

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, March 31, 2005

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MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, March 31, 2005, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Angelo J. Genova
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. Jack G. Sinagra
 Hon. David S. Steiner

Kenneth J. Ringler Jr., President
 Darrell B. Buchbinder, Counsel

Alberto Anton
 Gwendolyn Archie
 Paul H. Bea
 Kayla M. Bergeron
 A. Paul Blanco
 John D. Brill
 Gregory G. Burnham
 Timothy Castano
 Anthony B. Ciavolella
 Arthur J. Cifelli
 Steven J. Coleman
 Anthony G. Cracchiolo
 William R. DeCota
 John C. Denise
 Michael P. DePallo
 Pasquale DiFulco
 Francis A. DiMola
 Karen E. Eastman
 Michael G. Fabiano
 William J. Fellini
 James P. Fox
 Michael B. Francois
 Linda C. Handel
 L. Jay Hector
 Edward L. Jackson
 Howard G. Kadin
 Victoria C. Kelly
 Kirby King
 Louis J. LaCapra
 Richard M. Larrabee
 Francis J. Lombardi
 Robert F. Lurie
 Stephen Marinko
 James E. McCoy

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. Christine A. Ferer
 Hon. David S. Mack
 Hon. Henry R. Silverman

Anne Marie C. Mulligan
Lynn A. Nerney
Michael A. Petralia
Alan L. Reiss
Andrea Roitman
Edmond F. Schorno
Kenneth W. Snapp
Gerald B. Stoughton
Ralph Tragale
Emery J. Ungrady
Sheree R. Van Duyne
Chester Yee
Peter J. Zipf

The public session was called to order by Chairman Coscia at 2:00 p.m. and ended at 2:05 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Assistant Secretary submitted for approval Minutes of the meeting of February 24, 2005. She reported that copies of these Minutes were sent to all of the Directors and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Directors unanimously approved the Minutes.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in executive session at its meeting of March 31, 2005, which included discussion of contract matters, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Directors at this meeting of the Board, and the report was received and is included with these minutes.

**PORT AUTHORITY TRANS-HUDSON CORPORATION – JOURNAL SQUARE
TRANSPORTATION CENTER – XCEL FEDERAL CREDIT UNION – LEASE
NO. LRR-310 – NEW LEASE**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into a lease agreement with XCEL Federal Credit Union (XCEL) covering approximately 1,730 rentable square feet of retail and storage space on the concourse level at the Journal Square Transportation Center to be used as a full service credit union branch for a term of approximately ten years, six months, commencing on or about May 1, 2005, at an aggregate basic rental over the term of approximately \$513,000. PATH would have the right to terminate the lease without cause, upon 30 days' written notice. In the event that PATH exercises this right, XCEL would be reimbursed for the unamortized portion of its initial capital investment in the premises, to the extent that such initial capital investment does not exceed \$200,000.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Coscia, Ferer, Gargano, Mack, Genova, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against:

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation, to enter into a lease agreement with XCEL Federal Credit Union covering space at the Journal Square Transportation Center, substantially in accordance with the terms outlined to the Board, or on such other terms as the President deems appropriate, subject to the condition set forth in the following delegation; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized to approve the final terms of the lease agreement in the event the gross effective rent or the term of the letting, or both, are not substantially in accordance with the terms outlined to the Board; and it is further

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

**PORT AUTHORITY TRANS-HUDSON CORPORATION – RAIL VEHICLE
PROCUREMENT CONTRACT – AWARD TO KAWASAKI RAIL CAR, INC.**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into a contract with Kawasaki Rail Car, Inc. (Kawasaki) for the design, manufacture, testing and delivery of 340 new PATH railcars at an estimated cost of \$498,979,313, exclusive of extra work and net cost work.

At its September 10, 2003 meeting, the Board authorized a project at an estimated cost of \$809 million for: (1) the purchase of 246 new railcars to replace PA-1, PA-2 and PA-3 PATH railcar fleet and disposition of the replaced railcars; (2) the rehabilitation or replacement of the current class of 94 PA-4 railcars; (3) the renovation of the Harrison Car Maintenance Facility and maintenance equipment to support the new and/or rehabilitated railcars; and (4) Phase I of the Signal System Replacement Program, which includes preliminary engineering, design, testing, evaluation, and demonstration of modern signal system technologies.

The proposed contract with Kawasaki is for the design, manufacture and delivery of 340 PA-5 railcars. Options for the purchase of additional railcars have been included in this contract, for which authorization may be sought at a later date. The new railcars would: improve passenger carrying capacity to help relieve overcrowding during peak periods; better support the restoration of service to downtown Manhattan; comply with the requirements of the Americans with Disabilities Act; and have the capability to be equipped to operate with new signal system technology. The contract would also provide for disposition of the railcars to be replaced and their related spare parts. A total of \$128 million of materials and services for these railcars would be procured in the States of New York and New Jersey.

A Request for Proposals was publicly advertised and three proposals were received. Kawasaki's proposal was judged to provide the best value to PATH, based upon an evaluation of technical, price, experience, business risk factors, and local content.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Coscia, Ferer, Gargano, Mack, Genova, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against:

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to enter into a contract with Kawasaki Rail Car, Inc. for the design, manufacture, testing and delivery of 340 new PATH railcars at an estimated cost of \$498,979,313, exclusive of extra work and net cost work; and the disposition of the railcars to be replaced and their related spare parts; and it is further

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

SETTLEMENT OF CLAIM – MICHAEL GARCIA v. PORT AUTHORITY TRANS-HUDSON CORPORATION

It was recommended that the Board authorize Counsel, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to enter into a settlement of the action entitled Michael Garcia v. Port Authority Trans-Hudson Corporation, brought pursuant to the Federal Employers' Liability Act (FELA), for a total amount of \$107,604. Of this amount, \$68,224 would be paid to plaintiff for pain and suffering and out-of-pocket wage loss, \$11,869 represents a waiver of the lien held by PATH for wage benefits, \$25,735 represents a waiver of the lien held by PATH for medical bills, and \$1,776 represents the Railroad Retirement Board (RRB) lien on this claim. The PATH liens would be deducted from the total settlement, and a separate check would be sent to the RRB in full payment of its lien. In exchange, plaintiff would provide a General Release, with an acknowledgement that this settlement is not an admission of liability, and a stipulation of dismissal with prejudice.

On December 16, 1999, plaintiff Michael Garcia, an Account Clerk II employed by PATH, was injured at work while pushing a coin barrel filled with money. One of the wheels on the coin barrel became caught in a cracked portion of concrete, causing the barrel to suddenly tip, resulting in an injury to plaintiff's right shoulder.

PATH personnel maintained the location where the injury occurred. A PATH supervisor performed an inspection of the location following the incident and reported the existence of the cracked concrete and potentially unsafe condition. In the accident report the supervisor opined, based on his investigation of the scene and interviews with witnesses, that the plaintiff's conduct did not contribute to the accident. Prior remedial action by PATH personnel had failed to abate the condition satisfactorily.

Following the accident, Mr. Garcia was sent to the Port Authority's Office of Medical Services (OMS). Thereafter, OMS monitored plaintiff's care, which involved seven months of conservative treatment. Plaintiff underwent surgery to repair a torn glenoid labrum and torn supraspinatus tendon of the right rotator cuff, with impingement. Both plaintiff's and PATH's medical experts found that plaintiff had sustained a permanent impingement, reduced range of motion and reduced strength in his right shoulder. The plaintiff, who was 38 years old at the time of the incident, is still employed by PATH as an Account Clerk. His present assignment requires less physical activity.

Plaintiff initially demanded \$125,000 to settle this action. The judge assigned to this case recommended settlement in the amount of \$75,000, together with a waiver of all PATH liens. Before trial began, the parties agreed upon the proposed settlement.

In view of the unfavorable liability prospects for PATH in this case, the significant injuries sustained by plaintiff and his substantial claim of economic loss, staff recommended that the Board authorize Counsel to enter into this proposed settlement. If this action were tried before a jury, the verdict, in all likelihood, would be in excess of this settlement amount.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Blakeman, Coscia, Ferer, Gargano, Mack, Genova, Pocino, Sartor, Silverman, Sinagra, and Steiner voting in favor; none against:

RESOLVED, that Counsel be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to enter into a settlement of the action entitled Michael Garcia v. Port Authority Trans-Hudson Corporation for a total amount of \$107,604.

CONTRACT AND PURCHASE ORDER AUTHORIZATION AND AMENDMENTS – QUARTERLY REPORT

REPORT: In accordance with Article XII, sections (f)(1) and (f)(2) of the By-Laws, the President reported, for information only, the following contracts were awarded or amended for the period of July 1, 2004 through September 30, 2004.

| AWARDEE | DESCRIPTION | AUTHORIZED AMOUNT | PROCUREMENT METHOD |
|----------------------------------|-------------------------|--------------------------|---------------------------|
| VAE Nortrak Inc. | Track Turnouts | \$657,238 | Publicly Bid/Low Bid |
| Complete Machine Solutions, Inc. | Wheel Lathe Maintenance | \$321,966 | Publicly Bid/Low Bid |
| Fremont Industrial Corporation | Safety Items | \$108,822 | Publicly Bid/Low Bid |
| Monarch Electric Company | Electrical Parts | \$376,489 | Publicly Bid/Low Bid |

Whereupon, the meeting was adjourned.

Counsel