

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 28, 2009

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday,
May 28, 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. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. David S. Steiner

NEW YORK

Hon. Henry R. Silverman, Vice-Chairman
 Hon. Stanley E. Grayson
 Hon. H. Sidney Holmes III
 Hon. David S. Mack

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

A. Paul Blanco, Chief Financial Officer
 Meghan Bitenc, Assistant to the Deputy Executive Director
 Steven A. Borrelli, General Manager, Port Property and Finance, Port Commerce
 Ernesto L. Butcher, Chief Operating Officer
 Rosemary Chiricolo, Assistant Director, Management and Budget
 Arthur J. Cifelli, Director, PABT Air Rights Development
 Patricia A. Clark, Senior Advisor, External Affairs, Aviation
 Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
 Arpan Dasgupta, Executive Assistant to the Deputy Executive Director
 William R. DeCota, Director, Aviation
 John C. Denise, Audio Visual Supervisor, Public Affairs
 Michael P. DePallo, Director, Rail Transit
 John J. Drobny, Director, Security Projects
 Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
 Michael B. Francois, Chief, Real Estate and Development
 Richard Gladstone, Director, World Trade Center Redevelopment
 Linda C. Handel, Assistant Secretary
 Alan H. Hicks, Senior Public Information Officer, Public Affairs
 Mark D. Hoffer, Special Advisor to the Executive Director
 Victoria C. Kelly, Director, Tunnels, Bridges and Terminals
 Kevin J. Kirchman, Director, Marketing, Public Affairs
 Louis J. LaCapra, Chief Administrative Officer
 Cristina M. Lado, Director, Government and Community Affairs
 Conor Lanz, Special Assistant to the Executive Director
 Richard M. Larrabee, Director, Port Commerce
 Susan Bass Levin, Deputy Executive Director
 Stephen Marinko, Esq., Law
 Candace McAdams, Director, Media Relations, Public Affairs
 James E. McCoy, Manager, Board Management Support, Office of the Secretary

Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer
Selene Ortega, Principal Contract Specialist, Procurement
Diane Paonessa, Associate Board Management Support Specialist, Office of the Secretary
Nina C. Phelps, Board Management Support Specialist, Office of the Secretary
Steven P. Plate, Director, World Trade Center Construction
Alan L. Reiss, Deputy Director, World Trade Center Construction
Jessica Schultz, Senior Government Community Affairs Manager, Government and
Community Affairs
Stephen H. Sigmund, Chief, Public and Government Affairs
Gerald B. Stoughton, Director, Office of Financial Analysis
David B. Tweedy, Chief, Capital Programs
Lillian D. Valenti, Director, Procurement
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Andrew S. Warsaw, Chief of Staff to the Executive Director
Peter J. Zipf, Deputy Chief Engineer/Director of Engineering

Guest:

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

Speakers:

Adam Armstrong
Chip Hallock, Newark Regional Business Partnership

The public meeting was called to order by Chairman Coscia at 1:34 p.m. and ended at 1:59 p.m. The Board met in executive session prior to the public session and on May 5, 2009.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of April 16, 2009 and April 30, 2009. 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 April 17, 2009 and May 1, 2009, respectively. She reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 1, 2009 and May 15, 2009, respectively.

Whereupon, the Board of Commissioners unanimously approved the Minutes of the April meetings.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed and action taken in public and executive session at its meeting on May 28, 2009, which included discussion of the retention of independent auditors for the year ending December 31, 2009, and discussion of matters involving external or internal investigations or audits, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public session at its meeting on May 28, 2009, which included discussion of an item for the purchase of property damage and loss of revenue insurance, and the report was received.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on May 28, 2009, which included discussion of the retention of planning and consulting services for the rehabilitation of certain infrastructure at the George Washington Bridge, 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 May 28, 2009, which included discussion of two lease agreements associated with the operation and development of the Port Authority's New York Marine Terminal facilities, and a report on the Port Authority's coordination and staging efforts related to a Metropolitan Transportation Authority project to extend the New York City Transit Number 7 subway line in New York, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public session at its meeting on May 28, 2009, which included discussion of a project for the rehabilitation of Runway 6-24 at Teterboro Airport, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public and executive session at its meeting on May 28, 2009, which included discussion of items for additional planning for the World Trade Center (WTC) Vehicular Security Center, and additional consulting services for the WTC Eastside Tour Bus Parking Facility, an amended and restated pre-construction services and construction management agreement for the WTC Memorial, Memorial Museum and WTC Infrastructure projects, the Port Authority's reimbursement to the National September 11 Memorial and Museum Foundation for design fees associated with WTC Infrastructure projects, additional early-action general site work in support of the WTC Transportation Hub Project, additional funding for design and construction activities associated with the WTC Transportation Hub, and discussion of matters related to the purchase, sale, or lease of real property, or securities where public disclosure would affect the value thereof or the public interest and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

TETERBORO AIRPORT – REHABILITATION OF RUNWAY 6-24 – PROJECT AUTHORIZATION AND AWARD OF CONTRACT TEB-144.017

It was recommended that the Board authorize: (1) a project for safety improvements, pavement rehabilitation, lighting system improvements and navigational aid (NAVAID) improvements to Runway 6-24 at Teterboro Airport (TEB) and associated taxiways, at an estimated total project cost of \$26.7 million, to maintain the runway in a state of good repair and comply with Federal Aviation Administration (FAA) requirements; and (2) the Executive Director to award construction Contract TEB-144.017 to Tilcon New York, Inc. for the performance of construction services related to this project, at an estimated cost of \$12 million, inclusive of extra work and net cost work.

Runway 6-24, one of two runways at TEB, last underwent a major rehabilitation in 1995, with interim repair work having been performed since then. The existing pavement requires rehabilitation due to age, usage, settlement and weathering, in order to maintain the runway in a state of good repair. The installation of lighting and NAVAID improvements would enhance safety, reduce maintenance costs and ensure compliance with the latest FAA requirements.

The scope of work under this authorization would include rehabilitation of the entire length of the runway, including the blast pad and adjacent taxiways at distances of up to 250 feet from the runway centerline, milling and overlaying of existing pavement, pavement markings, drainage improvements and re-grading of grass areas. The electrical work includes improvements to several lighting systems (including NAVAID) and related electrical equipment.

Portions of the costs related to the runway pavement rehabilitation work are expected to be recoverable from the American Recovery and Reinvestment Act (federal stimulus program funding), in the amount of approximately \$5 million. Federal Airport Improvement Program discretionary funding would be pursued for eligible costs for non-pavement-related project work.

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

RESOLVED, that a project (Project) for safety improvements, pavement rehabilitation, lighting system improvements and navigational aid improvements to Runway 6-24 at Teterboro Airport and associated taxiways, at an estimated total project cost of \$26.7 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award Contract TEB-144.017 to Tilcon New York, Inc., for the performance of construction services related to the Project, at an estimated cost of \$12 million, inclusive of extra work and net cost work; and it is further

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

GEORGE WASHINGTON BRIDGE – REHABILITATION OF THE 178TH STREET AND 179TH STREET RAMPS, BUS RAMPS, BUS TURNAROUND IN NEW YORK, AND UPPER LEVEL SPANS OVER THE ANCHORAGE AND HUDSON TERRACE IN NEW JERSEY – PLANNING AUTHORIZATION AND AWARD OF PROFESSIONAL SERVICES AGREEMENT

It was recommended that the Board authorize: (1) the expenditure of \$1.6 million for planning and engineering services related to the rehabilitation of the 178th Street and 179th Street ramps, two bus ramps, and the bus turnaround at the George Washington Bridge (GWB); (2) the expenditure of \$1.7 million for planning and engineering services related to the rehabilitation of the upper level spans over the New Jersey Anchorage and Hudson Terrace at the GWB; and (3) the Executive Director to award an expert professional services agreement to URS Corporation, in an amount not to exceed \$6 million, for all stages of the above two items and the rehabilitation of the GWB upper level sidewalks, including project change/contingency, if needed. Of the \$6 million requested for the professional services agreement, \$1.5 million would be part of this planning authorization, and an additional \$1.6 million would provide for design and construction support for the rehabilitation of the upper level sidewalks, with the expenditure of additional funds under the agreement to be subject to further authorization in the future.

The 178th Street and 179th Street ramps, two associated bus ramps, and the bus turnaround structure linking the roadways are critical for access to and from the New York side of the GWB. These structures were last rehabilitated in 1991, which provided for replacement of all deck expansion joints and replacement of asphalt overlay with latex-modified concrete. A recent assessment of the 178th Street ramp concluded that deck rehabilitation or replacement is needed to maintain the integrity of the ramp structure.

Deck condition assessments for the spans over Hudson Terrace and the New Jersey Anchorage also were conducted recently, and concluded that deck rehabilitation is needed to maintain the integrity of these structures. These structures were partially rehabilitated in 2004, primarily in the lanes adjacent to the median barrier (approximately 10 percent of the deck).

Lastly, a condition assessment of the two upper level sidewalks indicated that rehabilitation of the sidewalks is necessary to maintain them in a state of good repair.

The scope of work under the proposed planning authorization would include field verification, field testing and investigation of areas not previously covered, load rating, investigation of rehabilitation and replacement alternatives, environmental evaluation, construction staging and estimating, value engineering and preliminary design for the rehabilitation of the 178th Street and 179th Street ramps, bus ramps, and bus turnaround, and for the rehabilitation of the upper level spans over the New Jersey Anchorage and Hudson Terrace, and final design for the rehabilitation of the sidewalks.

It is expected that separate project authorizations and authorization for construction contract awards for the various components will be sought in the future.

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

RESOLVED, that the expenditure of: (1) \$1.6 million for planning and engineering services related to the rehabilitation of the 178th Street and 179th Street ramps, two bus ramps, and the bus turnaround at the George Washington Bridge (GWB), and (2) \$1.7 million for planning and engineering services related to the rehabilitation of the upper level spans over the New Jersey Anchorage and Hudson Terrace at the GWB, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award an agreement to URS Corporation, in an amount not to exceed \$6 million, for expert professional services in connection with the foregoing planning work, as well as for the rehabilitation of the GWB upper level sidewalks, including project change/contingency, if needed; 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 shall be subject to the approval of General Counsel or his authorized representative.

NEWARK LIBERTY INTERNATIONAL AIRPORT – AIRTRAIN NEWARK – REHABILITATION OF AUTOMATIC TRAIN CONTROL AND COMMUNICATIONS EQUIPMENT AND POWER AND SIGNAL RAILS FOR NORTHEAST CORRIDOR EXTENSION – SUPPLEMENTAL AGREEMENT WITH BOMBARDIER TRANSPORTATION (HOLDINGS) USA, INC. AND EXTENSION OF OPERATIONS AND MAINTENANCE CONTRACT

It was recommended that the Board authorize the Executive Director to: (1) enter into a supplemental agreement to the existing operations and maintenance contract with Bombardier Transportation (Holdings) USA, Inc. (Bombardier), in the amount of \$12,660,000, plus an allowance of six percent for extra work (if necessary), for the mid-life rehabilitation of the control and communications equipment, power distribution equipment and the power and signal rails on AirTrain Newark's Northeast Corridor (NEC) Extension; and (2) extend the existing operations and maintenance (O&M) contract for the AirTrain Newark system with Bombardier for an additional 12 months, through August 2012, at an estimated amount of \$14 million.

The O&M contract for the AirTrain Newark system requires Bombardier to undertake mid-life rehabilitations of various system components at specified intervals, based on their contractually stated design lives, at an additional cost to the Port Authority.

The AirTrain Newark system began service in 1996, and the system was extended to serve the NEC Extension in October 2001. Prior mid-life rehabilitations were authorized in September 2002, February 2005 and October 2006 on equipment that required the rehabilitation based on its design life, including the AirTrain vehicle subsystems, main control and communications equipment, power and signal rails, and the NEC Extension train vehicle bodies and subsystems.

The proposed authorization would provide for the mid-life rehabilitation of the control and communications equipment, power distribution equipment, and power and signal rails at the NEC Extension, which have a 15-year design life. Work would include inspection, repair, replacement and/or overhaul of the automatic train control system, the automatic train supervisory operating platform, the supervisory control and data acquisition system, the public address system, the system's phone service, the power distribution equipment, including vehicle propulsion control, the power and signal rails, and the guideway switches.

The O&M contract for the AirTrain Newark system is currently being performed by Bombardier under a five-year option that expires in August 2011. The proposed agreement would also authorize an extension to the contract of up to 12 months, through August 2012, to complete a software upgrade that is required as part of the mid-life rehabilitation.

Costs associated with this expenditure are fully recoverable through the Monorail Fee component of the Newark Liberty International Airport Master Lease.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplemental agreement with Bombardier Transportation (Holdings) USA, Inc. (Bombardier), in the estimated amount of \$12,660,000, plus an allowance of six percent for extra work, for the mid-life rehabilitation of the AirTrain Newark system's control and communications equipment, power distribution equipment and the power and signal rails on the Northeast Corridor Extension; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to extend the current Operations and Maintenance contract for the AirTrain Newark system with Bombardier by up to 12 months, at an estimated amount of \$14 million; 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.

HOWLAND HOOK MARINE TERMINAL – LEASE EXTENSION WITH THE CITY OF NEW YORK

It was recommended that the Board authorize the Executive Director to enter into an amendment to the existing agreement with the City of New York (City) to provide for the Port Authority's extended letting of the Howland Hook Marine Terminal (HHMT) in Staten Island, New York, for a 35-year term, through June 30, 2058.

In May 1985, the Board authorized a lease of the HHMT from the City for a term expiring on July 19, 2023. In October 1994, the Board authorized a sublease of the HHMT to New York Container Terminal, Inc. (NYCT), formerly known as Howland Hook Container Terminal, Inc., for a term expiring on December 31, 2019.

In June 2000, the Board authorized the acquisition of the 124-acre Port Ivory property from Procter & Gamble Manufacturing Company to allow for the expansion of the HHMT and the development of an intermodal rail facility. The Port Ivory site consists of three parcels that are adjacent to the HHMT. The first phase of ExpressRail Staten Island was constructed by the Port Authority on the approximately 38-acre Parcel A site and, as authorized by the Board in April 2006, is currently being operated by NYCT under an agreement that expires in 2016. Parcel B, which consists of approximately 47 acres, is currently leased to NYCT and RPM Warehouse, Inc. for warehousing and distribution purposes under agreements expiring in 2019 and 2013, respectively. The remainder of the Port Ivory property is currently undeveloped, and NYCT is exploring the possibility of expanding its operation by developing Berth 4, which is located on the approximately 39-acre Parcel C tract, as deep-water container terminal space, which could bring a significant increase in economic activity to the City and the Port Authority.

The amendment would provide for the Port Authority to pay a reduced annual rent for the remaining term of the existing lease and provide for a significant reduction in annual rent payments thereafter, in exchange for a Port Authority commitment to invest \$110 million to the benefit of the HHMT by July 2023. The aggregate rental payments to the City for the proposed lease extension, subject to rents received from the Port Authority tenant, would total a minimum of \$84.5 million to a maximum of \$201.3 million through 2058, provided the Port Authority makes the \$110 million capital investment in the HHMT prior to July 2023. In the event that the Port Authority did not meet the capital spending commitment for the benefit of the HHMT, the total aggregate rental for the proposed agreement to the City would be \$331.5 million. The capital investment may provide for, among other things, the deepening to 50 feet of the shipping channels serving the HHMT. If the full \$110 million capital investment were not made by July 19, 2023, the Port Authority would have the option to terminate the lease, effective July 19, 2023.

The extension of the term pursuant to the amendment would enable the Port Authority to maintain long-term strategic control of a container terminal within the Port of New York and New Jersey, to realize the benefit of previous investments, and to make future investments at the HHMT through 2023.

Under a separate action being advanced concurrently, authorization is being requested for the Executive Director to enter into a new lease with the New York City Economic Development Corporation (NYCEDC) for the letting of Piers 11 and 12 at the Red Hook Container Terminal

and Brooklyn-Port Authority Marine Terminal, respectively, for a term commencing on January 1, 2009 and expiring on December 31, 2029, for the operation of a passenger cruise terminal, with NYCEDC having an option to extend the lease for three additional periods through December 31, 2058. If the Port Authority exercised its option to terminate the HHMT lease, as discussed above, NYCEDC would lose this extension option to the lease for Piers 11 and 12.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an amendment to the existing agreement with the City of New York for the Port Authority's extended letting of the Howland Hook Marine Terminal through June 30, 2058, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

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

BROOKLYN-PORT AUTHORITY MARINE TERMINAL / RED HOOK CONTAINER TERMINAL – NEW YORK CITY ECONOMIC DEVELOPMENT CORPORATION – LEASE BP-311 – NEW LEASE

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with the New York City Economic Development Corporation (NYCEDC) for the continued letting of Piers 11 and 12 at the Red Hook Container Terminal and Brooklyn-Port Authority Marine Terminal, respectively, in Brooklyn, New York, for a 20-year term. The NYCEDC currently leases Piers 11 and 12 for the operation of a passenger cruise terminal under an agreement that is due to expire in 2019.

The term of the new lease would commence on January 1, 2009 and expire on December 31, 2029, with NYCEDC having an option to extend the lease term for three periods through 2058. Under a separate action being advanced concurrently, authorization is being requested for the Executive Director to enter into an amendment to the existing agreement with the City of New York (City) to provide for the Port Authority's extended letting of the Howland Hook Marine Terminal (HHMT). If the Port Authority exercises its option to terminate its lease agreement with the City for the HHMT in 2023, then the NYCEDC would not have the option to extend the term of its lease of Piers 11 and 12 beyond December 2029.

The new lease would replace the existing lease and would contain substantially the same terms and conditions, except that it would provide for rentals for the period beyond the expiration of the original term in 2019, and except as follows.

In September 2004, the Board authorized the Port Authority to enter into a lease with the NYCEDC for the operation of a passenger cruise terminal and activities incidental thereto. Under the new lease, the NYCEDC would also be permitted, solely with respect to the Pier 11 premises, to engage in warehousing and distribution activities. In this connection, the NYCEDC intends to enter into a sublease with Phoenix Beverages MTO, LLC and/or an affiliate thereof (Phoenix) for space at Pier 11. Under the new lease, the Port Authority would retain its right to consent in advance to assignments and subleases, which would include the Phoenix sublease.

The NYCEDC would pay a base rental to the Port Authority for the Pier 11 and 12 sheds and associated open area, with increases throughout the lease term. In addition, NYCEDC would pay a per-passenger fee for passengers handled at the cruise facility, a percentage of gross parking revenue receipts and a percentage of gross revenues from subleases and concessions. The passenger fees and percentage rentals would increase at fixed intervals throughout the lease term. The total aggregate rental over the 20-year term of the new lease is expected to be approximately \$56 million, and the total aggregate rental over the stated term, inclusive of all extension periods, is expected to be approximately \$204 million.

The NYCEDC would continue to be responsible for maintenance and repairs, structural or otherwise, and would continue to be entitled to a rental credit for its actual expenses to repair the underdeck of Pier 12, up to \$200,000 annually. As of January 1, 2029, this rental credit would increase annually by three percent, up to a maximum of \$250,000. The NYCEDC would retain its right to receive a portion of any condemnation award in connection with the unamortized portion of its original investment to develop the passenger cruise terminal; however, this right would cease after 2019, when its investment would be fully amortized.

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

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 the New York City Economic Development Corporation (NYCEDC) to replace the existing Lease No. BP-304 between the Port Authority and the NYCEDC covering Piers 11 and 12 at the Red Hook Container Terminal and Brooklyn-Port Authority Marine Terminal, respectively, for a term commencing on January 1, 2009 and expiring on December 31, 2029, with the NYCEDC having the option to extend the term for three periods through 2058, provided that the Port Authority does not terminate its agreement with the City of New York in 2023 for the letting of the Howland Hook Marine Terminal, substantially in accordance with the terms and conditions outlined to the Board; and it is further

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

NEWARK LIBERTY INTERNATIONAL AIRPORT – DEFERMENT OF 2008 YEAR-END RECONCILIATION PAYMENTS

It was recommended that the Board authorize the Executive Director to enter into supplemental agreements with certain airlines and, as appropriate, other tenants or lessees affected by the Master Lease at Newark Liberty International Airport (EWR), providing for deferment in the payment of certain year-end 2008 reconciliation amounts related to operations at EWR.

In accordance with the EWR Master Lease agreement, airlines, and certain other tenants and lessees, are charged for services and other Port Authority costs associated with operating the airport, based on formulas set forth in the Master Lease agreement. Airlines are billed for fees during the calendar year, based on an estimate of costs and airline traffic for that year. The fees are typically adjusted twice a year to reflect actual costs and airline traffic, to ensure that adequate funds are collected to cover all costs. At the end of the year, a final calculation is made, based on actual costs incurred throughout the year. In accordance with the Master Lease, the amount of any underpayment of fees and charges is payable within 30 days of the date of billing. Due to the reduced flight activity in 2008, the collections from the airlines were less than was required to pay for all airport costs.

In light of the current economic conditions of the airline industry, and to avoid imposing a large single payment obligation on affected parties, it was recommended that airlines and other affected parties subject to the end-of-year reconciliation requirement in the EWR Master Lease which owe \$500,000 or more for 2008 be eligible to defer payment of that obligation, at their option. The deferred amounts would be repaid over a three-year term at an interest rate equal to the Revenue Bond Index at the time of agreement plus 300 basis points, which sum is currently estimated at 8.5 percent. If accepted by all that are eligible, the aggregate amount deferred would be approximately \$15.6 million.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into supplemental agreements with airlines and, as appropriate, other tenants or lessees affected by the Master Lease at Newark Liberty International Airport (EWR) to provide for the deferment of payment of the 2008 year-end reconciliation amount owed by the respective airline, tenant or lessee pursuant to the EWR Master Lease, if that amount is \$500,000 or greater, with the payment of such deferred amount to be made over a term not to exceed three years and at a rate of interest not to be lower than the Revenue Bond Index at the time of agreement plus 300 basis points; and it is further

RESOLVED, that the form of any agreements or other documents necessary for such action shall be subject to the approval of General Counsel or his authorized representative.

AMENDMENT OF MEMORANDUM OF UNDERSTANDING WITH THE BROOKLYN BRIDGE PARK DEVELOPMENT CORPORATION FOR THE DEVELOPMENT OF BROOKLYN BRIDGE PARK

It was recommended that the Board authorize the Executive Director to enter into an amendment of the December 31, 2003 Memorandum of Understanding (MOU) with the Brooklyn Bridge Park Development Corporation (BBPDC) to provide, with respect to the Port Authority's commitment to the BBPDC for the development of Brooklyn Bridge Park (Park) on the former Piers 1 through 6 site at the Brooklyn-Port Authority Marine Terminal (BPAMT), that the payment schedule be accelerated to accommodate the BBPDC's anticipated construction schedule for the Park.

In December 2003, the Board authorized the Executive Director to enter into an MOU with the BBPDC to provide for the transfer of Piers 1 through 5 at the BPAMT, which had been declared surplus property by the Board at its meetings of September 1994 and October 2005, to the BBPDC, and to provide BBPDC with \$85 million for the planning, design, development and construction of the Park. The City of New York (City) also committed \$65 million to the BBPDC for the development of the Park. No quarterly payments were to be made by the Port Authority unless the City also made a quarterly payment or demonstrated a direct investment in the Park construction. At its meetings on October 20, 2005 and August 14, 2008, the Board authorized the Executive Director to surrender and/or assign the Port Authority leases with the City covering various areas within Piers 1 through 6 at the BPAMT. Title to the Port Authority-owned property on Piers 1 through 5 was transferred to BBPDC in May 2006, and the Port Authority surrendered the City-owned parcels on Piers 1 through 5 in May 2008, and on Pier 6 in September 2008.

Since 2004, the Port Authority has paid the BBPDC approximately \$40.7 million of the \$85 million commitment. The current payment schedule, pursuant to the MOU, provides for payments to BBPDC of \$10 million per year in 2012 and 2013, with the remaining \$2.6 million to be provided in 2014. Under this authorization, the MOU would be amended to provide for an accelerated payment schedule to allow for the BBPDC to receive approximately \$22.6 million in 2012.

The Park is being developed in phases, and the BBPDC anticipates that the first 16 acres could be open to the public by year-end 2009. The proposed acceleration of the Port Authority's provision of funding is expected to enable construction of the entire first phase of the Park to be completed in 2013, both on time and within the BBPDC's estimated budget.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into an amendment of the December 31, 2003 Memorandum of Understanding with the Brooklyn Bridge Park Development Corporation (BBPDC) to provide, with respect to the Port Authority's commitment of \$85 million to the BBPDC for the development of Brooklyn Bridge Park on the former Piers 1 through 6 site at the Brooklyn-Port Authority Marine Terminal, that the payment schedule be accelerated to allow for an earlier payment of

the outstanding balance of the commitment; and (2) enter into any other agreements necessary to effectuate this matter; and it is further

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

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER VEHICULAR SECURITY CENTER – INCREASE IN PLANNING AUTHORIZATION AND ADDITIONAL EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES

It was recommended that the Board authorize: (1) an increase, in an estimated amount of \$7 million, in planning work to advance the design of the World Trade Center (WTC) Vehicular Security Center (VSC), including additional preliminary engineering required to accommodate a change in location of St. Nicholas Church and redesign of construction staging to mitigate delays caused by the deconstruction of 130 Liberty Street; and (2) the Executive Director to increase, by \$6 million, the compensation to Liberty Security Partners (LSP) (a joint venture of STV, Inc., AECOM and URS Corporation) for expert professional services in connection with the project to construct the WTC VSC, resulting in a total authorization amount of \$32.9 million for the agreement with LSP for professional services in connection with the projects to construct the WTC Eastside Tour Bus Parking Facility, the WTC VSC, the West Bath tub Vehicular Access Project and the Performing Arts Center at the WTC site. This total authorized amount for the agreement with LSP is inclusive of an additional \$900,000 being requested under a separate action being advanced concurrently for authorization of additional architectural and engineering design services by LSP for the WTC Eastside Tour Bus Parking Facility.

Under prior authorizations through November 2008, the Board authorized: (1) the expenditure of \$118.6 million for work in connection with the WTC VSC, including planning, early-action work associated with Stage III design, relocation of a sewer at the WTC site South Bath tub, construction of the perimeter foundation walls at the South Bath tub, construction support services for the sewer and perimeter wall contracts, and additional preliminary engineering necessary to incorporate value engineering recommendations and to perform analysis and design for long-lead procurement of steel to advance the design; and (2) compensation of \$26 million to LSP for preliminary engineering in connection with these efforts and planning for the WTC Eastside Tour Bus Parking Facility, the West Bath tub Vehicular Access Project and the Performing Arts Center at the WTC site.

Work under the proposed authorization would include redesign activities to accommodate the St. Nicholas Church building on its original location at 155 Cedar Street and construction staging to mitigate any delays caused by 130 Liberty Street (the former Deutsch Bank Building) deconstruction, and final design of a new basement structure south of the existing WTC site (the South Bath tub), including a below-grade level to support approximately 30 tour bus parking spaces, an entrance on Liberty Street and internal access ramps, which will include a vehicle screening area as part of the VSC for tour buses, service vehicles and cars.

This project will support the development of the WTC site infrastructure to accommodate and provide for the safe and efficient delivery of goods and services to the WTC site. The construction of these facilities is critical to the successful long-term operation of the WTC site.

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

RESOLVED, that an increase, in an estimated amount of \$7 million, in planning work to advance the design of the World Trade Center (WTC) Vehicular Security Center (VSC), including additional preliminary engineering required to accommodate a change in the location of St. Nicholas Church and to redesign construction staging to mitigate any delays caused by deconstruction of 130 Liberty Street, 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 increase, by \$6 million, the compensation to Liberty Security Partners (LSP) for expert professional services in connection with the project to construct the WTC VSC, as part of the agreement with LSP for professional services in connection with the projects to construct the WTC VSC, the WTC Eastside Tour Bus Parking Facility, the West Bathtub Vehicular Access Project and the Performing Arts Center at the WTC site; 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.

DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER EASTSIDE TOUR BUS PARKING FACILITY – INCREASE IN AUTHORIZATION TO PROVIDE ADDITIONAL EXPERT PROFESSIONAL ARCHITECTURAL AND ENGINEERING SERVICES

It was recommended that the Board authorize the Executive Director to increase, by an estimated amount of \$900,000, the compensation to Liberty Security Partners (LSP) (a joint venture of STV, Inc., AECOM and URS Corporation) for expert professional services in connection with the project to construct the World Trade Center (WTC) Eastside Tour Bus Parking Facility (Bus Facility), resulting in a total authorization amount of \$32.9 million for the agreement with LSP for professional services in connection with the projects to construct the WTC Bus Facility, the WTC Vehicular Security Center (VSC), the West Bathtub Vehicular Access Project and the Performing Arts Center at the WTC site. This total authorized amount for the agreement with LSP is inclusive of an additional \$6 million being requested under a separate action being advanced concurrently for authorization of additional architectural and engineering design services by LSP for the WTC VSC.

Under prior actions through November 2008, the Board authorized up to \$6.5 million in planning work for the WTC Bus Facility, and has authorized compensation of \$26 million to LSP for preliminary engineering in connection with this effort and planning for the WTC VSC, the West Bathtub Vehicular Access Project and the Performing Arts Center at the WTC site.

Work under the proposed authorization would include additional engineering services in connection with the final design for the fit-out of a sub-grade roadway network and tour bus parking areas (to accommodate approximately 50 buses) that will be constructed under the WTC Transportation Hub and under the New York City Transit Number 1 subway line box. The roadway network will connect to the loading docks of Towers 2, 3 and 4 at the WTC site, as well as to the WTC Transportation Hub and the tour bus parking areas, and will be accessed through the entry in the WTC VSC.

The structural shell of the WTC Bus Facility will be constructed, in part, through the WTC Transportation Hub project and, in part, by Silverstein Properties Inc.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase, by an estimated amount of \$900,000, the compensation to Liberty Security Partners (LSP) for expert professional services in connection with the project to construct the World Trade Center (WTC) Eastside Tour Bus Parking Facility, as part of the agreement with LSP for professional services in connection with the projects to construct the WTC Eastside Tour Bus Parking Facility, the WTC Vehicular Security Center, the West Bathtub Vehicular Access Project and the Performing Arts Center at the WTC site; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION OF REIMBURSEMENT TO NATIONAL SEPTEMBER 11 MEMORIAL AND MUSEUM AT THE WORLD TRADE CENTER FOUNDATION, INC. FOR DESIGN FEES ASSOCIATED WITH PORT AUTHORITY PROJECTS

It was recommended that the Board authorize the Executive Director, for and on behalf of the Port Authority and its wholly owned entities, to reimburse the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM) for design services fees associated with Port Authority projects located within the West Bathtub area of the World Trade Center (WTC) site. Payment would be conditioned on finalization of a cost-share allocation with NS11MM. The proposed cost-share allocation would be reviewed with the Chairman prior to finalization.

On July 6, 2006, the Board authorized the Executive Director to enter into a World Trade Center Memorial and Cultural Project Agreement among several entities, including NS11MM, which provided for NS11MM to be responsible for the development, finalization, presentation and integrity of the WTC Memorial and Cultural Project design.

On December 15, 2004, NS11MM entered into a contract with Davis Brody Bond (DBB) for basic design services for the WTC Memorial Project. The contract was later amended and increased three times, on November 10, 2005, May 11, 2006, and July 19, 2006, resulting in a final contract amount of \$42.5 million. The scope of the contract included the design of the core and shell components of what is now known as the National September 11 Memorial and Museum, as well as the WTC Infrastructure Projects.

On December 16, 2004, NS11MM entered into a contract with DBB for basic design services for the WTC Memorial Museum. The contract was later amended and increased three times, on June 1, 2005, October 1, 2005, and October 12, 2006, resulting in a final contract amount of approximately \$17.6 million. The scope of that contract included the interior design of what is now known as the National September 11 Memorial and Museum, as well as the complete design of the West Bathtub slurry wall.

Pursuant to those two contracts for basic design services, NS11MM has proceeded with payments to DBB, a portion of which is allocable to the Port Authority for work performed on behalf of the Port Authority in connection with the WTC Infrastructure Projects, including the Central Chiller Plant, WTC Facility Offices, WTC Transportation Hub, and WTC Retail Development.

Negotiations are ongoing with NS11MM as to the reimbursable amounts. Amounts determined to be due and owed to NS11MM for design services may be offset against amounts due the Port Authority from NS11MM, including amounts due for premiums for policies of insurance provided by the Port Authority for the benefit of the WTC Memorial and Memorial Museum Project.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority and its wholly owned entities, to reimburse the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM) for design services fees associated with Port Authority projects located in the West Bathtub area of the World Trade Center site; and it is further

RESOLVED, that the form of all agreements necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

WORLD TRADE CENTER – GENERAL SITE WORK-ORDER CONTRACTS TO PERFORM EARLY-ACTION CONSTRUCTION IN SUPPORT OF THE WORLD TRADE CENTER TRANSPORTATION HUB PROJECT

It was recommended that the Board authorize the Executive Director to: (1) increase by \$55 million (from \$8 million to \$63 million) the amount authorized for the performance of early-action general site work on a work-order basis in support of the World Trade Center Transportation Hub (WTC Hub) Project through March 2011; (2) issue a Supplemental Agreement to Contract WTC-614.001, inclusive of provisions compliant with Federal Transit Administration (FTA) requirements to recover allocated federal funding for Phase 1 early-early-action work for the WTC Hub Project; (3) issue Master Agreements to contractors eligible to perform Phase 2 early-action work for the WTC Hub Project under Contract WTC-614.200 through the public advertisement of a request for pre-qualification; and (4) award the following Phase 1 and Phase 2 work packages under Contracts WTC-614.001 and WTC-614.200: (a) construction of platform foundations; (b) demolition of portions of the existing WTC Port Authority Trans-Hudson rail system (PATH) Station roof and mezzanine floor; (c) fabrication of stairs to be used as replacement stairs on PATH Platforms B and C; (d) construction of concrete slabs and walls for the Fulton Street access roadway; (e) construction of slabs, walls, and mini-piles underneath the New York City Transit (NYCT) Number 1 subway line; (f) construction of concrete foundations and liner wall adjacent to PATH Track 1; and (g) implementation of a rock excavation test program for the utility tunnel under the WTC PATH Station.

In February 2006, the Executive Director authorized the award of Contract WTC-614.001 to a group of five contractors – Beaver Concrete Construction Company, J. H. Reid General Contractors, T. Moriarty & Son, Railroad Construction Company, Inc., and D’Annunzio and Sons, Inc. Under the terms of the contract, each contractor is permitted to bid on work orders for general site work, including construction of access roadways, maintenance and repair of defective areas of the slurry wall, traffic management and security systems.

In February 2008, the Executive Director authorized an increase in the value of Contract WTC-614.001, from \$5 million to \$7 million, for the initial relocation of the Vesey Street Stair Remnant (Stair Remnant).

In August 2008, the Executive Director authorized an increase in the value of the Contract WTC-614.001, from \$7 million to \$8 million, to transport the Stair Remnant to its final location in the WTC site West Bathtub.

In April 2009, the Executive Director authorized an extension of the contract duration for Contract WTC-614.001, retroactively, from March 2009 to August 2009, to provide for the timely construction of Phase 1 early action-work packages at the WTC site. Contract 614.001 will be used solely to solicit and award early-early action work for up to a six-month period, through August 2009.

With the implementation of an alternate procurement and execution strategy for the WTC Hub Project, there is a need to perform multiple early work packages to ensure timely completion of early work for the PATH Station roof in support of the opening of the WTC Memorial Plaza on September 11, 2011. Increasing the authorized amount of Contract WTC-614.001 and entering into a Supplemental Agreement with terms and conditions in compliance with FTA requirements would provide an appropriate mechanism to meet the first phase of required milestones (early-early action work). This first phase of early-early-action work packages will be individually competed among the five contractors and each awarded on a lump-sum basis.

In addition, a new open pre-qualification solicitation has been issued for a series of Master Agreements for the balance of the early-action work packages under Phase 2. Work orders would be competitively solicited as sealed bids and awarded as lump sums.

The scopes of work for the early-early-action Phase 1 work and early-action Phase 2 work packages are as follows:

(a) Platform Foundations – Work consists of construction of foundations to support the new WTC PATH Station roof and temporary structures to include platform demolition, temporary protection, excavation, rock anchors, reinforcement steel, concrete, and anchor bolts.

(b) Demolition – Work includes demolition of the existing WTC PATH Station roof and mezzanine floor over Platform A and Tracks 1 and 2 to the midpoint of Platform B, reconfiguration of stairs, relocation of mechanical equipment presently on the roof, and erection of temporary barricades.

(c) Stair Fabrication – Fabricate stairs and associated steel framing for use as replacement stairs on Platforms B and C in support of the staging of the demolition work noted above.

(d) Fulton Street Access – Construct concrete slabs at the east and west ends of the East/West Connector grade slab, which will complete the Fulton Street access roadway. Work includes construction of a concrete retaining wall along the southern and eastern sides of Fulton Street to permit fill and temporary wearing surface to bring the roadway to the proper grade.

(e) Number 1 Subway Line Underpinning Early-Action Concrete and Foundation work – Construct selected slabs, walls and foundations underneath sections of the NYCT Number 1 subway line to include grading, mini-piles, preparatory slab, reinforcement steel, concrete placement and wall construction.

(f) D15 Liner and Cap Wall – Construct the permanent concrete foundations and liner wall on the western side of the existing slurry wall along the PATH Track 1 area to include excavation, rock anchors, drilling dowels into the existing slurry wall, formwork, reinforcement, and placement of concrete.

(g) Rock Excavation Test Program – Perform trial excavations to determine the most efficient method to remove rock for the utility tunnel located below the PATH Station while the station remains in operation. Trial excavations will include blasting, chemical and mechanical splitting. Information will be provided to the selected contractor, who will perform structures to grade work.

The work packages are expected to result in 200 direct jobs (both on-site and off-site) and direct payroll wages of \$16.6 million (in 2009 dollars). Including ancillary effects, *i.e.*, purchases by workers and suppliers associated with the aforementioned work-order packages, the total economic impact would amount to 390 total jobs, \$26.4 million in total wages and \$90 million in economic activity over the duration of work-order contracts, from 2009 through 2011.

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

RESOLVED, that the Executive Director be and is hereby authorized, for and on behalf of the Port Authority, to: (1) increase by \$55 million (from \$8 million to \$63 million), the amount authorized for performance of early-action general site work on a work-order basis in support of the World Trade Center Transportation Hub (WTC Hub) Project; (2) issue a Supplemental Agreement to Contract WTC-614.001, inclusive of provisions compliant with Federal Transit Administration requirements to recover allocated federal funding for Phase 1 early-early-action work for the WTC Hub Project; (3) issue Master Agreements to contractors eligible to perform Phase 2 early-action work for the WTC Hub Project under Contract WTC-614.200 through the public advertisement of a request for pre-qualification; and (4) award the following Phase 1 and Phase 2 work packages under Contracts WTC-614.001 and WTC-614.200: (a) construction of platform foundations; (b) demolition of portions of the existing Port Authority Trans-Hudson system (PATH) Station Roof and Mezzanine Floor; (c) fabrication of stairs to be used as replacement stairs on PATH Platforms B and C; (d) construction of concrete slabs and walls for the Fulton Street access roadway; (e) construction of slabs, walls, and mini-piles underneath the New York City Transit Number 1 subway line; (f) construction of concrete foundations and liner wall adjacent to PATH Track 1; and (g) implementation of a rock excavation test program for the utility tunnel under the PATH Station; and it is further

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

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO AMEND AND RESTATE THE PRE-CONSTRUCTION SERVICES AGREEMENT AND CONSTRUCTION MANAGEMENT AGREEMENT FOR THE WORLD TRADE CENTER (WTC) MEMORIAL, MEMORIAL MUSEUM AND WTC INFRASTRUCTURE PROJECTS

It was recommended that the Board authorize the Executive Director to: (1) enter into an amended and restated Pre-Construction Services Agreement and Construction Management Agreement (Bovis CM Agreement) for the World Trade Center (WTC) Memorial, Memorial Museum and the WTC Infrastructure Projects with Bovis Lend Lease LMB, Inc. (Bovis), in an amount not to exceed \$53.19 million, for general conditions costs and fees associated with the projects' remaining construction; and (2) on behalf of the Port Authority and its wholly owned entities, WTC Retail LLC and 1 World Trade Center LLC, make payments into an escrow account, in an amount of \$13 million, for the Port Authority portion of costs associated with the Bovis CM Agreement.

At its meeting of July 6, 2006, the Board authorized a Project Agreement among Lower Manhattan Development Corporation (LMDC), the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM), the City of New York and the State of New York, which proposed a framework establishing the general areas of responsibility of several parties for the design, development, construction, financing and operation of the WTC Memorial, Memorial Museum and the WTC Infrastructure Projects (collectively, the Project). Under the proposed framework, the Port Authority would be responsible for the construction of the Project, in accordance with the Project's final design plans. NS11MM would be responsible for the development, finalization, presentation and integrity of the design for the Project. The Port Authority would not be responsible for any operations or maintenance of the Project.

In December 2006, the Board authorized the Executive Director to accept an assignment of NS11MM's contract with Bovis for construction manager/general contractor (CM/GC) services for the Project. In anticipation of the assignment of that CM/GC agreement, NS11MM proceeded with procurement of trade contracts for the essential critical path elements of the Project. The trade contracts and portions of the Bovis CM/GC contract for construction management services in connection with the awarded trade contracts subsequently were assigned to the Port Authority.

The Project Agreement, executed in July 2006, provided that, in connection with the funding of all costs for the Project, including Project management, design, construction and other costs: the NS11MM would be responsible, through its fundraising efforts, for providing \$260 million; LMDC would be responsible for providing \$250 million for the Memorial and Memorial Museum; the State of New York would be responsible for providing up to \$80 million for the costs related to the Pavillion (f/k/a the Visitor Orientation and Education Center); and the Port Authority would be responsible for providing \$150 million for WTC site (common and exclusive) infrastructure elements related to the Project. In addition, a Project contingency budget has been established, including \$45 million each to be provided by the Port Authority and LMDC, if necessary, and utilized following value engineering reviews.

The Port Authority also has engaged in a continuing due diligence review of the Project's plans, cost estimates and schedules, including a high-level Project risk assessment, in preparation for the transition of Project responsibilities. The Port Authority and NS11MM have agreed to a Project budget of \$530 million, to be provided through NS11MM, and an infrastructure budget of \$150 million, to be provided by the Port Authority. The Port Authority also will separately review design plans for the Project, as part of its responsibilities for building code review. In addition, an interdepartmental staff evaluation team has been reviewing overall construction management options for the Project, as well as the terms and conditions of the Bovis CM/GC contract.

Staff recommended that the Bovis CM/GC contract be assigned to the Port Authority, and that such CM/GC contract be simultaneously amended and restated, to provide for Bovis to act in the capacity of agent for the Port Authority, for a reduction in Bovis's fee percentage, and for greater control of general conditions costs, which would result in the most efficient and cost-effective option to expedite the construction work.

Bovis previously has been compensated approximately \$16.2 million for services rendered under the current CM agreement.

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

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to enter into an amended Pre-Construction Services Agreement and Construction Management (CM) Agreement for the World Trade Center (WTC) Memorial, Memorial Museum and the WTC Infrastructure Projects with Bovis Lend Lease LMB, Inc. (Bovis), at an amount not to exceed \$53.19 million, for general conditions costs and fees associated with the projects' remaining construction; and it is further

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority and its wholly owned entities, WTC Retail LLC and 1 World Trade Center LLC, to make payments into an escrow account, in an amount of \$13 million, for the Port Authority portion of costs associated with the Bovis CM Agreement; and it is further

RESOLVED, that the form of all agreements necessary to effectuate the foregoing shall be subject to the approval of the General Counsel or his authorized representative.

**DOWNTOWN RESTORATION PROGRAM – WORLD TRADE CENTER
TRANSPORTATION HUB PROJECT – AUTHORIZATION OF FUNDING TO
IMPLEMENT POST-ASSESSMENT RECOMMENDATIONS**

It was recommended that the Board authorize: (1) an allocation of an additional \$1.039 billion for design and construction activities, including payments to contractors and consultants, procurement of long-lead items, allowances for extra work, property acquisition, insurance, engineering, Port Authority Trans-Hudson Corporation (PATH) staff support, project contingency, financial expense and other project costs associated with the World Trade Center Transportation Hub (WTC Hub), composed of \$376 million in Port Authority funds and \$663 million in federal funds, which would result in a revised total project cost of \$3.26 billion, to implement actions necessary to enact recommendations and achieve key milestones identified in the October 2008 post-assessment report entitled, *The World Trade Center Report: A Roadmap Forward*; and (2) the Executive Director, for and on behalf of the Port Authority, to enter into an amended construction agreement with the Federal Transit Administration (FTA) to effectuate funding for the WTC Hub project.

In July 2005, the Board authorized a \$2.221 billion project for the design and construction of the WTC Hub, to be funded with \$1.921 billion in federal funds and \$300 million of Port Authority funds attributable to insurance proceeds. In June 2008, at the request of the New York State Governor, an assessment of the rebuilding effort at the World Trade Center (WTC) site was conducted that covered all facets of the WTC Redevelopment Program and included input from multiple stakeholders. In October 2008, the Port Authority issued a post-assessment report entitled, *The World Trade Center Report: A Roadmap Forward*, which details the entire analysis of the assessment.

Significant components identified in the report result in the need for revisions to the project scope, schedule and staging of the WTC Hub project. Among them are the elimination of the movable wings of the Oculus, the deck-over solution for the construction of the PATH Hall roof, which will serve as the platform under the Memorial plaza, and modified construction staging for Greenwich Street, utilizing a “top down” approach to permanently underpin the box enclosing the New York City Transit No. 1 subway line lying directly below. The additional funding would provide for increases in construction costs associated with the WTC Hub since the project was originally authorized in 2005, and also includes financial expense for design and construction activities, procurement of long-lead items, allowances for extra work, property acquisition, insurance, engineering services, PATH staff support, project contingency, and other project costs.

The project is expected to result in 8,460 direct jobs (both on-site and off-site) and direct payroll wages of \$578 million (in 2009 dollars). Including ancillary effects, *i.e.*, purchases by both workers and suppliers to the project, the total economic impact would amount to 19,523 total jobs, \$1.181 billion in total wages and \$4.513 billion in economic activity over the life of the project.

In June 2009, the Port Authority expects to finalize a Recovery Plan with the FTA that describes the management actions that would be taken to complete the WTC Hub project within the revised project cost and schedule forecasts. Upon the FTA’s acceptance of the project Recovery Plan, the Port Authority and the FTA will develop an amended construction agreement that would provide for increased FTA and Port Authority funding for the WTC Hub project.

FTA funds totaling \$663 million would be transferred to the WTC Hub project (beyond the previously authorized \$1.921 billion) at the request of the New York State Governor, including \$450 million originally allocated to the WTC Vehicular Security Center (WTC VSC) project and \$212.95 million from the remaining Lower Manhattan Recovery funds. In exchange, the Port Authority would commit to fund the WTC VSC project. The FTA will continue to maintain a separate \$280 million project risk reserve for the WTC Hub project.

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

RESOLVED, that: (1) an allocation of an additional \$1.039 billion for the design and construction activities, including payments to contractors and consultants, procurement of long-lead items, allowances for extra work, property acquisition, insurance, engineering, Port Authority Trans-Hudson Corporation staff support, project contingency, financial expense and other project costs associated with the World Trade Center Transportation Hub (WTC Hub), composed of \$376 million in Port Authority funds and \$663 million in federal funds, which results in a revised total project cost of \$3.26 billion, to implement actions necessary to enact recommendations and achieve key milestones identified in the October 2008 post-assessment report entitled, *The World Trade Center: A Roadmap Forward*, be and it hereby is authorized; and (2) the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to execute an amended construction agreement with the Federal Transit Administration (FTA) to effectuate funding for the WTC Hub project; and it is further

RESOLVED, that General Counsel be and hereby is authorized, for and on behalf of the Port Authority, to retain the law firm of Baker Botts LLP to provide independent compliance review with respect to FTA project requirements; and it is further

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

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.

CONFIDENTIAL ITEM

The Board authorized a claim settlement that shall remain confidential pursuant to the terms of the settlement agreement.

Whereupon, the meeting was adjourned.

Secretary