

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING
Wednesday, April 23, 2014**

Port of New York and New Jersey – Automotive Manufacturers’ Incentive
Program

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**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

**225 Park Avenue South
New York, NY
Wednesday, April 23, 2014**

PRESENT:

Hon. Scott H. Rechler, Vice-Chairman
Hon. Richard H. Bagger, *pro tem*
Hon. Kenneth Lipper
Committee Members

Hon Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. Raymond M. Pocino
Hon. Rossana Rosado
Hon. William P. Schuber
Commissioners

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

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

Jared Pilosio, Staff External Relations Representative, Government and Community Affairs

Brian W. Simon, Director, Government and Community Affairs, New York

I. Midori Valdivia, Senior Advisor to the Executive Director

Christopher M. Valens, Senior Public Information Officer, Media Relations

Cheryl A. Yetka, Treasurer

Peter J. Zipf, Chief Engineer

Guest:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Commissioners present to consider an item on the agenda at today's Board meeting, the Secretary reported that, pursuant to the By-Laws, a special meeting of the Committee on Operations was called to permit the Committee to act on the item for and on behalf of the Board.

The meeting was called to order in public session at 4:48 p.m. and ended at 4:52 p.m.

PORT OF NEW YORK AND NEW JERSEY – AUTOMOTIVE MANUFACTURERS’ INCENTIVE PROGRAM

It was recommended that the Board authorize the Executive Director to implement an Automotive Manufacturers’ Incentive Program (Incentive Program) to encourage the use of Port Authority marine terminal facilities as a port-of-call over a five-year period, in order to attract new automobile cargo to the Port of New York and New Jersey (Port). The Incentive Program, worth 50 percent of the automobile wharfage fee contained in the Port Authority Marine Terminal Tariff (Tariff) and currently valued at \$0.54 per measurement ton per eligible vehicle, would be available to any automotive manufacturer that: (1) in the first year of the Incentive Program, from January 1, 2014 through December 31, 2014, brings new business to the Port (i.e., the automotive manufacturer did not ship any eligible vehicles over public berths at Port Authority marine terminal facilities in 2013), or increases the number of eligible vehicles that it ships over Port Authority marine terminal public berths by more than three percent over the number of eligible vehicles shipped by that automotive manufacturer in 2013; and (2) in the final four years of the Incentive Program, from January 1, 2015 through December 31, 2018, brings new business to the Port (i.e., the automotive manufacturer did not ship any eligible vehicles over public berths at Port Authority marine terminal facilities since the inception of the Incentive Program), or increases the number of eligible vehicles that it ships over Port Authority marine terminal public berths by more than the greater of either one percent over the number of eligible vehicles shipped by that automotive manufacturer in the prior year, or one percent over the prior year’s threshold for eligible vehicles shipped by that automotive manufacturer under the Incentive Program.

In view of the fact that substantial new vehicle sales capacity is anticipated to reach its highest level in the United States since 2006, with robust sales expected to continue through 2016, the Port is in a prime position to capture this increasing volume over the next few years. However, due to concerns regarding increased competition from other ports along the eastern seaboard for automobile cargo, staff has proposed the implementation of the Incentive Program to attract more automobile cargo to the Port Authority facilities.

Under the proposed Incentive Program, an eligible vehicle is defined as an individual automobile or truck, subject to the applicable automobile wharfage fee contained in the Tariff, shipped over Port Authority-operated public berths in Port Newark and at the Port Jersey-Port Authority Marine Terminal. During the first year of the Incentive Program, for the period of January 1, 2014 through December 31, 2014, an automotive manufacturer could participate if it did not do business in the Port during 2013, or if it increases the number of eligible vehicles it ships through Port Authority marine terminal facilities by more than three percent over the number of eligible vehicles shipped by that manufacturer in 2013. During years two through five of the Incentive Program, for the annual periods from January 1, 2015 through December 31, 2018, an automotive manufacturer could participate if it did not do business in the Port since the inception of the Incentive Program, or if it increases the number of eligible vehicles that it ships over Port Authority marine terminal public berths by either one percent over the number of eligible vehicles shipped by that automotive manufacturer in the prior year, or one percent over the prior year’s threshold for eligible vehicles shipped by that automotive manufacturer under the Incentive Program, whichever is greater. The incentive would be paid directly to the qualified automobile manufacturer at the end of the respective calendar year.

The Incentive Program is intended to stimulate growth in the use of the Port Authority’s auto marine terminal facilities, in an effort to capture a portion of the anticipated growing demand for

automobile imports and exports, as competition from other ports continues to increase. Additionally, the movement of additional automobile cargo through the Port not only would retain present employment levels at the Port, but also it could increase employment opportunities at the Port and in the New York-New Jersey region.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler and Rosado voting in favor; Commissioner Schuber 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 Committee being present.

RESOLVED, that an Automobile Manufacturers' Incentive Program (Incentive Program) to encourage the use of Port Authority marine terminal facilities as a port-of-call, by providing automobile manufacturers with an incentive worth 50 percent of the automobile wharfage fee contained in the Port Authority Marine Terminal Tariff per eligible vehicle over a five-year period, from January 1, 2014 through December 31, 2018, in order to attract new automobile cargo to the Port of New York and New Jersey, be and it hereby is established and authorized, 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 take any and all action to effectuate the foregoing Incentive Program, including the execution of agreements, contracts and other documents to facilitate such action, together with amendments and supplements thereof, including amendments and supplements to existing agreements, and to take action in accordance with the terms of such agreements, contracts and other documents, as may be necessary in connection therewith; and it is further

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

Whereupon, the meeting was adjourned.

Secretary