

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Wednesday, May 28, 2014

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Wednesday, May 28, 2014 at 225 Park Avenue South, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Richard H. Bagger
 Hon. Raymond M. Pocino
 Hon. William P. Schuber
 Hon. David S. Steiner

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. Kenneth J. Lipper
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler
 Hon. Rossana Rosado

Patrick J. Foye, Executive Director
 Deborah L. Gramiccioni, Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Thomas E. Belfiore, First Deputy Chief Security Officer
 Thomas L. Bosco, Director, Aviation
 Steven J. Coleman, Acting Director, Media Relations
 Nicole Crifo, Chief of Staff to the Deputy Executive Director
 Stephanie E. Dawson, Acting Chief Operating Officer
 John C. Denise, Audio Visual Supervisor, Marketing
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Robert Galvin, Chief Technology Officer
 David P. Garten, Senior Advisor to the Vice Chairman
 Lash L. Green, Director, Office of Business Diversity and Civil Rights
 Glenn P. Guzi, Senior External Affairs Representative, Government and Community Affairs
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Chief, Human Capital
 Anthony Hayes, Manager, Media Planning, Media Relations
 Howard G. Kadin, Esq., Law
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Richard M. Larrabee, Director, Port Commerce
 John H. Ma, Chief of Staff to the Executive Director
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
 Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
 Alan L. Reiss, Deputy Director, World Trade Center Construction
 Emily R. Shelton, Leadership Fellow, Human Resources
 Brian W. Simon, Director, Government and Community Affairs, New York
 K. Ocean Stokes, Associate Board Management and Support Specialist, Office of the Secretary
 Timothy G. Stickelman, Assistant General Counsel

Ralph Tragale, Assistant Director, Public Affairs, Aviation
I. Midori Valdivia, Senior Advisor to the Executive Director
Christopher M. Valens, Senior Public Information Officer, Media Relations
Lillian D. Valenti, Director, Procurement
Sheree R. Van Duynes, Manager, Policies and Protocol, Office of the Secretary
Cheryl A. Yetka, Treasurer
Peter J. Zipf, Chief Engineer

Guest:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
Luz Caraballo, Member, Unite Here
Mike Carey, Aviation Safeguard, 32BJ
Scherly Charles, Member, Unite Here
Michael DePasquale, IBEW, Port Authority Electrician
Margaret Donovan, Twin Towers Alliance
Antwain Harvey, Unite Here
Richard Hughes, Twin Towers Alliance
Charles Komanoff, New York Cycle Club
Yvonne Garrett-Moore, Member of the Public
Brittney Smith, Unite Here
Dave Stanke, Lower Manhattan Resident
Neile Weissman, New York Cycle Club

The public meeting was called to order by Vice-Chairman Rechler at 1:36 p.m. and ended at 2:41 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of April 23, 2014. 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 April 24, 2014. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 8, 2014.

Whereupon, the Board unanimously approved the Minutes of the meeting of April 23, 2014.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in public and executive sessions at its meeting on May 6, 2014, which included discussion of, and action taken, pertaining to the retention of independent auditors for the year ending December 31, 2014, and discussion of matters involving external or internal investigations or audits, matters involving personnel and personnel procedures, and matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

Report of Committee on Finance's Insurance Working Group

The Committee on Finance's Insurance Working Group reported, for information, on matters discussed in executive session at its meeting on May 6, 2014, which included discussion of matters related to ongoing reviews of contracts or proposals, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public and executive sessions at its meeting on May 6, 2014, which included discussion on quarterly financial results, and discussion of matters related to the purchase, sale, or lease of real property, or securities where disclosure would affect the value thereof or the public interest, and matters related to ongoing reviews of contracts or proposals, and the report was received.

The Committee on Finance also reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on May 28, 2014, which included discussion of the financial portfolio performance results for the first quarter of 2014, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters in which the release of information could impair a right to receive funds from the United States or other grantor, 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 May 28, 2014, which included discussion of an item that authorizes the letting of certain retail, office and storage spaces at the Port Authority Bus Terminal, and discussion of staff overtime results for the first quarter of 2014, 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 public and executive sessions at its meeting on May 28, 2014, which included discussion of certain contracts and agreements in connection with the continued development and operation of the World Trade Center site, and a report on progress with regard to the redevelopment of the World Trade Center site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to proposed, pending, or current litigation or judicial or administrative proceedings, 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 May 28, 2014, which included discussion of a project for the replacement of Piers 9 and 204 at the Holland Tunnel, a review of the Port Authority's Minority, Women-Owned and Small Business Enterprise participation results for 2013, and an update on Capital Plan performance results for the first quarter of 2014, and the report was received.

**PORT AUTHORITY BUS TERMINAL – HUDSON GROUP (HG) RETAIL, LLC – LEASE
LBT-735 – NEW LEASE**

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Hudson Group (HG) Retail, LLC (Hudson) for the letting of approximately 14,065 square feet of retail, office and storage space located on the lower level, subway, ground, second, third and fourth floors of the North and South Wings of the Port Authority Bus Terminal (PABT). The lease term would commence on or about July 1, 2014 and end on the earlier of ten years from the date of delivery of the last retail space by the Port Authority or 11 years and six months from the lease commencement date.

Hudson would use the premises for the operation of typical Hudson News stores selling newspapers, magazines, candy, souvenirs and lottery tickets, except for one location, which also would incorporate a Dunkin Donuts franchise.

Hudson presently occupies space at the PABT under two leases, whose terms have expired. The new lease generally would include the spaces previously covered by the expired leases, but some spaces would be added, some surrendered and some reconfigured. After the addition, surrender and reconfiguration of such spaces, the leasehold premises would consist of a total of 13,302 square feet. There would be 17 Hudson locations at the PABT at lease commencement, with up to seven spaces to be added, in exchange for up to seven spaces to be surrendered during the early term of the lease. Hudson would renovate 14 spaces in three phases during the term, to initially equip and improve these spaces for Hudson's commencement or re-commencement of operations. In addition, Hudson would perform certain work on behalf of the Port Authority, for which it would receive a rental credit. Hudson has committed to invest up to \$5,366,172 for the renovations and other work.

The rent commencement date would be the lease commencement date. The aggregate fixed rent over the term of the lease would be approximately \$21.3 million. In addition, Hudson would pay percentage rent of gross receipts above specific thresholds.

Hudson would be responsible for all operational, maintenance and repair costs associated with the leased premises. The Port Authority would have the right to terminate the lease, without cause, on 30 days' notice. In the event the Port Authority exercised this right, without cause, the Port Authority would reimburse Hudson for its unamortized investment in the premises, with set amounts being allocable to specific spaces.

Consistent with the terms of the Retail Management Agreement for the North and South Wings of the PABT authorized by the Board at its May 18, 2010 meeting, the Port Authority would pay a commission to 20X Square Associates, LLC, in the amount of approximately \$338,423.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado and Schuber voting in favor; Commissioner Steiner recused and did not participate in the consideration of, or vote on, this item. 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 Hudson Group (HG) Retail, LLC for the letting of approximately 14,065 square feet of retail, office and storage space on the lower level, subway, ground, second, third and fourth floors of the North and South Wings of the Port Authority Bus Terminal, 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 and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – AGREEMENT WITH NEW YORK CITY DEPARTMENT OF PARKS AND RECREATION REGARDING MANAGEMENT AND MAINTENANCE OF TREES IN IDLEWILD PARK

It was recommended that the Board authorize the Executive Director to: (1) enter into a Memorandum of Agreement (MOA) with the City of New York, acting through its Department of Parks and Recreation (DPR), providing for: (a) mutual coordination and consultation on tree management and maintenance issues, including replacement of trees, in the Idlewild Park Preserve (Idlewild Park), located adjacent to John F. Kennedy International Airport (JFK); (b) the Port Authority to compensate DPR for the removal of certain trees that obstruct the runway flight safety clearance areas (Safety Areas) mandated by the Federal Aviation Administration (FAA) for Runways 4L-22R and 4R-22L (collectively, the Runways) at JFK, and for costs related to the ongoing management of tree obstructions at Idlewild Park over a ten-year period; and (c) mutually agreed-upon protocols for the replanting and reshaping of Idlewild Park in a manner that would reduce the potential for future obstructions to the Safety Areas; and (2) take any and all other actions necessary to fulfill the Port Authority's obligations under the MOA, including, but not limited to, the retention of surveyors, arborists, and tree removal and landscaping services.

Pursuant to the MOA, the Port Authority would provide DPR with \$7.5 million in compensation, which includes the following components: (1) \$2.2 million, representing an agreed-upon amount to be provided by the Port Authority to DPR as restitution for the removal of 312 trees in the Park; and (2) \$5.3 million, to be paid by the Port Authority to DPR in annual increments of \$530,000 over the ten-year term of the MOA, in order to address costs related to the ongoing management and maintenance of trees in Idlewild Park during the term of the MOA, and to provide for mutually agreed-upon protocols for the replanting and reshaping of Idlewild Park in a manner designed to reduce the potential for future obstructions to the Safety Areas. Should the Port Authority terminate the MOA prior to the expiration of its term, it would pay DPR the balance of any of the remaining funds to be paid for maintenance and management of trees, up to \$5.3 million.

Idlewild Park is located directly north of the Runways at JFK, and is in the path of the Safety Areas mandated by the FAA. In order to maintain its operational certificate for JFK, the Port Authority is required to work with adjacent property owners to ensure that the Safety Areas are maintained in accordance with FAA requirements. The Port Authority has completed aerial and ground geographic surveys of Idlewild Park to identify penetrations of the Safety Areas to and from the Runways. These surveys revealed that certain trees within Idlewild Park obstruct the Safety Areas.

The Port Authority initiated discussions with DPR, to address the Safety Areas obstructions and develop a long-term solution to the ongoing need for management and maintenance of trees in Idlewild Park. In furtherance of those objectives, the DPR and Port Authority have worked jointly to obtain a wetland permit from the New York State Department of Environmental Conservation, in order to perform the tree removal work.

The MOA would provide for restitution for the 312 trees currently obstructing the Safety Areas and address potential future restitution and tree removals over a ten-year period. The

presently required tree removal would be undertaken at the Port Authority's cost, while potential future tree removals would be undertaken at DPR's cost, in accordance with the terms of the MOA. The annual payments to be made by the Port Authority would provide for replanting with mutually agreed-upon species of trees at locations that would minimize the potential for such replanting to result in future Safety Areas obstructions.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. 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 Memorandum of Agreement (MOA) with the City of New York, acting through its Department of Parks and Recreation (DPR), providing for: (1) mutual coordination and consultation on tree management and maintenance issues, including the replacement of trees, in the Idlewild Park Preserve (Idlewild Park), located adjacent to John F. Kennedy International Airport (JFK); (b) the Port Authority to provide compensation to DPR, in the amount of \$7.5 million, for the removal of 312 trees that obstruct the runway flight safety clearance areas (Safety Areas) mandated by the Federal Aviation Administration for Runways 4L-22R and 4R-22L at JFK, and for costs related to the ongoing management of tree obstructions at Idlewild Park over a ten-year period; and (c) mutually agreed-upon protocols for the replanting and reshaping of Idlewild Park in a manner that would reduce the potential for future obstructions to the Safety Areas 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 take any and all other actions necessary to fulfill the Port Authority's obligations under the MOA, including, but not limited to, the retention of surveyors, arborists, and tree removal and landscaping services; and it is further

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

STEWART INTERNATIONAL AIRPORT – AIRPORT PROPERTIES I, LLC – LEASE AMENDMENT

At its special meeting of January 25, 2007, the Board authorized the Port Authority to acquire the lease for the operation of Stewart International Airport (SWF) and related airport assets. As part of the asset purchase, the Port Authority inherited various existing contractual agreements executed by the prior operator, SWF Airport Acquisition, Inc., including a lease with Airport Properties I, LLC (API) covering approximately 15 acres of ground area (Parcel A) for a 45-year term, with up to four, five-year renewal options, which provided API with a right, at its sole discretion, to lease an additional 7.2 acres (Parcel C) of ground area. As part of the lease, API was required to construct one extended-stay hotel and permitted to construct one or more short-stay hotels, a conference center and a freestanding restaurant or other commercial building. The option on the additional 7.2-acre parcel was exercised by API in 2011, in accordance with the lease terms.

In order to maximize the potential to accommodate future growth at SWF, it was recommended that the Board authorize the Executive Director to execute an amendment to the API lease, to be effective on or about June 15, 2014, to provide for the following: (1) the Port Authority to re-acquire Parcel C and a portion of Parcel A of the leasehold, in exchange for rent credits and reductions in the annual rent and minimum annual guarantee; (2) the Port Authority, at its sole discretion, to have the right to return the relinquished portion of Parcel A if API has not commenced construction of, or received a certificate of occupancy for, a second hotel within certain periods of time; (3) the extension, by ten years, of the period of time during which API has the right of first refusal to develop any additional hotels; and (4) the reduction of the amount of the fees to be paid to the Port Authority, in order to retain the renewal options in years 40 and 45 of the existing agreement.

Pursuant to the terms of its existing lease, in 2006, API constructed an extended-stay hotel on an approximate four-acre portion of Parcel A. To date, API has not constructed any of the other improvements contemplated at the time of lease execution and has indicated its interest in surrendering portions of its leasehold to the Port Authority.

The Port Authority has an interest in re-acquiring Parcel C, because it is in close proximity to the aeronautical area and passenger terminal, making it a prime area for future aeronautical expansion or other airport-related development. Also, the majority of the proposed acreage to be re-acquired in Parcel A is a parking lot. Reacquiring the parking lot would minimize the need for additional capital investment in overflow parking, should future annual passenger volumes warrant such an investment. In addition, the lease amendment and reduced rent payments from API would enhance API's ability to construct a second hotel on its leasehold, which would replace abandoned buildings on the airport, improve the airport's appearance and provide a positive economic impact for the region.

The amended lease terms would incentivize API to complete the development of the remaining portion of Parcel A, by providing that if construction of, or receipt of a certificate of occupancy for, the second hotel does not commence within defined periods of time, the Port Authority would have the sole right to return the relinquished land in Parcel A to API and revert back to the minimum annual guarantee included in its current lease covering Parcel A.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. 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 execute an amendment to an existing 45-year lease with Airport Properties I, LLC (API), which currently covers approximately 22.2 acres at Stewart International Airport, to provide for the following: (1) the Port Authority to re-acquire Parcel C and a portion of Parcel A of the leasehold, in exchange for rent credits and reductions in the annual rent and minimum annual guarantee; (2) the Port Authority, at its sole discretion, to have the right to return the relinquished portion of Parcel A if API has not commenced construction of, or received a certificate of occupancy for, a second hotel on its leasehold within certain periods of time; (3) the extension, by ten years, of the period of time during which API has the right of first refusal to develop any additional hotels; and (4) the reduction of the amount of the fees to be paid to the Port Authority, in order to retain the renewal options in years 40 and 45 of the existing agreement; 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 and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

HOLLAND TUNNEL – REPLACEMENT OF PROTECTIVE PIERS 9 AND 204 – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project to replace protective Piers 9 and 204 at the Holland Tunnel (HT), at an estimated total project cost of \$89.6 million; and (2) the Executive Director to: (a) award Contract HT-224.034 for the demolition of Pier 9 at the HT to the lowest qualified bidder, at an estimated total construction cost of \$14.6 million, inclusive of allowances for extra work, net cost work, and a contingency; (b) award Contract HT-224.127 for the demolition and replacement of Pier 204 and the replacement of Pier 9 at the HT to the lowest qualified bidder, at an estimated total construction cost of \$49.5 million, inclusive of allowances for extra work, net cost work, and a contingency; (c) enter into right-of-entry agreements with various entities and municipalities, as necessary to effectuate the construction of the project; (d) take action with respect to the award of other construction contracts, contracts for professional, technical and advisory services, and such other contracts as may be necessary to effectuate the project; and (e) take action with respect to the award of contracts for transportation services to and from Piers 9 and 204 as may be necessary in connection with the implementation of the project.

Pier 9 is located between the Jersey City shoreline in New Jersey and the New Jersey River Ventilation Building (NJRVB) of the HT. Pier 204 is the 150-foot-wide apron surrounding the NJRVB. Pier 9, which is over 1,000 feet long, connects Pier 204 to the Jersey City bulkhead, directly over the two tubes of the HT. Pier 9 was constructed in 1926 and Pier 204 in 1927. The Port Authority acquired title to Pier 9 in June 2000.

Piers 9 and 204 are the principal means of access to the NJRVB, providing for protection of the HT tubes and ventilation shafts between the tunnel and the NJRVB. They also protect from intrusion by small watercraft or individuals, and ensure emergency access to, and egress from, the HT for patrons and staff.

Pier 204 was rehabilitated between 2000 and 2003. The continuing deterioration of both piers led to the initiation of a Stage I Study to recommend how best to preserve the security of the HT, access to the NJRVB and emergency ingress/egress for the HT. The study's recommendations were to demolish Piers 9 and 204 and construct replacement structures, because both structures had exceeded their useful lives. Since the issuance of the study, additional priority repairs have been completed on the piers; however, sinkholes continue to appear in Pier 9, requiring continued repairs. Presently, some portions of Pier 9 are unusable.

At its meeting of October 2, 2008, the Board authorized the expenditure of \$3.8 million for planning and engineering design services, through final design, for the demolition of the existing Piers 9 and 204 at the HT, and for their replacement, and authorized the Executive Director to award contracts for professional and advisory services as may be necessary to effectuate the planning and design work, the preparation and submission of environmental permit applications, and other planning and project support necessary for the planning and engineering of the project, at an estimated cost of \$2 million.

The proposed project would provide for the design, demolition and replacement of Piers 9 and 204. In addition, certain right-of-entry agreements would be required with various entities and municipalities, as necessary to effectuate the construction of the project where access areas involve shared riparian rights.

To maintain access to the NJRVB during and after the demolition of Pier 9, waterborne vessel service for both the movement of facility and contractor personnel and for the delivery of construction material and the removal of construction debris would be provided. This service would be provided until the replacement of Pier 9 is complete, and is estimated to cost \$2.5 million, which amount is included in the total project cost.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. 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 replace protective Piers 9 and 204 at the Holland Tunnel (HT), at an estimated total project cost of \$89.6 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: (1) Contract HT-224.034 for the demolition of Pier 9 at the HT to the lowest qualified bidder, at an estimated total construction cost of \$14.6 million, inclusive of allowances for extra work, net cost work, and a contingency; and (2) Contract HT-224.127 for the demolition and replacement of Pier 204 and the replacement of Pier 9 at the HT to the lowest qualified bidder, at an estimated total construction cost of \$49.5 million, inclusive of allowances for extra work, net cost work, and a contingency; 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 such right-of-entry agreements with various entities and municipalities as may be necessary to effectuate the construction of the foregoing project; 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 the award of construction contracts, contracts for professional, technical and advisory services and such other contracts 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 Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take action with respect to the award of contracts for transportation services to and from Piers 9 and 204 as may be necessary in connection with the implementation of the foregoing project; and it is further

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

ONE WORLD TRADE CENTER – AMENDMENT TO AGREEMENT WITH AFFILIATE OF THE DURST ORGANIZATION – DESIGN AND CONSTRUCTION OF WIRELESS COMMUNICATIONS SYSTEM

In connection with the construction of One World Trade Center (One WTC), it was recommended that the Board authorize World Trade Center Tower 1 LLC (WTC Tower 1 LLC) to enter into an agreement with Royal 1 WTC Management, LLC (Royal), an affiliate of The Durst Organization (Durst), for the design and construction of a Distributed Antenna System (DAS) for wireless communications at One WTC, at an estimated total cost of \$24 million, which includes design and construction costs, construction management and owner's representative fees, insurance, commissioning, and contingency.

At its meeting of August 5, 2010, the Board authorized a transaction between the Port Authority and Durst for Durst to become a joint venture partner with the Port Authority in the net leasehold interest of One WTC. At its meeting of May 25, 2011, the Board supplemented its previous authorization to update certain terms of the transaction with Durst. At its meeting of July 24, 2013, the Board authorized the Executive Director to enter into an agreement with Royal to act as the Owner's Representative and Construction Manager (Owner's Representative and Construction Management Agreement) for the fit-out of certain areas of One WTC.

Royal has retained Wireless Information Networks, LLC (WIN) to design a DAS at One WTC. The construction would be overseen by Royal, through the Owner's Representative and Construction Management Agreement. Wireless communications systems in certain other WTC assets would be installed by Boingo Wireless Inc. under a separate agreement. Wireless voice and data coverage is a standard market amenity provided to tenants in Class A office buildings in New York City, and is required to maintain the commercial viability of One WTC.

The DAS would enable telephone service carriers to provide voice and 3G/4G data service to their customers inside One WTC. Without the system, interference from the building's core and shell would degrade over-the-air reception. The system would be scalable, based on a common fiber backbone, and would provide coverage to tenant spaces, public lobbies, and back-of-house areas.

The Port Authority would advance funding to install the One WTC DAS. Durst would negotiate license agreements with national carriers, which would allow licensees to use the One WTC DAS infrastructure to provide service to their customers. Once license agreements are executed, participating carriers would reimburse the Port Authority for a majority of the capital costs associated with system installation.

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

RESOLVED, that World Trade Center Tower 1 LLC (WTC Tower 1 LLC) be and it hereby is authorized to enter into an agreement with Royal 1 WTC Management, LLC (Royal), an affiliate of The Durst Organization (Durst), for the design and construction of a Distributed Antenna System (DAS) for wireless communications at One World Trade Center, at an estimated total cost of \$24 million, which includes design

and construction costs, construction management and owner's representative fees, insurance, commissioning, and contingency; and it is further

RESOLVED, that the form of any agreements required in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

WORLD TRADE CENTER (WTC) SITE – AUTHORIZATION OF ADDITIONAL FUNDING UNDER THE EXISTING WTC PROPERTY MANAGEMENT SERVICES CONTRACT FOR SITE-WIDE FACILITIES

It was recommended that the Board authorize the Executive Director to expend an amount of up to \$11.1 million for the six-month period from July 1, 2014 through December 31, 2014, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) payment of an amount of up to \$3.7 million for management and oversight staff, operations and maintenance staff and reimbursable expenses for the six-month period, with payments for future periods to be subject to further authorization by the Board; and (2) payment of an amount of up to \$7.4 million, inclusive of an allowance of up to six percent for extra work, if necessary, for service contracts for the six-month period, with payments for future periods to be subject to further authorization by the Board.

The Port Authority is responsible for the operation, maintenance and management of several major components of the WTC site, including the Vehicular Security Center (VSC), the Vehicle Roadway Network, the WTC Transportation Hub (WTC Hub), inclusive of the Port Authority Trans-Hudson Corporation (PATH) rail system “fare zone,” the mezzanine/C2 level (excluding the PATH platform/track level, which is the responsibility of PATH, and retail development space, which is the responsibility of WTC Retail, LLC), the Central Chiller Plant (CCP) and Hudson River Pump Station, the Primary Electrical Distribution Center, the East/West Connector (West Concourse) to the World Financial Center (Brookfield Place), the East and West Bathtub slurry walls, Liberty Street Park, and the WTC Hub Plaza. Property management services are necessary to commission, operate and maintain these components, particularly as these components continue to transition from construction to operations at different intervals.

At its meeting of May 29, 2013, the Board authorized the Executive Director to: (1) award a contract to C&W to provide long-term management, operation and maintenance of WTC site-wide properties, including public spaces at the site and centralized infrastructure, for a seven-year term with three one-year renewal options; (2) pay to C&W a management fee, in a total amount of up to \$5.5 million (for an average of \$785,000 per year), for the seven-year base term of the agreement, with up to 20 percent of such amount to be subject to a performance review process; (3) pay an amount of up to \$4,752,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for C&W’s management and oversight staff, operations and maintenance staff and reimbursable expenses in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board; and (4) pay to C&W an amount of up to \$5,076,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for service contracts in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board.

WTC site-wide property management services are grouped into several major categories, including: cleaning, repairs and maintenance, security systems and equipment, utilities, grounds maintenance and administration. These services would be performed in accordance with Building Owners and Managers Association standards.

During the six-month period from July 1 through December 31, 2014, several WTC site components for which the Port Authority is responsible (VSC, WTC Hub, CCP, PATH fare zone, interior and exterior public common areas) are becoming operational, in whole or in part. As a result, additional management and maintenance staff for the site-wide property management services are being hired, and additional service contracts are being implemented to maintain: (1) building systems such as the fire alarm, building maintenance services, sprinkler, elevator/escalators, uninterrupted power supply, central monitoring, and high-tension electrical systems; (2) numerous security systems, like closed-circuit television and access control; (3) supply contracts for filters, electrical supplies and cleaning supplies; and (4) other service contracts, including logistics, painting, signage, door repairs and pest control.

It is expected that many of the required services would be provided by sub-contractors retained by C&W, the Property Manager. Generally in such cases, the Property Manager would solicit sealed bids and/or proposals from at least three pre-qualified subcontractors for subcontract packages, and award work to the lowest responsible bidder or the most technically qualified proposer, as appropriate.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rosado, Schuber and Steiner voting in favor; Commissioner Rechler recused and did not participate in the consideration of, or vote on, this item. 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 expend an amount of up to \$11.1 million for the six-month period from July 1, 2014 through December 31, 2014, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) payment of an amount of up to \$3.7 million for management and oversight staff, operations and maintenance staff and reimbursable expenses for the aforementioned six-month period, with payments for future periods to be subject to further authorization by the Board; and (2) payment of an amount of up to \$7.4 million, inclusive of an allowance of up to six percent for extra work, if necessary, for service contracts for the aforementioned six-month period, with payments for future periods to be subject to further authorization 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.

WORLD TRADE CENTER SITE – AUTHORIZATION OF ADDITIONAL CONSTRUCTION CONTRACT ACTIONS AND EXPENDITURES TO SUPPORT ONGOING POST-HURRICANE SANDY RECOVERY WORK AND RELATED COSTS

It was recommended that the Board authorize: (1) the expenditure of an additional estimated amount of approximately \$10.2 million for certain construction contract actions and expenses expected to be required through June 30, 2014 to effectuate ongoing repair and replacement of facilities and equipment at the World Trade Center (WTC) site that were damaged or destroyed as a result of Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by such construction contractors related to associated delays and acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, resulting in a cumulative total authorization of approximately \$447.2 million for construction-related activities associated with the response, recovery, restoration and mitigation efforts at the WTC site; and (2) the Executive Director to take all actions necessary to effectuate the foregoing, consistent with the terms outlined to the Board.

During the week of October 28, 2012, Hurricane Sandy and its associated storm surge caused significant flooding and devastating damage in Lower Manhattan and throughout the New York-New Jersey region. The storm resulted in severe flooding throughout the WTC site, particularly affecting the WTC Transportation Hub, Vehicular Security Center, WTC Memorial Museum, and One WTC, among other WTC projects in construction. Although the de-watering of the WTC site was substantially completed in early November, and pre-storm levels of construction activity resumed throughout the WTC site by the end of November 2012, Hurricane Sandy recovery activities are ongoing, to assess and evaluate damaged areas and equipment for future repair or replacement, including efforts to mitigate the impacts of future storms. Through separate actions at its meetings from February 6, 2013 through April 23, 2014, the Board, and the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, ratified and authorized certain actions for construction work and consultant services required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts through May 31, 2014, in a total estimated amount of \$525.2 million.

Comprehensive damage assessments and project impact evaluations related to Hurricane Sandy were conducted, and latent damage assessments are ongoing. Staff has ordered various contractors to repair or replace damaged and destroyed equipment and infrastructure, including the purchase or repurchase of major long-lead items, such as: electrical switchgear and substation equipment; vertical circulation equipment; and mechanical fans, air handling units and controls. Together with the previously authorized amount, the proposed increases in contract amounts are needed to compensate contractors for ongoing repairs to address storm-related damages, as well as extended overhead and impact costs. Authorization of approximately \$12.8 million in increases to compensate consultants for their costs to address storm-related damages at the WTC site is being sought through a companion item being advanced at this meeting of the Board. The cumulative authorized total for construction and consultant services required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts, including past authorizations and both companion items being advanced at this meeting of the Board, would be approximately \$548.2 million.

In addition, a portion of the funding is necessary to compensate contractors for impact delays and acceleration costs that were a direct result of Hurricane Sandy and the extended recovery and

restoration period, based on certain schedule adjustments that were necessary as a direct result of the extensive recovery and restoration efforts.

Consistent with previous discussions with the Board, as additional information is made available through ongoing latent damage inspections, further project evaluations and implementation decisions regarding Hurricane Sandy's impact and the potential for including additional mitigation efforts to deliver a more resilient site are being made. It is anticipated that there will be further requests for increases to construction contract amounts for actions that will be attributable to Hurricane Sandy recovery, including further equipment replacement and installation costs, construction general conditions costs and potential mitigation costs, on an ongoing basis.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. 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 expenditure of an additional estimated amount of approximately \$10.2 million for certain additional construction contract actions and expenses expected to be required through June 30, 2014, to effectuate the repair and replacement of facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by construction contractors related to associated delays and the acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, be and it hereby is authorized, consistent 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 take all actions necessary to facilitate the foregoing, consistent with the terms outlined to 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.

WORLD TRADE CENTER SITE – AUTHORIZATION OF ADDITIONAL CONTRACT ACTIONS FOR ARCHITECTURAL AND ENGINEERING DESIGN AND OTHER CONSULTANT SERVICES AND EXPENDITURES TO SUPPORT ONGOING POST-HURRICANE SANDY RECOVERY WORK AND RELATED COSTS

It was recommended that the Board authorize: (1) the expenditure of an additional estimated amount of approximately \$12.8 million for certain contract actions for architectural and engineering design and construction support services and other consultant services and expenses expected to be required through June 30, 2014 to effectuate ongoing repair and replacement of facilities and equipment at the World Trade Center (WTC) site that were damaged or destroyed as a result of Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by such consultant contractors related to associated delays and acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, resulting in a cumulative total authorization of approximately \$101 million for consultant-related activities associated with the response, recovery, restoration and mitigation efforts at the WTC site; and (2) the Executive Director to take all actions necessary to effectuate the foregoing, consistent with the terms outlined to the Board.

During the week of October 28, 2012, Hurricane Sandy and its associated storm surge caused significant flooding and devastating damage in Lower Manhattan and throughout the New York-New Jersey region. The storm resulted in severe flooding throughout the WTC site, particularly affecting the WTC Transportation Hub, Vehicular Security Center, WTC Memorial Museum, and One WTC, among other WTC projects in construction. Although the de-watering of the WTC site was substantially completed in early November, and pre-storm levels of construction activity resumed throughout the WTC site by the end of November 2012, Hurricane Sandy recovery activities are ongoing, to assess and evaluate damaged areas and equipment for future repair or replacement, including efforts to mitigate the impacts of future storms. Through separate actions at its meetings from February 6, 2013 through April 23, 2014, the Board, and the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, ratified and authorized certain actions for consultant services and construction work required for Hurricane Sandy response, recovery and restoration work at the WTC site and mitigation efforts through May 31, 2014, in a total estimated amount of \$525.2 million.

Comprehensive damage assessments and project impact evaluations related to Hurricane Sandy were conducted, and latent damage assessments are ongoing. Staff has ordered various contractors to repair or replace damaged and destroyed equipment and infrastructure, including the purchase or repurchase of major long-lead items, such as: electrical switchgear and substation equipment; vertical circulation equipment; and mechanical fans, air handling units and controls. Together with the previously authorized amount, the proposed increases in contract amounts are needed to compensate for construction management, program management, design support, damage evaluations and assessments, recommissioning services and integrity monitoring services, including compensation for additional costs incurred to manage and support the repair/replacement and re-installation work. The additional amounts are also necessary to extend a contract for professional, technical and advisory services based on schedule adjustments that were necessary as a direct result of the extensive recovery and restoration efforts. Authorization of \$10.2 million in increases to compensate construction contractors for ongoing repairs to address storm-related damages at the WTC site, as well as for extended general overhead and impact costs, is being sought through a companion item being advanced at this meeting of the Board. The cumulative authorized total for construction and consultant services required for Hurricane Sandy response, recovery and restoration

work at the WTC site and mitigation efforts, including past authorizations and both companion items being advanced at this meeting of the Board, would be approximately \$548.2 million

Consistent with previous discussions with the Board, as additional information is made available through ongoing latent damage inspections, further project evaluations and implementation decisions regarding Hurricane Sandy's impact and the potential for including additional mitigation efforts to deliver a more resilient site are being made. It is anticipated that there will be further requests for increases to consultant contract amounts for actions that will be attributable to Hurricane Sandy recovery, including oversight of further equipment replacement and installation costs and potential mitigation costs, on an ongoing basis.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Lipper, Lynford, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor; Commissioner Moerdler recused and did not participate in the consideration of, or vote on, this item. 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 expenditure of an additional estimated amount of approximately \$12.8 million for certain additional contract actions for architectural and engineering design and construction support services and other consultant services and expenses expected to be required through June 30, 2014, to effectuate the repair and replacement of facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge, as well as to provide compensation for costs incurred by consultant services contractors related to associated delays and the acceleration of work to minimize schedule impact and maintain commitments to third-party stakeholders, be and it hereby is authorized, consistent 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 take all actions necessary to facilitate the foregoing, consistent with the terms outlined to 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.

Whereupon, the meeting was adjourned.

Secretary