

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, March 20, 2003

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MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, March 20, 2003, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

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

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. Michael J. Chasanoff
 Hon. David S. Mack
 Hon. Henry R. Silverman

Joseph J. Seymour, President
 Ernesto L. Butcher, Vice-President
 Jeffrey S. Green, Counsel

Gwendolyn Archie
 Catherine M. Bergamini
 Kayla M. Bergeron
 A. Paul Blanco
 Bruce D. Bohlen
 John D. Brill
 Gregory G. Burnham
 Janice Chiantese
 Anthony B. Ciavolella
 Arthur J. Cifelli
 Steven J. Coleman
 Anthony Cracchiolo
 William R. DeCota
 John C. Denise
 Michael P. DePallo
 Charles D. DeRienzo
 Pasquale DiFulco
 Karen E. Eastman
 Nancy J. Ertag-Brand
 Michael G. Fabiano
 Linda C. Handel
 Edward L. Jackson
 Howard G. Kadin
 Kevin J. Kirchman
 Joshua Klevans
 Louis J. LaCapra
 Richard M. Larrabee
 Francis J. Lombardi
 Stephen Marinko
 Gloria Martinez
 Charles F. McClafferty
 James E. McCoy
 Allen M. Morrison
 Lynn A. Nerney
 Catherine F. Pavelec
 Michael A. Petralia
 Kenneth P. Philmus
 Alan L. Reiss

Edmond F. Schorno
Harry Spector
Gerald B. Stoughton
Antoinette Tahan
Tiffany A. Townsend
Gregory J. Trevor
Sean P. Walsh

Guests:

Noreen Giblin
Jay Hector

The public session was called to order by Chairman Sinagra at 1:41 p.m. and ended at 1:49 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 February 20, 2003. 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 Operations

The Committee on Operations reported, for information on matters discussed in executive session at its meeting on March 20, 2003, which included discussion of contract matters.

PORT AUTHORITY TRANS-HUDSON CORPORATION REGIONAL FARE COLLECTION SYSTEM PROJECT – INCREASE IN PROJECT AUTHORIZATION

It was recommended that the Board increase the authorization for the Port Authority Trans-Hudson Corporation (PATH) Regional Fare Collection Project (Project), authorized by the Board at its meeting on December 13, 2001 at an estimated \$51 million, in the total amount of \$16.9 million, resulting in a total authorized project cost in the estimated amount of \$67.9 million.

Since the Project's authorization, the Regional Fare Collection System contractor (Cubic Transportation Systems), PATH and the Port Authority have progressed the first two major design review milestones for the Project and have completed a detailed evaluation of the estimated costs associated with the PATH Regional Fare Collection System.

As a result of required changes to the original system design assumptions, primarily in the areas of additional equipment, modifications to existing New Jersey Transit Corporation (NJ Transit) vending equipment to utilize smart card technology, increased field installation work and hardware design changes, it has been determined that these costs will exceed the original authorization by approximately \$16.9 million. In view of this increase, the anticipated contract cost with Cubic Transportation Systems (Cubic) for system implementation will be increased from \$32 million to \$39.3 million, and the existing agreement with Parsons Transportation Group for expert professional and program management oversight will require a scope modification and an increase in funding.

To insure that a functioning fare collection system is installed and operable in support of the re-opening of the temporary station at the site of The World Trade Center in the final quarter of 2003, staff authorized Cubic to proceed with an accelerated installation plan specific to that station. Approximately \$5 million from the authorization for the Downtown Restoration Program will be used in the first instance to fund this work. It is anticipated that a portion of the \$5 million cost will be eligible for reimbursement from the Federal Emergency Management Agency.

The introduction of MetroCard into the PATH operation will require coordination between the New York City Transit Authority and PATH on fare policy and customer service issues. The process for these issues to be resolved, as necessary, will be defined in a Memorandum of Agreement currently being developed between the agencies. A similar agreement regarding smart card operations will also be developed with New York City and NJ Transit.

The PATH Regional Fare Collection System program will introduce a new level of information and utility to PATH and its customers and fulfill a critical need to replace the existing system, which has reached the end of its useful life. The design changes mentioned above are essential for the safe, reliable and effective operation of the new system, and will help to insure that this system can be expanded to meet the needs of the regional smart card program planned for the future.

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

RESOLVED, that an increase in the authorization for the Port Authority Trans-Hudson Corporation Regional Fare Collection Project (Project), in the total amount of \$16.9 million, resulting in a total authorization for the Project in the estimated amount of \$67.9 million, be and it hereby is authorized.

**PORT AUTHORITY TRANS-HUDSON CORPORATION – JOURNAL SQUARE
TRANSPORTATION CENTER – DUANE READE – LEASE NO. L-RR-205 –
EXPANSION**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into a supplemental agreement with Duane Reade Inc. (Duane Reade) covering the letting of an additional space of approximately 5,880 rentable square feet on the concourse level at the Journal Square Transportation Center (JSTC) for a term of approximately nine years, two months, commencing on or about April 1, 2003, at an aggregate basic rental over the term of approximately \$1.3 million. The letting of the additional space will expire simultaneously with that of Duane Reade's existing premises, which consist of 5,543 rentable square feet on the plaza level at JSTC.

PATH will continue to have the right to terminate the Duane Reade lease agreement without cause, upon 30 days' written notice. In the event that PATH exercises such right, Duane Reade will be reimbursed for the unamortized portion of its initial capital investment in the additional space and in connecting the additional space to its existing premises, to the extent that such initial capital investment does not exceed \$1 million, amortized on a straight-line basis over the term of the letting of the additional space.

PATH will pay a brokerage commission to Winick Realty Group in connection with the letting of the additional space.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Chasanoff, Gargano, Mack, 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 supplemental agreement with Duane Reade Inc. covering the letting of additional 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 to enter into a brokerage agreement with Winick Realty Group in connection therewith; and it is further

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

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

Whereupon, the meeting was adjourned.

Vice-President