

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, October 21, 2004

| | |
|---|----|
| Action on Minutes | 54 |
| Report of Committee on Finance | 54 |
| Report of Committee on Construction | 54 |
| Report of Committee on Operations | 54 |
| Report of Nominating Committee | 54 |
| Election of Officer | 55 |
| Port Authority Trans-Hudson Corporation (PATH) – Agreement with New Jersey Transit Corporation to Sell PATH QuickCards Through Ticket Vending Machines and Monthly Mail-Tik Program – Increase in Authorization | 56 |
| Settlement of Claim – Raffaella Yurecko v. Port Authority Trans-Hudson Corporation (PATH) and PATH v. Parsons Brinckerhoff and Joseph Muscarelle, Inc./Gemini | 57 |
| Contract and Purchase Order Authorizations and Amendments – Quarterly Report | 59 |
| Tort Claim Settlements – Quarterly Report | 60 |
| Final Contract Payments | 62 |

MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, October 21, 2004, 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

Ernesto L. Butcher, Vice-President
 Darrell B. Buchbinder, Counsel

Gwendolyn Archie
 Kayla M. Bergeron
 A. Paul Blanco
 John D. Brill
 Gregory G. Burnham
 Arthur J. Cifelli
 Steven J. Coleman
 Anthony G. Cracchiolo
 William R. DeCota
 Michael P. DePallo
 Pasquale DiFulco
 Michael Dombrowski
 Karen E. Eastman
 Iran H. Engel
 Michael G. Fabiano
 Michael B. Francois
 Gertrude Gilligan
 Linda C. Handel
 L. Jay Hector
 Howard G. Kadin
 Louis J. LaCapra
 Richard M. Larrabee
 Francis J. Lombardi
 Robert F. Lurie
 Stephen Marinko
 Michael G. Massiah
 James E. McCoy
 Anne Marie C. Mulligan
 Lynn A. Nerney
 Michael F. O'Connor
 Catherine F. Pavelec
 Kenneth P. Philmus
 Samuel J. Plumeri, Jr.
 Alan L. Reiss
 Cruz C. Russell

NEW YORK

Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. Christine A. Ferer
 Hon. David S. Mack
 Hon. Henry R. Silverman

Edmond F. Schorno
Douglas L. Smith
Gerald B. Stoughton
Emery J. Ungrady
Christopher R. Zeppie
Peter J. Zipf

Guest

Kenneth J. Ringler, Jr.

The public session was called to order by Chairman Coscia at 2:40 p.m. and ended at 2:50 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Vice-President submitted for approval Minutes of the meeting of September 23, 2004. He reported that copies of these Minutes were sent to all of the Directors and to the Governors of New York and New Jersey. He 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 Finance

The Committee on Finance reported, for information, and the report was received and is included with these minutes.

Report of Committee on Construction

The Committee on Construction reported, for information, and the report was received and is included with these minutes.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in executive session at its meeting on October 21, 2004, which included discussion of personnel and 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.

Report of Nominating Committee

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

ELECTION OF OFFICER

Chairman Coscia announced that in accordance with the provisions of the By-Laws, an election was in order to fill the vacancy caused by the impending retirement of President Joseph J. Seymour.

Director Mack, as Chair of the Nominating Committee, submitted the following report:

"On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article XIa. of the By-Laws, the Committee, by unanimous action, submits the nomination of Kenneth J. Ringler, Jr. as President. Mr. Ringler will begin his service on October 27, 2004."

Pursuant to the foregoing report, Directors Blakeman, Chasanoff, Coscia, Ferer, Genova, Mack, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against, Kenneth J. Ringler, Jr. was unanimously elected President.

PORT AUTHORITY TRANS-HUDSON CORPORATION (PATH) – AGREEMENT WITH NEW JERSEY TRANSIT CORPORATION TO SELL PATH QUICKCARDS THROUGH TICKET VENDING MACHINES AND MONTHLY MAIL-TIK PROGRAM – INCREASE IN AUTHORIZATION

It was recommended that the Board authorize an increase in expenditures from an estimated amount of \$1,737,750 to an estimated amount of \$2,782,250 under the existing agreement between the Port Authority Trans-Hudson Corporation (PATH) and New Jersey Transit Corporation (NJT) for the sale of PATH QuickCards through NJT's ticket vending machines and Mail-Tik program.

In 1993, NJT and PATH entered into a joint ticketing agreement, retroactive to January 1, 1991, whereby NJT agreed to sell monthly tickets for PATH through its Mail-Tik program. The agreement provided for a term of five years, including option years, and expired on December 31, 1995. An extension agreement covering a five-year period, including option years, was entered into effective January 1, 1996. That agreement modified the scope of work to add the sale of PATH QuickCards through NJT's ticket vending machines. The parties entered into a second extension agreement, effective January 1, 2001, for a three-year term, including option years. At its meeting of October 23, 2003, the Board authorized the current agreement with NJT, effective January 1, 2004, for a period of one year with two, one-year renewal options at a total estimated cost of \$1,737,750.

Due to the unexpected growth in the sale of PATH QuickCards, an increase in authorization is needed to ensure that there are sufficient funds for the full term of the contract, including the option years. During the first seven months of 2004, the number of PATH QuickCards sold increased by 45 percent, and credit card transactions increased by over 60 percent compared to the same period in 2003. NJT is paid a fee based on QuickCard sales and an additional fee if credit cards are utilized.

The new PATH turnstiles that are currently being installed will continue to have the capability of accepting the New York City Transit MetroCard and the PATH QuickCard, and will continue to accept cash until the new equipment has been installed in all PATH stations. The QuickCard will continue to be utilized until the proposed Smart Card has been successfully tested and introduced as its replacement.

This request for authorization of additional funds was based on an estimated increase in fees from \$525,000 to \$845,000 for the first year, from \$577,500 to \$945,000 for the first option year, and from \$635,250 to \$992,250 for the second option year of this agreement.

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

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to pay fees estimated at a total amount of \$2,782,250, an increase of \$1,044,500 from the estimated amount previously authorized, to New Jersey Transit Corporation (NJT) pursuant to the existing agreement between PATH and NJT, effective January 1, 2004, for the sale of PATH QuickCards through NJT's MailTik program and its ticket vending machines.

SETTLEMENT OF CLAIM – RAFFAELLA YURECKO v. PORT AUTHORITY TRANS-HUDSON CORPORATION (PATH) AND PATH v. PARSONS BRINCKERHOFF AND JOSEPH MUSCARELLE, INC./GEMINI

It was recommended that Counsel be authorized to settle the pending claim brought by Raffaella Yurecko (plaintiff), Executrix of the Estate of William Yurecko (decedent), for the total amount of \$897,794.25. Of this amount, \$750,000 (\$75,000 of which would be reimbursed to Port Authority Trans-Hudson Corporation (PATH) from the third-party defendants) is for decedent's pain and suffering and damages related to the wrongful death claim; \$42,651.04 represents a lien held by PATH for wage benefits paid to the decedent; and \$105,143.21 represents a lien for medical bills paid by PATH on the decedent's behalf. The PATH liens would be deducted from the total settlement, and the remaining \$750,000 would be paid to the plaintiff and her attorneys. In return, plaintiff would provide PATH with a general release and stipulation of dismissal with prejudice.

In addition, it was also recommended that Counsel be authorized to accept \$75,000 from third-party defendants, Parsons Brinckerhoff and Joseph Muscarelle, Inc./Gemini, (\$37,500 from each) in exchange for a dismissal of the third-party action brought by PATH against these parties. In return, PATH would provide a general release and stipulation of dismissal of the third-party action.

William Yurecko, a PATH foreman in the Car Equipment Division, was injured on April 23, 1998, when he fell approximately four feet into a pit at the Harrison Car Maintenance Facility while loading a beam onto a work car. As a result of the fall, plaintiff suffered a closed head injury with resulting brain injury and intracranial bleeding. He was admitted to West Hudson Hospital for a period of ten days, spending most of that time in intensive care. A pacemaker also was implanted as a result of severe bradycardia.

Mr. Yurecko was discharged from West Hudson Hospital to Kessler Institute for Rehabilitation, which referred him for neuropsychological counseling. He followed up with the Life Span program, which diagnosed decedent as suffering from cognitive impairments.

Mr. Yurecko attempted to return to work, on light duty, but after approximately two months on the job, he applied for and received a disability pension from the Railroad Retirement Board.

On November 15, 2003, Mr. Yurecko committed suicide, and his wife filed an amended complaint on behalf of the decedent's estate seeking damages for wrongful death.

Plaintiff served PATH with reports from two liability experts who opined that the lack of guardrail protection was a major contributing cause of the accident involving decedent. In light of these reports, PATH filed a third-party complaint naming Parsons Brinckerhoff, the designers/architects of the facility, and Joseph Muscarelle Inc./Gemini, the general contractor, as third-party defendants. The third-party defendants filed a motion to dismiss PATH's third-party action on statutory grounds. Faced with the probability of an adverse decision, a settlement was reached while the motion was pending.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Blakeman, Chasanoff, Coscia, Ferer, Genova, Mack, 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 an agreement with plaintiffs for settlement of the pending civil action entitled Raffaella Yurecko, individually and as Executrix of the Estate of William Yurecko v. The Port Authority Trans-Hudson Corporation and Port Authority Trans-Hudson Corporation v. Parsons Brinckerhoff, Inc. and Joseph Muscarelle Inc./Gemini for the total amount of \$897,794.25, including the waiver of wage and medical liens held by PATH; and it is further

RESOLVED, that Counsel be and he hereby is authorized, for and on behalf of PATH, to accept \$37,500 each, for a total of \$75,000, from third-party defendants, Parsons Brinckerhoff and Joseph Muscarelle, Inc./Gemini in settlement of PATH's third-party claims.

CONTRACT AND PURCHASE ORDER AUTHORIZATIONS 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 April 1, 2004 through June 30, 2004.

| AWARDEE | DESCRIPTION | AUTHORIZATION AMOUNT | AUTHORIZATION METHOD |
|---------------------------------|---|-----------------------------|-----------------------------|
| G.K.Y. Industries | Hardware Fasteners | \$481,690 | Government Contract |
| G.K.Y. Industries | Tool Contract | \$181,070 | Government Contract |
| Atlantic Detroit Diesel Allison | Diesel Equipment Maintenance | \$133,714 | Publicly Bid/Low Bid |
| Koppers Industries, Inc | Disposal of Railroad Ties | \$76,267 | Publicly Bid/Low Bid |
| V.R.H. Construction Corp. | Increase in authorization to provide additional equipment for the coin room facility at Waldo Yard. | \$250,000 | Existing Contract |

Tort Claim Settlements - Report

The President reported, for information only, that in accordance with the authority granted under Article XII, section (f)(4) of the By-Laws, the following claims were previously settled, and reported closed during the period April 1, 2004 to June 30, 2004.

**TORT CLAIMS AGAINST PORT AUTHORITY TRANS-HUDSON CORPORATION,
CLOSED**

Employee Claims

| NAME | AMOUNT PAID |
|----------------------|----------------------|
| LEONARD THOMAS M. | \$ 25,000.00 |
| KIRCHNER JOSEPH | 2,500.00 |
| MCARTHY TIMOTHY | 500.00 |
| FELDHAN JOHN W. | 2,000.00 |
| PAUL RONALD J. | 2,352.00 |
| HATFIELD ROBERT | 2,500.00 |
| VICE MARK J. | 2,600.00 |
| MAGNOTTA KEVIN J. | 3,193.00 |
| KIRCHNER JOSEPH | 5,000.00 |
| VITTORINO COSTA | 8,000.00 |
| DOBBS WILLIAM D. | 10,000.00 |
| MARINO THOMAS | 12,500.00 |
| IACHELLO FRANK | 19,500.00 |
| CZUCHANSKI PHILIP G. | 22,500.00 |
| COMES FRANK G. | 27,000.00 |
| MORRONE FREDRICK | 27,000.00 |
| COSENTINO JAMES | 29,950.00 |
| LUGO FRANK | 31,500.00 |
| REILLY WILLIAM | 37,500.00 |
| TOTAL | \$ 271,095.00 |

**TORT CLAIMS AGAINST PORT AUTHORITY TRANS-HUDSON CORPORATION,
CLOSED**

Patron Claims

| NAME | AMOUNT PAID |
|----------------------|---------------------|
| KEITT JOANNE T | \$ 7,500.00 |
| JILES ADELL | 1,245.08 |
| MOGREN JENNIFER | 180.00 |
| MIRANDA GLADYS | 175.00 |
| MAGLIOZZI COSTANTINO | 3,295.75 |
| LEFFELD CLEO J. | 1,500.00 |
| TOTAL | \$ 13,895.83 |

FINAL CONTRACT PAYMENTS

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of July 1, 2004 to July 31, 2004.

| CONTRACT NUMBER | CONTRACT TITLE FACILITY AND CONTRACTOR | ORIGINAL AUTHORIZATION | TOTAL AUTHORIZED | TOTAL PAYMENTS |
|------------------------|---|---|-------------------------------------|-------------------------------------|
| PAT535 | REPLACEMENT OF HVAC SYSTEMS CONTROL JOURNAL SQUARE TRANSPORTATION CENTER INTEGRATED BUILDING CONTROLS, INC. | 284,870 (A) <u>22,800 (B)</u> 307,670 | 284,870 <u>22,800</u> 307,670 | 284,870 <u>11,984</u> 296,854 |

(A) Lump Sum.

(B) Extra Work.

FINAL CONTRACT PAYMENTS

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of August 1, 2004 to August 31, 2004.

| CONTRACT NUMBER | CONTRACT TITLE FACILITY AND CONTRACTOR | ORIGINAL AUTHORIZATION | TOTAL AUTHORIZED | TOTAL PAYMENTS |
|------------------------|--|--|--|---|
| PAT624108 | PATH UPTOWN STATION IMPROVEMENTS PORT AUTHORITY TRANS-HUDSON CORP. HALMAR BUILDERS OF NEW YORK, INC. | <u>1,300,000</u> (B) 1,300,000 | <u>2,800,000</u> (E,F) 2,800,000 | <u>2,652,245</u> 2,652,245 |
| PAT624112 | DOCK BRIDGE - RAIL AND TIE REPLACEMENT PORT AUTHORITY TRANS-HUDSON CORP. NORTH STAR CONTRACTING CORP. | 2,138,000 (A) 700,000 (B) 171,040 (C) 21,450 (D) <u>--0--</u> 3,030,490 | 2,138,000 700,000 171,040 21,450 <u>--0--</u> 3,030,490 | 1,953,000 (G) 3,095 <u>--0--</u> 21,450 <u>2,878</u> (H) 1,980,423 |

(A) Lump Sum.

(B) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount. However, the amount in the "Total Payments" column is the actual net cost amount paid.

(C) Extra Work.

(D) Premium for furnishing performance and payment bond as provided for in the contract.

(E) Increase in net cost work in the amount of \$1,000,000 authorized on 12/23/99.

(F) Increase in net cost work in the amount of \$500,000 authorized on 2/17/2000.

(G) The difference between "Total Authorized" and "Total Payments" represents a credit change order in the amount of \$185,000 for the deletion of part of the work .

(H) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$2,878, as provided for in the contract.

Whereupon, the meeting was adjourned.

Vice-President