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IN THE

**Supreme Court of the United States**

OCTOBER TERM, 1967

No. **34**, Original

STATE OF NEW JERSEY,

*Plaintiff,*

*v.*

STATE OF NEW YORK and HUDSON RAPID  
TUBES CORPORATION, a corporation of the State  
of Delaware,

*Defendants.*

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**MOTION FOR LEAVE TO FILE COMPLAINT,  
AND COMPLAINT**

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ARTHUR J. SILLS,  
Attorney General of New Jersey,  
*Attorney for Plaintiff,*  
*The State of New Jersey,*  
State House Annex,  
Trenton, New Jersey.



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AND COMPLAINT**

Comes The State of New Jersey by its Attorney General, and moves this Court for leave to file the Complaint submitted herein. The State of New Jersey seeks to bring this suit under the authority of Article III, Section 2, Clause 2, of the Constitution of the United States.

ARTHUR J. SILLS  
Attorney General of New  
Jersey



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HUDSON RAPID TUBES CORPORATION,

Defendants.

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**Complaint**

The State of New Jersey, by Arthur J. Sills, Attorney General of New Jersey, pursuant to the request of Richard J. Hughes, Governor of New Jersey, brings this suit against the State of New York and Hudson Rapid Tubes Corporation, a citizen of the State of Delaware and for its cause of action states:

1. The complaint seeks to prevent the defendant State of New York from further breaching New Jersey's rights under a Compact and contract between the States by en-

joining the enforcement of an award in favor of the corporate defendant made by the New York courts in violation of said Compact and contract.

2. This action is brought in the Supreme Court of the United States invoking the exercise of the original jurisdiction of said Court under Article III, Section 2, Clause 2, of the Constitution of the United States on the ground that it is an action in equity relating to a controversy between two states, and also between a state and a citizen of another state.

3. In 1921 the State of New Jersey and the State of New York determined that the Port of New York, which is located in both of said States, had become commercially one district; and that better coordination of the terminal, transportation and other facilities of commerce in, about and through the Port of New York would result in great economies, benefiting the nation, as well as the said States; and that the future development of such terminal, transportation and other facilities of commerce would require the expenditure of large sums of money and the cordial cooperation of said States in the encouragement of the investment of capital, and in the formulation and execution of the necessary physical plans. To that end the said States in 1921 entered into a Port Compact which created The Port of New York Authority (hereinafter the "Port Authority") as a joint and common agent of the said States and created a statutorily defined area called the Port of New York District (Ch. 151, Laws of N. J., 1921; Ch. 154, Laws of N. Y., 1921); and in 1922 entered into a Compact for a Comprehensive Plan for the development of the Port of New York District and authorized and empowered the Port Authority to carry out and effectuate said Plan (Ch. 9, Laws of N. J., 1922;



Ch. 43, Laws of N. Y., 1922). The Congress of the United States consented to said Compacts pursuant to Article X, Section 1, Clause 3 (the compact clause) of the United States Constitution (Pub. Res. 17, Ch. 77, 67th Cong., 1st Sess. (1921), 42 Stat. 174; Pub. Res. 66, Ch. 277, 67th Cong., 2nd Sess. (1922), 42 Stat. 822).

4. In partial effectuation of said Compacts and under implementing bi-State legislation enacted pursuant to Article VII of the 1921 Compact and Section 7 of the 1922 Compact, the Port Authority has provided and operates the following facilities within the Port of New York District: Newark and Teterboro Airports in New Jersey and John F. Kennedy International and La Guardia Airports in New York; the interstate George Washington Bridge, Goethals Bridge, Outerbridge Crossing, Bayonne Bridge, Lincoln Tunnel and Holland Tunnel, all of which connect New Jersey and New York; Port Authority Marine Terminals in New Jersey—Elizabeth, Hoboken and Newark—and in New York—Brooklyn, Erie Basin, Port Authority Grain Terminal and Columbia Street Pier; Port Authority Truck Terminals in Newark, New Jersey and New York City and the Port Authority Bus Terminal in New York serving interstate commuter and long haul bus passengers.

5. In the 1950s the States of New Jersey and New York became increasingly concerned with the financial plight of the commuter railroads serving the Port of New York District, especially the commuter railroad known as the Hudson Tubes.

6. The Hudson Tubes is a double track, interurban electric railroad system of approximately 7.9 miles which had been owned and operated by the Hudson and Manhattan Railroad Company for over forty years, except

for the period during World War I when it was operated by the United States of America. In addition to the railroad, the Hudson and Manhattan Railroad Company owned and operated two office buildings in New York City in which the terminal of the downtown branch of the railroad was located.

7. The Hudson Tubes had become, prior to 1962, a severely deteriorated, deficit ridden railroad which was on the verge of abandonment by its private owner who eagerly sought public acquisition of the facility:

(a) In 1954, Hudson and Manhattan Railroad Company bondholders had forced the corporation into reorganization under the Bankruptcy Act on the ground of insolvency. The principal feature of the proposed plan of reorganization, which wiped out all stockholder interests, was that the profitable operation of the office buildings was to continue in a reorganized company known as the Hudson and Manhattan Corporation, while the unprofitable operation of the railroad was to be placed in its newly created wholly-owned subsidiary, the corporate defendant herein, Hudson Rapid Tubes Corporation. The stated purpose of the separation of the real estate and railroad holdings was to facilitate the abandonment of the railroad operations by its private owners.

(b) As required by the Bankruptcy Act the Securities and Exchange Commission rendered advisory reports to the Bankruptcy court. The SEC recommended approval of the proposed reorganization plan as fair and feasible. In its 1960 report (39 SEC 852) the SEC stated that the railroad

“should be valued at not in excess of \$3,500,000 estimated liquidation value for purposes of testing the feasibility and fairness of the plan.”

(c) The reorganization plan was approved by the United States District Court for the Southern District of New York in 1960 and was affirmed by the United States Court of Appeals for the Second Circuit in the same year.

8. In the light of the foregoing history the States of New Jersey and New York directed their joint agency, the Port Authority, to acquire and operate the Hudson Tubes (Chapter 8 of the Laws of New Jersey, 1962 and Chapter 209 of the Laws of New York, 1962). In this legislation, the two States reiterated their basic agreement that the transportation of persons to, from, and within the Port of New York was vital and essential to the preservation of the economic well-being of the northern New Jersey-New York metropolitan area; and that in order to preserve the northern New Jersey-New York metropolitan area from economic deterioration, adequate facilities for the transportation of persons must be provided, preserved and maintained and that rail services were and will remain of extreme importance to such transportation of persons; and that the railroad known as the Hudson Tubes was an essential facility serving the northern New Jersey-New York metropolitan area; that its physical plant was in a severely deteriorated condition and that it was in extreme financial condition and the said two States further found that the need for the maintenance and development of adequate railroad facilities for the transportation of persons between northern New Jersey and New York would be met by the acquisition, rehabilitation and operation of the railroad facility by a public agency, and that The Port of New York Author-

ity was the proper agency to act in their behalf (either directly or by or through a wholly-owned subsidiary corporation) to effectuate the Hudson Tubes project and its extensions. A copy of the said chapters of the laws of New Jersey and New York marked Exhibit "A" is hereto attached and made a part hereof.

9. Section 17 of Chapter 8 of the Laws of New Jersey, 1962, and Chapter 209 of the Laws of New York, 1962 (hereinafter the "Agreement"), declares:

"This section and the preceding sections hereof constitute an agreement between the states of New York and New Jersey supplementary to the compact between the 2 states dated April 30, 1921 and amendatory thereof, and shall be liberally construed to effectuate the purposes of said compact and of the comprehensive plan heretofore adopted by the 2 states, and the powers granted to the port authority shall be construed to be in aid of and not in limitation or in derogation of any other powers heretofore conferred upon or granted to the port authority."

10. By Section 14 of the Agreement the States of New Jersey and New York authorized the Port Authority to acquire by condemnation all property necessary for any of the purposes of said Agreement including the acquisition of the Hudson Tubes.

11. In May, 1962, pursuant to Section 12 of the Agreement the Port Authority Trans-Hudson Corporation (hereinafter "PATH"), a wholly-owned subsidiary corporation of the Port Authority, was established to acquire, operate and develop the Hudson Tubes.

12. The Interstate Commerce Commission granted a Certificate of Public Convenience and Necessity to PATH on August 24, 1962. In so doing it stated:

“If the Port Authority, through [PATH], is willing to take over the operation of the line for the benefit of the metropolitan area population of New Jersey and New York, knowing that the operation will probably continue to incur deficits, it should be permitted to do so. In view of the present operating deficits, it is doubtful that the operation of the line could long continue otherwise.”

13. Sections 12 and 14 of the Agreement authorized the Port Authority, or its subsidiary, PATH, to acquire the Hudson Tubes' property in a single condemnation proceeding in the courts of that state wherein it estimated the greater value of the condemned property to be located. By resolution duly adopted on June 14, 1962 PATH estimated that the State of New York contained the greater part in value of all the property—the railroad as well as the two office buildings—to be acquired for railroad purposes (the buildings had been valued during reorganization at \$16 million) and authorized the institution of condemnation proceedings in the New York Supreme Court (Special Term) to acquire title to the properties.

14. In the event of a single condemnation proceeding, Section 14 of the Agreement requires that:

“In any such action or proceeding the court or courts of the forum State shall apply the laws of valuation of the other State (hereinafter sometimes called the nonforum State) to the valuation of the property which is located or has its situs in the nonforum State.”

In addition, the Legislatures also specified in the same section that:

“The owner of any property acquired by condemnation or the exercise of the right of eminent domain for any of the purposes of this act shall not be awarded for such property any increment above the just compensation required by the constitutions of the United States and of the State or States in which the property is located or has its situs by reason of any circumstances whatsoever.”

15. The condemnation proceeding to acquire the Hudson Tubes was commenced on June 28, 1962 but was delayed until the end of 1963 because of litigation challenging the constitutionality of the Agreement. The constitutionality of the Agreement was upheld in *Courtesy Sandwich Shop, Inc. v. The Port of New York Authority*, 12 N. Y. 2d 379, *appeal dismissed for want of a substantial federal question*, 375 U. S. 78 (1963), *rehearing denied*, 375 U. S. 960 (December 16, 1963). The valuation phase of the proceeding concluded in the Spring of 1965. In that proceeding PATH and defendant, Hudson Rapid Tubes, stipulated that 65% of the railroad was located in New Jersey. Special Term rendered its decision on December 10, 1965, awarding almost \$18 million for the buildings and the sum of \$55 million for the railroad, including \$30 million for the tunnel properties, \$20 million for the non-tunnel properties and \$5 million for going concern value. *Matter of Port Authority Trans-Hudson Corp.*, 48 Misc. 2d 485 (Sup. Ct. N. Y. Co. 1965).

16. Special Term, notwithstanding the mandate of the Agreement that property located in New Jersey must be valued in accordance with New Jersey law and notwithstanding the fact that sixty-five per cent (65%) of the railroad is situated in the State of New Jersey, failed

to apply or even to cite New Jersey law in its 51 page opinion. Indeed, the opinion was contrary to New Jersey law. Furthermore, Special Term, notwithstanding the mandate of the Agreement that the condemnee should not be awarded any "increment" above the just compensation required under the Constitutions of the United States, New Jersey and New York "by reason of any circumstances whatsoever", justified its \$55 million condemnation award for the railroad on the ground that it was condemned for continuation in use, even though under previously well-settled Federal, New Jersey and New York law the measure of just compensation is determined by the loss to the condemnee and not the gain to the condemnor. Cross-appeals were taken to the Appellate Division of the Supreme Court, First Department. The State of New Jersey appeared as *amicus curiae* pursuant to the order of the Appellate Division.

17. The Appellate Division modified the final decree of Special Term by reducing the award for the railroad to \$3.5 million, compensating the former owner for its economic loss in accordance with constitutional precedent and the prescriptions of the Agreement. *Matter of Port Authority Trans-Hudson Corp.*, 27 A. D. 2d 32 (1st Dept. 1966). An appeal was taken to the Court of Appeals for the State of New York. The State of New Jersey appeared as *amicus curiae* pursuant to order of the Court of Appeals. Said award of the Appellate Division is the amount which the State of New Jersey, in its *amicus* brief, contended was the value of the railroad under the Constitutions of the United States, New Jersey and New York. It was also the amount which the defendant Hudson Rapid Tubes Corporation agreed (in its reply brief in the Court of Appeals) should be awarded by the Court of Appeals if the theory of valuation contended for by the State of New Jersey was correct.

18. The Court of Appeals (one Judge dissenting) reinstated so much of the decree of Special Term as awarded \$30 million for the railroad's tunnel properties and remanded to Special Term for further consideration in accordance with its opinion, the determination of value for the non-tunnel properties and going concern value. *Matter of Port Authority Trans-Hudson Corp.*, 20 N. Y. 2d 457 (1967). The Court of Appeals—claiming that this case was “*sui generis*” altogether failed to apply the law of New Jersey and Federal law in regard to the railroad properties located in New Jersey and failed to apply previously well-settled New York and Federal law in regard to the railroad properties located in New York, fashioning for this case alone what the dissenting Judge characterized as “new and revolutionary law.”

19. The Agreement which authorized the condemnation of the Hudson Tubes railroad required that payment for the railroad would not exceed an amount equal to the minimum amount of just compensation required by the Constitutions of the United States, New Jersey and New York.

20. Under the law of New Jersey, the use of “economic value” as the applicable standard of valuation was required with respect to the property of the railroad located in New Jersey. The radically different theory of valuation employed by Special Term and the Court of Appeals has been expressly rejected by the highest Court of the State of New Jersey. In addition, New Jersey rejects going concern value as an item of damage in the valuation of an unprofitable enterprise.

21. Only the decision of the Appellate Division of the New York Supreme Court correctly applied New Jersey, New York and Federal law.



22. The award of Special Term and the Court of Appeals by altogether failing to apply the law of New Jersey and Federal law in regard to the property located in New Jersey (as it was expressly required to do under the Agreement) and by failing to follow the previously existing law of New York and Federal law in regard to the property located in New York has violated the Agreement between the States.

23. The State of New York is responsible for its acts to the State of New Jersey. A judicial decision constitutes state action.

24. The State of New Jersey has rights based on the Agreement between it and New York in that it contends that Section 14 thereof must be interpreted to give New Jersey the right to have the law of New Jersey and Federal law applied to property located in the State of New Jersey; the right to have just compensation determined and applied under the New Jersey, New York and Federal constitutions; and also the right to have applied Federal law and the law of New York to this taking as it existed at the time of the making of the Agreement to property located in the State of New York.

25. Pursuant to the aforesaid decision of the New York Court of Appeals, a judgment in the amount of \$34,839,-636.43 (which amount included the interest on the award, together with court costs) was entered in the Supreme Court of the State of New York on December 29, 1967. Enforcement of such judgment for tunnel properties has now been stayed by an order of said Court pending decision by this Court on the proposed application by PATH for a writ of *certiorari* to review the judgment of the New York Court of Appeals.

26. Enforcement of this judgment for the tunnel properties by the courts of New York would be a further breach of the Agreement between the State of New Jersey and the State of New York. The fixing of the value of the non-tunnel properties by the New York courts in accordance with the aforesaid opinion of the New York Court of Appeals would also be a further breach of said Agreement.

27. The State of New Jersey's rights arising out of said Agreement were involved in said litigation and were affected by the judgment of said New York courts. The State of New Jersey, who was not a party to the action, is not bound by the adjudication made by the courts of New York since said courts could not conclusively determine the rights of New Jersey under said Agreement.

28. The public interest and public benefit involved in the performance of said Agreement require that the controversy presented be promptly and expeditiously determined in a complete and final manner, so as to adjudicate the rights of all parties interested in said Agreement including the rights of the State of New Jersey. The only Court that can thus determine said controversy is the Supreme Court of the United States and the only interested party that has an absolute right to a hearing in this Court on the merits of this controversy is the State of New Jersey.

29. The Agreement also directed the Port Authority to construct a World Trade Center. At the present time a condemnation proceeding concerning the valuation of properties taken for World Trade Center purposes by the Port Authority, pursuant to the Agreement, is pending in the Supreme Court of the State of New York. The

State of New Jersey fears that in light of the holding of the New York courts in the Hudson Tubes condemnation proceeding New York may again depart from the well-settled and mandatorily applicable law of valuation and, therefore, again breach the specific agreement contained in Section 14 of the Agreement between the States, thus injuring the complainant further, unless this Court determines the rights of the States under the aforesaid Agreement.

30. The State of New Jersey will be irreparably injured in that the amounts by which the condemnation awards for tunnel and non-tunnel railroad properties exceed the condemnee's loss will increase the Port Authority's debt service (the Port Authority has guaranteed and alone can pay the award as between it and PATH) and will directly and substantially reduce the amount of Port of New York Authority Consolidated Bond proceeds contractually available for investment in additional non self-supporting railroad facilities, including the extensions to the Hudson Tubes in New Jersey permitted by the Agreement.

31. The State of New Jersey will also be irreparably injured in that the amounts by which the awards of the New York courts for railroad and World Trade Center properties exceed the condemnees' loss will increase The Port of New York Authority's debt service and will directly and substantially reduce the amount of funds contractually available for investment by the Port Authority in public transportation, terminal and other facilities of commerce serving both States.

32. Unless restrained, the public authorities of the defendant State of New York will enforce the mandates of the New York Court of Appeals and the defendant,

Hudson Rapid Tubes Corporation, will collect from the Port Authority damages in excess of its pecuniary loss occasioned by the taking of its property contrary to the provisions of the Agreement between the States of New Jersey and New York, to the irreparable injury of the State of New Jersey and for the redress of which no adequate remedy at law exists.

WHEREFORE, the State of New Jersey prays:

That pending this complaint the defendant State of New York, its officers, agents and employees and each of them be temporarily enjoined and on final hearing, be perpetually enjoined from compelling the Port Authority Trans-Hudson Corporation to pay damages to the Hudson Rapid Tubes Corporation for the loss occasioned by the taking of property in condemnation by the Port Authority Trans-Hudson Corporation to the extent that such damages exceed the amount awarded by the Appellate Division of the New York Supreme Court which amount represents the loss to the condemnee.

That pending this complaint, Hudson Rapid Tubes Corporation, be temporarily enjoined and on final hearing, be perpetually enjoined from collecting damages from the Port Authority Trans-Hudson Corporation to the extent that such damages exceed the said amount.

That this Court determine and declare the rights of the State of New Jersey under the Agreement between it and the State of New York.

That this Court decree that the Agreement between the States of New Jersey and New York be specifically performed by the defendant State of New York.

Such other and further relief as this Court may deem appropriate.

Dated: January 17, 1968

ARTHUR J. SILLS  
Attorney General, State of  
New Jersey

**Proof of Service**

I, JOSEPH A. HOFFMAN, First Assistant Attorney General of the State of New Jersey and a member of the Bar of the Supreme Court of the United States, hereby certify that on the 18th day of January, 1968, I served copies of the foregoing Motion for Leave to File Complaint and Complaint on the Governor of the State of New York, the Attorney General of the State of New York, the President of Hudson Rapid Tubes Corporation, and the General Counsel and Secretary of Hudson Rapid Tubes Corporation, by mailing a copy in a duly addressed envelope with first-class postage pre-paid, to each of the following in this cause:

HONORABLE NELSON A. ROCKEFELLER  
Governor of the State of New York  
State Capitol  
Albany, New York

HONORABLE LOUIS LEFKOWITZ  
Attorney General of the State of  
New York  
State Capitol  
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WALTER T. MARGETTS, JR.,  
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Hudson Rapid Tubes Corporation  
30 Church Street  
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General Counsel and Secretary  
Hudson Rapid Tubes Corporation  
30 Church Street  
New York, New York 10007

/s/ JOSEPH A. HOFFMAN

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Joseph A. Hoffman



## **EXHIBIT "A"**

### **Chapter 8, Laws of New Jersey, 1962**

AN ACT to provide for the financing and effectuation by the Port of New York Authority of a port development project, consisting of the Hudson tubes, the Hudson tubes extensions and a world trade center, for co-ordinating, facilitating and promoting the transportation of persons and the flow and exchange of trade and commerce in and through the Port of New York District, and agreeing with the State of New York with respect thereto.

*BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:*

1. The States of New York and New Jersey hereby find and determine:

(1) that the transportation of persons to, from and within the Port of New York, and the flow of foreign and domestic cargoes to, from and through the Port of New York are vital and essential to the preservation of the economic well-being of the northern New Jersey-New York metropolitan area;

(2) that in order to preserve the northern New Jersey-New York metropolitan area from economic deterioration, adequate facilities for the transportation of persons must be provided, preserved and maintained and that rail services are and will remain of extreme importance to such transportation of persons;

(3) that the interurban electric railway now or heretofore operated by the Hudson & Manhattan Railroad Com-

*Exhibit "A"*

pany is an essential railroad facility serving the northern New Jersey-New York metropolitan area, that its physical plant is in a severely deteriorated condition, and that it is in extreme financial condition;

(4) that the immediate need for the maintenance and development of adequate railroad facilities for the transportation of persons between northern New Jersey and New York would be met by the acquisition, rehabilitation and operation of the said Hudson & Manhattan interurban electric railway by a public agency, and improvement and extensions of the rail transit lines of said railway to permit transfer of its passengers to and from other transportation facilities and in the provision of transfer facilities at the points of such transfers;

(5) that in order to preserve and protect the position of the Port of New York as the nation's leading gateway for world commerce it is incumbent on the States of New York and New Jersey to make every effort to insure that their port receives its rightful share of the oceanborne cargo volumes generated by the economy of the nation;

(6) that the servicing functions and activities connected with the oceanborne and overseas airborne trade and commerce of the Port of New York District, as defined in the compact between the said 2 States dated April 30, 1921, (hereinafter called the port district) including customs clearance, shipping negotiations, cargo routing, freight forwarding, financing, insurance arrangements and other similar transactions which are presently performed in various, scattered locations in the city of New York, State of New York, should be centralized to provide for more efficient and economical transportation of persons



*Exhibit "A"*

and more efficient and economical facilities for the exchange and buying, selling and transportation of commodities and other property in world trade and commerce;

(7) that unification, at a single, centrally located site, of the principal New York terminal of the aforesaid interurban electric railway and a facility of commerce accommodating the said functions and activities described in subdivision 6 of this section and the appropriate governmental, administrative and other services connected with or incidental to transportation of persons and property and the promotion and protection of port commerce, and providing a central locale for exhibiting and otherwise promoting the exchange and buying and selling of commodities and property in world trade and commerce, will materially assist in preserving for the 2 States and the people thereof the material and other benefits of a prosperous port community;

(8) that the Port of New York Authority (hereinafter called the port authority), which was created by agreement of the 2 States as their joint agent for the development of the transportation and terminal facilities and other facilities of commerce of the port district and for the promotion and protection of the commerce of their port, is the proper agency to act in their behalf (either directly or by or through wholly-owned subsidiary corporations) to effectuate, as a unified project, the said interurban electric railway and its extensions and the facility of commerce described in subdivision 7 of this section; and

(9) that the undertaking of the aforesaid unified project by the port authority has the single object of preserving, and is part of a unified plan to aid in the preservation of, the economic well-being of the northern New Jersey-New York metropolitan area and is found and determined to be in the public interest.

*Exhibit "A"*

2. The following terms as used in this act shall have the following meanings:

"Bonds" shall mean bonds, notes, securities or other obligations or evidences of indebtedness;

"Effectuation" of a project or any facility or part of a facility constituting a portion of a project shall include but not be limited to its establishment, acquisition, construction, development, maintenance, operation, improvement (by way of betterments, additions or otherwise) and rehabilitation;

"Exchange place terminal area" shall mean the area in the city of Jersey City, State of New Jersey, bounded generally by Exchange place and Montgomery street, by Warren street, by Pearl street, by Greene street, and by Morgan street as extended to the bulkhead line and by said bulkhead line, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

"General reserve fund statutes" shall mean chapter 48 of the laws of New York of 1931 as amended, and chapter 5 of the laws of New Jersey of 1931 as amended, and "general reserve fund" shall mean the general reserve fund of the port authority authorized by said statutes;

"Hudson tubes" shall mean that portion of the port development project constituting a railroad facility consisting of the 4 interstate rail tunnels under the Hudson river now or heretofore owned or operated by the Hudson & Manhattan Railroad Company, the rail transit lines of the Hudson tubes, the balance of the interurban electric railway system in and through said tunnels and over said lines and incidental thereto (including but not limited to

*Exhibit "A"*

the portion of such lines and system now or heretofore operated jointly by said railroad company and the Pennsylvania Railroad Company), terminals, including but not limited to terminals in the Hudson tubes-world trade center area, in the Journal square terminal area and in the Exchange place terminal area, and other related railroad property;

“Hudson tubes extensions” shall mean those portions of the port development project constituting passenger railroad facilities extending directly from the rail transit lines of the Hudson tubes, over new rail transit lines or on or over the existing rail transit lines of other railroads, to transfer facilities in the rail passenger transfer area, for the transfer of passengers of the Hudson tubes to and from other railroads, and other related railroad property;

“Hudson tubes-world trade center area” shall mean the area in the borough of Manhattan, city and State of New York, bounded generally by the east side of Church street on the east, the south side of Liberty street and the south side of Liberty street extended on the south, the Hudson river on the west, and on the north by a line beginning at the point of intersection of the Hudson river and the north side of Vesey street extended, running along the north side of Vesey street extended and the north side of Vesey street to the west side of Washington street, then along the west side of Washington street to the north side of Barclay street, then along the north side of Barclay street to the east side of West Broadway, then along the east side of West Broadway to the north side of Vesey street, then along the north side of Vesey street to the east side of Church street, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

*Exhibit "A"*

"Journal square terminal area" shall mean the area in the city of Jersey City, State of New Jersey, bounded generally by Journal square, Hudson boulevard, Pavonia avenue, Summit avenue and Sip avenue, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

"Municipality" shall mean a county, city, borough, village, town, township or other similar political subdivision of New York or New Jersey;

"Parking facilities" forming a part of the Hudson tubes or Hudson tubes extensions shall mean one or more areas, buildings, structures, improvements or other accommodations or appurtenances at or in the vicinity of any terminal or station of the Hudson tubes or Hudson tubes extensions and necessary, convenient or desirable in the opinion of the port authority for the parking of motor vehicles of users of the Hudson tubes or the Hudson tubes extensions and of members of the general public and for the parking and storage of omnibuses and railroad cars serving users of the Hudson tubes or the Hudson tubes extensions and for the transfer of the operators and passengers of such motor vehicles, omnibuses and railroad cars to and from the railroad cars of the Hudson tubes or the Hudson tubes extensions, and for purposes incidental thereto;

"Purposes of this act" shall mean the effectuation of the port development project and of each facility constituting a portion thereof and of each part of each such facility, and purposes incidental thereto;

"Rail passenger transfer area" shall mean the area in the State of New Jersey bounded as follows: beginning on the west bank of the Hudson river at the southerly side

*Exhibit "A"*

of the right-of-way of the Central Railroad of New Jersey easterly of the Communipaw station in the city of Jersey City, thence northwestwardly along said southerly side of the right-of-way of the Central Railroad of New Jersey through the cities of Jersey City and Kearny to Broad street in the city of Newark; thence northwardly along Broad street to Clay street, thence eastwardly along Clay street to the boundary between the counties of Hudson and Essex in the Passaic river, thence northwardly along said boundary to its intersection with the boundary line between the counties of Bergen and Hudson, thence eastwardly and northwardly along said boundary to New Jersey State highway route 3, thence eastwardly along said route 3, the Lincoln tunnel viaduct and a line in continuation of said viaduct and tunnel to the west bank of the Hudson river, thence southwardly along said west bank to the point and place of beginning;

“Rail transit lines” shall mean right-of-way and related trackage, and the “rail transit lines of the Hudson tubes” shall mean the rail transit lines beginning at the Market street station of the Pennsylvania Railroad Company in the city of Newark, State of New Jersey and extending generally (i) eastwardly along the joint service and operating route now or heretofore used by the Hudson & Manhattan Railroad Company and the Pennsylvania Railroad Company to the point of connection thereof with the tracks now or formerly of the Hudson & Manhattan Railroad Company in or about the Journal square terminal area; thence (ii) continuing eastwardly along the tracks and right-of-way now or heretofore used by the Hudson & Manhattan Railroad Company through the city of Jersey City, State of New Jersey and through the tunnels under the waters of the Hudson river and through Cortlandt and

*Exhibit "A"*

Fulton streets in the borough of Manhattan, city and State of New York to the Hudson terminal in the Hudson tubes-world trade center area; with a branch from the aforesaid route from a point located between the Grove street and Exchange place stations in said city of Jersey City northwardly and eastwardly to the Hoboken terminal station in the city of Hoboken, State of New Jersey and with a second branch from said first branch eastwardly and through the tunnels under the waters of the Hudson river to the said borough of Manhattan passing through or adjacent to Morton street, Greenwich street, Christopher street and the avenue of the Americas (formerly Sixth avenue) to the West Thirty-third street terminal in said borough of Manhattan; and rail transit lines of the Hudson tubes and of the Hudson tubes extensions shall in each case include such rail transit lines as the port authority may deem necessary, convenient or desirable to and from parking facilities, storage yards, maintenance and repair shops and yards forming part thereof;

"Real property" shall mean lands, structures, franchises and interests in land, waters, lands under water and riparian rights and any and all things and rights included within said term, and includes not only fees simple absolute but also any and all lesser interests, including but not limited to easements, rights-of-way, uses, leases, licenses and all other incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years, and liens thereon by way of judgments, mortgages or otherwise;

"Related railroad property" shall mean any property, real, personal or mixed, necessary, convenient or desirable, in the opinion of the port authority, to the effectuation of a railroad facility which is a portion of the port develop-

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ment project and shall include but not be limited to rail transit lines, terminals and stations; power, fuel, communications, signal and ventilation systems; cars and other rolling stock; storage yards; repair and maintenance shops, yards, equipment and parts; parking facilities; transfer facilities for transfer of passengers between such railroad facility and other railroads or omnibuses; offices; and other buildings, structures, improvements, areas, equipment or supplies; and, in the case of buildings, structures, improvements or areas in which any one or more of such railroad functions are accommodated shall include all of such buildings, structures, improvements or areas notwithstanding that portions thereof may not be devoted to any of the purposes of the port development project other than the production of incidental revenue available for the expenses of all or part of the port development project, except that in the Hudson tubes-world trade center area the portions of such buildings, structures, improvements or areas constructed or established pursuant to this act which are not devoted primarily to railroad functions, activities or services or to functions, activities or services for railroad passengers shall be deemed a part of the world trade center and not related railroad property;

“Surplus revenues” from any facility shall mean the balance of the revenues from such facility (including but not limited to the revenues of any subsidiary corporation incorporated for any of the purposes of this act) remaining at any time currently in the hands of the port authority after the deduction of the current expenses of the operation and maintenance thereof, including a proportion of the general expenses of the port authority as it shall deem properly chargeable thereto, which general expenses shall

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include but not be limited to the expense of protecting and promoting the commerce of the port district, and after the deduction of any amounts which the port authority may or shall be obligated or may or shall have obligated itself to pay to or set aside out of the current revenues therefrom for the benefit of the holders of any bonds legal for investment as defined in the general reserve fund statutes;

"Surplus revenues of the port development project" shall mean the surplus revenues of the Hudson tubes, the Hudson tubes extensions and the world trade center; and

"World trade center" shall mean that portion of the port development project constituting a facility of commerce consisting of 1 or more buildings, structures, improvements and areas necessary, convenient or desirable in the opinion of the port authority for the centralized accommodation of functions, activities and services for or incidental to the transportation of persons, the exchange, buying, selling and transportation of commodities and other property in world trade and commerce, the promotion and protection of such trade and commerce, governmental services related to the foregoing and other governmental services, including but not limited to custom houses, customs stores, inspection and appraisal facilities, foreign trade zones, terminal and transportation facilities, parking areas, commodity and security exchanges, offices, storage, warehouse, marketing and exhibition facilities and other facilities and accommodations for persons and property and, in the case of buildings, structures, improvements and areas in which such accommodation is afforded, shall include all of such buildings, structures, improvements and areas other than portions devoted primarily to railroad functions, activities or services or to functions, activities or services for railroad



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passengers, notwithstanding that other portions of such buildings, structures, improvements and areas may not be devoted to purposes of the port development project other than the production of incidental revenue available for the expenses of all or part of the port development project.

3. In furtherance of the aforesaid findings and determinations and in partial effectuation of and supplemental to the comprehensive plan heretofore adopted by the 2 said States for the development of the said port district, the port authority is hereby authorized and empowered to establish, acquire, construct, effectuate, develop, own, lease, maintain, operate, improve and rehabilitate a project herein referred to as the port development project, which shall consist of a facility of commerce herein referred to as the world trade center, to be located within the Hudson tubes-world trade center area, and railroad facilities herein referred to as the Hudson tubes and the Hudson tubes extensions. The port authority shall proceed as rapidly as may be practicable to accomplish the purposes of this act.

The port authority is hereby authorized and empowered to establish, levy and collect such rentals, tolls, fares, fees and other charges as it may deem necessary, proper or desirable in connection with any facility or part of any facility constituting a portion of the port development project and to issue bonds for any of the purposes of this act and to provide for payment thereof, with interest upon and the amortization and retirement of such bonds, and to secure all or any portion of such bonds by a pledge of such rentals, tolls, fares, fees, charges and other revenues or any part thereof (including but not limited to the revenues of any subsidiary corporation incorporated for any of the purposes of this act), and to secure all or any portion of

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such bonds by mortgages upon any property held or to be held by the port authority (or by any such subsidiary corporation) for any of the purposes of this act, and for any of the purposes of this act to exercise all appropriate powers heretofore or hereafter delegated to it by the States of New York and New Jersey, including, but not limited to, those expressly set forth in this act. The surplus revenues of the port development project may be pledged in whole or in part as hereinafter provided.

Unless and until hereafter expressly authorized by the 2 States the port authority shall not: (a) operate or permit operation by others of its Hudson tubes railroad cars or other rolling stock or equipment or Hudson tubes extensions railroad cars or other rolling stock or equipment except upon the rail transit lines of the Hudson tubes or of the Hudson tubes extensions and also between the Market street station and the South street station of the Pennsylvania Railroad Company in the city of Newark, State of New Jersey; or (b) except by way of Hudson tubes extensions as herein defined, make additions, betterments or other improvements to or of said Hudson tubes or Hudson tubes extensions by way of extensions of their rail transit lines. Nothing herein contained shall be deemed to prevent the making by the port authority of such joint service or other agreements with railroads as it shall deem necessary, convenient or desirable for the use of the Hudson tubes and Hudson tubes extensions by the railroad cars or other rolling stock or equipment of such railroads and the acquisition of the rights of any or all parties in any joint service or other agreements the Hudson & Manhattan Railroad Company or its successors shall have made with other railroads for such use of the Hudson tubes. The port authority

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shall not proceed with the effectuation of any railroad or railroad facility in addition to the Hudson tubes and the Hudson tube extensions until hereafter expressly authorized by the 2 States. Nothing contained in this act shall authorize or empower the port authority to establish, construct or otherwise effectuate an air terminal.

4. The moneys in the general reserve fund may be pledged in whole or in part by the port authority as security for or applied by it to the repayment with interest of any moneys which it may raise upon bonds issued or incurred by it from time to time for any of the purposes of this act or upon bonds secured in whole or in part by the pledge of the revenues from the port development project or any portion thereof or upon bonds both so issued or incurred and so secured; and the moneys in said general reserve fund may be applied by the port authority to the fulfillment of any other undertakings which it may assume to or for the benefit of the holders of any such bonds.

Subject to prior liens and pledges (and to the obligation of the port authority to apply revenues to the maintenance of its general reserve fund in the amount prescribed by the general reserve fund statutes), the revenues from facilities established, constructed, acquired or otherwise effectuated through the issuance or sale of bonds of the port authority secured in whole or in part by a pledge of its general reserve funds or any portion thereof may be pledged in whole or in part as security for or applied by it to any of the purposes of this act, including the repayment with interest of any moneys which it may raise upon bonds issued or incurred from time to time for any of the purposes of this act or upon bonds secured in whole or in part by the pledge of

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the revenues of the port authority from the port development project or any portion thereof or upon bonds both so issued or incurred and so secured; and said revenues may be applied by the port authority to the fulfillment of any other undertakings which it may assume to or for the benefit of the holders of such bonds.

5. In all cases where the port authority has raised or shall hereafter raise moneys for any of the purposes of this act by the issue and sale of bonds which are secured in whole or in part by a pledge of the general reserve fund or any portion thereof, the surplus revenues from any facility constituting a portion of the port development project and financed in whole or in part out of the proceeds of such bonds and the surplus revenues from any other port authority facility the surplus revenues of which at such time may be payable into the general reserve fund shall be pooled and applied by the port authority to the establishment and maintenance of the general reserve fund in an amount equal to 1/10 of the par value of all bonds legal for investment, as defined in the general reserve fund statutes, issued by the port authority and currently outstanding, including such bonds issued for any of the purposes of this act; and all such moneys in said general reserve fund may be pledged and applied in the manner provided in the general reserve fund statutes.

In the event that any time the balance of moneys theretofore paid into the general reserve fund and not applied therefrom shall exceed an amount equal to 1/10 of the par value of all bonds upon the principal amount of which the amount of the general reserve fund is calculated, by reason of the retirement of bonds issued or incurred from time to

*Exhibit "A"*

time for any of the purposes of this act the par value of which had theretofore been included in the computation of said amount of the general reserve fund, then the port authority may pledge or apply such excess for and only for the purposes for which it is authorized by the general reserve fund statutes to pledge the moneys in the general reserve fund and such pledge may be made in advance of the time when such excess may occur.

6. The 2 States covenant and agree with each other and with the holders of any affected bonds, as hereinafter defined, that so long as any of such bonds remain outstanding and unpaid and the holders thereof shall not have given their consent as provided in their contract with the port authority, (a) the 2 States will not diminish or impair the power of the port authority (or any subsidiary corporation incorporated for any of the purposes of this act) to establish, levy and collect rentals, tolls, fares, fees or other charges in connection with any facility constituting a portion of the port development project or any other facility owned or operated by the port authority of which the revenues have been or shall be pledged in whole or in part as security for such bonds (directly or indirectly, or through the medium of the general reserve fund or otherwise), or to determine the quantity, quality, frequency or nature of the service provided in connection with each such facility; and (b) neither the States nor the port authority nor any subsidiary corporation incorporated for any of the purposes of this act will apply any of the rentals, tolls, fares, fees, charges, revenues or reserves, which have been or shall be pledged in whole or in part as security for such bonds, for any railroad purposes whatsoever other than permitted purposes hereinafter set forth.

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"Affected bonds" as used in this section shall mean bonds of the port authority issued or incurred by it from time to time for any of the purposes of this act or bonds as security for which there may or shall be pledged, in whole or in part, the general reserve fund or any reserve fund established by or pursuant to contract between the port authority and the holders of such bonds, or the revenues of the world trade center, Hudson tubes, Hudson tubes extensions or any other facility owned or operated by the port authority any surplus revenues of which would be payable into the general reserve fund, or bonds both so issued or incurred and so secured.

"Permitted purposes" as used in this section shall mean purposes in connection with (i) the Hudson tubes as authorized and limited on the effective date of this covenant and agreement, (ii) railroad freight transportation facilities or railroad freight terminal facilities, (iii) the construction, installation and maintenance of railroad tracks and related facilities on vehicular bridges owned by the port authority, and (iv) any other railroad facility established, acquired, constructed or otherwise effectuated by the port authority (including but not limited to Hudson tubes extensions) as to which the port authority shall have first certified either that said other railroad facility is self-supporting as hereinafter defined or, if not, that at the end of the preceding calendar year the general reserve fund contained an amount equal to 1/10 of the par value of bonds of the port authority which were outstanding at said year end and which were legal for investment as defined in the general reserve fund statutes and that the group of facilities consisting of such other railroad facility and of all prior other railroad facilities will not produce deficits in excess of permitted deficits as

*Exhibit "A"*

hereinafter defined. "Prior other railroad facilities" at the time of any certification by the port authority hereunder shall mean all the railroad facilities described in subdivisions (i) and (iv) of this paragraph which were theretofore established, acquired, constructed or otherwise effectuated by the port authority any surplus revenues of which at such time would be payable into the general reserve fund.

An other railroad facility shall be deemed to be "self-supporting" as of the time of any certification hereunder if the amount estimated by the port authority for the ensuing 10 years to be the average annual net income (computed without deduction for debt service) derived from or incidental to such facility equals or exceeds the amount estimated by the port authority for such 10 years to be the average annual debt service upon bonds for purposes in connection with such proposed facility.

"Deficits" of a group of railroad facilities, as used in this section, shall mean the amount estimated by the port authority for the ensuing 10 years to be the average annual combined debt service upon bonds for purposes in connection with the railroad facilities of such group less the amount estimated by the port authority for such 10 years to be the average annual combined net income (computed without deduction for debt service) derived from or incidental to such railroad facilities or plus the amount estimated by the port authority for such 10 years to be the average annual combined net losses (computed without deduction for debt service) sustained from or incidental to such railroad facilities; the estimate of deficits thus arrived at shall not be effective unless and until concurred in, in writing, by the Governors of the said 2 States.

*Exhibit "A"*

"Permitted deficits" of a group of railroad facilities as used in this section, shall mean deficits as of the time of any certification hereunder which do not exceed (A) such amount or amounts of deficits as of the time of any certification hereunder for the payment of which one or both of the 2 States, in connection with the proposed other railroad facility as to which the certification is made and in connection with prior other railroad facilities, has made adequate, secure and effective provision for the duration of the period for which the port authority is liable for such deficits, plus (B) the greater of the following 2 amounts: (1) an amount equal to  $1/10$  of the amount in the general reserve fund at the end of the preceding calendar year, diminished by an amount equal to 1% of the principal amount of all bonds of the port authority outstanding at the end of said preceding calendar year the proceeds of which shall have been applied for purposes in connection with the facilities of such group or (2) an amount equal to the sum of  $1/10$  of the diminished  $1/10$  amount calculated under clause (1) of this sentence, plus 1% of the equity, at the end of said preceding calendar year, of the port authority in its vehicular bridges and tunnels and in all other facilities owned and operated by it (not including railroad cars financed by state-guaranteed bonds) except those of the aforesaid group of railroad facilities. Equity of the port authority in facilities as to which any calculation of equity shall be made shall mean the principal amount of bonds of the port authority retired from port authority revenues or reserves or both which have been derived from the operation of its facilities and the investment of its funds and not from governmental or other subsidy payments, the proceeds of which retired bonds shall have been applied for purposes in connection with such facilities.



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Each certification by the port authority hereunder shall be made at the time of the issuance of its first bonds for permitted purposes in connection with a proposed other railroad facility which bonds would be secured in whole or in part by the aforesaid pledged rentals, tolls, fares, fees, charges, revenues or reserves, or at such time, prior to such issuance, as any application of such pledged rentals, tolls, fares, fees, charges, revenues or reserves for purposes in connection with such proposed other railroad facility would otherwise be permitted or required. Anything herein to the contrary notwithstanding, any such certification by the port authority hereunder shall not be effective unless and until affirmatively concurred in, in writing, by the Governors of the said 2 States.

7. The port authority is authorized and empowered to co-operate with the States of New York and New Jersey, with any municipality, with the Federal Government and with any agency or commission of any one or more of the foregoing, or with any one or more of them, for and in connection with the acquisition, clearance, replanning, rehabilitation, reconstruction or redevelopment of the Hudson tubes-world trade center area or of any other area forming part of the port development project for the purpose of renewal and improvement of said area and for any of the purposes of this act, and to enter into an agreement or agreements (and from time to time to enter into agreements amending or supplementing the same) with any such municipality, commission or agency and with the States of New York and New Jersey and with the Federal Government, or with any one or more of them, for or relating to such purposes, including but not limited to agreements with respect to financial assistance, loans and grants as provided in title 1 of the housing act of 1949 and

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all Federal laws amendatory and supplemental thereto and with respect to occupancy of space in the port development project. The port authority is hereby authorized and empowered to apply for and accept financial assistance, loans and grants for such purposes under Federal, State or local laws, and to make application directly to the proper officials or agencies for and receive Federal, State or local loans or grants in aid of any of the purposes of this act.

8. Notwithstanding any contrary provision of law, general, special or local, either State and any municipality and any commission or agency of either or both of said 2 States is authorized and empowered to co-operate with the port authority and to enter into an agreement or agreements (and from time to time to enter into agreements amending or supplementing the same) with the port authority for and in connection with or relating to the acquisition, clearance, replanning, rehabilitation, reconstruction, or redevelopment of the Hudson tubes-world trade center area or of any other area forming part of the port development project for the purpose of renewal and improvement of said area as aforesaid and for any of the purposes of this act, upon such reasonable terms and conditions as may be determined by such State, municipality, agency or commission and the port authority. Such agreement may, without limiting the generality of the foregoing, include consent to the use by the port authority of any real property owned or to be acquired by said State, municipality, agency or commission and consent to the use by such State, municipality, agency or commission of any real property owned or to be acquired by the port authority which in either case is necessary, convenient or desirable in the opinion of the port authority for any of the purposes of this act, including such real property,

*Exhibit "A"*

improved or unimproved, as has already been devoted to or has been or is to be acquired for urban renewal or other public use, and as an incident to such consents such State, municipality, agency or commission may grant, convey, lease or otherwise transfer any such real property to the port authority and the port authority may grant, convey, lease or otherwise transfer any such real property to such State, municipality, agency or commission for such term and upon such conditions as may be agreed upon. If real property of such State, municipality, agency or commission be leased to the port authority for any of the purposes of this act, such State, municipality, agency or commission may consent to the port authority having the right to mortgage the fee of such property and thus enable the port authority to give as security for its bond or bonds a lien upon the land and improvements, but such State, municipality, agency or commission by consenting to the execution by the port authority of a mortgage upon the leased property shall not thereby assume and such consent shall not be construed as imposing upon such State, municipality, agency or commission any liability upon the bond or bonds secured by the mortgage.

Nothing contained in this section shall impair or diminish the powers vested in either State or in any municipality, agency or commission to acquire, clear, replan, reconstruct, rehabilitate or redevelop substandard or insanitary or deteriorating areas and the powers herein granted to the State, municipality, agency or commission shall be construed to be in aid of and not in limitation or in derogation of any such powers heretofore or hereafter conferred upon or granted to the State, municipality, agency or commission.

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Nothing contained in this act shall be construed to authorize the port authority to acquire property nor or hereafter vested in or held by any municipality without the authority or consent of such municipality, provided that the State in which said municipality is located may by statute enact that such property may be taken by the port authority by condemnation or the exercise of the right of eminent domain without such authority or consent; nor shall anything herein impair or invalidate in any way any bonded indebtedness of the State or such municipality, nor impair the provisions of law regulating the payment into sinking funds of revenues derived from municipal property, or dedicating the revenues derived from municipal property to a specific purpose.

The port authority is hereby authorized and empowered to acquire from any such municipality, or from any other agency or commission having jurisdiction in the premises, by agreement therewith, and such municipality, agency or commission, notwithstanding any contrary provision of law, is hereby authorized and empowered to grant and convey, upon reasonable terms and conditions, any real property which may be necessary, convenient or desirable for any of the purposes of this act, including such real property as has already been devoted to a public use.

Any consent by a municipality shall be given and the terms, conditions and execution by a municipality of any agreement, deed, lease, conveyance or other instrument pursuant to this section or any other section of this act shall be authorized in the manner provided in article 22 of the compact of April 30, 1921 between the 2 States creating the port authority. Any consent by either State shall be effective if given, and the terms and conditions and

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execution of any agreement, deed, lease, conveyance or other instrument pursuant to this section or any other section of this act shall be effective if authorized by the Governor of such State.

9. The States of New York and New Jersey hereby consent to suits, actions or proceedings by any municipality against the port authority upon, in connection with or arising out of any agreement, or any amendment thereof, entered into for any of the purposes of this act, as follows:

(1) for judgments, orders or decrees restraining or enjoining the port authority from transferring title to real property to other persons in cases where it has agreed with said municipality for transfer of such title to the municipality; and

(2) for judgments, orders or decrees restraining or enjoining the port authority from committing or continuing to commit other breaches of such agreement or any amendment thereof; provided, that such judgment, order or decree shall not be entered except upon 2 days' prior written notice to the port authority of the proposed entry thereof; and provided further that upon appeal taken by the port authority from such judgment, order or decree the service of the notice of appeal shall perfect the appeal and stay the execution of such judgment, order or decree appealed from without an undertaking or other security.

Nothing herein contained shall be deemed to revoke, rescind or affect any consent to suits, actions, or proceedings against the port authority heretofore given by the 2 said States in chapter 301 of the laws of New York of 1950 and chapter 204 of the laws of New Jersey of 1951.

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10. The effectuation of the world trade center, the Hudson tubes and the Hudson tubes extensions, or of any such facilities constituting a portion of the port development project, are and will be in all respects for the benefit of the people of the States of New York and New Jersey, for the increase of their commerce and prosperity and for the improvement of their health and living conditions; and the port authority and any subsidiary corporation incorporated for any of the purposes of this act shall be regarded as performing an essential governmental function in undertaking the effectuation thereof, and in carrying out the provisions of law relating thereto.

11. The port authority shall be required to pay no taxes or assessments upon any of the property acquired or used by it for any of the purposes of this act or upon any deed, mortgage or other instrument affecting such property or upon the recording of any such instrument. However, to the end that no municipality shall suffer undue loss of taxes and assessments by reason of the acquisition and ownership of property by the port authority for any of the purposes of this act, the port authority is hereby authorized and empowered, in its discretion, to enter into a voluntary agreement or agreements with any municipality whereby the port authority will undertake to pay in lieu of taxes a fair and reasonable sum or sums annually in connection with any real property acquired and owned by the port authority for any of the purposes of this act. Such sums in connection with any real property acquired and owned by the port authority for any of the purposes of this act shall not be more than the sum last paid as taxes upon such real property prior to the time of its acquisition by the port authority; provided, however, that in connection with any portion of the Hudson tubes-world trade

*Exhibit "A"*

center area acquired and owned by the port authority for any of the purposes of this act, after such property is improved pursuant to this act with world trade center buildings, structures or improvements greater in value than the buildings, structures or improvements on such Hudson tubes-world trade center area at the time of its acquisition by the port authority, then, with regard to such greater value, such sum or sums may be increased by such additional sum or sums annually as may be agreed upon between the port authority and the city of New York which will not include any consideration of the exhibit areas of the world trade center or of any areas which would be tax exempt in their own right if title were in the governmental occupants or of other areas accommodating services for the public or devoted to general public use. Each such municipality is hereby authorized and empowered to enter into such agreement or agreements with the port authority and to accept the payment or payments which the port authority is hereby authorized and empowered to make, and the sums so received by such municipality shall be devoted to purposes to which taxes may be applied unless and until otherwise directed by law of the State in which such municipality is located.

12. All details of the effectuation, including but not limited to details of financing, leasing, rentals, tolls, fares, fees and other charges, rates, contracts and service, of the world trade center, the Hudson tubes and the Hudson tubes extensions by the port authority shall be within its sole discretion and its decision in connection with any and all matters concerning the world trade center, the Hudson tubes and the Hudson tubes extensions shall be controlling and conclusive. The local laws, resolutions, ordinances,

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rules and regulations of the city of New York shall apply to such world trade center if so provided in any agreement between the port authority and the city and to the extent provided in any such agreement.

So long as any facility constituting a portion of the port development project shall be owned, controlled or operated by the port authority (either directly or through a subsidiary corporation incorporated for any of the purposes of this act), no agency, commission or municipality of either or both of the 2 States shall have jurisdiction over such facility nor shall any such agency, commission or municipality have any jurisdiction over the terms or method of effectuation of all or any portion thereof by the port authority (or such subsidiary corporation) including but not limited to the transfer of all or any portion thereof to or by the port authority (or such subsidiary corporation).

Nothing in this act shall be deemed to prevent the port authority from establishing, acquiring, owning, leasing, constructing, effectuating, developing, maintaining, operating, rehabilitating or improving all or any portion of the port development project through wholly owned subsidiary corporations of the port authority or from transferring to or from any such corporations any moneys, real property or other property for any of the purposes of this act. If the port authority shall determine from time to time to form such a subsidiary corporation it shall do so by executing and filing with the Secretary of State of New York and the Secretary of State of New Jersey a certificate of incorporation, which may be amended from time to time by similar filing, which shall set forth the name of such subsidiary corporation, its duration, the location of its principal office, and the purposes of the incorporation



*Exhibit "A"*

which shall be one or more of the purposes of establishing, acquiring, owning, leasing, constructing, effectuating, developing, maintaining, operating, rehabilitating or improving all or any portion of the port development project. The directors of such subsidiary corporation shall be the same persons holding the offices of commissioners of the port authority. Such subsidiary corporation shall have all the powers vested in the port authority itself for the purposes of this act except that it shall not have the power to contract indebtedness. Such subsidiary corporation and any of its property, functions and activities shall have all of the privileges, immunities, tax exemptions and other exemptions of the port authority and of the port authority's property, functions and activities. Such subsidiary corporation shall be subject to the restrictions and limitations to which the port authority may be subject, including, but not limited to the requirement that no action taken at any meeting of the board of directors of such subsidiary corporation shall have force or effect until the Governors of the 2 States shall have an opportunity, in the same manner and within the same time as now or hereafter provided by law for approval or veto of actions taken at any meeting of the port authority itself, to approve or veto such action. Such subsidiary corporation shall be subject to suit in accordance with section 9 of this act and chapter 301 of the laws of New York of 1950 and chapter 204 of the laws of New Jersey of 1951 as if such subsidiary corporation were the port authority itself. Such subsidiary corporation shall not be a participating employer under the New York Retirement and Social Security law or any similar law of either State and the employees of any such subsidiary corporation, except those who are employees of the port authority, shall not be deemed employees of the port authority.

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Whenever any State, municipality, commission, agency, officer, department, board or division is authorized and empowered for any of the purposes of this act to co-operate and enter into agreements with the port authority or to grant any consent to the port authority or to grant, convey, lease or otherwise transfer any property to the port authority or to execute any document, such State, municipality, commission, agency, officer, department, board or division shall have the same authorization and power for any of such purposes to co-operate and enter into agreements with such subsidiary corporation and to grant consents to such subsidiary corporation and to grant, convey, lease or otherwise transfer property to such subsidiary corporation and to execute documents for such subsidiary corporation.

13. The bonds issued by the port authority to provide funds for any of the purposes of this act are hereby made securities in which all State and municipal officers and bodies of both States, all trust companies and banks other than savings banks, all building and loan associations, savings and loan associations, investment companies and other persons carrying on a commercial banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever (other than savings banks), who are now or may hereafter be authorized by either State to invest in bonds of such State, may properly and legally invest any funds, including capital, belonging to them or within their control, and said bonds are hereby made securities which may properly and legally be deposited with and shall be received by any State or municipal officer or

*Exhibit "A"*

agency of either State for any purpose for which the deposit of bonds of such State is now or may hereafter be authorized. The bonds issued by the port authority to provide funds for any of the purposes of this act as security for which the general reserve fund shall have been pledged in whole or in part are hereby made securities in which all savings banks also may properly and legally invest any funds, including capital, belonging to them or within their control.

14. If the port authority shall find it necessary, convenient or desirable to acquire (either directly or through a subsidiary corporation) from time to time any real property or any property other than real property (including but not limited to contract rights and other intangible personal property and railroad cars or other rolling stock, maintenance and repair equipment and parts, fuel and other tangible personal property), for any of the purposes of this act whether for immediate or future use (including temporary construction, rehabilitation or improvement), the port authority may find and determine that such property, whether a fee simple absolute or a lesser interest, is required for a public use, and upon such determination the said property shall be and shall be deemed to be required for such public use until otherwise determined by the port authority, and such determination shall not be affected by the fact that such property has theretofore been taken for and is then devoted to a public use; but the public use in the hands of or under the control of the port authority shall be deemed superior to the public use in the hands of any other person, association or corporation.

The port authority may acquire and is hereby authorized so to acquire from time to time, for any of the purposes of this act, such property, whether a fee simple absolute

*Exhibit "A"*

or a lesser estate, by condemnation (including the exercise of the right of eminent domain) under and pursuant to the provisions of the condemnation law of the State of New York in the case of property located in or having its situs in such State, and Revised Statutes of New Jersey, Title 20:1-1 et seq., in the case of property located in or having its situs in such State, or, at the option of the port authority, as provided in section 15 of chapter 43 of the laws of New Jersey of 1947, as amended, in the case of property located in or having its situs in such State, and as provided in chapter 819 of the laws of New York of 1947 in the case of property located in or having its situs in such State, or pursuant to such other and alternate procedure as may be provided by law of the State in which such property is located or has its situs; and all of said statutes for the condemnation of real property shall, for any of the purposes of this act, be applied also to the condemnation of other property authorized by this section, except that such provisions as pertain to surveys, diagrams, maps, plans or profiles, assessed valuation, lis pendens, service of notice and papers, filing in the office of the clerk in which the real property affected is situated and such other provisions as by their nature cannot be applicable to property other than real property, shall not be applicable to the condemnation of such other property. In the event that any property other than real property is acquired by condemnation under this act then, with respect to such other property, notice of such proceeding and all subsequent notices or court processes shall be served upon the owners of such other property and upon the port authority by personal service or by registered or certified mail, except as may be otherwise directed by the court.

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Anything herein to the contrary notwithstanding, any property to be acquired for any of the purposes of this act, which property shall not have been used by its owner or owners or any of his or their predecessors in connection with and shall not have been acquired by its owner or owners or any of his or their predecessors for use in connection with the effectuation by a railroad company or companies of the Hudson tubes or the Hudson tubes extensions prior to port authority acquisition, shall, if such property is personal property, be acquired only by agreement with the owner or owners and shall, if such property is not personal property and is to be acquired by condemnation, be acquired in an action or proceeding in the State in which such property is located or has its situs. Except as so provided, the port authority is hereby authorized and empowered, in its discretion, from time to time to combine any property which is to be acquired as aforesaid by condemnation for any of the purposes of this act for acquisition in a single action or proceeding notwithstanding that part of the property so to be acquired is located or has its situs in New Jersey and part in New York or is personal property or mixed real and personal property or may be owned by more than one owner; and, except as hereinafter provided, each such single action or proceeding to acquire property located or having its situs part in New Jersey and part in New York shall be pursuant to the laws of whichever of the 2 said States the port authority shall estimate contains the greater part in value of all the property to be acquired in such action or proceeding (hereinafter sometimes called the forum State) and in the court or courts specified in the laws of the forum State for the condemnation by the port authority of property located or having its situs in the forum State pursuant to this act, in which event, notwith-

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standing the location or situs of said property, each of said 2 States hereby confers upon its said court or courts jurisdiction of such action or proceeding and the port authority and any subsidiary corporation so acquiring such property and the owners of such property shall be bound by the judgments, orders or decrees therein. In any such action or proceeding the court or courts of the forum State shall apply the laws of valuation of the other State (hereinafter sometimes called the nonforum State) to the valuation of the property which is located or has its situs in the nonforum State and shall include in the total compensation to be made to any owner of property in both States being acquired in such action or proceeding the increment, if any, in the value of such property in both States, by reason of its being in a single ownership. If a judgment, order or decree in such an action or proceeding shall vest title in or otherwise award to the condemnor the right to possession of property located or having its situs in the nonforum State, then the court or courts of the nonforum State shall grant full faith and credit to such judgment, order or decree and upon petition by the condemnor to the court or courts of the nonforum State specified in the laws thereof for the condemnation by the port authority of property located or having its situs in the nonforum State pursuant to this act, presenting a true copy of such judgment, order or decree and proof that it is in effect, that any conditions thereof have been met, that at least 5 days' notice of such petition has been served by registered or certified mail upon all owners of the property affected who appeared in the original action or proceeding in the forum State or who may be owners of record, and without further proof, a judgment, order or decree of such court or courts of the nonforum State shall be entered granting condemnor posses-

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sion of the property located or having its situs in the non-forum State and confirming any title which shall have vested in the condemnor by the judgment, order or decree of the court or courts of the forum State.

The owner of any property acquired by condemnation or the exercise of the right of eminent domain for any of the purposes of this act shall not be awarded for such property any increment above the just compensation required by the constitutions of the United States and of the State or States in which the property is located or has its situs by reason of any circumstances whatsoever.

Nothing herein contained shall be construed to prevent the port authority from bringing any proceedings to remove a cloud on title or such other proceedings as it may, in its discretion, deem proper and necessary, or from acquiring any such property by negotiation or purchase.

Where a person entitled to an award in the proceedings to condemn any property for any of the purposes of this act remains in possession of such property after the time of the vesting of title in the condemnor, the reasonable value of his use and occupancy of such property subsequent to such time, as fixed by agreement or by the court in such proceedings or by any court of competent jurisdiction, shall be a lien against such award, subject only to liens of record at the time of the vesting of title in the condemnor.

15. The port authority and its duly authorized agents, and all persons acting under its authority and by its direction, may enter in the daytime into and upon any real property for the purpose of making such surveys, diagrams, maps, plans, soundings or borings as the port authority may deem necessary, convenient or desirable for any of the purposes of this act.

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16. Any declarations contained herein with respect to the governmental nature and public purpose of the world trade center, Hudson tubes and Hudson tubes extensions and to the exemption of the world trade center, Hudson tubes and Hudson tubes extensions property and instruments relating thereto from taxation and to the discretion of the port authority with respect to said facilities shall not be construed to imply that other port authority facilities, property and operations are not of a governmental nature or do not serve public purposes, or that they are subject to taxation, or that the determinations of the port authority with respect thereto are not conclusive. The powers hereby vested in the port authority and in any subsidiary corporation incorporated for any of the purposes of this act (including but not limited to the power to acquire real property by condemnation) shall be continuing powers and no exercise thereof by the port authority or a subsidiary corporation incorporated for any of the purposes of this act shall be deemed to exhaust them or any of them.

17. This section and the preceding sections hereof constitute an agreement between the States of New York and New Jersey supplementary to the compact between the 2 States dated April 30, 1921 and amendatory thereof, and shall be liberally construed to effectuate the purposes of said compact and of the comprehensive plan heretofore adopted by the 2 States, and the powers granted to the port authority shall be construed to be in aid of and not in limitation or in derogation of any other powers heretofore conferred upon or granted to the port authority.

18. If any section, part, phrase, or provision of this act or the application thereof to any person or circumstances



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be adjudged invalid by any court of competent jurisdiction, so long as the act or remainder of the act shall nonetheless permit the effectuation, as a unified project, of the Hudson tubes, Hudson tubes extensions and the world trade center, such judgment shall be confined in its operation to the section, part, phrase, provision or application directly involved in the controversy in which such judgment shall have been rendered and shall not affect or impair the validity of the remainder of this act or the application thereof to other persons or circumstances and the 2 States hereby declare that they would have entered into this act or the remainder thereof had the invalidity of such provision or application thereof been apparent.

19. This act shall take effect upon the enactment into law by the State of New York of legislation having an identical effect with this act, but if the State of New York has already enacted such legislation, this act shall take effect immediately.

Approved February 13, 1962.

*Exhibit "A"***CHAPTER 209, Laws of New York, 1962**

An Act to provide for the financing and effectuation by the port of New York authority of a port development project, consisting of the Hudson tubes, the Hudson tubes extensions and a world trade center, for co-ordinating, facilitating and promoting the transportation of persons and the flow and exchange of trade and commerce in and through the port of New York district, and agreeing with the state of New Jersey with respect thereto.

*The People of the State of New York, represented in Senate and Assembly, do enact as follows:*

Section 1. The states of New York and New Jersey hereby find and determine:

(1) that the transportation of persons to, from and within the port of New York, and the flow of foreign and domestic cargoes to, from and through the port of New York are vital and essential to the preservation of the economic well-being of the northern New Jersey-New York metropolitan area;

(2) that in order to preserve the northern New Jersey-New York metropolitan area from economic deterioration, adequate facilities for the transportation of persons must be provided, preserved and maintained and that rail services are and will remain of extreme importance to such transportation of persons;

(3) that the interurban electric railway now or heretofore operated by the Hudson & Manhattan railroad company is an essential railroad facility serving the northern

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New Jersey-New York metropolitan area, that its physical plant is in a severely deteriorated condition, and that it is in extreme financial condition;

(4) that the immediate need for the maintenance and development of adequate railroad facilities for the transportation of persons between northern New Jersey and New York would be met by the acquisition, rehabilitation and operation of the said Hudson & Manhattan interurban electric railway by a public agency, and improvement and extensions of the rail transit lines of said railway to permit transfer of its passengers to and from other transportation facilities and in the provision of transfer facilities at the points of such transfers;

(5) that in order to preserve and protect the position of the port of New York as the nation's leading gateway for world commerce it is incumbent on the states of New York and New Jersey to make every effort to insure that their port receives its rightful share of the oceanborne cargo volumes generated by the economy of the nation;

(6) that the servicing functions and activities connected with the oceanborne and overseas airborne trade and commerce of the port of New York district as defined in the compact between the said two states dated April thirty, nineteen hundred twenty-one (hereinafter called the port district), including customs clearance, shipping negotiations, cargo routing, freight forwarding, financing, insurance arrangements and other similar transactions which are presently performed in various, scattered locations in the city of New York, state of New York, should be centralized to provide for more efficient and economical trans-

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portation of persons and more efficient and economical facilities for the exchange and buying, selling and transportation of commodities and other property in world trade and commerce;

(7) that unification, at a single, centrally located site, of the principal New York terminal of the aforesaid interurban electric railway and a facility of commerce accommodating the said functions and activities described in subdivision six of this section and the appropriate governmental, administrative and other services connected with or incidental to transportation of persons and property and the promotion and protection of port commerce, and providing a central locale for exhibiting and otherwise promoting the exchange and buying and selling of commodities and property in world trade and commerce, will materially assist in preserving for the two states and the people thereof the material and other benefits of a prosperous port community;

(8) that the port of New York authority (hereinafter called the port authority), which was created by agreement of the two states as their joint agent for the development of the transportation and terminal facilities and other facilities of commerce of the port district and for the promotion and protection of the commerce of their port, is the proper agency to act in their behalf (either directly or by or through wholly-owned subsidiary corporations) to effectuate, as a unified project, the said interurban electric railway and its extensions and the facility of commerce described in subdivision seven of this section; and

(9) that the undertaking of the aforesaid unified project by the port authority has the single object of preserving,

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and is part of a unified plan to aid in the preservation of, the economic well-being of the northern New Jersey-New York metropolitan area and is found and determined to be in the public interest.

§ 2. The following terms as used in this act shall have the following meanings:

"Bonds" shall mean bonds, notes, securities or other obligations or evidences of indebtedness;

"Effectuation" of a project or any facility or part of a facility constituting a portion of a project shall include but not be limited to its establishment, acquisition, construction, development, maintenance, operation, improvement (by way of betterments, additions or otherwise) and rehabilitation;

"Exchange place terminal area" shall mean the area in the city of Jersey City, state of New Jersey, bounded generally by Exchange place and Montgomery street, by Warren street, by Pearl street, by Greene street, and by Morgan street as extended to the bulkhead line and by said bulkhead line, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

"General reserve fund statutes" shall mean chapter forty-eight of the laws of New York of nineteen hundred thirty-one as amended, and chapter five of the laws of New Jersey of nineteen hundred thirty-one as amended, and "general reserve fund" shall mean the general reserve fund of the port authority authorized by said statutes;

"Hudson tubes" shall mean that portion of the port development project constituting a railroad facility consisting of the four interstate rail tunnels under the Hudson

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river now or heretofore owned or operated by the Hudson & Manhattan railroad company, the rail transit lines of the Hudson tubes, the balance of the interurban electric railway system in and through said tunnels and over said lines and incidental thereto (including but not limited to the portion of such lines and system now or heretofore operated jointly by said railroad company and the Pennsylvania railroad company), terminals, including but not limited to terminals in the Hudson tubes-world trade center area, in the Journal square terminal area and in the Exchange place terminal area, and other related railroad property;

"Hudson tubes extensions" shall mean those portions of the port development project constituting passenger railroad facilities extending directly from the rail transit lines of the Hudson tubes, over new rail transit lines or on or over the existing rail transit lines of other railroads, to transfer facilities in the rail passenger transfer area, for the transfer of passengers of the Hudson tubes to and from other railroads, and other related railroad property;

"Hudson tubes-world trade center area" shall mean the area in the borough of Manhattan, city and state of New York, bounded generally by the east side of Church street on the east, the south side of Liberty street and the south side of Liberty street extended on the south, the Hudson river on the west, and on the north by a line beginning at the point of intersection of the Hudson river and the north side of Vesey street extended, running along the north side of Vesey street extended and the north side of Vesey street to the west side of Washington street, then along the west side of Washington street to the north side of Barclay street, then along the north side of Barclay street to the east side of West Broadway, then along

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the east side of West Broadway to the north side of Vesey street, then along the north side of Vesey street to the east side of Church street, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

"Journal square terminal area" shall mean the area in the city of Jersey city, state of New Jersey, bounded generally by Journal square, Hudson boulevard, Pavonia avenue, Summit Avenue and Sip Avenue, together with such additional contiguous area as may be agreed upon from time to time between the port authority and the said city;

"Municipality" shall mean a county, city, borough, village, town, township or other similar political subdivision of New York or New Jersey;

"Parking facilities" forming a part of the Hudson tubes or Hudson tubes extensions shall mean one or more areas, buildings, structures, improvements or other accommodations or appurtenances at or in the vicinity of any terminal or station of the Hudson tubes or Hudson tubes extensions and necessary, convenient or desirable in the opinion of the port authority for the parking of motor vehicles of users of the Hudson tubes or the Hudson tubes extensions and of members of the general public and for the parking and storage of omnibuses and railroad cars serving users of the Hudson tubes or the Hudson tubes extensions and for the transfer of the operators and passengers of such motor vehicles, omnibuses and railroad cars to and from the railroad cars of the Hudson tubes or the Hudson tubes extensions, and for purposes incidental thereto;

"Purposes of this act" shall mean the effectuation of the port development project and of each facility constituting

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a portion thereof and of each part of each such facility, and purposes incidental thereto;

"Rail passenger transfer area" shall mean the area in the state of New Jersey bounded as follows: beginning on the west bank of the Hudson river at the southerly side of the right-of-way of the Central railroad of New Jersey easterly of the Communipaw station in the city of Jersey city, thence northwestwardly along said southerly side of the right-of-way of the Central railroad of New Jersey through the cities of Jersey city and Kearny to Broad street in the city of Newark; thence northwardly along Broad street to Clay street, thence eastwardly along Clay street to the boundary between the counties of Hudson and Essex in the Passaic river, thence northwardly along said boundary to its intersection with the boundary line between the counties of Bergen and Hudson, thence eastwardly and northwardly along said boundary to New Jersey state highway route three, thence eastwardly along said route three, the Lincoln tunnel viaduct and a line in continuation of said viaduct and tunnel to the west bank of the Hudson river, thence southwardly along said west bank to the point and place of beginning;

"Rail transit lines" shall mean right-of-way and related trackage, and the "rail transit lines of the Hudson tubes" shall mean the rail transit lines beginning at the Market street station of the Pennsylvania railroad company in the city of Newark, state of New Jersey and extending generally (i) eastwardly along the joint service and operating route now or heretofore used by the Hudson & Manhattan railroad company and the Pennsylvania railroad company to the point of connection thereof with the tracks now or formerly of the Hudson & Manhattan railroad company in or about the Journal square terminal



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area; thence (ii) continuing eastwardly along the tracks and right-of-way now or heretofore used by the Hudson & Manhattan railroad company through the city of Jersey city, state of New Jersey and through the tunnels under the waters of the Hudson river and through Cortlandt and Fulton streets in the borough of Manhattan, city and state of New York to the Hudson terminal in the Hudson tubes-world trade center area; with a branch from the aforesaid route from a point located between the Grove street and Exchange place stations in said city of Jersey city northwardly and eastwardly to the Hoboken terminal station in the city of Hoboken, state of New Jersey and with a second branch from said first branch eastwardly and through the tunnels under the waters of the Hudson river to the said borough of Manhattan passing through or adjacent to Morton street, Greenwich street, Christopher street and the avenue of the Americas (formerly Sixth avenue) to the West Thirty-third street terminal in said borough of Manhattan; and rail transit lines of the Hudson tubes and of the Hudson tubes extensions shall in each case include such rail transit lines as the port authority may deem necessary, convenient or desirable to and from parking facilities, storage yards, maintenance and repair shops and yards forming part thereof;

"Real property" shall mean lands, structures, franchises and interests in land, waters, lands under water and riparian rights and any and all things and rights included within said term, and includes not only fees simple absolute but also any and all lesser interests, including but not limited to easements, rights-of-way, uses, leases, licenses and all other incorporeal hereditaments and every estate, interest or right, legal or equitable, including terms for years, and liens thereon by way of judgments, mortgages or otherwise;

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"Related railroad property" shall mean any property, real, personal or mixed, necessary, convenient or desirable, in the opinion of the port authority, to the effectuation of a railroad facility which is a portion of the port development project and shall include but not be limited to rail transit lines; terminals and stations; power, fuel, communication, signal and ventilation systems; cars and other rolling stock; storage yards; repair and maintenance shops, yards, equipment and parts; parking facilities; transfer facilities for transfer of passengers between such railroad facility and other railroads or omnibuses; offices; and other buildings, structures, improvements, areas, equipment or supplies; and, in the case of buildings, structures, improvements or areas in which any one or more of such railroad functions are accommodated shall include all of such buildings, structures, improvements or areas notwithstanding that portions thereof may not be devoted to any of the purposes of the port development project other than the production of incidental revenue available for the expenses of all or part of the port development project, except that in the Hudson tubes-world trade center area the portions of such buildings, structures, improvements or areas constructed or established pursuant to this act which are not devoted primarily to railroad functions, activities or services or to functions, activities or services for railroad passengers shall be deemed a part of the world trade center and not related railroad property;

"Surplus revenues" from any facility shall mean the balance of the revenues from such facility (including but not limited to the revenues of any subsidiary corporation incorporated for any of the purposes of this act) remaining at any time currently in the hands of the port au-

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thority after the deduction of the current expenses of the operation and maintenance thereof, including a proportion of the general expenses of the port authority as it shall deem properly chargeable thereto, which general expenses shall include but not be limited to the expense of protecting and promoting the commerce of the port district, and after the deduction of any amounts which the port authority may or shall be obligated or may or shall have obligated itself to pay to or set aside out of the current revenues therefrom for the benefit of the holders of any bonds legal for investment as defined in the general reserve fund statutes;

"Surplus revenues of the port development project" shall mean the surplus revenues of the Hudson tubes, the Hudson tubes extensions and the world trade center; and

"World trade center" shall mean that portion of the port development project constituting a facility of commerce consisting of one or more buildings, structures, improvements and areas necessary, convenient or desirable in the opinion of the port authority for the centralized accommodation of functions, activities and services for or incidental to the transportation of persons, the exchange, buying, selling and transportation of commodities and other property in world trade and commerce, the promotion and protection of such trade and commerce, governmental services related to the foregoing and other governmental services, including but not limited to custom houses, customs stores, inspection and appraisal facilities, foreign trade zones, terminal and transportation facilities, parking areas, commodity and security exchanges, offices, storage, warehouse, marketing and exhibition facilities and other facilities and accommodations for persons and property and, in the case of buildings, structures, improve-

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ments and areas in which such accommodation is afforded, shall include all of such buildings, structures, improvements and areas other than portions devoted primarily to railroad functions, activities or services or to functions, activities or services for railroad passengers, notwithstanding that other portions of such buildings, structures, improvements and areas may not be devoted to purposes of the port development project other than the production of incidental revenue available for the expenses of all or part of the port development project.

§ 3. In furtherance of the aforesaid findings and determinations and in partial effectuation of and supplemental to the comprehensive plan heretofore adopted by the two said states for the development of the said port district, the port authority is hereby authorized and empowered to establish, acquire, construct, effectuate, develop, own, lease, maintain, operate, improve and rehabilitate a project herein referred to as the port development project, which shall consist of a facility of commerce herein referred to as the world trade center, to be located within the Hudson tubes-world trade center area, and railroad facilities herein referred to as the Hudson tubes and the Hudson tubes extensions. The port authority shall proceed as rapidly as may be practicable to accomplish the purposes of this act.

The port authority is hereby authorized and empowered to establish, levy and collect such rentals, tolls, fares, fees and other charges as it may deem necessary, proper or desirable in connection with any facility or part of any facility constituting a portion of the port development project and to issue bonds for any of the purposes of this act and to provide for payment thereof, with interest upon and the amortization and retirement of such

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bonds, and to secure all or any portion of such bonds by a pledge of such rentals, tolls, fares, fees, charges and other revenues or any part thereof (including but not limited to the revenues of any subsidiary corporation incorporated for any of the purposes of this act), and to secure all or any portion of such bonds by mortgages upon any property held or to be held by the port authority (or by any such subsidiary corporation) for any of the purposes of this act, and for any of the purposes of this act to exercise all appropriate powers heretofore or hereafter delegated to it by the states of New York and New Jersey, including, but not limited to, those expressly set forth in this act. The surplus revenues of the port development project may be pledged in whole or in part as hereinafter provided.

Unless and until hereafter expressly authorized by the two states the port authority shall not: (a) operate or permit operation by others of its Hudson tubes railroad cars or other rolling stock or equipment or Hudson tubes extensions railroad cars or other rolling stock or equipment except upon the rail transit lines of the Hudson tubes or of the Hudson tubes extensions and also between the Market street station and the South street station of the Pennsylvania railroad company in the city of Newark, state of New Jersey; or (b) except by way of Hudson tubes extensions as herein defined, make additions, betterments or other improvements to or of said Hudson tubes or Hudson tubes extensions by way of extensions of their rail transit lines. Nothing herein contained shall be deemed to prevent the making by the port authority of such joint service or other agreements with railroads as it shall deem necessary, convenient or desirable for the use of the Hudson tubes and Hudson tubes extensions by the rail-

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road cars or other rolling stock or equipment of such railroads and the acquisition of the rights of any or all parties in any joint service or other agreements the Hudson & Manhattan railroad company or its successors shall have made with other railroads for such use of the Hudson tubes. The port authority shall not proceed with the effectuation of any railroad or railroad facility in addition to the Hudson tubes and the Hudson tubes extensions until hereafter expressly authorized by the two states. Nothing contained in this act shall authorize or empower the port authority to establish, construct or otherwise effectuate an air terminal.

§ 4. The moneys in the general reserve fund may be pledged in whole or in part by the port authority as security for or applied by it to the repayment with interest of any moneys which it may raise upon bonds issued or incurred by it from time to time for any of the purposes of this act or upon bonds secured in whole or in part by the pledge of the revenues from the port development project or any portion thereof or upon bonds both so issued or incurred and so secured; and the moneys in said general reserve fund may be applied by the port authority to the fulfillment of any other undertakings which it may assume to or for the benefit of the holders of any such bonds.

Subject to prior liens and pledges (and to the obligation of the port authority to apply revenues to the maintenance of its general reserve fund in the amount prescribed by the general reserve fund statutes), the revenues from facilities established, constructed, acquired or otherwise effectuated through the issuance or sale of bonds of the port authority secured in whole or in part by a pledge of its general reserve fund or any portion thereof may

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be pledged in whole or in part as security for or applied by it to any of the purposes of this act, including the repayment with interest of any moneys which it may raise upon bonds issued or incurred from time to time for any of the purposes of this act or upon bonds secured in whole or in part by the pledge of the revenues of the port authority from the port development project or any portion thereof or upon bonds both so issued or incurred and so secured; and said revenues may be applied by the port authority to the fulfillment of any other undertakings which it may assume to or for the benefit of the holders of such bonds.

§ 5. In all cases where the port authority has raised or shall hereafter raise moneys for any of the purposes of this act by the issue and sale of bonds which are secured in whole or in part by a pledge of the general reserve fund or any portion thereof, the surplus revenues from any facility constituting a portion of the port development project and financed in whole or in part out of the proceeds of such bonds and the surplus revenue from any other port authority facility the surplus revenues of which at such time may be payable into the general reserve fund shall be pooled and applied by the port authority to the establishment and maintenance of the general reserve fund in an amount equal to one-tenth of the par value of all bonds legal for investment, as defined in the general reserve fund statutes, issued by the port authority and currently outstanding, including such bonds issued for any of the purposes of this act; and all such moneys in said general reserve fund may be pledged and applied in the manner provided in the general reserve fund statutes.

In the event that any time the balance of moneys theretofore paid into the general reserve fund and not applied

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therefrom shall exceed an amount equal to one-tenth of the par value of all bonds upon the principal amount of which the amount of the general reserve fund is calculated, by reason of the retirement of bonds issued or incurred from time to time for any of the purposes of this act the par value of which had theretofore been included in the computation of said amount of the general reserve fund, then the port authority may pledge or apply such excess for and only for the purposes for which it is authorized by the general reserve fund statutes to pledge the moneys in the general reserve fund and such pledge may be made in advance of the time when such excess may occur.

§ 6. The two states covenant and agree with each other and with the holders of any affected bonds, as hereinafter defined, that so long as any of such bonds remain outstanding and unpaid and the holders thereof shall not have given their consent as provided in their contract with the port authority, (a) the two states will not diminish or impair the power of the port authority (or any subsidiary corporation incorporated for any of the purposes of this act) to establish, levy and collect rentals, tolls, fares, fees or other charges in connection with any facility constituting a portion of the port development project or any other facility owned or operated by the port authority of which the revenues have been or shall be pledged in whole or in part as security for such bonds (directly or indirectly, or through the medium of the general reserve fund or otherwise), or to determine the quantity, quality, frequency or nature of the service provided in connection with each such facility; and (b) neither the states nor the port authority nor any subsidiary corporation incorporated for any of the purposes of this act will



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apply any of the rentals, tolls, fares, fees, charges, revenues or reserves, which have been or shall be pledged in whole or in part as security for such bonds, for any railroad purposes whatsoever other than permitted purposes hereinafter set forth.

"Affected bonds" as used in this section shall mean bonds of the port authority issued or incurred by it from time to time for any of the purposes of this act or bonds as security for which there may or shall be pledged, in whole or in part, the general reserve fund or any reserve fund established by or pursuant to contract between the port authority and the holders of such bonds, or the revenues of the world trade center, Hudson tubes, Hudson tubes extensions or any other facility owned or operated by the port authority any surplus revenues of which would be payable into the general reserve fund, or bonds both so issued or incurred and so secured.

"Permitted purposes" as used in this section shall mean purposes in connection with (i) the Hudson tubes as authorized and limited on the effective date of this covenant and agreement, (ii) railroad freight transportation facilities or railroad freight terminal facilities, (iii) the construction, installation and maintenance of railroad tracks and related facilities on vehicular bridges owned by the port authority and (iv) any other railroad facility established, acquired, constructed or otherwise effectuated by the port authority (including but not limited to Hudson tubes extensions) as to which the port authority shall have first certified either that said other railroad facility is self-supporting as hereinafter defined or, if not, that at the end of the preceding calendar year the general reserve fund contained an amount equal to one-tenth of the par value of bonds of the port authority which were outstand-

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ing at said year end and which were legal for investment as defined in the general reserve fund statutes and that the group of facilities consisting of such other railroad facility and of all prior other railroad facilities will not produce deficits in excess of permitted deficits as hereinafter defined. "Prior other railroad facilities" at the time of any certification by the port authority hereunder shall mean all the railroad facilities described in subdivisions (i) and (iv) of this paragraph which were theretofore established, acquired, constructed or otherwise effectuated by the port authority any surplus revenues of which at such time would be payable into the general reserve fund.

An other railroad facility shall be deemed to be "self-supporting" as of the time of any certification hereunder if the amount estimated by the port authority for the ensuing ten years to be the average annual net income (computed without deduction for debt service) derived from or incidental to such facility equals or exceeds the amount estimated by the port authority for such ten years to be the average annual debt service upon bonds for purposes in connection with such proposed facility.

"Deficits" of a group of railroad facilities, as used in this section, shall mean the amount estimated by the port authority for the ensuing ten years to be the average annual combined debt service upon bonds for purposes in connection with the railroad facilities of such group less the amount estimated by the port authority for such ten years to be the average annual combined net income (computed without deduction for debt service) derived from or incidental to such railroad facilities or plus the amount estimated by the port authority for such ten years to be the average annual combined net losses (computed without deduction for debt service) sustained from or inci-

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dental to such railroad facilities; the estimate of deficits thus arrived at shall not be effective unless and until concurred in, in writing, by the governors of the said two states.

"Permitted deficits" of a group of railroad facilities as used in this section, shall mean deficits as of the time of any certification hereunder which do not exceed (A) such amount or amounts of deficits as of the time of any certification hereunder for the payment of which one or both of the two states, in connection with the proposed other railroad facility as to which the certification is made and in connection with prior other railroad facilities, has made adequate, secure and effective provision for the duration of the period for which the port authority is liable for such deficits, plus (B) the greater of the following two amounts: (1) an amount equal to one-tenth of the amount in the general reserve fund at the end of the preceding calendar year, diminished by an amount equal to one per cent of the principal amount of all bonds of the port authority outstanding at the end of said preceding calendar year the proceeds of which shall have been applied for purposes in connection with the facilities of such group or (2) an amount equal to the sum of one-tenth of the diminished one-tenth amount calculated under clause (1) of this sentence, plus one per cent of the equity, at the end of the said preceding calendar year, of the port authority in its vehicular bridges and tunnels and in all other facilities owned and operated by it (not including railroad cars financed by state-guaranteed bonds) except those of the aforesaid group of railroad facilities. Equity of the port authority in facilities as to which any calculation of equity shall be made shall mean the principal amount of bonds of the port authority retired from port

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authority revenues or reserves or both which have been derived from the operation of its facilities and the investment of its funds and not from governmental or other subsidy payments, the proceeds of which retired bonds shall have been applied for purposes in connection with such facilities.

Each certification by the port authority hereunder shall be made at the time of the issuance of its first bonds for permitted purposes in connection with a proposed other railroad facility which bonds would be secured in whole or in part by the aforesaid pledged rentals, tolls, fares, fees, charges, revenues or reserves, or at such time, prior to such issuance, as any application of such pledged rentals, tolls, fares, fees, charges, revenues or reserves for purposes in connection with such proposed other railroad facility would otherwise be permitted or required. Anything herein to the contrary notwithstanding, any such certification by the port authority hereunder shall not be effective unless and until affirmatively concurred in, in writing, by the governors of the said two states.

§ 7. The port authority is authorized and empowered to co-operate with the states of New York and New Jersey, with any municipality, with the federal government and with any agency or commission of any one or more of the foregoing, or with any one or more of them, for and in connection with the acquisition, clearance, replanning, rehabilitation, reconstruction or redevelopment of the Hudson tubes-world trade center area or of any other area forming part of the port development project for the purpose of renewal and improvement of said area and for any of the purposes of this act, and to enter into an agreement or agreements (and from time to time to enter into agreements amending or supplementing the same)

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with any such municipality, commission or agency and with the states of New York and New Jersey and with the federal government, or with any one or more of them, for or relating to such purposes, including but not limited to agreements with respect to financial assistance, loans and grants as provided in title one of the housing act of nineteen hundred forty-nine and all federal laws amendatory and supplemental thereto and with respect to occupancy of space in the port development project. The port authority is hereby authorized and empowered to apply for and accept financial assistance, loans and grants for such purposes under federal, state or local laws, and to make application directly to the proper officials or agencies for and receive federal, state or local loans or grants in aid of any of the purposes of this act.

§ 8. Notwithstanding any contrary provision of law, general, special or local, either state and any municipality and any commission or agency of either or both of said two states is authorized and empowered to co-operate with the port authority and to enter into an agreement or agreements (and from time to time to enter into agreements amending or supplementing the same) with the port authority for and in connection with or relating to the acquisition, clearance, replanning, rehabilitation, reconstruction, or redevelopment of the Hudson tubes-world trade center area or of any other area forming part of the port development project for the purpose of renewal and improvement of said area as aforesaid and for any of the purposes of this act, upon such reasonable terms and conditions as may be determined by such state, municipality, agency or commission and the port authority. Such agreement may, without limiting the generality of the foregoing, include consent to the use by the port authority of

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any real property owned or to be acquired by said state, municipality, agency or commission and consent to the use by such state, municipality, agency or commission of any real property owned or to be acquired by the port authority which in either case is necessary, convenient or desirable in the opinion of the port authority for any of the purposes of this act, including such real property, improved or unimproved, as has already been devoted to or has been or is to be acquired for urban renewal or other public use, and as an incident to such consents such state, municipality, agency or commission may grant, convey, lease or otherwise transfer any such real property to the port authority and the port authority may grant, convey, lease or otherwise transfer any such real property to such state, municipality, agency or commission for such term and upon such conditions as may be agreed upon. If real property of such state, municipality, agency or commission be leased to the port authority for any of the purposes of this act, such state, municipality, agency or commission may consent to the port authority having the right to mortgage the fee of such property and thus enable the port authority to give as security for its bond or bonds a lien upon the land and improvements, but such state, municipality, agency or commission by consenting to the execution by the port authority of a mortgage upon the leased property shall not thereby assume and such consent shall not be construed as imposing upon such state, municipality, agency or commission any liability upon the bond or bonds secured by the mortgage.

Nothing contained in this section shall impair or diminish the powers vested in either state or in any municipality, agency or commission to acquire, clear, replan, reconstruct, rehabilitate or redevelop substandard or insani-

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tary or deteriorating areas and the powers herein granted to the state, municipality, agency or commission shall be construed to be in aid of and not in limitation or in derogation of any such powers heretofore or hereafter conferred upon or granted to the state, municipality, agency or commission.

Nothing contained in this act shall be construed to authorize the port authority to acquire property now or hereafter vested in or held by any municipality without the authority or consent of such municipality, provided that the state in which said municipality is located may by statute enact that such property may be taken by the port authority by condemnation or the exercise of the right of eminent domain without such authority or consent; nor shall anything herein impair or invalidate in any way any bonded indebtedness of the state or such municipality, nor impair the provisions of law regulating the payment into sinking funds of revenues derived from municipal property, or dedicating the revenues derived from municipal property to a specific purpose.

The port authority is hereby authorized and empowered to acquire from any such municipality, or from any other agency or commission having jurisdiction in the premises, by agreement therewith, and such municipality, agency or commission, notwithstanding any contrary provision of law, is hereby authorized and empowered to grant and convey, upon reasonable terms and conditions, any real property which may be necessary, convenient or desirable for any of the purposes of this act, including such real property as has already been devoted to a public use.

Any consent by a municipality shall be given and the terms, conditions and execution by a municipality of any

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agreement, deed, lease, conveyance or other instrument pursuant to this section or any other section of this act shall be authorized in the manner provided in article twenty-two of the compact of April thirty, nineteen hundred twenty-one between the two states creating the port authority. Any consent by either state shall be effective if given, and the terms and conditions and execution of any agreement, deed, lease, conveyance or other instrument pursuant to this section or any other section of this act shall be effective if authorized, by the governor of such state.

§ 9. The states of New York and New Jersey hereby consent to suits, actions or proceedings by any municipality against the port authority upon, in connection with or arising out of any agreement, or any amendment thereof, entered into for any of the purposes of this act, as follows:

(1) for judgments, orders or decrees restraining or enjoining the port authority from transferring title to real property to other persons in cases where it has agreed with said municipality for transfer of such title to the municipality; and

(2) for judgments, orders or decrees restraining or enjoining the port authority from committing or continuing to commit other breaches of such agreement or any amendment thereof; provided, that such judgment, order or decree shall not be entered except upon two days' prior written notice to the port authority of the proposed entry thereof; and provided further that upon appeal taken by the port authority from such judgment, order or decree the service of the notice of appeal shall perfect the appeal and stay the execution of such judgment, order or



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decree appealed from without an undertaking or other security.

Nothing herein contained shall be deemed to revoke, rescind or affect any consent to suits, actions, or proceedings against the port authority heretofore given by the two said states in chapter three hundred one of the laws of New York of nineteen hundred fifty and chapter two hundred four of the laws of New Jersey of nineteen hundred fifty-one.

§ 10. The effectuation of the world trade center, the Hudson tubes and the Hudson tubes extensions, or any of such facilities constituting a portion of the port development project, are and will be in all respects for the benefit of the people of the states of New York and New Jersey, for the increase of their commerce and prosperity and for the improvement of their health and living conditions; and the port authority and any subsidiary corporation incorporated for any of the purposes of this act shall be regarded as performing an essential governmental function in undertaking the effectuation thereof, and in carrying out the provisions of law relating thereto.

§ 11. The port authority shall be required to pay no taxes or assessments upon any of the property acquired or used by it for any of the purposes of this act or upon any deed, mortgage or other instrument affecting such property or upon the recording of any such instrument. However, to the end that no municipality shall suffer undue loss of taxes and assessments by reason of the acquisition and ownership of property by the port authority for any of the purposes of this act, the port authority is hereby authorized and empowered, in its discretion, to enter into a voluntary agreement or agreements with any

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municipality whereby the port authority will undertake to pay in lieu of taxes a fair and reasonable sum or sums annually in connection with any real property acquired and owned by the port authority for any of the purposes of this act. Such sums in connection with any real property acquired and owned by the port authority for any of the purposes of this act shall not be more than the sum last paid as taxes upon such real property prior to the time of its acquisition by the port authority; provided, however, that in connection with any portion of the Hudson tubes-world trade center area acquired and owned by the port authority for any of the purposes of this act, after such property is improved pursuant to this act with world trade center buildings, structures or improvements greater in value than the buildings, structures or improvements on such Hudson tubes-world trade center area at the time of its acquisition by the port authority, then, with regard to such greater value, such sum or sums may be increased by such additional sum or sums annually as may be agreed upon between the port authority and the city of New York which will not include any consideration of the exhibit areas of the world trade center or of any areas which would be tax exempt in their own right if title were in the governmental occupants or of other areas accommodating services for the public or devoted to general public use. Each such municipality is hereby authorized and empowered to enter into such agreement or agreements with the port authority and to accept the payment or payments which the port authority is hereby authorized and empowered to make, and the sums so received by such municipality shall be devoted to purposes to which taxes may be applied unless and until otherwise directed by law of the state in which such municipality is located.

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§ 12. All details of the effectuation, including but not limited to details of financing, leasing, rentals, tolls, fares, fees and other charges, rates, contracts and service, of the world trade center, the Hudson tubes and the Hudson tubes extensions by the port authority shall be within its sole discretion and its decision in connection with any and all matters concerning the world trade center, the Hudson tubes and the Hudson tubes extensions shall be controlling and conclusive. The local laws, resolutions, ordinances, rules and regulations of the city of New York shall apply to such world trade center if so provided in any agreement between the port authority and the city and to the extent provided in any such agreement.

So long as any facility constituting a portion of the port development project shall be owned, controlled or operated by the port authority (either directly or through a subsidiary corporation incorporated for any of the purposes of this act), no agency, commission or municipality of either or both of the two states shall have jurisdiction over such facility nor shall any such agency, commission or municipality have any jurisdiction over the terms or method of effectuation of all or any portion thereof by the port authority (or such subsidiary corporation) including but not limited to the transfer of all or any portion thereof to or by the port authority (or such subsidiary corporation).

Nothing in this act shall be deemed to prevent the port authority from establishing, acquiring, owning, leasing, constructing, effectuating, developing, maintaining, operating, rehabilitating or improving all or any portion of the port development project through wholly owned subsidiary corporations of the port authority or from transferring to or from any such corporations any moneys,

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real property or other property for any of the purposes of this act. If the port authority shall determine from time to time to form such a subsidiary corporation it shall do so by executing and filing with the secretary of state of New York and the secretary of state of New Jersey a certificate of incorporation, which may be amended from time to time by similar filing, which shall set forth the name of such subsidiary corporation, its duration, the location of its principal office, and the purposes of the incorporation which shall be one or more of the purposes of establishing, acquiring, owning, leasing, constructing, effectuating, developing, maintaining, operating, rehabilitating or improving all or any portion of the port development project. The directors of such subsidiary corporation shall be the same persons holding the offices of commissioners of the port authority. Such subsidiary corporation shall have all the powers vested in the port authority itself for the purposes of this act except that it shall not have the power to contract indebtedness. Such subsidiary corporation and any of its property, functions and activities shall have all of the privileges, immunities, tax exemptions and other exemptions of the port authority and of the port authority's property, functions and activities. Such subsidiary corporation shall be subject to the restrictions and limitations to which the port authority may be subject, including, but not limited to the requirement that no action taken at any meeting of the board of directors of such subsidiary corporation shall have force or effect until the governors of the two states shall have an opportunity, in the same manner and within the same time as now or hereafter provided by law for approval or veto of actions taken at any meeting of the port authority itself, to approve or veto such action. Such

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subsidiary corporation shall be subject to suit in accordance with section nine of this act and chapter three hundred one of the laws of New York of nineteen hundred fifty and chapter two hundred four of the laws of New Jersey of nineteen hundred fifty-one as if such subsidiary corporation were the port authority itself. Such subsidiary corporation shall not be a participating employer under the New York retirement and social security law or any similar law of either state and the employees of any such subsidiary corporation, except those who are also employees of the port authority, shall not be deemed employees of the port authority.

Whenever any state, municipality, commission, agency, officer, department, board or division is authorized and empowered for any of the purposes of this act to co-operate and enter into agreements with the port authority or to grant any consent to the port authority or to grant, convey, lease or otherwise transfer any property to the port authority or to execute any document, such state, municipality, commission, agency, officer, department, board or division shall have the same authorization and power for any of such purposes to co-operate and enter into agreements with such subsidiary corporation and to grant consents to such subsidiary corporation and to grant, convey, lease or otherwise transfer property to such subsidiary corporation and to execute documents for such subsidiary corporation.

§ 13. The bonds issued by the port authority to provide funds for any of the purposes of this act are hereby made securities in which all state and municipal officers and bodies of both states, all trust companies and banks other than savings banks, all building and loan associations, savings and loan associations, investment companies

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and other persons carrying on a commercial banking business, all insurance companies, insurance associations and other persons carrying on an insurance business, and all administrators, executors, guardians, trustees and other fiduciaries, and all other persons whatsoever (other than savings banks), who are now or may hereafter be authorized by either state to invest in bonds of such state, may properly and legally invest any funds, including capital, belonging to them or within their control, and said bonds are hereby made securities which may properly and legally be deposited with and shall be received by any state or municipal officer or agency of either state for any purpose for which the deposit of bonds of such state is now or may hereafter be authorized. The bonds issued by the port authority to provide funds for any of the purposes of this act as security for which the general reserve fund shall have been pledged in whole or in part are hereby made securities in which all savings banks also may properly and legally invest any funds, including capital, belonging to them or within their control.

§14. If the port authority shall find it necessary, convenient or desirable to acquire (either directly or through a subsidiary corporation) from time to time any real property or any property other than real property (including but not limited to contract rights and other intangible personal property and railroad cars or other rolling stock, maintenance and repair equipment and parts, fuel and other tangible personal property), for any of the purposes of this act whether for immediate or future use (including temporary construction, rehabilitation or improvement), the port authority may find and determine that such property, whether a fee simple absolute or a lesser interest, is required for a public use, and upon such determination the

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said property shall be and shall be deemed to be required for such public use until otherwise determined by the port authority, and such determination shall not be affected by the fact that such property has theretofore been taken for and is then devoted to a public use; but the public use in the hands of or under the control of the port authority shall be deemed superior to the public use in the hands of any other person, association or corporation.

The port authority may acquire and is hereby authorized so to acquire from time to time, for any of the purposes of this act, such property, whether a fee simple absolute or a lesser estate, by condemnation (including the exercise of the right of eminent domain) under and pursuant to the provisions of the condemnation law of the state of New York in the case of property located in or having its situs in such state, and revised statutes of New Jersey, in or having its situs in such state, or, at the option of the port authority, as provided in section fifteen of chapter forty-three of the laws of New Jersey of nineteen hundred forty-seven, as amended, in the case of property located in or having its situs in such state, and as provided in chapter eight hundred nineteen of the laws of New York of nineteen hundred forty-seven in the case of property located in or having its situs in such state, or pursuant to such other and alternate procedure as may be provided by law of the state in which such property is located or has its situs; and all of said statutes for the condemnation of real property shall, for any of the purposes of this act, be applied also to the condemnation of other property authorized by this section, except that such provisions as pertain to surveys, diagrams, maps, plans or profiles, assessed valuation, lis pendens, service of notice and papers, filing in

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the office of the clerk in which the real property affected is situated and such other provisions as by their nature cannot be applicable to property other than real property, shall not be applicable to the condemnation of such other property. In the event that any property other than real property is acquired by condemnation under this act then, with respect to such other property, notice of such proceeding and all subsequent notices or court processes shall be served upon the owners of such other property and upon the port authority by personal service or by registered or certified mail, except as may be otherwise directed by the court.

Anything herein to the contrary notwithstanding, any property to be acquired for any of the purposes of this act, which property shall not have been used by its owner or owners or any of his or their predecessors in connection with and shall not have been acquired by its owner or owners or any of his or their predecessors for use in connection with the effectuation by a railroad company or companies of the Hudson tubes or the Hudson tubes extensions prior to port authority acquisition, shall, if such property is personal property, be acquired only by agreement with the owner or owners and shall, if such property is not personal property and is to be acquired by condemnation, be acquired in an action or proceeding in the state in which such property is located or has its situs. Except as so provided, the port authority is hereby authorized and empowered, in its discretion, from time to time to combine any property which is to be acquired as aforesaid by condemnation for any of the purposes of this act for acquisition in a single action or proceeding notwithstanding that part of the property so to be acquired is located or has its situs in New Jersey and part in New York or is personal property or



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mixed real and personal property or may be owned by more than one owner; and, except as hereinafter provided, each such single action or proceeding to acquire property located or having its situs part in New Jersey and part in New York shall be pursuant to the laws of whichever of the two said states the port authority shall estimate contains the greater part in value of all the property to be acquired in such action or proceeding (hereinafter sometimes called the forum state) and in the court or courts specified in the laws of the forum state for the condemnation by the port authority of property located or having its situs in the forum state pursuant to this act, in which event, notwithstanding the location or situs of said property, each of said two states hereby confers upon its said court or courts jurisdiction of such action or proceeding and the port authority and any subsidiary corporation so acquiring such property and the owners of such property shall be bound by the judgments, orders or decrees therein. In any such action or proceeding the court or courts of the forum state shall apply the laws of valuation of the other state (hereinafter sometimes called the nonforum state) to the valuation of the property which is located or has its situs in the nonforum state and shall include in the total compensation to be made to any owner of property in both states being acquired in such action or proceeding the increment, if any, in the value of such property in both states, by reason of its being in a single ownership. If a judgment, order or decree in such an action or proceeding shall vest title in or otherwise award to the condemnor the right to possession of property located or having its situs in the nonforum state, then the court or courts of the nonforum state shall grant full faith and credit to such judgment, order or decree and upon petition by the condemnor to the court or courts of the nonforum state specified in the laws thereof

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for the condemnation by the port authority of property located or having its situs in the nonforum state pursuant to this act, presenting a true copy of such judgment, order or decree and proof that it is in effect, that any conditions thereof have been met, that at least five days' notice of such petition has been served by registered or certified mail upon all owners of the property affected who appeared in the original action or proceeding in the forum state or who may be owners of record, and without further proof, a judgment, order or decree of such court or courts of the nonforum state shall be entered granting condemnor possession of the property located or having its situs in the nonforum state and confirming any title which shall have vested in the condemnor by the judgment, order or decree of the court or courts of the forum state.

The owner of any property acquired by condemnation or the exercise of the right of eminent domain for any of the purposes of this act shall not be awarded for such property any increment above the just compensation required by the constitutions of the United States and of the state or states in which the property is located or has its situs by reason of any circumstances whatsoever.

Nothing herein contained shall be construed to prevent the port authority from bringing any proceedings to remove a cloud on title or such other proceedings as it may, in its discretion, deem proper and necessary, or from acquiring any such property by negotiation or purchase.

Where a person entitled to an award in the proceedings to condemn any property for any of the purposes of this act remains in possession of such property after the time of the vesting of title in the condemnor, the reasonable value of his use and occupancy of such property subsequent

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to such time, as fixed by agreement or by the court in such proceedings or by any court of competent jurisdiction, shall be a lien against such award, subject only to liens of record at the time of the vesting of title in the condemnor.

§15. The port authority and its duly authorized agents, and all persons acting under its authority and by its direction, may enter in the daytime into and upon any real property for the purpose of making such surveys, diagrams, maps, plans, soundings or borings as the port authority may deem necessary, convenient or desirable for any of the purposes of this act.

§16. Any declarations contained herein with respect to the governmental nature and public purpose of the world trade center, Hudson tubes and Hudson tubes extensions and to the exemption of the world trade center, Hudson tubes and Hudson tubes extensions property and instruments relating thereto from taxation and to the discretion of the port authority with respect to said facilities shall not be construed to imply that other port authority facilities, property and operations are not of a governmental nature or do not serve public purposes, or that they are subject to taxation, or that the determinations of the port authority with respect thereto are not conclusive. The powers hereby vested in the port authority and in any subsidiary corporation incorporated for any of the purposes of this act (including but not limited to the power to acquire real property by condemnation) shall be continuing powers and no exercise thereof by the port authority or a subsidiary corporation incorporated for any of the purposes of this act shall be deemed to exhaust them or any of them.

§17. This section and the preceding sections hereof constitute an agreement between the states of New York and

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New Jersey supplementary to the compact between the two states dated April thirty, nineteen hundred twenty-one and amendatory thereof, and shall be liberally construed to effectuate the purposes of said compact and of the comprehensive plan heretofore adopted by the two states, and the powers granted to the port authority shall be construed to be in aid of and not in limitation or in derogation of any other powers heretofore conferred upon or granted to the port authority.

§18. If any section, part, phrase, or provision of this act or the application thereof to any person or circumstances be adjudged invalid by any court of competent jurisdiction, so long as the act or remainder of the act shall nonetheless permit the effectuation, as a unified project, of the Hudson tubes, Hudson tubes extensions and the world trade center, such judgment shall be confined in its operation to the section, part, phrase, provision or application directly involved in the controversy in which such judgment shall have been rendered and shall not affect or impair the validity of the remainder of this act or the application thereof to other persons or circumstances and the two states hereby declare that they would have entered into this act or the remainder thereof had the invalidity of such provision or application thereof been apparent.

§19. This act shall take effect upon the enactment into law by the state of New Jersey of legislation having an identical effect with this act, but if the state of New Jersey has already enacted such legislation, this act shall take effect immediately.







