

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**MEETING OF THE BOARD OF COMMISSIONERS AND BOARD COMMITTEE**  
**MEETINGS – THURSDAY, JULY 21, 2016**

The following is the agenda and related materials as of Friday, July 15, for the July 21, 2016 Meetings of the Board of Commissioners and Board Committees of The Port Authority of New York and New Jersey and its subsidiaries to be held at 4 World Trade Center, 150 Greenwich, NY, NY 10007.

Meeting attendees are required to go through a security screening upon entering the building. Attendees are encouraged to arrive early. Security screening will begin at 8:45 a.m.

**Executive Session Committee Meetings – 9:00 a.m. (Agenda Review Room)**

**Committee on Operations**

*The Committee on Operations will meet in executive session to discuss matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or public interest and matters related to proposed, pending, or current litigation or judicial or administrative proceedings.*

**Committee on Finance**

*The Committee on Finance will meet in executive session to discuss matters involving ongoing negotiations or reviews of contracts or proposals.*

**Committee on Security**

*The Committee on Security will meet in executive session to discuss matters involving public safety or law enforcement and matters involving external or internal investigations or audits.*

**Public Session Committee Meetings – 10:00 a.m. (Board Room)**

**Committee on Operations**

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|---|------------------|
| ◆ Teterboro Airport – Jet Aviation Teterboro, L.P. – Lease Supplement | Thomas Bosco     |
| ◆ Quarterly Overtime Results  | Stephanie Dawson |

**Committee on Finance**

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| ◆ Quarterly Financial Results | Libby McCarthy |
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**Committee on Capital Planning, Execution and Asset Management**

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| ◆ LaGuardia Airport – Redevelopment of Terminal C and D – Authorization of Project Contributions | Patrick Foye    |
| ◆ Quarterly Capital Results  | Michael Massiah |

**Board Meeting – 10:45 a.m. (estimated) (Board Room)**

- ◆ Report of Executive Director Patrick Foye
- ◆ Speakers Program\*
- ◆ Koenig Sphere Patrick Foye
- ◆ Resolution Approvals

**Executive Session Meeting – All Commissioners**

*The Board of Commissioners will also meet in executive session immediately following the public meetings to discuss matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or the public interest, matters involving public safety or law enforcement, and matters in which the release of information could impair a right to receive funds from the United States or other grantor.*

**For more information, contact the Office of the Secretary at (212) 435-6682 or (212) 435-3712.**

*Media Only: (212) 435-7777*

***SUBJECT TO CHANGE***

\* Members of the public wishing to address the Board on Port Authority-related matters may do so at its public Board Meeting. Individuals who wish to address the Board at its public Board Meeting should register by completing and submitting a registration form, which is located in the Speakers Registration section of the Port Authority Website, by 9:00 a.m. on the day of the Board meeting. Speakers are limited to three minutes each, and speaking time may not be transferred. The use of audio visual equipment is not permitted. The public comment period may be limited to 30 minutes. Appropriate photo identification is required.

## **Summaries of Proposed Actions and form of Proposed Resolutions to be Considered by the Board and Committees at the July 21, 2016 Meeting\***

1. Teterboro Airport - Lease Supplement for Jet Aviation Teterboro, L.P.
2. Hoboken Ferry Terminal – First Supplement to Lease Agreement with New Jersey Transit Corporation
3. World Trade Center Site - Placement of Sphere at Liberty Park
4. LaGuardia Airport - Redevelopment of Terminal C & D - Authorization of Project Contributions

\* The Committee on Finance is also expected to take action in executive session with regard to matters involving ongoing negotiations or reviews of contracts or proposals.

(Board – 7/21/16)

**1. Teterboro Airport – Lease Supplement for Jet Aviation Teterboro, L.P.**

**Request:**

- *This item authorizes a lease supplement with Jet Aviation Teterboro, L.P. (Jet Aviation) to lease an additional 2.5 acres at Teterboro Airport (TEB) and extend its entire leasehold premises through December 31, 2035.*

**Transaction Details:**

- *The proposed lease amendment would commence on or about October 1, 2016, and provide for the lease of an additional 2.5 acres, for a total leasehold consisting of 31.2 acres.*
- *Jet Aviation would invest a minimum of \$14 million to demolish Hangar 114, an approximate 8,000 square-foot hangar that it currently occupies; construct a new 40,000 square foot Hangar; and pave certain areas to provide for aircraft parking and access to the new hangar.*
- *Jet Aviation would also invest a minimum of \$18 million for capital improvements to its existing facilities.*
- *Jet Aviation would be responsible for all operating, maintenance and repair costs for the new facility.*
- *Any assignment, transfer, or sublease of the leased premises, or any portion thereof, would continue to require the prior written consent of the Port Authority.*

**Background:**

- *Jet Aviation is one of four fixed based operators operating at TEB.*
- *Jet Aviation currently leases 28.7 acres of land at the south end of TEB.*
- *The current lease, which includes eight hangars and a terminal building, expires December 31, 2022.*
- *In March 2014, the Board authorized supplemental agreements with all of the FBOs at TEB to provide for various capital improvements in their facilities, which included a lease supplement with Jet Aviation to develop 10 acres of unimproved wetlands adjacent to its leasehold subject to an assessment of the cost of environmental remediation required. The subject agreement was not executed as remediation costs were deemed cost prohibitive.*

**TETERBORO AIRPORT – JET AVIATION TETERBORO, L.P. – LEASE SUPPLEMENT NO. 5**

It was recommended that the Board authorize the Executive Director to enter into a supplement to the lease with Jet Aviation Teterboro, L.P. (Jet) at Teterboro Airport (TEB), pursuant to which Jet would: (1) demolish Hangar 114 on its existing leasehold; (2) construct a new hangar on the leasehold, investing a minimum amount of \$14 million in such construction; (3) invest a minimum amount of \$18 million in capital improvements to its existing facilities; (4) lease approximately 2.5 acres of additional land area at TEB; and (5) agree to extend the term of the lease agreement through December 31, 2035.

Jet is one of the four Fixed Base Operators at TEB, and it currently leases 28.7 acres of land located at the south end of the airport. Jet’s current lease agreement, which covers eight hangars and a terminal building, expires on December 31, 2022.

Under the proposed supplemental agreement, Jet would demolish Hangar 114 and replace it with the construction of a new 40,000-square-foot hangar. Jet would be responsible for all costs associated with such construction. Further, Jet would lease approximately 2.5 acres of additional land, to be used for aircraft parking, access to the new hangar and automobile parking, and would be required to make a minimum capital investment of \$18 million in improvements to its existing facilities.

At its meeting of March 19, 2014, the Board authorized supplemental lease agreements with each of the Fixed Base Operators at TEB, to provide for various capital investments in their facilities, including authorization of a lease supplement with Jet to demolish Hangar 114, construct a new hangar and make other capital improvements to its facilities, and develop 10 acres of unimproved wetlands adjacent to its leasehold. However, prior to executing that lease supplement, the Port Authority and Jet mutually agreed that the cost of environmental mitigation would be cost prohibitive, and agreed to continue negotiations, which resulted in the currently proposed lease supplement.

The 2.5 acres of land to be added to the leasehold has been improved, and environmental remediation of the nature required with the previous agreement is not required. Under the proposed lease supplement, there would be no rental abatement for the demolished Hangar 114, and Jet would continue to pay rent in accordance with the terms of its existing agreement, through the end of the extended term. Building and land rental rates would be subject to adjustment over time, and the Port Authority would have the right to perform appraisals of the leasehold in 2019 and 2029, with the rental rates to be subject to adjustment based on such appraisals. The total aggregate rental over the extended term of the lease would be approximately \$137.7 million.

Pursuant to the foregoing report, the following resolution was adopted:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter a lease supplement with Jet Aviation Teterboro, L.P. (Jet) at Teterboro Airport (TEB) pursuant to which Jet will: (1) demolish Hangar 114 on its existing leasehold; (2) construct a new hangar on the leasehold, investing a minimum amount of \$14 million in such construction; (3) invest a minimum amount of \$18 million in capital improvements to its existing facilities; (4) lease approximately 2.5 acres of additional land area at TEB; and (5) agree to extend

the term of the lease agreement through December 31, 2035; all substantially in accordance with the terms outlined to the Board; and it is further

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

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

## **2. Hoboken Ferry Terminal – First Supplement to Lease Agreement with New Jersey Transit**

### **Request:**

- *This item authorizes a supplement to amend the existing lease agreement with New Jersey Transit Corporation (NJT) at the Hoboken Ferry Terminal (Terminal) to provide for the relocation of ferry ticketing, operations and crew quarters (Ferry Operations), the reallocation of \$2.7 million from amounts currently committed for the acquisition of ferry transportation assets to the relocation work, the allocation of \$1.2 million of previously authorized Port Authority funds towards the relocation work, and sharing of the cost to inspect and maintain the Terminal fire sprinkler system.*

### **Transaction Details:**

- *The proposed amendment would support NJT's relocation of the Ferry Operations to a flood protected area, which is estimated to cost in excess of \$6 million.*
- *A total of \$3.9 million, representing the balance of the Port Authority's existing financial commitment to NJT for the restoration of the Terminal and acquisition of ferry transportation assets, would be committed for the relocation work.*
- *The ongoing inspection and maintenance costs for the fire sprinkler system would be shared, with 45 percent of such costs being provided by the Port Authority and 55 percent by NJT.*

### **Background:**

- *In July 2009, the Board authorized a long-term lease with NJT for the Port Authority to utilize approximately 15,790 square feet of space at the Terminal to accommodate ferry operations and permit a portion or all of the Port Authority's final payment of \$23 million towards the restoration of the Terminal to be used by NJT for the acquisition of ferry transportation assets to the extent that NJT received federal funds to complete the project.*
- *The Port Authority contracts with a private ferry service operator, which utilizes the space at the Terminal, to provide ferry service between Hoboken and Lower Manhattan.*
- *To date, the Port Authority provided NJT with \$21.8 million.*
- *NJT allocated \$2.7 million in Federal Transit Administration funds to the project.*
- *NJT is requesting that the Port Authority reallocate the \$2.7 million, as well as to allocate the remaining Port Authority commitment of \$1.2 million to accommodate the relocation of the Ferry Operations.*
- *The area used for Ferry Operations has flooded repeatedly.*

**HOBOKEN FERRY TERMINAL – FIRST SUPPLEMENT TO LEASE AGREEMENT  
WITH NEW JERSEY TRANSIT CORPORATION**

It was recommended that the Board authorize the Executive Director to enter into a supplement to the Port Authority's existing lease agreement (Lease) with New Jersey Transit Corporation (NJT) regarding the Hoboken Ferry Terminal (Terminal) that would amend the Lease to: (1) provide for the relocation (Relocation) of ferry ticketing, ferry operations and crew quarters (Ferry Operations); (2) reallocate approximately \$2.7 million of the Port Authority's final payment of \$23 million (Final Payment) toward the project to rehabilitate the Terminal (Project), from the acquisition of ferry transportation assets to the Relocation costs; (3) allow approximately \$1.2 million of the Final Payment to be allocated to the Relocation costs; and (4) provide a mechanism for sharing the cost of inspection and maintenance of the fire protection sprinkler system.

On July 23, 2009, the Board authorized the Executive Director to, among other things, enter into a long-term lease agreement with NJT for the Port Authority to utilize approximately 15,790 square feet of space at the Terminal to accommodate ferry operations, and to permit a portion or all of the Final Payment to be used by NJT for the acquisition of ferry transportation assets. As part of the Project, the Ferry Operations were located on a portion of the leased premises (Original Operations Area) that subsequently experienced repeated flooding. In response, NJT and the Port Authority agreed that the Ferry Operations should be relocated into new space adjacent to the main terminal waiting room (New Operations Area), which is flood protected. As part of the Relocation, the Port Authority would surrender the Original Operations Area to NJT, and the New Operations Area would be added to the leased premises.

Pursuant to the Lease terms and the 2009 Board authorization, the Port Authority agreed to provide NJT with the Final Payment, which amount is part of a total Port Authority commitment of \$60 million toward the cost of the Project. The cost of fitting out the New Operations Area and completing the Relocation is estimated to exceed \$6 million, and was not anticipated when the Lease was signed in 2009. The proposed supplement would enable the Port Authority to reimburse NJT for a portion of such cost out of the Final Payment. The Port Authority previously reimbursed approximately \$21.8 million of the Final Payment to NJT for Project costs. Subsequently, NJT received approximately \$2.7 million of Federal Transit Administration funds for the Project. Under the 2009 Board authorization, an equal amount of the Final Payment should be reallocated from the Project to the acquisition of ferry transportation assets by NJT. Instead of reallocating such \$2.7 million to the acquisition of ferry transportation assets, NJT is requesting that the Port Authority reallocate such amount to the Relocation. NJT also is requesting that the Port Authority allocate the approximately \$1.2 million remaining from the Final Payment to the Relocation. The total amount of the Final Payment that will be spent on the Project, which includes the Relocation, would remain at \$23 million.

Regarding the amendment of the Lease to provide for the inspection and maintenance of the fire protection sprinkler system, NJT and the Port Authority would share the cost of such inspection and maintenance on a pro-rata basis, 45 percent by the Port Authority and 55 percent by NJT.

Pursuant to the foregoing report, the following resolution was adopted:

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a supplement to the Port Authority's existing lease with New Jersey Transit Corporation regarding the Hoboken Ferry Terminal to: (1) provide for the relocation of ferry ticketing, operations and crew quarters; (2) reallocate approximately \$2.7 million of the Port Authority's final payment toward the project to rehabilitate the Hoboken Ferry Terminal, from the acquisition of ferry transportation assets to the relocation costs; (3) allow the remaining portion of such final payment, in an amount of approximately \$1.2 million, to be allocated to the relocation; and (4) provide a mechanism for sharing the cost of inspection and maintenance of the fire protection sprinkler system, all substantially in accordance with the terms outlined to the Board; and it is further

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

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

### 3. *World Trade Center Site – Placement of Sphere at Liberty Park*

***Request:***

- *This item authorizes all actions necessary to provide for the relocation of the “Koenig Sphere” from its current location in Battery Park to Liberty Park at the World Trade Center site.*

***Background:***

- *The “Sphere on the Plaza”, also known as the “Koenig Sphere”, was originally located on the Austin J. Tobin Plaza at the WTC site. The Sphere, which was cast in 52 bronze segments, is approximately 25 feet high, weighing 25 tons.*
- *On September 11, 2001, the Sphere was severely damaged as a direct result of the terrorist attacks on the WTC. Under an arrangement with The City of New York, the Sphere was installed at Battery Park in Lower Manhattan and formally dedicated as a temporary memorial on September 11, 2002, with an eternal flame ignited in honor of all those who were lost. The Sphere is currently located near Pier A in Battery Park.*
- *Since that time, based on its historic significance and as a symbol of resilience, discussions have been ongoing with respect to the potential of returning the Sphere to its former home at the WTC site.*
- *In light of the fact that based on the design of the street grid through the WTC site, it is not possible to safely locate the Sphere at its pre-9/11 resting place and, in order to avoid the potential of impacting the architectural design of the Memorial Plaza, it is recommended that the Sphere be placed in Liberty Park.*
- *On June 29, 2016 Liberty Park opened to the public. Liberty Park is located above the roof of the World Trade Center Vehicular Security Center, overlooks the National September 11 Memorial Plaza and has the structural capacity necessary to accommodate the Sphere with minor modification.*
- *Locating the Sphere at Liberty Park is expected to draw additional visitors who observe the sculpture from the Memorial Plaza below. It is also expected that the proposed placement of the Sphere would serve to encourage visitors to explore the entire WTC site and provide an additional location for quiet reflection.*

**WORLD TRADE CENTER SITE – PLACEMENT OF SPHERE AT LIBERTY PARK**

It was recalled that the “Sphere on the Plaza”, also known as the “Koenig Sphere”, which was sculpted by German artist Fritz Koenig as commissioned by the Port Authority during the construction of the World Trade Center’s Twin Towers as a symbol of world peace through world trade, was originally located on the Austin J. Tobin Plaza and served as a popular destination for tenants, local residents and visitors alike during clement weather. The Sphere, which was cast in 52 bronze segments, is approximately 25 feet high, weighing 25 tons.

On September 11, 2001, the Sphere was severely damaged as a direct result of the terrorist attacks on the WTC. However, based on its location in relation to the Twin Towers it remained largely intact and served for many as a symbol of resilience in the direct aftermath and subsequent recovery efforts. Under an arrangement with The City of New York, the Sphere was installed at Battery Park in Lower Manhattan and formally dedicated as a temporary memorial on September 11, 2002, with an eternal flame ignited in honor of all those who were lost. The Sphere is currently located near Pier A in Battery Park.

Since that time, based on its historic significance and as a symbol of resilience, discussions have been ongoing with respect to the potential of returning the Sphere to its former home at the WTC site. In light of the fact that based on the design of the street grid through the WTC site, it is not possible to safely locate the Sphere at its pre-9/11 resting place and, in order to avoid the potential of impacting the architectural design of the Memorial Plaza, it is recommended that the Sphere be placed in Liberty Park.

On June 29, 2016 Liberty Park was officially opened to the public. Liberty Park is located above the roof of the World Trade Center Vehicular Security Center, overlooks the National September 11 Memorial Plaza and has the structural capacity necessary to accommodate the Sphere with minor modification. Locating the Sphere at Liberty Park is expected to draw additional visitors who observe the sculpture from the Memorial Plaza below. It is also expected that the proposed placement of the Sphere would serve to encourage visitors to explore the entire WTC site and provide an additional location for quiet reflection.

It was therefore recommended that the Board authorize the Executive Director to: a) take all actions necessary to effectuate the relocation of the Sphere from Battery Park to Liberty Park at the WTC site; and b) enter into contracts and agreements to provide for the design, production and placement of appropriate signage that provides information on the location of the Sphere and its historical significance.

Pursuant to the foregoing report, the following resolution was adopted.

**RESOLVED**, that the Executive Director be and he hereby is authorized to take all actions necessary to effectuate the relocation of the Sphere from its current location in Battery Park to Liberty Park at the World Trade Center site, in order to provide workers, local residents and tourists with access to the Sphere for generations to come in a tranquil setting overlooking the National September 11<sup>th</sup> Memorial Plaza at the World Trade Center site; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized to enter into contracts and agreements necessary to effectuate the design, production and placement of appropriate signage at the WTC site concerning the location and significance of the Sphere in relation to both the history of the WTC site and the immediate aftermath of the terrorist attacks of September 11, 2001 and subsequent recovery efforts; and it is further

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

(Board – 7/21/16)

**4. LaGuardia Airport – Redevelopment of Terminal C and D – Authorization of Project Contributions**

***Request:***

- *This item authorizes the Port Authority to make certain capital expenditures in airport infrastructure and contribute to certain other capital investments to be made by Delta Air Lines, Inc. (Delta) in connection with the design and construction by Delta at LaGuardia Airport (LGA) of a new 37-gate Terminal C & D (the New Terminal) at a projected aggregate cost of approximately \$4 billion (such design and construction, the Project), subject to the Board’s further approval of the terms and conditions of a lease agreement with Delta, as well as other agreements relating to the Project.*

**LAGUARDIA AIRPORT – REDEVELOPMENT OF TERMINAL C & D –  
AUTHORIZATION OF PROJECT CONTRIBUTIONS**

It was recommended that the Board authorize the Port Authority to make certain capital expenditures in airport infrastructure and contribute to certain other capital investments to be made by Delta Air Lines, Inc. (Delta) in connection with the design and construction by Delta at LaGuardia Airport (LGA) of a new 37-gate Terminal C & D (the New Terminal) at a projected aggregate cost of approximately \$4 billion (such design and construction, the Project), subject to the Board’s further approval of the terms and conditions of a lease agreement with Delta, as well as other agreements relating to the Project.

The New Terminal will connect with LGA’s Central Hall and Terminal B, will be located closer than Delta’s existing terminal to the Grand Central Parkway, and will otherwise be consistent with the Airport Advisory Panel’s recommendations for LGA.

Delta is currently finalizing its preliminary design document for submission to the FAA for NEPA/Environmental Assessment review, anticipated to take six months, and construction of the New Terminal is projected to commence in early 2017.

Delta has developed a construction phasing plan that maintains flight operations and avoids interfering with LaGuardia Gateway Partners’ Terminal B project (the Terminal B Project); both parties and the Port Authority would enter into a construction coordination agreement that sets forth protocols for coordination and provides for dispute resolution with respect to construction issues.

The Port Authority and Delta would enter into a new long-term lease through 2050 (coterminous with the Terminal B Project lease as well as with the Port Authority’s lease with the City of New York for LGA and JFK International Airport) in form and on terms and conditions generally consistent with existing Port Authority unit terminal leases.

The Port Authority will incur certain costs and contribute to the Project as follows, provided that, in all events, the total amount of the Port Authority’s contribution will not exceed \$600 million, with the remainder of Project costs, of whatever nature, to be solely Delta’s responsibility: (a) the Port Authority will contribute \$200 million toward the New Terminal, concourses, and ramp work which work will be performed by Delta, (b) the Port Authority will contribute \$185 million toward construction of the electrical substation, expansion of the East Garage and temporary parking solution which work will be performed by Delta and (c) the Port Authority will expend an additional \$215 million towards roadways and other infrastructure work necessary to support the new facilities which work will be performed by the Port Authority.

Consistent with prior practice for new terminal development at Port Authority airports, Delta’s existing Terminal C&D rent will be abated after construction commences. Abatement will be limited to an amount equal to the net present value of expected incremental new revenue to the Port Authority generated by expanded concessions and other revenues in the New Terminal.

The Port Authority and Delta would jointly conduct additional value engineering work with respect to the Project.

The terms of the long-term lease to be entered into between the Port Authority and Delta, which will incorporate the terms and conditions of the development of the Project (including the foregoing) and the leasing of the New Terminal to Delta, will be separately submitted for approval by the Board.

Pursuant to the foregoing report, the following resolution was adopted.

**RESOLVED**, that the Port Authority be and it hereby is authorized to make certain capital expenditures in airport infrastructure and contribute to certain other capital investments to be made by Delta Air Lines, Inc. (Delta), in an aggregate amount not to exceed \$600 million, in connection with the design and construction by Delta at LaGuardia Airport of a new 37-gate Terminal C & D (the New Terminal) at a projected aggregate cost of approximately \$4 billion (such design and construction, the Project), all in accordance with the terms of a long-term lease to be entered into between the Port Authority and Delta, incorporating the terms and conditions of the development of the Project and the leasing of the New Terminal to Delta, which will be separately submitted for approval by the Board.