

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, September 22, 2016

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, September 22, 2016 at 150 Greenwich Street, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. John J. Degnan, Chairman
 Hon. Richard H. Bagger
 Hon. George R. Laufenberg
 Hon. William P. Schuber
 Hon. David S. Steiner

NEW YORK

Hon. Steven M. Cohen, Vice-Chairman
 Hon. Michael D. Fascitelli
 Hon. Hamilton E. James
 Hon. Kenneth Lipper
 Hon. Jeffrey H. Lynford
 Hon. Scott H. Rechler

Patrick J. Foye, Executive Director
 Michael Farbiarz, General Counsel
 Karen E. Eastman, Secretary

Julia Basile, Deputy Director, Human Resources
 Thomas E. Belfiore, Chief Security Officer
 Justin E. Bernbach, Director, Government and Community Affairs, New York
 Vincent J. Borst, Assistant Director, Real Estate Services
 Thomas L. Bosco, Director, Aviation
 Molly C. Campbell, Director, Port
 Ana M. Carvajalino, Director, Office of Financial Planning
 Patricia A. Clark, Senior Advisor, Aviation Policy, Aviation
 Steven J. Coleman, Deputy Director, Media Relations
 Janet D. Cox, Director, Management and Budget
 Nicole Crifo, Senior Advisor to the Chairman
 Stephanie E. Dawson, Acting Chief Operating Officer
 Clarelle D. DeGraffe, Deputy Director, Rail Transit
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate Services
 John C. Denise, Audio Visual Supervisor, Marketing
 Michael Dombrowski, Audio Visual Specialist, Marketing
 Diannae C. Ehler, General Manager, Port Authority Bus Terminal/Lincoln Tunnel, Tunnels, Bridges and Terminals
 Benjamin S. Engle, Project Manager, Human Resources
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Frank Gallo, Assistant Director, Capital Project Management, Rail Transit
 Robert E. Galvin, Chief Technology Officer
 David P. Garten, Chief of Staff to the Vice Chairman
 Glenn P. Guzi, External Affairs Logistics Manager, World Trade Center Redevelopment
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Chief, Human Capital
 Portia Henry, Program Manager, World Trade Center Construction
 Amanda Iocca, Associate Board Management and Support Specialist, Office of the Secretary
 Howard G. Kadin, Esq., Law
 James Kleeman, Deputy Director, World Trade Center Redevelopment
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey

Michael Lavery, Senior External Relations Client Manager, Government and Community Affairs
 Huntley A. Lawrence, Deputy Director, Aviation
 Andrew G. Levine, Director, Audit Department
 Stephen Marinko, Esq., Law
 Ronald Marsico, Director, Media Relations
 Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
 Hugh P. McCann, Director, World Trade Center Operations
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, General Manager, Board Unit, Office of the Secretary
 David J. McGrath, Manager, Marketing and Communications, Marketing
 Carlene V. McIntyre, Assistant General Counsel
 Dipak Mehta, Program Director, Aviation
 Mark F. Muriello, Deputy Director, Tunnels, Bridges and Terminals
 Suchetha Premchan, Principal Board Management and Support Specialist, Office of the Secretary
 Lysa Scully, General Manager, LaGuardia Airport
 Beth E. Siegel, Director, Capital Programs, Capital Planning
 Richard Smyth, Contract Staff, Aviation
 James A. Starace, Chief Engineer/Director of Engineering
 Timothy G. Stickelman, Assistant General Counsel
 Ralph Tragale, Assistant Director, Customer, Industry, and External Affairs, Aviation
 Lillian D. Valenti, Chief Procurement and Contracting Officer
 Sheree R. Van Duyn, Manager, Policies and Protocol, Office of the Secretary
 Ian R. Van Praagh, External Relations Executive, Government and Community Affairs
 Louis P. Venech, Manager, Regional Transportation Policy, Planning and Regional Development
 Cheryl A. Yetka, Treasurer

Guest:

Mary Maples, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
 Michael Wojnar, Special Assistant, Office of the Governor of New York

Speakers:

Jocelyn Andrews, UNITE Here
 Murray Bodin, Member of the Public
 Sharlene Davis, UNITE Here
 Margaret Donovan, Twin Towers Alliance
 David Gale, Local 32BJ
 Hon. Richard Gottfried, New York State Assemblymember
 Robert Gottheimer, Office of U.S. Congressman Jerrold Nadler
 Louis Heimbach, Stewart Airport Commission
 Hon. Bradley Hoylman, New York State Senator
 Richard Hughes, Twin Towers Alliance
 Alison Kreideweis, Empire Tri Club
 Arthur Piccolo, Bowling Green Association, Inc.
 Emma Quail, Local 100
 Rev. Ronald Tuff, First Bethel Baptist Church
 Nancy Velazquez, Local 32BJ
 Hon. Loretta Weinberg, Majority Leader, New Jersey State Senate
 Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 1:11 p.m. and ended at 3:04 p.m. The Board also met in executive session prior to the public session. Commissioner Lynford was present for a portion of the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of June 30, 2016 and July 21, 2016. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on July 1, 2016 and July 22, 2016, respectively. The Secretary reported further that the time for action by the Governors of New York and New Jersey had expired at midnight on July 18, 2016 and August 5, 2016, respectively.

Whereupon, the Board unanimously approved the Minutes of the meetings of June 30, 2016 and July 21, 2016.

Documents Filed with the Board

It was reported that the comment period for the modification to the Traffic Rules and Regulations at Port Authority Bridge and Tunnel Facilities, which were filed with the Board on August 5, 2016, had expired.

It was also reported that the comment period for the modification to Rules and Regulations of the Marine Terminal Tariff – Federal Maritime Commission Schedule No. PA-10, which was filed with the Board on August 19, 2016, had expired.

It was further reported that the comment period concerning the establishment of Rules and Regulations for publicly accessible areas at the World Trade Center site, which were filed with the Board on August 22, 2016, had expired.

Report of Committee on Security

The Committee on Security reported, for information, on matters discussed in executive session at its meeting on September 22, 2016, which included discussion of matters related to public safety or law enforcement, and matters involving external or internal investigations or audits, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on September 22, 2016, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the placement of Public Liability Insurance, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on September 22, 2016, which included discussion of an item that authorizes a lease for warehouse space at the Elizabeth-Port Authority Marine Terminal, and discussion of strategies to mitigate traffic congestion at LaGuardia Airport, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on September 22, 2016, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

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 Degnan announced that, in accordance with the provisions of the By-Laws, an election was in order to fill the vacancy in the position of General Counsel.

Commissioner Steiner, 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 VII of the By-Laws, the Committee, by unanimous action, submits the nomination of Michael Farbiarz as General Counsel of The Port Authority of New York and New Jersey. Mr. Farbiarz began his service on September 6, 2016."

Pursuant to the foregoing report, with Commissioners Bagger, Cohen, Degnan, Fascitelli, Laufenberg, Lipper, Lynford, Rechler, Schuber and Steiner voting in favor; Commissioner James was not present for the vote; Michael Farbiarz was unanimously elected General Counsel. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

MOYNIHAN STATION TRANSPORTATION PROGRAM – FUNDING FOR REDEVELOPMENT OF JAMES A. FARLEY BUILDING INTO MOYNIHAN STATION TRANSPORTATION AND COMMERCE CENTER – PROGRAM AUTHORIZATION

It was recommended that the Board authorize the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York, acting through New York State Urban Development Corporation d/b/a Empire State Development Corporation and/or its subsidiary, Moynihan Station Development Corporation (MSDC) (collectively, ESD). This \$150 million financial contribution is a distribution from an item listed as New York Regional Transportation Program in the 2014-2023 Capital Plan Summary (2014-2023 Capital Plan), dated February 2014. The referenced financial contribution would advance a project to redevelop the James A. Farley United States Post Office Building and its Western Annex (together, the Farley Building) into a new transportation facility serving the New York and New Jersey region, with a two-phase plan for the financing, design and construction of a new transportation facility in the Farley Building, to be known as Moynihan Station. This new facility would accommodate increasing intercity and commuter mass transit ridership and address congestion at New York's Pennsylvania Station (Penn Station) by providing a new train hall, additional passenger concourses and vertical circulation elements, new ticketing and passenger service facilities, and station entrances that allow direct access to platforms and trains through the Farley Building. This will improve Amtrak rail service to and from Penn Station and improve service to users of the Port Authority Trans-Hudson Corporation (PATH) rail system, John F. Kennedy International Airport (JFK) and Newark Liberty International Airport (EWR), as well as provide improved connections between Penn Station, the new Moynihan Station and New York City Transit Authority subway lines.

At its meeting of March 21, 2016, the Board, among other things, authorized the Executive Director to arrange for a study of proposals for the Port Authority to financially participate in the redevelopment of the Farley Building, through a lease or other agreement with ESD, with such proposals to provide for: (1) enhanced airport access for passengers and others using JFK and EWR; and/or (2) enhanced services for PATH commuters; and/or (3) other purposes consistent with existing legislation and agreements with the holders of the Port Authority's obligations.

Following a subsequent examination of proposals, it was recommended that the Board authorize a one-time \$150 million expenditure to be provided to ESD, for the Moynihan Program. To the extent that a facility certification is required before such funds can be spent for the Moynihan Program, it was recommended that any required certification be considered by the Board during 2016.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Cohen, Degnan, James, Laufenberg, Lipper, Lynford, Rechler and Schuber voting in favor; Commissioners Fascitelli and Steiner recused and did not participate in the consideration of, or vote on, this item. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to provide, at the request of the State of New York, a one-time contribution of \$150 million to the State of New York, through the distribution of Port Authority funds referred to in the 2014-2023 Capital Plan, to New

York State Urban Development Corporation d/b/a Empire State Development Corporation and/or Moynihan Station Development Corporation toward the cost of a project to redevelop the James A. Farley United States Post Office Building and its Western Annex into a new transportation facility serving the New York and New Jersey region; and it is further

RESOLVED, that to the extent a facility certification is required before the above-referenced funds can be spent for the Moynihan Program, consideration of such a certification shall be undertaken by the Board during 2016; and it is further

RESOLVED, that, subject to further actions of the Board, if any, required for a facility certification, the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the foregoing, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take action in accordance with the terms of such contracts, agreements and documents, as may be necessary in connection therewith, including, but not limited to, contracts and agreements with New York State Urban Development Corporation d/b/a Empire State Development Corporation and/or Moynihan Station Development Corporation; and it is further

RESOLVED, that the 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, and the terms of all contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

ELIZABETH–PORT AUTHORITY MARINE TERMINAL – GRANT OF EASEMENTS TO PUBLIC SERVICE ELECTRIC AND GAS COMPANY

It was recommended that the Board authorize the Executive Director to enter into an agreement with Public Service Electric and Gas Company (PSE&G), whereby the Port Authority would grant to PSE&G a permanent easement and a temporary construction easement to construct, operate, maintain, and repair a new high-voltage electric power transmission cable system underneath a portion of Port Authority-owned property identified as Lot 1316 in Block 1 on the tax maps of the City of Elizabeth, New Jersey (Property) and a part of the Elizabeth-Port Authority Marine Terminal (EPAMT), in connection with PSE&G's Linden-Bergen Corridor Upgrade Project (Project), for a sum of \$111,094 for the permanent easement and \$5,475 on a monthly basis for the duration of the temporary construction easement.

As part of its Project, PSE&G is installing new underground and overhead electrical transmission circuits and modifying or constructing 12 switching stations to build a new high-voltage underground electric power transmission cable system from PSE&G's Bergen switching station in Ridgefield, New Jersey to its Linden switching station in Linden, New Jersey. The right-of-ways and stations would extend through eight New Jersey municipalities in Essex, Hudson, Union, and Bergen Counties (Linden, Elizabeth, Newark, Bayonne, Jersey City, North Bergen, Secaucus, and Ridgefield).

Pursuant to the proposed action, the Port Authority would grant to PSE&G a permanent easement to an approximately 68,557 square-foot area located below-grade and at-grade for the operation, maintenance and repair of the electric power transmission cable system within a portion of the Property. The permanent easement would be located along the property line, in order to limit impacts on future development of the Property. In addition, the Port Authority would convey to PSE&G a temporary construction easement to an approximately 210,252 square-foot area, to allow for construction and installation of the electric power transmission cable system. Construction by the Port Authority of permanent structures within the permanent easement area would be prohibited; however, the Port Authority would retain the right to utilize the permanent easement area for other marine terminal purposes, such as the storage of cargo. PSE&G would be responsible for all necessary permitting and for all costs associated with the design, construction, operation, maintenance, and repair of the utility transmission line.

The Port Authority would reserve the right, at its sole cost, to relocate the permanent easement, and to make modifications for the support or protection of the electric power transmission cable or permanent easement area, if current or future operations at EPAMT require development of the Property, for the first 15 years of the permanent easement term. Thereafter, any necessary relocation of the permanent easement or costs to protect or support the transmission system resulting from Port Authority development or operations on the Property for the EPAMT would be at the sole cost of PSE&G.

PSE&G's new electric power transmission cable system would provide more reliable electrical service to Newark Liberty International Airport's switching station in Elizabeth, as well as redundancies throughout PSE&G's power grid in the New York/New Jersey region.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with Public Service Electric and Gas Company (PSE&G) to provide for the Port Authority to grant a permanent easement and a temporary construction easement to PSE&G to construct, operate, maintain and repair a new high-voltage electric power transmission cable system underneath a portion of Port Authority-owned property identified as Lot 1316 in Block 1 on the tax maps of the City of Elizabeth, New Jersey and a part of the Elizabeth-Port Authority Marine Terminal in connection with PSE&G's Linden-Bergen Corridor Upgrade Project, for a sum of \$111,094 for the permanent easement and \$5,475 on a monthly basis for the duration of the temporary construction easement; and it is further

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

RESOLVED, that the 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – EAST COAST WAREHOUSE & DISTRIBUTION CORP. – NEW LEASE EP-296

It was recommended that the Board authorize the Executive Director to enter into: (1) a new lease agreement with East Coast Warehouse & Distribution Corp. (East Coast) for the continued occupancy of Building 1130, consisting of 13.51 acres of warehouse space and associated open area (the Leasehold) at the Elizabeth-Port Authority Marine Terminal (EPAMT), from January 1, 2017 through November 30, 2026; and (2) a supplement to the lease for the potential inclusion of an adjacent parcel, on substantially the same terms as those of the lease.

East Coast has been a tenant at the EPAMT since 1960. It currently leases a total of approximately 45 acres, including approximately 1.1 million square feet of warehouse space, under three agreements: Lease No. EP-149, covering 15.3 acres (including Building 1150) and expiring on May 31, 2025; Lease No. EP-158, covering 16.4 acres (including Building 1140) and expiring on November 30, 2026; and Lease No. EP-295, covering approximately 13.51 acres (including Building 1130) and expiring on December 31, 2016.

East Coast specializes in the receipt, storage and distribution of refrigerated and non-refrigerated import and export items. In addition, U.S. Customs and Border Protection (Customs) operates within the Leasehold a Centralized Examination Station, which includes a stationary Vehicle and Cargo Inspection System unit for inspections by Customs, the U.S. Food and Drug Administration, and the U.S. Department of Agriculture. East Coast has requested a new long-term agreement for the letting of Building 1130 and its associated open area that would be coterminous with one of its other two agreements.

The total aggregate rental over the term of the new lease agreement would be approximately \$29.5 million. East Coast's maintenance responsibilities would be expanded to include fire sprinkler and structural maintenance. East Coast plans to invest at least \$2.5 million in improvements to the Leasehold premises, with such improvements to be subject to the prior review and approval of the Port Authority. If such improvements are completed within the first five years of the new lease agreement, East Coast would receive a rent credit for a portion of the work performed, which would be applied once the improvements are complete. Additionally, the parties may enter into a supplement to the lease, to incorporate a parcel adjacent to the premises, upon substantially the same terms as those of the lease.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into: (1) a new lease agreement with East Coast Warehouse & Distribution Corp. for the continued occupancy of Building 1130, consisting of 13.51 acres of warehouse space and associated open area at the Elizabeth-Port Authority Marine Terminal, from January 1, 2017 through November 30, 2026; and (2) a supplement to the lease, to incorporate into the leasehold an adjacent parcel of property upon substantially the same terms as those of the lease; each 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 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

**PORT NEWARK AND THE ELIZABETH-PORT AUTHORITY MARINE TERMINAL –
MASTER SIDETRACK AGREEMENT WITH CONSOLIDATED RAIL
CORPORATION FOR RAIL ASSET MAINTENANCE**

It was recommended that the Board authorize the Executive Director to enter into a Master Sidetrack Agreement with Consolidated Rail Corporation (Conrail) to provide for the Port Authority and/or its tenants, permittees or operators to maintain Port Authority-owned rail assets at Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT) to Federal Railroad Administration (FRA) Class 1 Standards.

The Port Authority owns certain rail tracks located within Port Newark and the EPAMT and adjacent to Conrail property in and around Corbin Street in Newark, New Jersey, which are used by Conrail to facilitate sidetrack service to industries and to serve those industries located within Port Newark and the EPAMT. These Port Authority-owned rail tracks at Port Newark and the EPAMT are either operated and maintained by the Port Authority or by tenants, permittees, or operators of the Port Authority, at their own expense, pursuant to operating agreements or other agreements.

In August 2008, the Board authorized the Executive Director to enter into an assignment agreement with Conrail, whereby Conrail would assign to the Port Authority all of Conrail's rights and obligations with respect to a "right of first refusal" to purchase New York New Jersey Rail, LLC (NYNJR). The assignment agreement was executed in September 2008 and enabled the Port Authority to purchase all of the membership interests of NYNJR. NYNJR, a wholly owned entity of the Port Authority, currently operates the only cross-Hudson River rail service in the Port District, transporting rail cars via carfloat between Greenville Yard - Port Authority Marine Terminal in Jersey City, New Jersey and the 65th Street Yard in Brooklyn, New York.

As an element of consideration for the assignment agreement, the Port Authority agreed to negotiate in good faith a railroad sidetrack agreement covering properties owned by the Port Authority and used by Conrail for Conrail's freight operations in Port Newark and the EPAMT. The Port Authority and Conrail have completed negotiations of a Master Sidetrack Agreement, which would have a term of approximately 40 years and would provide either party with the right to terminate the agreement on at least 180 days' prior written notice. The agreement would further provide for the Port Authority and/or its tenants, permittees or operators to maintain Port Authority-owned rail assets at Port Newark and the EPAMT to FRA Class 1 Standards. FRA Class 1 Standards for freight provide for low-speed operations (10 miles per hour), in order to accommodate the geometry of the sidetracks, with maintenance standards specific to this low-speed operating environment. These standards cover all aspects of track and rail compliance, including curvature, gauge, alignment, and crossties. Although the Port Authority and its tenants have not been held previously to FRA Class 1 Standards, the tracks are currently maintained to those standards. The execution of the Master Sidetrack Agreement would memorialize that practice.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Master Sidetrack Agreement with Consolidated Rail Corporation to provide for the Port Authority and/or its tenants, permittees, or operators to maintain Port Authority-owned rail assets at Port Newark and the Elizabeth-Port Authority Marine Terminal to Federal Railroad Administration Class 1 Standards; 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 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

WORLD TRADE CENTER AND OTHER MAJOR CAPITAL PROJECTS – 80 PINE STREET, NEW YORK, NEW YORK - NEW SUBLEASE AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a new sublease agreement with Transatlantic Reinsurance Company (TransRe) for the Port Authority to occupy, use and refurbish the entire 7th floor of 80 Pine Street, New York, New York (80 Pine), which contains approximately 57,245 rentable square feet of space, for an approximately five-year and two-month term, commencing on or about November 1, 2016, for the provision of office space for World Trade Center Construction and Major Capital Projects staff, as well as staff of affiliated contractors.

The Port Authority currently leases certain office space on the 5th, 6th and 7th floors at 115 Broadway, New York, New York (115 Broadway) from Trinity Center LLC, which lease is due to expire on December 31, 2016. With the impending lease expiration, staff conducted an assessment of other suitable office space in Lower Manhattan and identified the subject space as a cost effective alternative to a lease renewal at 115 Broadway.

TransRe currently leases, but does not occupy, the 7th floor of 80 Pine, and has been marketing the premises to potential sublessees. The proposed Port Authority sublease at 80 Pine would accommodate approximately 100 Port Authority staff and contractors who are currently located on the 5th, 6th and 7th floors of 115 Broadway.

The proposed sublease would be effective on or about November 1, 2016. The aggregate rent payable by the Port Authority over the term of the sublease would be approximately \$8.2 million. The Port Authority intends to invest approximately \$1 million in moving and refurbishment costs, with a portion of such costs to be offset by a tenant improvement allowance from TransRe. Furthermore, the space at 80 Pine is pre-built space that TransRe would deliver to the Port Authority with all furniture, fixtures and equipment.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new sublease agreement with Transatlantic Reinsurance Company for the Port Authority to occupy, use and refurbish the entire 7th floor of 80 Pine Street, New York, New York, which contains approximately 57,245 rentable square feet of space, for an approximately five-year and two-month term, commencing on or about November 1, 2016, for the provision of office space for World Trade Center Construction and Major Capital Projects executive and administrative staff, as well as staff of affiliated contractors, 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 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – REPLACEMENT OF FACILITY-WIDE FIRE ALARM SYSTEM – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning work for the replacement and upgrade of fire alarm systems at Port Authority-maintained buildings at John F. Kennedy International Airport (JFK), in order to provide conformity with the latest building and national fire safety codes and standards, at an estimated cost of \$7 million.

The Port Authority is responsible for maintaining and operating 41 buildings at JFK, including the fire alarm systems for those buildings. The existing fire alarm systems in the Port Authority-maintained buildings were installed between the 1950s and the early 2000s, and have exceeded their useful life.

A condition assessment that was conducted earlier this year recommended the replacement and upgrade of the existing fire alarm systems in each of the 41 Port Authority-maintained buildings at JFK. The proposed planning work would support the preliminary design of a project to provide for an integrated fire alarm system that conforms with the latest building and national fire codes and standards.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that planning work for the replacement and upgrade of fire alarm systems at Port Authority-maintained buildings at John F. Kennedy International Airport, at an estimated cost of \$7 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

RESOLVED, that the 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

LAGUARDIA AIRPORT – REPLACEMENT OF PUMP HOUSE 6 SUBSTATION – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project for the design and construction for replacement of the Pump House 6 substation at LaGuardia Airport (LGA), at an estimated total project cost of \$9.1 million; and (2) the Executive Director to award a contract to perform the construction work associated with the replacement of the Pump House 6 substation, a new pump control house and all associated electrical equipment, at an estimated total construction cost of \$5.9 million.

LGA was severely affected by Hurricane Sandy and its associated storm surge in late October 2012. With an elevation of 13 feet above sea level and surrounded on three sides by Bowery and Flushing Bays, LGA is highly vulnerable to flooding associated with severe weather events.

To address its flood vulnerability, LGA has an extensive storm-water drainage system consisting of a series of catch basins, manholes and underground pipes, which primarily convey storm water to five pump houses located around the waterside of the airport. The five pump houses discharge storm water over the perimeter dike system into Flushing and Bowery Bays. Hurricane Sandy's floodwaters inundated the pump houses and associated electrical substations with several feet of seawater, immediately rendering them inoperable and causing long-term electrical and mechanical issues due to corrosion.

Since Hurricane Sandy, staff has completed, and is currently advancing, a number of resiliency efforts at LGA, including pump house improvements and other flood protection work.

Building on these resiliency efforts, the proposed project would provide for removal of the existing Pump House 6 substation and installation of a new substation, a new pump control house, and all associated electrical equipment, a Supervisory Control and Data Acquisition system, and automatic logic flow metering environmental equipment on a platform that is 52 inches above the Federal Emergency Management Agency (FEMA) 100-year flood elevation. The project would protect vital infrastructure from flood damage and prevent the loss of critical airport infrastructure during times of flooding.

Of the total project cost, 90 percent of eligible project costs are recoverable through FEMA grants. The balance of the costs would be recovered through LGA flight fees.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler, Schuber and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a project for the design and construction for replacement of the Pump House 6 substation at LaGuardia Airport, at an estimated total project cost of \$9.1 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to award a contract to perform the construction work associated with the replacement of the Pump House 6 substation, a new pump control house and all associated electrical equipment, at an estimated total construction cost of \$5.9 million; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to construction contracts, contracts for professional and advisory services, and such other contracts and agreements as may be necessary to effectuate the foregoing project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

HOWLAND HOOK MARINE TERMINAL – ENHANCEMENT OF PAVEMENT SUBGRADE – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project to strengthen approximately nine acres of open area (Site), including associated subsurface work, which is used for container storage at the Howland Hook Marine Terminal (HHMT) and was severely damaged as a result of Hurricane Sandy, at an estimated total project cost of \$32.7 million, of which amount approximately \$23.1 million is anticipated to be recovered through the Federal Emergency Management Agency (FEMA) Public Assistance Program.

The Port Authority leases the HHMT from the City of New York (City) through July 2058. GCT New York, LP (Global) currently subleases from the Port Authority the 153-acre HHMT under an agreement that expires in December 2029.

Prior to the Port Authority's leasing of the HHMT from the City and the commencement of container terminal operations, significant amounts of gypsum were disposed of throughout the HHMT. The gypsum has slowly dissolved over time, creating subsurface voids resulting in sinkholes. Pursuant to a June 2, 2000 Board action, a contract was awarded for the paving and installation of drainage utilities on approximately 11 acres of undeveloped land at the HHMT. That design work provided for the voids to manifest at the ground surface as depressions instead of sudden sinkholes.

In 2012, Hurricane Sandy and its associated storm surge caused significant flooding at the HHMT, which caused the underlying gypsum to dissolve at an accelerated rate, impacting the area for container operations.

In 2015, FEMA authorized the allocation of \$3.9 million for engineering design and permitting to strengthen the pavement subgrade and improve drainage at the Site. Upon completion of design by the submission deadline of October 29, 2016, FEMA will consider additional costs, in an amount not to exceed \$26.9 million, for the construction of approved project improvements, for a total FEMA-approved project cost of \$30.8 million. Approximately 75 percent of the \$30.8 million, which amounts to \$23.1 million, is expected to be recovered by the Port Authority through FEMA's Public Assistance Program. Implementation of the project improvements is contingent upon the Port Authority's recovery of the \$23.1 million from FEMA.

The proposed enhancement project would provide for the subgrade strengthening of the Site, rendering the area more resilient to future storms. Work would include the removal of existing paver blocks and subsurface granular fill, excavation to remove the underlying gypsum-laden material, placement of a geotextile-reinforced structural backfill material, and resurfacing of the area with asphalt pavement. The work also would include, as needed, enhancement of the storm drainage system and other subsurface utilities.

Staff is currently in discussions with Global to provide for the recovery from Global of a portion of the Port Authority's costs associated with the proposed project through a reimbursement agreement, with the reimbursement amount currently estimated at \$3.85 million. Execution of the reimbursement agreement is contingent upon Global's review and approval of the final design of the proposed project that is to be submitted to FEMA by October 29, 2016.

This project would contribute to providing a safe and reliable facility capable of supporting container terminal operations at the HHMT.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Rechler and Schuber voting in favor; Commissioner Steiner voting against. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a project to strengthen approximately nine acres of open area, including associated subsurface work, which is used for container storage at the Howland Hook Marine Terminal, at an estimated total project cost of \$32.7 million, of which approximately \$23.1 million is anticipated to be recovered through the Federal Emergency Management Agency Public Assistance Program, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to construction contracts, contracts for professional and advisory services, and such other contracts and agreements as may be necessary to effectuate the foregoing project, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

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

SETTLEMENT OF CLAIM INVOLVING W&W STEEL, LLC, THE NATIONAL SEPTEMBER 11 MEMORIAL AND MUSEUM AT THE WORLD TRADE CENTER FOUNDATION, INC. AND THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

It was recommended that the Board authorize General Counsel to finalize the settlement of litigation pending before the Supreme Court of the State of New York, County of New York arising out of certain disputes regarding the performance of W&W Steel, LLC (“W&W”) in furnishing and installing structural steel for the Museum Pavilion at the World Trade Center (WTC) site, by the Port Authority paying to W&W the amount of \$6.825 million.

The Port Authority and the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (Memorial Foundation) entered into agreements regarding the redevelopment of certain portions of the WTC site and the provision of funds by the Port Authority toward the design and construction of the National September 11 Memorial and Museum (Memorial and Museum), one of the elements of which was the design and construction of the Museum Pavilion, located near the entrance to the Memorial and Museum. Bovis Lend Lease LMC, Inc., the construction manager retained by the Memorial Foundation for the Memorial and Museum project, entered into a contract with W&W to furnish and install the structural steel for the project.

A dispute arose among the parties regarding W&W’s performance of such structural steel work in connection with the Museum Pavilion, which led to the commencement of litigation by W&W against the Port Authority and the Memorial Foundation to recover amounts allegedly owed to W&W for the performance of such work, and the filing of a third-party indemnification claim by the Memorial Foundation against the Port Authority. Specifically, W&W alleges: that it was owed approximately \$8.555 million in additional compensation for approved but unpaid change orders; that the Port Authority was the cause of “unreasonable” delay to W&W in its performance and completion of the work; and that it incurred increased labor costs as a result of such delay claims. W&W’s direct claims against the Port Authority were dismissed, for failure to serve a notice of claim, but, as a result of the third-party indemnification claim by the Memorial Foundation, the Port Authority remains indirectly liable to W&W. The parties agreed to engage in mediation, which resulted in the negotiation of the proposed settlement.

Pursuant to the proposed settlement, the Port Authority would pay W&W \$6.825 million in full and final satisfaction of all claims by W&W in connection with the Museum Pavilion project and for W&W’s release of all claims against the Port Authority by W&W and its affiliates, subcontractors and suppliers in connection with the litigation; and the Port Authority would reimburse the Memorial Foundation for its fees related to its third-party complaint, in exchange for a release by the Memorial Foundation of all such claims against the Port Authority.

This resolution would remain confidential until such time as the settlement documents are executed and filed with the court.

Pursuant to the foregoing report, the following resolution was adopted in executive session, with Commissioners Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Schuber and Steiner voting in favor; Commissioners Bagger and Rechler recused and did not participate in the consideration of, or vote on, this item. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that, subject to prior review of the final settlement terms by the Chairman and Vice Chairman, General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of litigation pending before the Supreme Court of the State of New York, County of New York, arising out of certain disputes regarding the performance of W&W Steel, LLC (“W&W”) in furnishing and installing structural steel at the Museum Pavilion at the World Trade Center site, by the Port Authority paying to W&W the amount of \$6.825 million.

REVISED MINIMUM WAGE POLICY AND GUIDELINES FOR NON-TRADE LABOR SERVICE CONTRACTS – ALL FACILITIES (NOT ADOPTED)

The wage and benefit provisions in what has come to be known as “non-trade labor service contracts” have been a topic of discussion with the Board from time to time over the years to ensure that these provisions continue to reflect Port Authority contracting policy, including the payment of fair wages and benefits under contracts procured by the Port Authority. In the 1980s, as the Port Authority outsourced various services, in order to achieve a consistent cost effective approach to these contracts, the Port Authority established minimum average wage requirements for contractors’ employees performing under certain Port Authority contracts, including non-trade labor service contracts. The most recent manifestation of this dialogue resulted in the Board’s adoption, on April 24, 2014, of a minimum wage policy for certain non-trade labor service contracts at Port Authority facilities.

In order to further the Port Authority’s commitment to fair wages and benefits for non-trade labor service contract workers at the Port Authority’s facilities and to enhance safety, security and quality of customer service at those facilities, it was recommended that the Port Authority’s policy established in April 2014 for non-trade labor service contractors doing businesses at all Port Authority facilities to pay their workers an appropriate minimum wage be revised. It was also recommended that the Executive Director be authorized to amend the minimum wage guidelines to implement such policy at Port Authority facilities, with such guidelines to generally include (i) the types of non-trade labor services to be covered; (ii) the hourly wage to be paid to the lowest paid workers in such covered categories, with a goal of implementing an increase in the pay for low wage covered workers to the applicable minimum wage required by the law of New York or New Jersey, provided that where there is a conflict between the laws of the States and/or municipality, the higher of the minimum wages be adopted by the Port Authority, but in no event may the pay be at a rate of less than \$10.10 per hour (the rate pursuant to the policy adopted by the Board in April 2014); (iii) an appropriate cost of living increase for the established wage levels; (iv) a plan for the development of enhanced wages and benefits, including health benefits for covered workers.

In order to achieve compliance with the policy and the guidelines to be established at Port Authority facilities including the airports, it was also recommended that the Executive Director be authorized to amend applicable facility rules, regulations, tariffs or like mechanisms, and to include appropriate provisions in new or amended agreements, permits and contracts requiring that such non-trade labor service contractors, as a condition of doing business at Port Authority facilities, pay their covered workers the minimum wage levels set forth in the policy and guidelines.

Pursuant to the foregoing report, the following resolution was not adopted, with Commissioners Cohen, Fascitelli, James, Laufenberg, Lipper, Lynford and Rechler voting in favor; and Commissioners Bagger, Degnan, Schuber and Steiner voting against. Assistant General Counsel confirmed that there were insufficient affirmative votes cast, and that a quorum of the Board was present.

REVISED MINIMUM WAGE POLICY AND GUIDELINES FOR NON-TRADE LABOR SERVICE CONTRACTS – ALL FACILITIES – ALTERNATE PROPOSAL (NOT ADOPTED)

The wage and benefit provisions in what has come to be known as “non-trade labor service contracts” have been a topic of discussion with the Board from time to time over the years to ensure that these provisions continue to reflect Port Authority contracting policy, including the payment of fair wages and benefits under contracts procured by the Port Authority. In the 1980s, as the Port Authority outsourced various services, in order to achieve a consistent cost effective approach to these contracts, the Port Authority established minimum average wage requirements for contractors’ employees performing under certain Port Authority contracts, including non-trade labor service contracts. The most recent manifestation of this dialogue resulted in the Board’s adoption, on April 24, 2014, of a minimum wage policy for certain non-trade labor service contracts at Port Authority facilities.

In order to further the Port Authority’s commitment to fair wages and benefits for non-trade labor service contract workers at the Port Authority’s facilities and to enhance safety, security and quality of customer service at those facilities, it was recommended that the Port Authority's policy established in April 2014 for non-trade labor service contractors doing businesses at all Port Authority facilities to pay their workers an appropriate minimum wage be revised. It was also recommended that the Executive Director be authorized to amend the minimum wage guidelines to implement such policy at Port Authority facilities, with such guidelines to generally include (i) the types of non-trade labor services to be covered; (ii) the hourly wage to be paid to the lowest paid workers in such covered categories, with the pay for low wage covered workers to be equal to or greater than the minimum wage specified by the law of New York or New Jersey, based on the State in which a particular Port Authority facility is located, but in no event may the pay be at a rate of less than \$10.10 per hour (the rate pursuant to the policy adopted by the Board in April 2014); (iii) an appropriate cost of living increase for the established wage levels; and (iv) a plan for the development of enhanced wages and benefits, including health benefits for covered workers.

In order to achieve compliance with the policy and the guidelines to be established at Port Authority facilities including the airports, it was also recommended that the Executive Director be authorized to amend applicable facility rules, regulations, tariffs or like mechanisms, and to include appropriate provisions in new or amended agreements, permits and contracts requiring that such non-trade labor service contractors, as a condition of doing business at Port Authority facilities, pay their covered workers the minimum wage levels set forth in the policy and guidelines.

Pursuant to the foregoing report, the following resolution was not adopted, with Commissioners Bagger, Degnan, Schuber and Steiner voting in favor; Commissioners Cohen, Fascitelli, James, Laufenberg, Lipper, Lynford and Rechler voting against. Assistant General Counsel confirmed that there were insufficient affirmative votes cast, and that a quorum of the Board was present.

Whereupon, the meeting was adjourned.

Secretary