

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**MINUTES**

**Thursday, November 19, 2015**

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, November 19, 2015 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. Raymond M. Pocino  
 Hon. William P. Schuber  
 Hon. David S. Steiner

**NEW YORK**

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

Patrick J. Foye, Executive Director  
 Richard Holwell, General Counsel  
 Karen E. Eastman, Secretary

David Andril, Senior Project Manager, World Trade Center Redevelopment  
 Julia Basile, Deputy Director, Human Resources  
 Thomas E. Belfiore, Chief Security Officer  
 John Bilich, First Deputy Chief Security Officer  
 Thomas L. Bosco, Director, Aviation  
 Molly C. Campbell, Director, Port Commerce  
 Steven J. Coleman, Deputy Director, Media Relations  
 Janet Cox, Director, Management and Budget  
 Nicole Crifo, Senior Advisor to the Chairman  
 Stephanie E. Dawson, Acting Chief Operating Officer  
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate  
 John C. Denise, Audio Visual Supervisor, Marketing  
 Sean M. Fitzpatrick, Chief of Staff to the Chairman  
 Robert E. Galvin, Chief Technology Officer  
 David P. Garten, Chief of Staff to the Vice Chairman  
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs  
 Diana Guzman-Hall, Secretary to the Executive Director  
 Brian Jacob, Principal Board Management and Support Specialist, Office of the Secretary  
 Howard G. Kadin, Esq., Law  
 Sherien N. Khella, Financial Advisor to the Chief Financial Officer  
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
 Annesa H. Lau, Supervising Financial Analyst, Management and Budget  
 William Laventhal, Executive Policy Analyst, Office of the Executive Director  
 Andrew G. Levine, Director, Audit Department  
 Diana Lopez, Senior Advisor, LaGuardia Redevelopment Program, Aviation  
 John H. Ma, Chief of Staff to the Executive Director  
 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  
 Gerard McCarty, Director, Office of Emergency Management  
 James E. McCoy, Manager, Board Management Support, Office of the Secretary  
 David J. McGrath, Manager of Marketing and Communications  
 Carlene V. McIntyre, Assistant General Counsel  
 Emily Miuccio, Senior Business Manager, Special Panel Implementation Office  
 Mark F. Muriello, Deputy Director, Tunnels, Bridges and Terminals  
 Annie O. Persaud, Assistant Director, Program Review and Evaluation, Management and Budget  
 Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction  
 Beth E. Siegel, Director, Capital Programs  
 James A. Starace, Chief Engineer/Director of Engineering  
 Timothy G. Stickelman, Assistant General Counsel  
 K. Ocean Stokes, Associate Board Management and Support Specialist, Office of the Secretary  
 Ralph Tragale, Assistant Director, Public Affairs, Aviation  
 Lillian D. Valenti, Chief Procurement and Contracting Officer  
 Sheree R. Van Duynes, Manager, Policies and Protocol, Office of the Secretary  
 Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York  
 Kathryn Winfree, Assistant Policy Analyst, Government and Community Affairs

Guests:

Sandy S. Castor, Program Associate of Transportation, Office of the Governor of New York  
 Lisa LeBoeuf, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Muhammad Ali, Unite Here  
 Murray Bodin, Member of the Public  
 Janna Chernetz, Tri-State Transportation Campaign  
 Margaret Donovan, Twin Towers Alliance  
 Christina Dorotin, Unite Here  
 Rona Dowden, Unite Here  
 Richard Hughes, Twin Towers Alliance  
 Eduardo Lopez, Unite Here  
 Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 3:25 p.m. and ended at 4:22 p.m. The Board also met in executive session prior to the public session.

### **Action on Minutes**

The Secretary submitted for approval Minutes of the meeting of October 22, 2015. 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 October 23, 2015. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on November 9, 2015.

Whereupon, the Board unanimously approved the Minutes of the meeting of October 22, 2015.

### **Report of Audit Committee**

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on November 4, 2015, which included discussion of 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 in executive session at its meeting on November 4, 2015, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or the public interest, 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.

### **Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on November 19, 2015, which included discussion of staff overtime results for the third quarter of 2015, and the report was received.

### **Report of Committee on Capital Planning, Execution and Asset Management**

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public session at its meeting on November 19, 2015, which included discussion of capital performance results for the third quarter of 2015, and the report was received.

**Report of Joint Meeting of Committees on Capital Planning, Execution and Asset Management, Finance and Operations**

The Committees on Capital Planning, Execution and Asset Management, Finance and Operations reported, for information, on matters discussed in executive session at their joint meeting on November 19, 2015, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

## **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 Pocino, 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 Richard J. Holwell as General Counsel of The Port Authority of New York and New Jersey. Mr. Holwell began his service on November 5, 2015."

Pursuant to the foregoing report, Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor, Richard J. Holwell 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.

**PORT JERSEY-PORT AUTHORITY MARINE TERMINAL – AMENDMENT TO  
MEMORANDUM OF AGREEMENT WITH PASSAIC VALLEY SEWERAGE  
COMMISSION**

It was recommended that the Board authorize the Executive Director to enter into an amendment (Amendment) to the Memorandum of Agreement (MOA) with the Passaic Valley Sewerage Commission (PVSC), dated January 1, 2014, which grants the PVSC certain property access rights to maintain, repair and replace its Outfall Tunnel that runs underneath the Port Jersey-Port Authority Marine Terminal (Port Jersey), to: (1) provide for an extension of the MOA's current termination date of December 31, 2043, in perpetuity, or until such time as the Outfall Tunnel is abandoned; and (2) require the Port Authority to mandate that any future owner or successor tenant of Port Jersey provide similar access to the PVSC as provided under the amended MOA.

The PVSC is a regional sewerage commission, established by act of the New Jersey State Legislature in 1902, with the mission of alleviating pollution in the Passaic River and its tributaries that feed the Newark and New York Bays. The PVSC treats wastewater for an area composed of 48 municipalities situated within the Port District and serves approximately 1.4 million of their residents. The PVSC constructed the Newark Bay Treatment Plant in 1925 with the ability to process over 300 million gallons of wastewater daily across 22 miles of tunnel.

As part of its operation, pursuant to an existing development easement, the PVSC owns, maintains and operates a pressurized Outfall Tunnel that runs beneath the northeastern end of Port Jersey and discharges treated effluent into the New York/New Jersey Harbor.

At its meeting of July 24, 2013, the Board authorized, among other things, the amendment of certain agreements to allow Royal Caribbean Cruise Lines (RCCL) to construct and operate a new passenger cruise terminal at the Cape Liberty Cruise Port (CLCP), located at Port Jersey, through December 31, 2043. The new passenger cruise terminal was constructed within the PVSC's development easement.

Given that the Outfall Tunnel runs beneath the CLCP property, and PVSC owns an easement to maintain, repair and replace the Outfall Tunnel, the construction of the new RCCL passenger cruise terminal at Port Jersey required the PVSC's consent. Furthermore, the Port Authority, as the owner of the CLCP property, was required to provide PVSC with property access (including surface access as reasonably required) for the maintenance, repair and replacement of the Outfall Tunnel. The terms of such access were set forth in the MOA. The term of the MOA coincided with the duration of the RCCL agreements, through December 31, 2043. Pursuant to the MOA, in the event that PVSC is required to repair or replace the Outfall Tunnel, PVSC would be responsible for all costs associated with such work, inclusive of restoring the surface to its pre-construction condition and maintaining the flow of traffic during construction.

As a condition to its consent to the passenger cruise terminal project, PVSC required the assurance from Port Authority staff that it would make a good-faith request to the Board of Commissioners for the authorization of PVSC access to maintain, repair or replace the Outfall Tunnel beyond December 31, 2043. The Amendment would extend access rights to PVSC, under the same terms as in the MOA, in perpetuity, or until such time as the Outfall Tunnel is abandoned. In addition, the Amendment would obligate the Port Authority to require any successor owner or tenant at the CLCP property to provide access rights to the PVSC for the maintenance and repair of the Outfall Tunnel.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 amendment to the Memorandum of Agreement (MOA) with the Passaic Valley Sewerage Commission (PVSC), dated January 1, 2014, which grants the PVSC certain property access rights to maintain, repair and replace its Outfall Tunnel that runs underneath the Port Jersey-Port Authority Marine Terminal (Port Jersey), to: (1) provide for an extension of the MOA's current termination date of December 31, 2043, in perpetuity, or until such time as the Outfall Tunnel is abandoned; and (2) require the Port Authority to mandate that any future owner or successor tenant of Port Jersey provide similar access to the PVSC as provided under the amended MOA; 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 necessary or appropriate in connection with the foregoing; and it is further

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

## **PORT OF NEW YORK AND NEW JERSEY – OCEAN-GOING VESSEL CLEAN VESSEL INCENTIVE PROGRAM – AMENDMENT AND EXTENSION**

It was recommended that the Board: (1) amend the Ocean-going Vessel Clean Vessel Incentive (CVI) Program authorized by the Board at its meeting of August 1, 2012, to provide for: (a) the provision of approximately \$3.125 million in additional funding, increasing the total estimated cost of the program from up to \$4.875 million to approximately \$8 million; (b) a three-year extension of the program term, through December 31, 2018; and (c) modifications to the scoring system utilized to qualify vessels to receive the incentive; and (2) authorize the Executive Director to amend and extend the Interconnection Security Agreement with the United States Coast Guard (Coast Guard) for a three-year period, through December 31, 2018, to provide vessel tracking data to support the CVI Program, at no cost to the Port Authority.

In November 2008, the Board adopted a Statement of Principles for Improving Air Quality at the Port of New York and New Jersey (Statement of Principles) that reaffirmed its support of the Port Authority's continuing sustainability initiatives to reduce port-related emissions of particulate matter, nitrogen oxides, and sulfur dioxides by three percent and greenhouse gases by five percent on an annual basis, with the goal of achieving an 80-percent reduction in greenhouse gas emissions from 2006 levels by 2050. The Statement of Principles also stated that the Port Authority would take the lead to develop a Clean Air Strategy for the Port of New York and New Jersey (Port), to reduce Port-related diesel and greenhouse gas emissions by achieving reductions in advance of potential or future applicable regulations. The Clean Air Strategy for the Port, which was completed in October 2009 and updated in December 2014, identified a range of emission reduction actions organized by the sources of maritime emissions, including ocean-going vessels, cargo-handling equipment, rail, trucks, and harbor vessels, and committed up to \$30 million for such purposes.

In furtherance of the Statement of Principles and Clean Air Strategy for the Port, at its meeting of August 1, 2012, the Board authorized the CVI Program for a three-year period, from January 1, 2013 through December 31, 2015, to encourage the operators of ocean-going vessels that call at Port Authority marine terminal facilities to make voluntary engine, fuel and technology enhancements that reduce emissions beyond the regulatory environmental standards set by the International Maritime Organization (IMO), at a total cost to the Port Authority of up to \$4.875 million.

Fifty-five of the world's key ports – including the Port of New York and New Jersey – have committed to reducing their greenhouse gas emissions. A web-based tool, known as the Environmental Ship Index (ESI), was developed to identify vessels that perform beyond the regulatory environmental standards set by the IMO in reducing air emissions based on the score the vessel achieves. Shipping lines voluntarily register their vessels in the ESI and provide information that includes engine specifications and emissions certification, type of fuel purchased, installation of plug-in-ready on-board shore power equipment, and development and use of a vessel energy efficiency management plan. Using that information, the ESI Bureau calculates a score for the vessel and publishes the score on its website.

Under the current CVI Program, the Port Authority utilizes the ESI to offer an incentive to operators of ocean-going vessels that call at Port Authority marine terminal facilities. Vessel

operators that adopt some or all of the measures listed in the ESI qualify to receive financial incentives based on the overall score that the vessel achieves. In addition, vessels can increase their scores by participating in the vessel speed reduction program, which is an initiative to reduce emissions from ocean-going vessels by reducing vessel speed to no more than ten knots from a point 20 nautical miles from the entrance to the New York/New Jersey Harbor to the Verrazano-Narrows Bridge. Vessels that achieve a score of 20-29 points (inclusive of the five points assigned for participation in the vessel speed reduction program) qualify to receive a fixed financial incentive of \$1,500 per vessel call. Vessels that achieve a score of 30 points or greater (inclusive of the five points assigned for participation in the vessel speed reduction program) qualify to receive a fixed financial incentive of \$2,500 per vessel call. Additionally, in order to encourage vessel operators to send their cleanest ships to the Port, the CVI Program provides an additional incentive for ships equipped with Tier II and Tier III engines, in the amount of \$1,000 and \$2,000, respectively, per vessel call. Tier II and Tier III engines are 15-percent and 80-percent cleaner, respectively, than Tier I engines.

It is estimated that, since its inception, more than 1,900 qualifying vessels will have participated in the CVI Program through the current expiration date of December 31, 2015. Total emission reductions to be realized as a result of the CVI Program through December 2015 are projected to be over 200 tons of nitrogen oxides, 21,480 tons of carbon dioxide, 115 tons of particulate matter, and 884 tons of sulfur oxides.

In order to continue to realize the benefits associated with the CVI Program, authorization hereby was requested for additional funds, in the amount of \$3.125 million, and a three-year time extension of the program. Additionally, in order to accommodate a change to the ESI scoring calculation, a modification to the scoring system was requested. Effective January 1, 2016, ocean-going vessels that also participate in the vessel speed reduction program would be able to add up to 20 points to their ESI score. Vessels that comply with the speed reduction program, either arriving or departing a Port Authority marine terminal facility, would receive ten additional points. Vessels that comply with the vessel speed reduction program in both directions (arriving and departing a Port Authority marine terminal facility) would receive 20 additional points. Vessels that achieve a score of 20-34 (inclusive of up to 20 points assigned for participation in the vessel speed reduction program) would qualify to receive a fixed financial incentive of \$1,000 per vessel call; vessels with a score of 35-44 (inclusive of up to 20 points assigned for participation in the vessel speed reduction program) would qualify to receive a fixed financial incentive of \$1,500 per vessel call; and vessels with a total score of 45 points or greater (inclusive of up to 20 points assigned for participation in the vessel speed reduction program) would qualify to receive a fixed financial incentive of \$2,500 per vessel call. The structure of the scoring system and financial incentives would be reviewed by the Director, Port Commerce Department, annually, and adjusted as appropriate.

All other terms and conditions of the current CVI Program would remain in effect through the extension period.

In addition to amending and extending an existing Interconnection Security Agreement with the Coast Guard, the Port Authority would retain Starcrest Consulting Group, LLC (Starcrest), for an approximate three-year term, to provide continued administrative and technical support for the CVI Program, at an estimated cost to the Port Authority of \$210,000, which is included in the total

amount requested for the program. Starcrest would continue to utilize the Coast Guard Automatic Identification System data feed to identify and verify that vessels enrolled in the CVI Program are complying with the vessel speed reduction limitation.

Port Authority funds in connection with the CVI Program, as amended, would be provided for approximately three additional years, through 2018. Consistent with the terms of the existing program, should the total funding allocated for a calendar year be exhausted, the payment of additional incentives under the CVI Program would be suspended for the remainder of that year.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 Ocean-going Vessel Clean Vessel Incentive (CVI) Program, as authorized by the Board at its meeting of August 1, 2012, be and it hereby is amended, to provide for: (1) the provision of approximately \$3.125 million in additional funding, increasing the total estimated cost of the program from up to \$4.875 million to approximately \$8 million; (b) a three-year extension of the program term, through December 31, 2018; and (c) modifications to the scoring system utilized to qualify vessels to receive the incentive, with the structure of the program's scoring system and financial incentives to be reviewed by the Director, Port Commerce Department, annually, and adjusted as appropriate, all substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to amend and extend the Interconnection Security Agreement with the United States Coast Guard for a three-year period, through December 31, 2018, to provide vessel tracking data to support the CVI Program, at no cost to the Port Authority; 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 any and all action to effectuate the foregoing, including the execution of agreements, contracts and other documents to facilitate such action, together with amendments and supplements thereof, including amendments and supplements to existing agreements, and to take action in accordance with the terms of such agreements, contracts and other documents as may be necessary in connection therewith; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – H & M INTERNATIONAL TRANSPORTATION, INC. – NEW LEASE ANC-510**

It was recommended that the Board authorize the Executive Director enter into a new 20-year lease agreement with H&M International Transportation, Inc. (H&M) to provide for: (1) the letting of approximately 37,086 square feet of space in multi-tenant Cargo Building 157 (Building 157) at Newark Liberty International Airport (EWR), commencing on or about January 1, 2016; and (2) Port Authority reimbursement to H&M, in an amount not to exceed \$2 million, for the construction of a new United States Central Air Cargo Examination Facility (CACEF) by H&M, with H&M paying additional rent in connection therewith over the term of the lease, on a financially self-sustaining basis.

International air cargo entering the United States through EWR is examined at the CACEF. H&M, performing as a contractor for the federal government, provides space and operates the CACEF on behalf of the United States Department of Homeland Security and its sub-agency, U.S. Customs and Border Protection. H&M has operated the existing CACEF at various locations at EWR since 1989. Currently, H&M operates the CACEF at Building 151A, which has exceeded its useful life.

The proposed lease agreement would relocate H&M's CACEF operations to a warehouse bay and mezzanine office space that is currently available for lease in a portion of Building 157. H&M would accept the space in its "as is" condition and be responsible for the construction of improvements to accommodate its CACEF operations. The lease would be effective on or about January 1, 2016, with rent commencing the earlier of six months from lease commencement or completion of construction. H&M would pay the Port Authority an aggregate rental of \$14.5 million over the term of the proposed lease.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 lease agreement with H&M International Transportation, Inc. (H&M) for: (1) the letting of approximately 37,086 square feet of space in Cargo Building 157 at Newark Liberty International Airport, for a term of 20 years; and (2) Port Authority reimbursement to H&M, in an amount not to exceed \$2 million, for the construction of a new United States Central Air Cargo Examination Facility by H&M, with H&M paying additional rent in connection therewith over the term of the lease, on a financially self-sustaining basis, all substantially in accordance with the terms outlined to the Board; and it is further

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

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

**STEWART INTERNATIONAL AIRPORT – AUTHORIZATION OF MEMORANDUM OF AGREEMENT WITH UNITED STATES CUSTOMS AND BORDER PROTECTION FOR INSPECTION SERVICES**

It was recommended that the Board authorize the Executive Director to enter into: (1) a memorandum of agreement (MOA) with United States Customs and Border Protection (CBP), an agency of the United States Department of Homeland Security, for CBP to provide inspection services at Stewart International Airport (SWF), as required under Section 236 of the federal Trade and Tariff Act of 1984, as amended, at a cost of approximately \$161,936 for the first year of the MOA, with the cost for subsequent years subject to adjustment, based on the volume of services provided; and (2) any future modification(s) to the MOA as may be appropriate in order to ensure the continued provision of such inspection services.

CBP is in the process of updating each of its legacy User Fee Agreements, which originally had been executed with the former U.S. Customs Service, its predecessor entity. In accordance with CBP national policy, it is seeking an agreement directly with the Port Authority, the airport operator, for the continuation of CBP inspection services at SWF.

Based on the volume of international activity at the Port Authority's other airports, CBP currently provides these services at John F. Kennedy International, Newark Liberty International, LaGuardia and Teterboro Airports at no cost to the Port Authority. However, the volume of business at SWF does not meet the minimum thresholds to justify the provision of inspection services by CBP on a non-reimbursable basis. This is consistent with CBP arrangements with other regional and national airports with limited scheduled international flights.

At SWF, CBP provides the service equivalent of one officer for 40 hours per week, which is the minimum service level established under the User Fee Airport Program. The cost of this service level for the first year of the agreement is approximately \$161,936.

The proposed MOA would be for an indefinite term. Each party would retain the unconditional right to terminate the MOA upon 120 days' written notice. Under the terms of the MOA, CBP's hours of operations and other service provisions could be modified, based on need and subject to mutual agreement.

The continuation of CBP inspection services at SWF is essential for SWF to function as an international airport. The proposed agreement with CBP would provide for flexibility to increase inspection services as demand warrants, permitting SWF to attract general aviation, air cargo and passenger flights.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 memorandum of agreement (MOA) with United States Customs and Border Protection (CBP), an agency of the

United States Department of Homeland Security, for CBP to provide inspection services at Stewart International Airport, at a cost of approximately \$161,936 for the first year of the MOA, with the cost for subsequent years subject to adjustment, based on the volume of services provided; and (2) any future modification(s) to the MOA as may be appropriate in order to ensure the continued provision of such inspection services; and it is further

**RESOLVED**, that the form of the foregoing MOA and any modifications thereto shall be subject to the approval of General Counsel or his authorized representative.

**JOHN F. KENNEDY INTERNATIONAL, NEWARK LIBERTY INTERNATIONAL, LAGUARDIA AND STEWART INTERNATIONAL AIRPORTS --- REPLACEMENT OF THE PARKING ACCESS AND REVENUE CONTROL SYSTEMS — PROJECT AUTHORIZATION AND AWARD OF CONTRACT FOR THE DESIGN, INSTALLATION AND MAINTENANCE OF A NEW SYSTEM**

It was recommended that the Board authorize: (1) a project for the final design and installation of a new Parking Access and Revenue Control System (PARCS) at John F. Kennedy International Airport (JFK), Newark Liberty International Airport (EWR), LaGuardia Airport (LGA), and Stewart International Airport (SWF), at an estimated total project cost of \$65.2 million; and (2) the Executive Director to award a contract to design and install the PARCS, as well as to provide system maintenance for a 12-year period, at a total estimated amount of \$127.9 million.

The existing PARCS was installed by Federal APD, Inc. (now 3M), beginning in 2002 at JFK, EWR and LGA. The system covers 23 parking lots and garages and encompasses 190 entry and exit lanes. All lanes have cashier booths to accept cash, debit or credit card payment, as well as the ability to accommodate E-ZPass payment. The system has exceeded its design life, and lacks many features that are now standard for such systems with respect to customer service, marketing, reporting, data analysis, accountability and revenue control. A separate system has been in place at SWF since 2008, which was under construction at the time the Port Authority acquired the SWF lease in 2007. The system at SWF, which was installed and is currently maintained by 3M, covers two parking lots and encompasses 20 entry and exit lanes, with all lanes having cashier booths to accept cash, debit or credit card payment. Both systems are equipped with license plate recognition components at all entry and exit lanes, and provide the Port Authority and its contracted parking lot operators with the ability to generate reports to verify the collection, recording, depositing and reporting of revenues generated. 3M, the current maintenance contractor for both systems, has indicated its intent to exit the business of maintaining such systems, and therefore will not continue to maintain these systems beyond December 31, 2016.

The proposed project would provide for the replacement of all equipment software and infrastructure necessary to provide a new PARCS, including expanded features for the convenience of customers, such as on-line parking reservations, and prepayment functionality and acceptance of alternate payment instruments.

The proposed contract, which would be awarded pursuant to a publicly advertised Request for Proposals process, would provide for the design, installation and 12-year maintenance of the new PARCS, as well as interim maintenance services for the existing systems until such time as the new PARCS is fully functional at each of the four airports, at an estimated aggregate amount of \$127.9 million. Of that amount, approximately \$48.5 million is for the design and installation of the system, and \$79.4 million is for the 12-year maintenance costs.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 installation of a new Parking Access and Revenue Control System (PARCS) at John F. Kennedy International Airport (JFK), Newark Liberty International Airport (EWR), LaGuardia Airport (LGA), and Stewart International Airport (SWF), at an estimated total project cost of \$65.2 million, be and it hereby is authorized; and it is further

**RESOLVED**, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to award a contract, pursuant to a publicly advertised Requests for Proposals process, to design, install, and maintain for a 12-year term a new PARCS at JFK, EWR, LGA and SWF, at a total estimated amount of \$127.9 million; and it is further

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

**ONE WORLD TRADE CENTER - INCREASE IN SCOPE TO THE EXISTING OWNER'S REPRESENTATIVE AND CONSTRUCTION MANAGER AGREEMENT WITH AFFILIATES OF THE DURST ORGANIZATION IN SUPPORT OF THE EXPANSION OF THE TENANT PREBUILT PROGRAM AND OTHER CONSTRUCTION ACTIVITIES**

In connection with the leasing and fit-out of One World Trade Center (One WTC), it was recommended that the Board authorize the Executive Director to amend agreements with Royal 1 WTC Management LLC (Royal), an affiliate of the Durst Organization (Durst), to increase the scope of the Owner's Representative and Construction Manager Agreement, at an aggregate estimated cost of \$47 million, to include: (1) a third phase of the Tenant Prebuilt Program, consisting of three full floors and one partial floor of additional prebuilt suites; (2) a tenant amenity space on the 64<sup>th</sup> floor, which would provide conference facilities and other amenities to office space tenants; and (3) certain capital improvements to benefit tenants and enhance operational efficiency.

At its meeting of August 5, 2010, the Board authorized a transaction with Durst for Durst to become a joint venture partner with the Port Authority in the net leasehold interest of One WTC and to participate and/or advise in the construction, financing, leasing, management and operation of One WTC. Durst since has provided advice and other services to the Port Authority in support of interim facilities essential for the timely establishment of One WTC leasing and operations.

The pre-built program was developed to meet the demand for leased premises smaller than the standard floor plates of 32,000 to 48,000 square feet at One WTC. The program was designed to accommodate significant demand for small commercial office space in lower Manhattan. The Board previously authorized Phases I and II of the prebuilt program at its meetings of July 24, 2013 and October 22, 2014, respectively, to accommodate this demand, at an aggregate cost of \$44.5 million. To date, approximately 80,000 rentable square feet of prebuilt space is under signed or pending lease at One WTC, representing approximately 57 percent of the total pre-built inventory under the first two phases.

The tenant amenity space, to be located on a portion of the 64<sup>th</sup> floor (Sky Lobby / transfer floor), is under design, and is expected to contain conference facilities, a coffee bar and other service-related amenities, similar to those provided by other Class-A office buildings in Manhattan.

Certain capital improvements are required in order to meet tenant needs and increase operational efficiency at One WTC, including interim safety enhancements to the window-washing rigs building maintenance units.

The proposed added scope of the agreements with Royal includes the following: (1) development of up to three full floors and one partial floor of additional pre-built space to accommodate tenants who wish to occupy less than a full floor or who lease multiple floors, including a partial floor, at an estimated cost of \$33 million; (2) development of tenant amenity space on the 64<sup>th</sup> floor, at an estimated cost of \$10 million; and (3) the aforementioned capital improvements, at an estimated cost of \$4 million.

The Joint Venture Agreement and related documents authorized by the Board on August 5, 2010 and May 25, 2011 anticipated that Durst would act as construction manager or owner's

representative with respect to the fit-out of space within One WTC, and specified that a separate agreement would be reached on the terms of such work. Accordingly, on July 24, 2013, the Board authorized the Owner's Representative and Construction Management agreement with Royal to act as the Owner's Representative and Construction Manager for the fit-out of a Tenant Prebuilt Program in One WTC, and for the fit-out of the ground floor lobby and Sky Lobby of One WTC.

Royal would retain construction services necessary to implement the work through procurement processes, as defined in the agreements.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino, 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 amend agreements with Royal 1 WTC Management LLC, an affiliate of the Durst Organization, to increase the scope of the Owner's Representative and Construction Manager Agreement, at an aggregate estimated cost of \$47 million, to include: (1) a third phase of the Tenant Prebuilt Program, consisting of three full floors and one partial floor of additional prebuilt suites; (2) a tenant amenity space on the 64<sup>th</sup> floor, which would provide conference facilities and other amenities to office space tenants; and (3) certain capital improvements to benefit tenants and enhance operational efficiency; 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 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; and it is further

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

Whereupon, the meeting was adjourned.

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Secretary