3,250,596	3,401,376	(150,780)
Capital Expenditures	<u>2,516,385</u>	<u>3,304,415</u>	<u>(788,030)</u>
Total Port Authority Expenditures	<u>\$5,766,981</u>	<u>\$6,705,791</u>	<u>(\$938,810)</u>

; and it is further

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

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2010 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 2010 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 \$1,600 million (after any such reimbursements and in addition to other capital funds carried into 2010 and the proceeds of obligations to be issued).

CONFIDENTIAL ITEM

The Board authorized a claim settlement relating to the 1993 World Trade Center bombing that shall remain confidential pursuant to the terms of the settlement agreement.

SETTLEMENT OF CLAIM – THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY v. A&B PREFERRED, INC., ET AL.

It was recommended that the Board authorize General Counsel to settle a property damage claim in the action entitled, “The Port Authority of New York and New Jersey v. A&B Preferred, Inc., et al.” The Port Authority will provide a General Release to A&B Preferred, Inc. in exchange for payment of \$625,000, which includes interest, fees, costs and disbursements, to the Port Authority in settlement of its claim for property damage to the J-2 bridge overpass at John F. Kennedy International Airport.

On March 27, 2001, a concrete pump vehicle owned by defendant, A&B Preferred, Inc., and operated by defendant, Steven R. Ellis, struck the J-2 bridge overpass at John F. Kennedy International Airport, causing damage to the bridge structure. As a result of the damage to the bridge, the Port Authority was forced to restrict traffic in the area and engage the services of an architectural firm and a contractor on an emergency basis to assist with the repair of the bridge.

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

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to settle the action entitled, “The Port Authority of New York and New Jersey v. A&B Preferred, Inc., et al.,” in the amount of \$625,000, inclusive of interest, fees, costs and disbursements.

Whereupon, the meeting was adjourned.

Secretary