

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MINUTES

Thursday, December 8, 2011

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 8, 2011 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. David Samson, Chairman  
 Hon. Virginia S. Bauer  
 Hon. Anthony J. Sartor  
 Hon. William P. Schuber

**NEW YORK**

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

Patrick J. Foye, Executive Director  
 William Baroni, Jr., Deputy Executive Director  
 Darrell B. Buchbinder, General Counsel  
 Karen E. Eastman, Secretary

Susan M. Baer, Director, Aviation  
 Ernesto L. Butcher, Chief Operating Officer  
 Rosemary Chiricolo, Deputy Director, Management and Budget  
 Steven J. Coleman, Deputy Director, Media Relations  
 Harry Czinn, Senior Project Manager, Management and Budget  
 Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and Development  
 John C. Denise, Audio Visual Supervisor, Marketing  
 Michael P. DePallo, Director, Rail Transit  
 Pasquale DiFulco, Manager, Industry Forecasting, Aviation  
 John J. Drobny, Director, Security Projects, Chief Operating Office  
 Diannae C. Ehler, Deputy Director, Tunnels Bridges and Terminals  
 Michael G. Fabiano, Chief Financial Officer  
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police  
 Michael B. Francois, Chief, Real Estate and Development  
 Lash L. Green, Director, Office of Business Diversity and Civil Rights  
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs  
 Linda C. Handel, Deputy Secretary  
 Andrew T. Hawthorne, Director, Marketing  
 Mark D. Hoffer, Director, New Port Initiatives, Port Commerce  
 Howard G. Kadin, Esq., Law  
 James A. Keane, General Manager, Inspection and Safety-Risk Management, Operations Services  
 Kirby King, Director, Technology Services  
 Louis J. LaCapra, Chief Administrative Officer  
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
 Richard M. Larrabee, Director, Port Commerce  
 Jamie E. Loftus, Chief, Public and Government Affairs  
 John 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  
 James E. McCoy, Manager, Board Management Support, Office of the Secretary  
 Anne Marie C. Mulligan, Treasurer

Patrick O'Reilly, Senior Advisor to the Chairman  
Paul A. Pietropaolo, Corporate Information Security Officer, Office of the Secretary  
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction  
Monika A. Radkowska, Principal Board Management and Support Specialist, Office of the Secretary  
Alan L. Reiss, Deputy Director, World Trade Center Construction  
Timothy G. Stickelman, Assistant General Counsel  
Gerald B. Stoughton, Director, Financial Analysis  
Robert A. Sudman, Director, Audit  
Ralph Tragale, Assistant Director, Public Affairs, Aviation  
David B. Tweedy, Chief, Capital Programs  
Lillian D. Valenti, Director, Procurement  
Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary  
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director  
Peter J. Zipf, Chief Engineer

Guest:

Johanna Jones, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Margaret Donovan, Twin Towers Alliance  
Richard Hughes, Twin Towers Alliance  
Yvonne Garrett Moore, Member of the Public

The public meeting was called to order by Chairman Samson at 2:09 p.m. and ended at 2:30 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 October 20, 2011. She reported that copies of these Minutes were delivered in electronic form to the Governors of New York and New Jersey on October 20, 2011. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on November 3, 2011, with the exception of the matter appearing on pages 254 through 257 of these Minutes, which was approved by the Governors of New York and New Jersey on October 20, 2011, and October 21, 2011, respectively.

The Secretary also submitted for approval Minutes of the meeting of November 15, 2011. 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 November 16, 2011. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 1, 2011.

Whereupon, the Board unanimously approved the Minutes of the meetings of October 20, 2011 and November 15, 2011.

### **Report of Audit Committee**

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on December 7, 2011, which included discussion of matters involving external or internal investigations or audits, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

The Audit Committee also reported, for information, on matters discussed in public session at its meeting on December 8, 2011, which included discussion of and action taken pertaining to the retention of independent auditors for the year ending December 31, 2012, and the report was received.

### **Report of Governance and Ethics Committee**

The Governance and Ethics Committee reported, for information, on matters discussed in public and executive sessions at its meeting on December 8, 2011, which included a review of the staff code of ethics, a report from the Inspector General on the independence and freedom from interference of his office in the conduct of its responsibilities, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, the report was received.

**Report of Security Committee**

The Security Committee reported, for information, on matters discussed in public session at its meeting on December 8, 2011, which included discussion of an item that authorizes lease supplements to accommodate the installation of in-line baggage systems at John F. Kennedy International and LaGuardia Airports, and a contract to install terminal frontage bollard protection for terminal frontages at John F. Kennedy International, LaGuardia and Newark Liberty International Airports, and the report was received.

**Report of Committee on Finance**

The Committee on Finance reported, for information, on matters discussed in public session at its meeting on December 8, 2011, which included discussion of the Port Authority's 2011 debt issuances and financing plans for 2012, and the report was received.

**Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on December 8, 2011, which included discussion of an item that authorizes an agreement for the letting of space for the development of an aircraft maintenance hanger at Newark Liberty International Airport, and discussion of an item for planning to replace suspender ropes and rehabilitate cables on the George Washington Bridge, and the report was received.

**Report of Committee on Construction**

The Committee on Construction reported, for information, on matters discussed in public and executive sessions at its meeting on December 8, 2011, which included discussion of a project for the rehabilitation of Runway 4R-22L and the implementation of related delay reduction infrastructure improvements at Newark Liberty International Airport, a project for the expansion of the passenger terminal at Stewart International Airport, a project for the design and reconstruction of a section of Corbin Street at Port Newark, and discussion of matters involving ongoing negotiations or reviews of contacts or proposals, 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 December 8, 2011, which included discussion of several contracts and agreements in connection with the continued development of the World Trade Center site, and discussion and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

### **Report of Special Meeting of Committee on Operations**

In view of the absence of a quorum for the Board to act on certain matters to be considered at its meeting on December 8, 2011, 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 certain matters included on the agenda for the Board meeting. A copy of the minutes of the special meeting of the Committee on Operations held on December 8, 2011 is included with these minutes.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – REHABILITATION OF  
RUNWAY 4R-22L AND IMPLEMENTATION OF DELAY REDUCTION  
INFRASTRUCTURE IMPROVEMENTS – PROJECT AUTHORIZATION**

It was recommended that the Board authorize a project for: (1) the rehabilitation of Runway 4R-22L at Newark Liberty International Airport (EWR), to maintain a state of good repair; (2) the construction of two new partial-length high-speed taxiways; and (3) the realignment of two additional taxiways to facilitate airport delay reductions, at an estimated total project cost of \$42 million.

Runway 4R-22L receives the majority of landings at EWR and handles approximately 190,000 aircraft operations annually. The last resurfacing of the runway was completed in 2004. The runway pavement shows normal age-related wear, based on heavy usage and weathering, and requires rehabilitation in order to maintain a state of good repair.

The project also would include electrical system rehabilitation on the runway and existing taxiways and new lighting for two new partial-length high-speed taxiway exits, portions of which would be constructed as part of this project. Construction of the new taxiway exits would be completed as part of a separate project to rehabilitate Taxiway P, which would be subject to further Board authorization. In addition, Taxiways L and AA would be realigned to allow more efficient operations, and fillets would be improved for aircraft turns. Taxiway L also would be realigned for use as a high-speed taxiway.

The runway and taxiway improvements to be undertaken under the proposed project would reduce runway occupancy times on arrivals, increase the efficiency of ground operations and decrease aircraft fuel consumption and emissions.

Although the project costs are fully recoverable through the EWR Flight Fee Agreement, it is anticipated that a portion of these costs would be recoverable via Passenger Facility Charges.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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: (1) the rehabilitation of Runway 4R-22L at Newark Liberty International Airport, to maintain a state of good repair; (2) the construction of two new partial-length high-speed taxiways; and (3) the realignment of two additional taxiways to facilitate airport delay reductions, at an estimated total project cost of \$42 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 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.

## **STEWART INTERNATIONAL AIRPORT – TERMINAL EXPANSION – PROJECT AUTHORIZATION**

It was recommended that the Board authorize a project to expand the terminal at Stewart International Airport (SWF) into a multi-functional facility to accommodate the processing of international passengers from scheduled and itinerant operations, as well as increased domestic passenger activity, at an estimated total project cost of \$19.9 million.

In its current configuration, the passenger terminal at SWF has only limited ability to accommodate international traffic and cannot handle international and domestic arrivals simultaneously. This limits SWF's ability to expand service. In 2010, the airport received approval from United States Customs and Border Protection (CPB) to utilize a portion of the arrivals area as an interim federal inspection service (FIS) facility to process occasional international arrivals, and SWF also received approval to make interim modifications, completed in February 2011, to accommodate the interim FIS operations. Restrictions under this approval precluded simultaneous international and domestic arrivals at the terminal and limited the interim operation to a two-year period.

At its meeting of September 30, 2010, the Board authorized planning work, in an estimated amount of \$2 million, for a phased terminal expansion at SWF, in order to implement a more permanent solution to accommodate international carriers, charters, diversions and general/corporate aviation over the long term.

The proposed project would include an approximate 31,500-square-foot expansion of the north side of the terminal (including building shell and fit-out), the relocation of the interim FIS operation and the construction of additional public restroom facilities.

Completion of this construction would allow the Port Authority to expand the terminal beyond its current capacity of approximately one million annual passengers and would enable the terminal to handle simultaneous domestic and international arrivals by relocating the existing interim FIS facility into the terminal expansion area.

As passenger demand and international activity increase, additional terminal improvements would be required to accommodate customer service needs and CBP requirements. In addition, the proposed terminal expansion would accommodate the future relocation of the Operation Control Center from an adjacent building to the terminal. These future initiatives would be subject to further Board authorization.

Reimbursement for eligible project costs would be pursued through federal Airport Improvement Program funding.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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 a project to expand the terminal at Stewart International Airport into a multi-functional facility to accommodate the processing of international passengers from scheduled and itinerant operations, as well as increased domestic passenger activity, at an estimated total project cost of \$19.9 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 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.

**GEORGE WASHINGTON BRIDGE – SUSPENDER ROPES REPLACEMENT, MAIN CABLES REHABILITATION AND CABLE STRANDS REHABILITATION IN ANCHORAGES – INCREASE IN PLANNING AUTHORIZATION AND AUTHORIZATION TO INCREASE ALLOCATION TO A PROFESSIONAL SERVICES AGREEMENT**

It was recommended that the Board authorize: (1) an increase of \$15.5 million in the amount of the planning authorization (resulting in a total amount of \$20 million) for additional engineering design services related to the replacement of suspender ropes and the rehabilitation of main cables and cable strands, replacement of sidewalks and hand rails, critical utility relocations and enhanced protective devices on suspender ropes and main cables for the George Washington Bridge (GWB); and (2) the Executive Director to expend an additional \$6 million, (resulting in a total amount of \$8.5 million) for additional services in connection with the previously authorized professional services agreement with Ammann & Whitney Consulting Engineers, PC (Ammann & Whitney) to support this planning effort.

The existing suspender ropes, main cables and cable strands are from the original installation when the GWB was opened in 1931. Inspections and studies indicate that these ropes are in need of replacement. The main cables, which are composed of individual wire strands, need to be inspected, cleaned and protected from further deterioration. This work is needed to maintain the structural integrity of the GWB.

At its meeting of March 26, 2009, the Board authorized: (1) the expenditure of \$4.5 million for planning and engineering services related to the replacement of suspender ropes, rehabilitation of the main cables and cable strands in the anchorages and replacement of sidewalks, hand rails and affected electrical components of the GWB; and (2) a professional services agreement with Ammann & Whitney to support the project, with a total value of up to \$14.9 million, of which \$2.5 million was requested as part of that planning authorization. That initial planning authorization allowed staff to develop preliminary concepts into a more definitive scope, including assessing actual construction methodologies and space constraints of the GWB site.

As concepts for the project have been developed, it has become apparent that several items, including reinforcement details around the ropes and main cables, rope connection details, and critical utility and sidewalk relocation, need to be evaluated further. The proposed increase in the planning authorization would support additional design work associated with the replacement of the 592 suspender ropes, improvements to connection and reinforcement details, rehabilitation of the four main cables and 488 strands in the anchorages, replacement of the necklace lighting attached to the main cables, furnishing and installation of a corrosion prevention and protection system and other related work, including relocation and/or replacement of the two sidewalks at the GWB. The additional planning work also would include development of a long-term solution to the issue of corrosion resulting from moisture entrapment and de-icing salts and the arrangement for permitting and coordination with the United States Coast Guard, New York and New Jersey State Historical Preservation Offices and local community boards.

Currently, it is anticipated that this planning effort would result in recommendations for a program to advance three distinct projects, in order to optimize the staging of the work and minimize impacts on operations. It is necessary to support the development of these projects to prevent further deterioration of the existing suspender ropes and cables and to maintain the structural integrity of the GWB.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 an increase of \$15.5 million in the amount of the planning authorization (resulting in a total amount of \$20 million) for additional engineering design services related to the replacement of suspender ropes and the rehabilitation of main cables and cable strands, replacement of sidewalks and hand rails, critical utility relocations and enhanced protective devices on suspender ropes and main cables for the George Washington Bridge be and it hereby is authorized; and it is further

**RESOLVED**, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to expend an additional \$6 million (resulting in a total amount of \$8.5 million) for additional services in connection with the previously authorized professional services agreement with Ammann & Whitney Consulting Engineers, PC, to support the foregoing planning 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 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 – CORBIN STREET/BERTH 3 – WHARF RECONSTRUCTION – PROJECT AUTHORIZATION**

It was recommended that the Board authorize a project for the design and reconstruction of a section of Corbin Street, along with the wharf and culvert at Berth 3 in Port Newark, at an estimated total project cost of \$39 million.

Corbin Street is a primary north-south roadway for trucks and other motor vehicles serving Port Newark. A section of Corbin Street is supported structurally by Berth 3, which originally was built in the 1920s and is one of the oldest wharf structures at Port Newark. A New Jersey State Police Harbor Patrol (State Police) office is located on the wharf, and police boats are moored to a floating dock attached to the wharf.

An inspection of Berth 3 in 2006 did not identify any immediate concerns regarding the condition of the wharf. In 2009, however, a partial collapse of the seawall at Berth 3 occurred. Immediate repairs were performed. Further inspection revealed the need for more robust erosion control. A gabion wall was constructed, additional piles were driven, and load restrictions were imposed on the waterfront portion of the wharf.

Further inspections of Berth 3 have indicated that: (1) accelerated marine borer activity, the age of the structure and lateral forces contributed to the seawall collapse; and (2) the entire structure, including a wooden culvert crossing under Corbin Street, needs to be replaced. This work would require a phased approach, to ensure that the movement of traffic along Corbin Street is not negatively impacted.

The proposed scope of work would cover the design and reconstruction of the wharf structure at Berth 3, including: the removal and relocation of existing utility lines; relocation of the State Police operation to an adjacent area at Berth 2; phased removal of the existing low-level relieving platform, deck and timber piles; phased removal and replacement of wooden sheeting and decking for the culvert across Corbin Street with steel sheeting and concrete decking; and construction of a high-level concrete deck supported on concrete-reinforced steel pipe piles.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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 a project for the design and reconstruction of a section of Corbin Street, along with the wharf and culvert at Berth 3 in Port Newark, at an estimated total project cost of \$39 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 take action with respect to construction contracts, contracts for professional and advisory services and such other contracts and agreements related to the foregoing project as he deems in the best interest of the

Port Authority, 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.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – TERMINAL ONE GROUP ASSOCIATION, L.P., LEASE AYC-190; AND LAGUARDIA AIRPORT – DELTA AIR LINES, INC., LEASE AG-865 – LEASE SUPPLEMENTS FOR INSTALLATION OF IN-LINE BAGGAGE SCREENING SYSTEMS**

It was recommended that the Board authorize the Executive Director to enter into supplemental agreements to the Port Authority's leases with Terminal One Group Association, L.P. (Terminal One) at John F. Kennedy International Airport (JFK), and Delta Air Lines, Inc. (Delta) at LaGuardia Airport (LGA) (collectively, the Airlines) for the installation of in-line baggage screening systems at the respective airports, 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 27, 2006, the Board authorized the Executive Director to enter into agreements with the TSA and Terminal One providing for the installation of an in-line baggage screening system at Terminal One at JFK. On September 20, 2007, the Board authorized the Executive Director to enter into agreements with the TSA and Delta providing for the installation of an in-line baggage screening system at Terminal D at JFK. 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 explosive detection screening and baggage handling systems at selected passenger terminals at LGA, JFK and Newark Liberty International Airport.

Terminal One would invest approximately \$42.5 million to accommodate the in-line system and modify the existing baggage handling system throughout Terminal One at JFK; and Delta would invest approximately \$31 million in Terminal D at LGA to support the TSA's new generation explosive detection baggage screening equipment. The TSA would reimburse the Airlines for 90 percent of allowable costs, as defined by TSA guidelines for in-line installations. The Port Authority would serve as a conduit between the TSA and the Airlines, whereby the Port Authority would draw from funds appropriated by the TSA for the project. The Airlines would be responsible for paying all costs up front and for submitting the appropriate invoices to the Port Authority for reimbursement. The Port Authority would transmit such funds to the Airlines as reimbursement only after such funds are received from the TSA. 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 total allowable project costs.

Grant funds would be used to replace or renovate existing baggage handling systems to support TSA's Explosive Detection System (EDS) and Explosive Trace Detection (ETD) equipment. Once the existing baggage handling system has been 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 respective airports, the in-line system would accommodate newer equipment to 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 Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental agreements to the Port Authority's leases with Terminal One Group Association, L.P. at John F. Kennedy International Airport, and Delta Air Lines, Inc. at LaGuardia Airport for the installation of in-line baggage screening systems at the respective airports, as part of a grant program with the United States Department of Homeland Security, acting through the Transportation Security Administration; each substantially in accordance with the terms outlined to the Board; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – CONTINENTAL AIRLINES, INC. – NEW LEASE AGREEMENT/REIMBURSEMENT AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into: (1) a new lease agreement with Continental Airlines, Inc. (Continental) for the letting of approximately 3.02 acres of land at Newark Liberty International Airport (EWR) for the development and operation of a new wide-body aircraft maintenance hangar, for a 25-year term; and (2) an agreement to provide for the Port Authority's reimbursement to Continental of up to \$10 million for the relocation of Taxiway S.

Under the proposed transactions, Continental would lease approximately 3.02 acres of airside land for the construction and operation of a new wide-body aircraft maintenance hangar (Hangar) to support Continental's incoming fleet of Boeing 777 and Boeing 787 (Dreamliner) aircraft. Continental would be required to invest a minimum of \$25 million for the design and construction of the Hangar. Continental also would be required to relocate Taxiway S, which currently is located on a portion of the property to be developed, prior to commencing construction of the Hangar. The Port Authority would reimburse Continental for the actual costs incurred for the relocation of Taxiway S, up to \$10 million. Continental would be responsible for all costs in excess of \$10 million associated with the relocation of the taxiway.

Continental would be responsible for all utility, operational, maintenance and repair costs for the wide-body hanger and associated land. The rent commencement date would be the earlier of the date on which the Port Authority issues an approval for the beneficial use and occupancy of the space, or by January 1, 2014. Continental would pay a total aggregate rental of approximately \$20.8 million over the term of the lease. If Continental fails to commence construction of the Hangar by January 1, 2013, the Port Authority would have the right to terminate the lease or impose double rent for each month until the commencement of construction.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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: (1) a new lease agreement with Continental Airlines, Inc. (Continental) for the letting of approximately 3.02 acres of land at Newark Liberty International Airport for the development and operation of a new wide-body aircraft maintenance hangar, for a 25-year term; and (2) an agreement to provide for the Port Authority's reimbursement to Continental of up to \$10 million for the relocation of Taxiway S, 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 all contracts and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

**PORT JERSEY-PORT AUTHORITY MARINE TERMINAL – GLOBAL TERMINAL AND CONTAINER SERVICES, LLC – LEASE LPJ-001 – SUPPLEMENT**

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to amend Lease LPJ-001 (Lease) between the Port Authority and Global Terminal and Container Services, LLC (Global) at the Port Jersey-Port Authority Marine Terminal (Port Jersey), composed of the 100-acre Global Terminal Facility and the three-phased development of an approximately 70-acre adjacent site (Development Parcels), collectively the Global Container Terminal, to provide for the addition of a net total of approximately 0.45 acres to the footprint of the Global Container Terminal for development purposes; the reconfiguration of the construction of the Phase I, Phase II and Phase III Development Parcels; and the revision of the rent commencement date of the Phase II Development Parcel.

On April 30, 2009, the Board authorized the acquisition of approximately 100 acres of property owned by Global and a new 37-year lease with Global for the Global Terminal Facility and the adjacent Development Parcels at Port Jersey. Under its lease agreement, Global is responsible for the expansion of the existing berths and the development and construction of the Development Parcels for use as a container terminal facility in three phases, at an estimated project cost of \$312 million, with the Port Authority to 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.

Recent design changes associated with Global's terminal improvements have resulted in the need for the Port Authority to acquire from the City of Jersey City an approximately 13-acre portion of Port Jersey Boulevard, a public roadway which the Port Authority has deemed necessary for marine terminal purposes. The acquisition of Port Jersey Boulevard would allow for the Global Container Terminal to be reconfigured as it is developed, by adjusting various portions of the leasehold fence line, which would result in a net total of approximately 0.45 acres to be added to the Global leasehold, that would enhance the overall efficiency and operation of the facility. In lieu of paying basic rent for the approximately 0.45 acres, Global would reimburse the Port Authority for all additional Payments-in-Lieu-of-Taxes related to the vacated portion of Port Jersey Boulevard over the term of the lease, which would amount to approximately \$254,000 per year and is prorated in the first year.

Additionally, the acreage associated with the development of the Phase I (approximately 26 acres), Phase II (approximately 19 acres) and Phase III (approximately 20 acres) parcels would be reconfigured, and the rent commencement date for the Phase II parcel would commence on the earlier of completion of construction or January 1, 2014, which would result in the Port Authority realizing approximately \$1.7 million in revenues associated with that site approximately one year earlier than anticipated. Lastly, subject to future Board authorization, the Port Authority would fund improvements toward the development of a realigned Port Jersey Boulevard.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter a supplemental agreement to amend Lease LPJ-001 between the Port Authority and Global Terminal and Container Services, LLC at the Port Jersey-Port Authority Marine Terminal, 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 execute 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.

**WORLD TRADE CENTER RETAIL AND PARKING PRE-TENANT FIT-OUT PROJECTS – AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR CARPENTRY AND DRYWALL**

It was recommended that the Board authorize the Executive Director to enter into a construction trade contract, through construction manager Tishman Turner Joint Venture III (Tishman/Turner), a joint venture of Tishman Construction Corporation and Turner Construction Company, with Pabco Construction Corporation (Pabco), for carpentry and drywall work associated with the World Trade Center (WTC) site retail and parking areas, at an estimated total cost of \$11,875,680, inclusive of an eight-percent allowance for extra work. This work is the responsibility of the Port Authority and its wholly owned entity, WTC Retail LLC, and is associated with the pre-tenant fit-out phase of the WTC retail development and parking projects.

Via several actions through June 22, 2010, the Board, and the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized the phased implementation of core and shell and pre-tenant fit-out work to support the implementation of the WTC retail development throughout the WTC site, at a total amount of \$1.426 billion.

On August 5, 2010, the Board authorized a project for the implementation of core and shell and base-building fit-out for subgrade infrastructure and parking-related improvements at the WTC site, to be located in the East and West Bathtubs, at an estimated total project cost of \$252 million.

At its meeting of February 24, 2011, the Board authorized an agreement with Tishman/Turner to provide construction management services as agent for the Port Authority, to implement a portion of the pre-tenant fit-out work associated with the WTC retail and parking projects, at an estimated amount of \$27.4 million. The total value of the construction work being procured and/or coordinated by Tishman/Turner under that agreement is estimated at \$220.5 million, which amount includes the proposed carpentry and drywall construction trade contract.

The scope of work under this proposed contract includes the furnishing and installation of carpentry and drywall work, including protection for drywall and glass partitions or assemblies, elements of architectural woodwork, as well as hollow metal doors, door frames, and hardware necessary to satisfy requirements for the WTC retail and parking projects. This work would be installed in the WTC retail and parking areas located within the WTC Transportation Hub, One World Trade Center, Towers 2, 3 and 4, and under the New York City Transit No. 1 Subway Line. The proposed contract includes a warranty for a period of one year, commencing on the date of formal acceptance or through December 31, 2016, whichever time period is later.

Tishman/Turner, on behalf of the Port Authority, solicited bids through a publicly advertised, competitive two-step pre-qualification bid process, and Pabco was the lowest qualified bidder. The proposed trade contract with Pabco would be awarded pursuant to the Tishman/Turner construction management agreement, dated March 31, 2011.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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 and its wholly owned entity, World Trade Center Retail LLC, to enter into a construction trade contract, through construction manager Tishman Turner Joint Venture III, a joint venture of Tishman Construction Corporation and Turner Construction Company, with Pabco Construction Corporation, for carpentry and drywall work associated with the World Trade Center site retail and parking areas, at an estimated total cost of \$11,875,680, inclusive of 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 A CONSTRUCTION TRADE CONTRACT FOR A FIRST RESPONDERS COMMUNICATION SYSTEM AND A BASE-BUILDING/TENANT TWO-WAY RADIO SYSTEM**

It was recommended that the Board authorize 1 World Trade Center LLC (1WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with North American Mobile System/TechMer, a joint venture (NAMS/TechMer), for a first responders communication system and a base-building/tenant two-way radio system associated with the construction of One World Trade Center (1WTC), at an estimated total cost of \$11,822,134, including an eight-percent allowance for extra work.

The scope of work under the proposed construction trade contract includes engineering, design, furnishing, delivery, installation, testing and commissioning of a first responders communication system to be integrated into the site-wide system for communication in the event of an emergency. In addition, NAMS/TechMer would be responsible for the engineering, design, furnishing, delivery, installation, testing and commissioning of a two-way radio system for building management and tenant communication, which was requested by the Durst Organization, the joint venture partner of 1WTC LLC in the development of 1WTC.

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 awarded to the best value proposer from a pre-qualified list of proposers, 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 Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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 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 North American Mobile System/TechMer, a joint venture, for a first responders communication system and a base-building/tenant two-way radio system associated with the construction of One World Trade Center, at an estimated total cost of \$11,822,134, 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 A CONSTRUCTION TRADE CONTRACT FOR PLAZA WATERPROOFING**

It was recommended that the Board authorize 1 World Trade Center LLC (1WTC LLC), through its construction manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with 4 Star Contracting, Inc. (4 Star) for plaza waterproofing work associated with the construction of One World Trade Center (1WTC), at an estimated total cost of \$1,026,000, including an eight-percent allowance for extra work.

The scope of work under the requested trade contract consists of installation and testing of the plaza waterproofing at 1WTC, including, but not limited to, waterproofing the concrete slabs, walls and tree pits that comprise the East and West Plaza areas surrounding 1WTC.

At its meeting of December 10, 2009, the Board authorized the award of a construction trade contract for 1WTC plaza finish work to Crimson Construction Corporation (Crimson), at an estimated total cost of \$12,312,000, including an eight-percent allowance for extra work. The scope of work for that contract included protection of the plaza slabs during construction with waterproofing, furnishing and installing styrofoam, fill and concrete, as well as furnishing and installing the plaza finishes in the East and West Plaza, stone paving, stainless steel plate gratings, irrigation, landscaping planters, water and lighting features and terraced seating.

Under the Crimson contract, 4 Star was hired as a subcontractor to perform all of the waterproofing work mentioned above, which, to date, is approximately 30-percent complete. Subsequently, the Crimson contract was terminated for convenience. In order to maintain the warranty of the waterproofing material and installation previously performed by 4 Star, it was recommended that 4 Star be retained to complete the waterproofing work that they began under Crimson's 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, 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 Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson and Schuber voting in favor; Commissioner 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 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 4 Star Contracting, Inc. for plaza

waterproofing work associated with the construction of One World Trade Center, at an estimated total cost of \$1,026,000, 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.

**SECURITY STUDY – CONTINUED RETENTION OF THE CHERTOFF GROUP**

It was recalled that at its meeting of May 25, 2011 the Board authorized the Executive Director to retain The Chertoff Group to perform a top-to-bottom study of the Port Authority's organizational management of security and agency-wide facility security operations, at a cost not to exceed \$300,000, in order to assure the adequacy of the security measures being undertaken by the Port Authority and its staff.

Given the broad scope and complexities of the Port Authority's facilities and operations, on the basis of The Chertoff Group's initial review conducted over the past six months, it has become apparent that additional time and expenditures would be required in order for The Chertoff Group to continue its top-to-bottom security study and related services. On the basis of such initial review, it was recommended that the Executive Director continue the retention of The Chertoff Group for an additional six months, at a cost not to exceed \$300,000.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to continue the retention of The Chertoff Group, in connection with its top-to-bottom study of the Port Authority's organizational management of security and agency-wide facility security operations, at a cost not to exceed \$300,000; and it is further

**RESOLVED**, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all actions necessary to effectuate the foregoing.

## **PRELIMINARY 2012 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 proposed Preliminary 2012 Budget is being presented to the Board for its consideration.

The proposed Preliminary 2012 Budget provides for capital and operating expenditures during calendar year 2012 necessary to achieve the Port Authority's goals and objectives. The proposed Preliminary 2012 Budget is based on the business assumptions reviewed with executive staff and a modest economic forecast, and is subject to revision as a result of the ongoing audit being conducted by the Board's Special Committee, which is performing a complete review of the agency.

The proposed Preliminary 2012 Budget contains operating expenses that are 1.2 percent higher than in the prior year's Budget, due to higher incremental items, such as an interim port operating agreement, acceleration of the final payment for Brooklyn Bridge Park and additional World Trade Center (WTC) site police needs. When excluding these items, agency core expenses are relatively flat, while providing for increased municipal rent payments to the City of New York and the City of Newark, as we continue aggressive cost-containment efforts. The proposed Preliminary 2012 Budget provides for, among other things, preserving safe and secure facilities by hardening facility infrastructure, 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, including projects that support the Interstate Transportation Network, the Port Authority Trans-Hudson (PATH) Rail System Program and the WTC site, the proposed Preliminary 2012 Budget reflects savings initiatives recommended through the agency's ongoing organizational effectiveness efforts, and maintains authorized staffing at the lowest level in 40 years by continuing to restructure functions, streamline operations and implement other staffing strategies. Also anticipated are the agency's ongoing commitment to environmental protection and energy conservation with the Clean Air Program, in participation with the U.S. Environmental Protection Agency, that includes financing and retrofitting trucks using the port facilities, and an Ocean-going Vessel Fuel Incentive Program to partially offset the cost of low-sulfur fuel for vessels entering New York Harbor; the continued redevelopment and construction of the WTC site, continued modernization of the PATH system, including a signal system; safety and security projects to ensure the safety of our passengers, station improvements and substation rehabilitation; runway and taxiway reconstruction and improvements at our airports, terminal development at John F. Kennedy International Airport, Terminal A at Newark Liberty International Airport and the Central Terminal Building at LaGuardia Airport, security improvements to protect terminal frontage and modernization of Stewart International Airport; continuing the dredging program in the Port of New York and New Jersey, Port Jersey-Port Authority Marine Terminal development and infrastructure programs that include berth and wharf reconstruction; continued planning efforts associated with the Goethals and Bayonne Bridges modernization programs, redevelopment efforts at the George Washington Bridge Bus Station, rehabilitation of the George Washington Bridge and the Lincoln Tunnel Helix and Access Infrastructure Enhancements, including the Pulaski Skyway.

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.

As part of a comprehensive planning process, the proposed Preliminary 2012 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 capital plan spending represents the investment plan to develop and operate transportation facilities and services that contribute to regional economic growth and prosperity.

The proposed Preliminary 2012 Budget totals approximately \$7,095 million. It consists of \$2,561 million for operating expenses, \$3,657 million for gross capital expenditures, \$832 million for debt service charged to operations, and \$45 million for other expenditures.

The proposed Preliminary 2012 Budget includes \$3,657 million in capital plan spending. Critical capital initiatives include:

- major upgrades and modernization of tunnels, bridges and terminals, such as: planning for the modernization of the Bayonne and Goethals Bridges, rehabilitating the Lincoln Tunnel, and improving the George Washington Bridge;
- expanding capacity and enhancing the PATH rail system by modernizing stations, a new state-of-the-art signal and communication system, and enhancing security;
- redeveloping port facilities, including dredging to accommodate larger vessels and berth and wharf reconstruction;
- modernizing the region's airports, including John F. Kennedy International, Newark Liberty International and LaGuardia Airports terminal improvements and Stewart International Airport;
- security projects to harden facility infrastructure and install state-of-the-art surveillance and detection equipment; and
- the continued rebuilding of the WTC site.

The implementation of the preliminary 2012 capital budget is expected to result in 7,447 direct jobs and direct payroll wages of \$509,500 thousand (in 2011 dollars). Including ancillary effects, *i.e.*, purchases by both workers and suppliers to projects, the total economic impact would amount to 18,944 total jobs, \$1,101 million in total wages and \$4,353 million in economic activity.

The proposed Preliminary 2012 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The proposed Preliminary 2012 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 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 Preliminary Budget and any amendments thereto.

The Executive Director would implement the Preliminary 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 staffing, personnel benefit, classification, range and procedural adjustments. The Executive Director would implement capital plan spending in conjunction with his authority under the By-Laws, consistent with the Preliminary 2012 Budget and preliminary 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 2012 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 \$1,500 million (after reimbursement for temporary applications).

In addition, estimated 2011 total expenditures are projected to differ from amounts budgeted for the year; operating expenses are expected to be higher than planned, due to higher policing costs resulting from heightened security measures, higher expenses related to inclement weather conditions, costs for certain service contracts, including hangar demolition at John F. Kennedy International Airport, and miscellaneous write-offs concerning engineering and other capital project costs; debt service is expected to be less than planned, due to lower than expected interest rates on debt obligations; and capital expenditures are expected to be below planned amounts, primarily relating to lower than expected spending in connection with capital infrastructure funding for regional projects, delays in the design of the PATH signal replacement program, slower construction progress across various Aviation and Tunnels, Bridges and Terminals projects, and lower costs associated with the timing of the acquisition of strategic properties related to container and rail freight initiatives. These circumstances were not foreseeable or determinable when the 2011 Budget was prepared, are estimated, as of October 31, 2011, to cause total expenditures to amount to \$744 million lower than the amounts set forth in the 2011 Budget.

The Executive Director's authority, pending final adoption and approval of an 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 Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 the Preliminary 2012 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 an annual Budget each year, to make expenditures and undertake contractual commitments:

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**Including Its Related Entities**

**PRELIMINARY 2012 BUDGET**

(In Thousands)

<b>Item</b>	<b>Total Expenditures</b>	<b>Personal Services</b>	<b>Materials &amp; Services</b>
Audit	\$13,882	\$10,976	\$2,906
Aviation	692,294	156,666	535,628
Chief Administrative Officer	1,237	996	241
Chief, Capital Planning	735	562	173
Chief Financial Officer	4,146	1,015	3,131
Chief Operating Officer	4,669	1,943	2,726
Capital Security Projects	10,724	4,920	5,804
Project Management Office	5,965	1,677	4,288
Chief of Public & Government Affairs	545	504	41
Chief, Real Estate & Development	3,760	2,818	942
Comptroller's	13,240	12,725	515
Engineering	309,312	98,704	210,608
Capital Construction Contracts	545,395	-	545,395
Executive Offices	2,898	2,538	360
Ferry Program	4,936	-	4,936
Government & Community Affairs	4,459	2,612	1,847
Human Resources	17,022	11,226	5,796
Medical Services	3,774	2,499	1,275
Inspector General	16,968	6,438	10,530
Labor Relations	2,326	1,810	516
Law	57,567	20,897	36,670
Management and Budget	7,824	6,857	967
Marketing	11,553	4,062	7,491
Media Relations	2,099	1,547	552
Office of Business Diversity & Civil Rights	3,780	2,472	1,308
Office of Emergency Management	6,873	3,473	3,400
Office of Environmental & Energy Programs	4,748	2,466	2,282
Office of Financial Analysis	2,125	1,605	520
Office of the Secretary	4,763	3,001	1,762
Office of Strategic Initiatives	949	778	171
Operations Services	71,720	65,870	5,850

(1)

Operations Standards	1,585	1,238	347	
Planning	5,245	3,638	1,607	
Port Commerce	309,774	28,730	281,044	
Procurement	15,336	13,408	1,928	(1)
Public Safety	406,465	372,302	34,163	
Rail Transit	392,011	175,594	216,417	
Real Estate & Development	95,356	8,173	87,183	(1)
Technology Services	69,479	18,447	51,032	(1)
Corporate Enterprise Systems	19,616	-	19,616	
Treasury	32,753	6,228	26,525	
Tunnels, Bridges and Terminals	606,792	126,326	480,466	
WTC Construction	1,371,170	25,153	1,346,017	
WTC Redevelopment	318,251	3,760	314,491	
Other:				
Amounts in Connection with Operating Asset				
Obligations	29,576	-	29,576	
Bi-state Dredging Program	4,300	-	4,300	
Debt Service – Operating	832,304	-	832,304	
Debt Service – Capital	314,674	-	314,674	
Insurance	156,431	-	156,431	
Municipal Rents and Amounts				
in Lieu of Taxes	265,292	-	265,292	
Port Authority Insurance Captive Entity LLC	1,400	-	1,400	
Provision for Efficiency and Phasing	(246,077)	-	(246,077)	
Regional Programs – Operating	31,502	-	31,502	
Regional Programs – Capital	121,342	-	121,342	
Special Project Bonds Debt Service	108,125	-	108,125	
Total Port Authority Preliminary Budget	<u>\$7,094,990</u>	<u>\$1,216,654</u>	<u>\$5,878,336</u>	

(1) Net after charges to other departments.

; and it is further

**RESOLVED**, that the revisions to the Budget for the year 2011 be and the same hereby are approved:

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**Including Its Related Entities**  
**2011 ESTIMATE VS 2011 BUDGET**  
(In Thousands)

	<u>2011 ESTIMATE</u>	<u>2011 BUDGET</u>	<u>CHANGE</u>
Operating Expenses	\$2,587,714	\$2,530,137	\$57,577
Debt Service Charged to Operations	656,850	701,432	(44,582)
Other Expenses	<u>52,574</u>	<u>46,751</u>	<u>5,823</u>
Total Operating	3,297,138	3,278,320	18,818
Capital Expenditures	<u>3,124,688</u>	<u>3,887,046</u>	<u>(762,358)</u>
Total Port Authority Expenditures	<u>\$6,421,826</u>	<u>\$7,165,366</u>	<u>(\$743,540)</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 Preliminary 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 Preliminary 2012 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 2012 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 \$1,500 million (after any such reimbursements and in addition to other capital funds carried into 2012 and the proceeds of obligations to be issued).

## **VEHICULAR CROSSINGS – NEW YORK/NEW JERSEY STATEN ISLAND BRIDGES PROGRAM**

In connection with the Toll Increase for Vehicular Crossings, adopted by the Board on August 19, 2011, it was recommended that the Board authorize an adjustment to the Port Authority New York/New Jersey Staten Island Bridges Plan (NY/NJ SIB Plan) to reduce trip requirement and frequency thresholds to allow more customers to take advantage of this discount.

The Port Authority NY/NJ SIB Plan is currently available to E-ZPass<sup>®</sup> individual account holders with accounts through an E-ZPass<sup>®</sup> customer service center in New York or New Jersey. This Plan will now also be identified as the Goethals Bridge Plan, the Outerbridge Crossing Plan or the Bayonne Bridge Plan, individually or collectively. The NY/NJ SIB Plan allows enrolled Class 1 vehicles with non-commercial plates to make 20 New York-bound trips at any of the Port Authority's three Staten Island Bridges within a 35-day period at a cost of \$95.00. Unused trips are billed to the customer's E-ZPass<sup>®</sup> account. It was recommended that the thresholds for the current NY/NJ SIB Plan be adjusted to reduce the number of trips required to be purchased to 10 and the number of days required to use those trips to 30 days. As such, the current toll for enrolled E-ZPass<sup>®</sup> users with non-commercial plates would be \$47.50 for 10 trips in a 30-day period at the Goethals Bridge, Outerbridge Crossing and Bayonne Bridge; \$52.50 effective the first Sunday in December 2012; \$55.00 effective the first Sunday in December 2013; \$60.00 effective the first Sunday in December 2014; and \$62.50 effective the first Sunday in December 2015.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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 the resolution adopting a toll schedule applicable to Port Authority vehicular crossings, recently revised by the Board of Commissioners on August 19, 2011, be amended, without additional public hearings, to include the following paragraph:

The New York/New Jersey Staten Island Bridges Plan (the Plan will now also be identified as the Goethals Bridge Plan, the Outerbridge Crossing Plan or the Bayonne Bridge Plan, individually or collectively): The toll for enrolled E-ZPass<sup>®</sup> users with non-commercial plates shall be \$47.50 for 10 trips in a 30-day period at the Goethals Bridge, Outerbridge Crossing and Bayonne Bridge; \$52.50 effective the first Sunday in December 2012; \$55.00 effective the first Sunday in December 2013; \$60.00 effective the first Sunday in December 2014; and \$62.50 effective the first Sunday in December 2015;

and it is further

**RESOLVED**, that all other terms and conditions set forth in the resolution of the Board of Commissioners establishing tolls for the use of vehicular crossings, adopted on August 19, 2011, shall remain in full force and effect; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to exercise any discretion or judgment, and to take all action necessary or appropriate or which may be or is required to be exercised or taken to immediately implement the provisions of this resolution.

## **EMPLOYEE COMPENSATION PAYMENTS – WEB SITE DISCLOSURE**

Recognizing the need for greater transparency and openness in the Port Authority's dealing with the public, to the greatest extent possible as permitted by law, today the Board has directed that compensation information for all full-time and part-time Port Authority and Port Authority Trans-Hudson Corporation employees, including annual salary or wage rate, and year-to-date payments of base pay, overtime, longevity, differential pay, pay for unused time, retroactive payments, one-time payments, and total payments, will be posted on the Port Authority's Web site, commencing on December 9, 2011. Further, that information will be regularly updated quarterly.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bauer, Lynford, Moerdler, Rechler, Samson, Sartor and Schuber 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, consistent with Port Authority policy and relevant provisions of law, information about compensation paid to Port Authority and Port Authority Trans-Hudson Corporation employees will be posted on the Port Authority's Web site, commencing on December 9, 2011.

Whereupon, the meeting was adjourned.

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Secretary