THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES*
Thursday, May 26, 2016

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PENDING GUBERNATORIAL REVIEW

* The actions set forth in these Minutes shall have no force and effect until the expiration of the statutorily required gubernatorial review period (currently expected to occur at Midnight on June 14, 2016), unless sooner approved by the Governors of both the State of New York and the State of New Jersey, or vetoed by either.

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, May 26, 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. 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

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

Julia Basile, Deputy Director, Human Resources
Thomas E. Belfiore, Chief Security Officer
John Bilich, First Deputy Chief Security Officer
Vincent J. Borst, Assistant Director, Real Estate Services
Thomas L. Bosco, Director, Aviation
Molly C. Campbell, Director, Port Commerce
Edward Cetnar, Deputy Director Public Safety
Steven J. Coleman, Deputy Director, Media Relations
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
Benjamin Engle, Project Manager, Human Resources
Michael A. Fedorko, Director, Public Safety/Superintendent of Police
Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
Robert E. Galvin, Chief Technology Officer
David P. Garten, Chief of Staff to the Vice Chairman
Linda C. Handel, Deputy Secretary
Mary Lee Hannell, Chief, Human Capital
Patricia Hurley, Chief of Staff to the Chairman
Amanda Iocca, Associate Board Management and Support Specialist, Office of the Secretary
Howard G. Kadin, Esq., Law
James A. Keane, General Manager Operational Safety, Operations
Cristina M. Lado, Director, Government and Community Affairs, New Jersey
William Laventhal, Executive Policy Analyst, Office of the Executive Director
Diana Lopez, Senior Advisor, LaGuardia Redevelopment Program, Aviation
John H. Ma, Chief of Staff to the Executive Director
Stephen Marinko, Esq., Law

PENDING GUBERNATORIAL REVIEW

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
Kristine O'Brien, Leadership Fellow, Human Resources
Steven P. Plate, Chief, Major Capital Projects
Alan L. Reiss, Deputy Director, World Trade Center Construction
James A. Starace, Chief Engineer/Director of Engineering
Ralph Tragale, Assistant Director, Customer, Industry, and External Affairs, Aviation
Lillian D. Valenti, Chief Procurement and Contracting Officer
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York

Guests:
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:
Rosalyn Austin, Local 100
Christine Berthet, Community Board 4
Murray Bodin, Member of the Public
Stacy Bodtmann, American Federation of Government Employees
Janna Chernetz, Tri-State Transportation Campaign
Margaret Donovan, Twin Towers Alliance
Louis Heimbach, Stewart Airport Commission
Richard Hughes, Twin Towers Alliance
Steven Leone, Local 32BJ
Gertrudis Lopez, Local 32BJ
Stewart Mader, PATH Riders Council
Arthur Piccolo, Bowling Green Association, Inc.
George Pilieri, International Brotherhood of Electrical Workers
Emma Quail, Local 100
Jean Timmer, Local 32BJ
Lina Valdez-Fuentes, UNITE Here
Neile Weissman, New York Cycle Club

PENDING GUBERNATORIAL REVIEW

The public meeting was called to order by Chairman Degnan at 10:30 a.m. and ended at 11:31 a.m. The Board also met in executive session on May 20, 2016 and following the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meetings of March 24, 2016 and April 28, 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 March 28, 2016 and April 29, 2016, respectively. The Secretary reported further that the time for action by the Governors of New York and New Jersey had expired.

Whereupon, the Board unanimously approved the Minutes of the meetings of March 24, 2016 and April 28, 2016.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on May 4, 2016, which included discussion of matters involving external or internal investigations or audits, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

The Audit Committee also reported, for information, on matters discussed and action taken in public session at its meeting on May 26, 2016, which included discussion of the retention of independent auditors for the year ending December 31, 2016, and the report was received.

PENDING GUBERNATORIAL REVIEW

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in executive session at its meeting on May 4, 2016, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the purchase, sale, or lease of real property where disclosure would affect the value thereof or the public interest, and matters in which the release of information could impair the right to receive funds from the United States or other grantor, and the report was received.

Report of Committee on Security

The Committee on Security reported, for information, on matters discussed in executive session at its meeting on May 26, 2016, which included discussion of matters involving public safety or law enforcement, 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 May 26, 2016, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals related to proposed, pending, or current litigation or judicial or administrative proceedings, and the report was received.

Report of Committee on Governance and Ethics

The Committee on Governance and Ethics reported, for information, on matters discussed in executive session at its meetings on May 17, 2016 and May 26, 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.

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 May 26, 2016, which included a review of the Port Authority's Minority, Women-Owned and Small Business Enterprise participation results for 2015, and the report was received.

PENDING GUBERNATORIAL REVIEW

ELECTION OF OFFICER

Chairman Degnan announced that, in accordance with the provisions of the By-Laws, the election of Vice Chairman was in order, to succeed Vice Chairman Rechler.

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 for election to the office of Vice Chairman of The Port Authority of New York and New Jersey of Commissioner Steven M. Cohen."

Pursuant to the foregoing report, Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Pocino, Rechler, Schuber and Steiner voting in favor, Steven M. Cohen was unanimously elected as Vice Chairman of The Port Authority of New York and New Jersey. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

PENDING GUBERNATORIAL REVIEW

STEWART INTERNATIONAL AIRPORT – AGREEMENT FOR PROFESSIONAL BROKERAGE SERVICES

It was recommended that the Board authorize the Executive Director to enter into a brokerage agreement with Newmark Grubb Knight Frank (Newmark) to support the marketing and leasing of approximately 37 undeveloped acres in the Industrial Park located at Stewart Airport (SWF), for a one-year period, with Port Authority options to extend the agreement for up to two one-year periods.

As part of New York Governor Andrew Cuomo's *Start-Up NY* business incubator program, the State of New York (NYS) is offering new and expanding businesses the opportunity to operate on, or near, eligible university or college campuses in New York, free of NYS and local taxes for 10 years. The program allows new employees of participating businesses to pay no state or local personal income taxes. SWF was designated by NYS as an eligible *Start-Up NY* location. Seven undeveloped locations at SWF that are not suited for aviation purposes, and where attempts by the Port Authority at marketing the locations have not proven successful, were identified as candidate sites for the proposed brokerage services. These sites would greatly benefit from the *Start-Up NY* program's tax benefits, which would ensure they remain competitive with other *Start-Up NY* properties being marketed.

Empire State Development (ESD) and the State University of New York (SUNY) conducted a public procurement process to select brokerage firms to identify potential *Start-Up NY* opportunities, and selected Newmark for the southern portion of New York, which includes SWF. The Port Authority would retain Newmark to identify tenants interested in developing and leasing certain properties at SWF. Newmark has been under contract with ESD on the *Start-Up NY* initiative since 2014, and has been recommended by ESD to extend the effort to the properties at SWF.

The proposed agreement would allow the Port Authority to benefit from having an outside broker with a wide range of experience and contacts which would collaborate with the Port Authority to create and implement a marketing strategy to optimize the revenues at SWF and put to use undeveloped SWF parcels. The marketing of vacant parcels requiring substantial private capital investment would be aided by the *Start-Up NY* program's tax benefits.

The broker would be entitled to a commission only on agreements that meet the *Start-Up NY* program eligibility requirements and are accepted by the Port Authority and implemented by a developer. The commission would consist of a percentage of the lease revenue received by the Port Authority with respect to the aforementioned 37 acres, or any portion thereof, over a 10-year period. The maximum compensation to the broker is estimated at approximately $342,000. In instances where the Port Authority identifies and directly negotiates an agreement without involvement by Newmark or any other broker, Newmark would not receive a commission. The Port Authority would retain rights to approve or refuse any potential real estate deal, including those that it deems to be in conflict with airport operations or any federal airport statutes, rules, and/or regulations. Any new real estate development on the airport might also be subject to approval from the federal government.

PENDING GUBERNATORIAL REVIEW

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Degnan, James, Laufenberg, Lipper, Pocino, Rechler, Schuber and Steiner voting in favor; Commissioner Cohen recused and did not participate in the consideration of, or vote on, this item. Commissioner Fascitelli was not present for the vote. 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 brokerage agreement with Newmark Grubb Knight Frank to support the marketing and leasing of approximately 37 undeveloped acres in the Industrial Park at Stewart International Airport, for a period of one year, with Port Authority options to extend the agreement for up to two one-year periods; and it is further

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

PENDING GUBERNATORIAL REVIEW

ELIZABETH-PORT AUTHORITY MARINE TERMINAL – WATER SYSTEM REHABILITATION – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning and preliminary design work for a project to provide for the rehabilitation of sections of piping and fittings comprising the water distribution system at the Elizabeth-Port Authority Marine Terminal (EPAMT), at a total estimated cost of $1.73 million.

The water distribution systems at the Port Newark and EPAMT complex are operated and maintained by the Port Authority. The systems are composed of various-sized water main pipes, three pumping stations and two water storage facilities. The water distribution system at Port Newark originally was installed in the 1920s by the U. S. Navy; the system at the EPAMT originally was installed by the Port Authority in the 1960s. The Port Authority purchases water for Port Newark from the City of Newark's (City) Department of Public Works, and for the EPAMT from Liberty Water Company (owned and operated by New Jersey American Water). The Port Authority pipes the water to tenants and charges the tenants, according to meter readings, for the water they use.

To address certain water loss that has resulted in the Port Authority being charged by the City and New Jersey American Water for water in excess of amounts billable to tenants based on verified meter readings, the Port Authority has conducted studies to identify appropriate remedial actions to address this issue. The studies resulted in, among other things, a recommendation that certain sections of the water system be replaced, and a phased program subsequently was developed.

At its meeting of June 25, 2015, the Board authorized a project to complete the rehabilitation of sections of piping and fittings comprising the water distribution system at Port Newark, at a total estimated cost of $26.3 million, which was inclusive of certain previously authorized expenditures, to rehabilitate the water distribution system in the northeast and northwest sections at Port Newark by replacing a total of approximately 31,900 linear feet of piping and related infrastructure. Pursuant to that Board authorization, in 2015, the final contract in connection with the project was awarded to replace approximately 21,000 linear feet of piping and related infrastructure in the center and south sections of Port Newark.

The currently proposed authorization would provide for planning and preliminary design work for the next phase of the program, the EPAMT water system rehabilitation project. This proposed planning authorization would provide for: review of contract documents, "as built" drawings and other available information relating to the existing water system at the EPAMT; field investigations; documentation of existing conditions; coordination with tenants and review of tenants' development plans; analysis to determine appropriate methods of construction; preparation of preliminary design documents; estimation of construction costs; and analysis of staging options.

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

PENDING GUBERNATORIAL REVIEW

RESOLVED, that planning and preliminary design work for the rehabilitation of sections of piping and fittings comprising the water distribution system at the Elizabeth-Port Authority Marine Terminal, at a total estimated cost of $1.73 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 and preliminary design 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 and agreements in connection with the foregoing planning and preliminary design work shall be subject to the approval of General Counsel or his authorized representative.

PENDING GUBERNATORIAL REVIEW

CONFIDENTIAL ITEM

The Subcommittee approved a matter in executive session, which shall not be made available for public inspection.

PENDING GUBERNATORIAL REVIEW

CONFIDENTIAL ITEM

The Board approved a matter in executive session, which shall not be made available for public inspection.

PENDING GUBERNATORIAL REVIEW

Whereupon, the meeting was adjourned.

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Secretary

PENDING
GUBERNATORIAL
REVIEW