

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, December 10, 2015

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 10, 2015 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of New Jersey

PRESENT:

NEW JERSEY

Hon. John J. Degnan, Chairman
 Hon. Richard H. Bagger
 Hon. George R. Laufenberg
 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

Thomas E. Belfiore, Chief Security Officer
 John Bilich, First Deputy Chief Security Officer
 Thomas L. Bosco, Director, Aviation
 Molly C. Campbell, Director, Port Commerce
 Ana M. Carvajalino, Assistant Director, Forecast and Financial Planning, Management and Budget
 Steven J. Coleman, Deputy Director, Media Relations
 Janet Cox, Director, Management and Budget
 Nicole Crifo, Senior Advisor to the Chairman
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate
 John C. Denise, Audio Visual Supervisor, Marketing
 Diannae C. Ehler, General Manager, Port Authority Bus Terminal/Lincoln Tunnel, Tunnels, Bridges and Terminals
 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
 Gary Goldman, Manager, Property Leasing, Real Estate
 Mary Lee Hannell, Chief, Human Capital
 Portia L. Henry, Executive Policy Analyst, Special Panel Implementation Office
 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 S. Lynn, Director, Planning and Regional Development
 John H. Ma, Chief of Staff to the Executive Director
 Ricky Magnum, Senior Tunnel and Bridge Agent, Tunnels, Bridges and Terminals
 Stephen Marinko, Esq., Law
 Mike Marino, Director of Rail Transit and General Manager, PATH

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
 Gregg Nimmo, Senior Tunnel and Bridge Agent, Tunnels, Bridges and Terminals
 Annie O. Persaud, Assistant Director, Program Review and Evaluation, Management and Budget
 Steven P. Plate, Chief, Major Capital Projects
 Michael Principe, Police Officer
 Jerry Samaniego, Senior Bridge and Tunnel Agent, Tunnels, Bridges and Terminals
 Michael Shannon, Manager Corporate Budget, Management and Budget
 Beth E. Siegel, Director, Capital Programs
 James A. Starace, Chief Engineer/Director of Engineering
 Timothy G. Stickelman, Assistant General Counsel
 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
 Cheryl Yetka, Treasurer
 Kathryn Winfree, Assistant Policy Analyst, Government and Community Affairs

Guests:

Amy Herbold, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
 Michael Wojnar, Special Assistant, Office of the Governor of New York

Speakers:

Dan Ackerman, Alliance for Downtown New York
 Murray Bodin, Member of the Public
 Margaret Donovan, Twin Towers Alliance
 Christina Dortin, UNITE Here Local 100
 Rona Dowden, UNITE Here Local 100
 Lauren Herman, Local 32-BJ
 Richard Hughes, Twin Towers Alliance
 Eduardo Lopez, UNITE Here Local 100
 Jasmin Lucas, Local 32-BJ
 Mitchell Moss, New York University
 Merima Muminovic, Local 32-BJ
 Amity Payne, Local 32-BJ
 George Pilieri, Unionized Port Authority Electrician
 Veronica Vanterpool, Tri-State Transportation Campaign
 Nancy Vazquez, Local 32-BJ
 Dan Walcott, NY Building Trades
 Hon. Loretta Weinberg, New Jersey State Senator
 Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 11:36 a.m. and ended at 1:57 p.m. The Board also met in executive session prior to the public session.

Report of Security Committee

The Security Committee reported, for information, on matters discussed in executive session at its meeting on December 10, 2015, 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 public and executive sessions at its meeting on December 10, 2015, which included discussion of certain contracts and agreements in connection with the continued development and operation of the World Trade Center site, and 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 public interest, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on December 10, 2015, which included discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the placement of Directors and Officers Liability Insurance, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on December 10, 2015, which included discussion of an item that authorizes a lease with United Airlines at Newark Liberty International Airport, and an item that authorizes a concessions lease at the Port Authority Bus Terminal, 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 December 10, 2015, which included discussion of planning for a needs assessment for facilities and infrastructure at John F. Kennedy International Airport, and the report was received.

PORT JERSEY-PORT AUTHORITY MARINE TERMINAL – BAYONNE DRY DOCK AND REPAIR CORP. – NEW LEASE LPJ-013

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with Bayonne Dry Dock and Repair Corp. (BDDR) for the letting of approximately 26.1 acres of property, including several buildings, a dry dock and three berths, at the Port Jersey-Port Authority Marine Terminal (Port Jersey), for the continued operation of a dry dock and ship repair facility, substantially in accordance with the terms outlined to the Board.

As part of the Port Authority's acquisition of property that is now incorporated as part of Port Jersey, in 2010 the Port Authority assumed an existing ten-year lease agreement with Central Jersey Marine Industries, Inc. (Central Jersey Marine). That lease agreement (Lease LPJ-002), which expires on May 31, 2017, was assigned to the Port Authority as part of the property acquisition. The lease covers approximately 26.1 acres composed of open area, Buildings 100, 105, 108 and 111, a dry dock and three berths. BDDR, a related entity of Central Jersey Marine, has been the *de facto* operator of the dry dock facility during the term of Central Jersey Marine's current lease and the named permittee with the New Jersey Department of Environmental Protection for the dry dock facility's regulated activities. BDDR has requested a long-term lease for the premises, to enable it to finance its investment in upgrades, renovations and repairs to the leasehold to address damage caused by Hurricane Sandy, and to advance bids for government contracts, which comprise a substantial portion of BDDR's business.

The new lease agreement with BDDR would terminate the current lease agreement, commence January 1, 2016, and expire May 31, 2017, unless extended, in which case the extension period would expire December 31, 2030. BDDR would be required to invest a minimum of \$3 million to renovate the dry dock facility to extend its useful life by April 30, 2017, and, in the event the lease is extended, invest an additional minimum amount of \$400,000 in improvements to the premises by April 30, 2025.

Under the current lease agreement, the Port Authority has responsibility for the high-voltage electrical distribution system (HVED System) that provides electricity to BDDR. Under the new lease agreement, BDDR would be required to commence negotiations with Public Service Electric and Gas Company (PSE&G) by April 30, 2017 to obtain direct electrical service for its operations from PSE&G by December 31, 2019, to the extent PSE&G is capable of providing the same, and cease to use the HVED System. BDDR would assume responsibility for all costs related to installing, replacing and removing equipment, as required, to obtain direct electrical service from PSE&G.

Should BDDR fail to invest \$3 million in facility renovations and commence negotiations with PSE&G by April 30, 2017, the new lease agreement would expire May 31, 2017. If the new lease agreement is extended, but BDDR fails to secure direct electrical power from PSE&G by December 31, 2019 and such failure is caused by BDDR, the Port Authority would have the right to terminate the new lease agreement on one year's notice, provided, that once the direct service power is obtained, such right would expire.

The new lease agreement would provide for payment of rent based upon the greater of (1) a percentage of BDDR's annual gross revenues, or (2) a scheduled minimum guaranteed annual rent. The total aggregate rental over the term of the lease, if extended, would be approximately \$21

million. BDDR also would be required to create and fund a Capital Reserve Account, to be used for financing future capital repairs or capital improvements to the premises.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with Bayonne Dry Dock and Repair Corp. for the letting of approximately 26.1 acres of property, including several buildings, a dry dock and three berths, at the Port Jersey-Port Authority Marine Terminal, for the continued operation of a dry dock and ship repair facility, 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 - EAST SIDE OF BUILDING 263 -
MSN AIR SERVICE INC. AND MSN AVIATION SERVICES INC. - NEW LEASE
AGREEMENT AYE-394**

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with MSN Air Service Inc. and MSN Aviation Services Inc. (collectively, MSN) for the East Side of Building 263 and associated land area at John F. Kennedy International Airport (JFK), for a five-year term commencing on or about January 1, 2016, with a mutual option to extend the term for a three-year period. MSN would use the leased premises to develop and provide third-party cargo-handling services.

MSN has occupied Building 86 at JFK since July 2005 to support cargo-handling operations for several airlines, pursuant to a lease that is due to expire on May 31, 2017. Building 86 consists of approximately 16,064 square feet of building space and 2.3 acres of land area. MSN has outgrown Building 86 and requires increased warehouse and aircraft ramp space in order to continue growing its cargo-handling business. The Port Authority worked with MSN to allow MSN to relocate to more suitable space that will better meet its current and future business needs.

The leased premises would consist of approximately 73,517 square feet of warehouse space (which excludes the area where an Elevating Transfer Vehicle (ETV) cargo system is located) and 9,626 square feet of office space, which space would be occupied in increments over a two-year period, together with the associated 8.3 acres of land area. Additionally, if MSN uses the ETV area, MSN would be required to pay rent for such area, but the lease would provide that, in all events, MSN is solely obligated to maintain the ETV area throughout the lease term.

The aggregate rental during the initial five-year term would be approximately \$11,061,106. During the extension period, if exercised, the Port Authority would have the right to terminate the lease without cause on 30 days' prior written notice. MSN would invest a minimum of \$2.8 million to upgrade the office and warehouse spaces and improve the land area. In the event that MSN does not make the minimum investment on or before six months from the effective date of the lease, MSN would be responsible for payment of the shortfall in a single lump-sum payment. The lessee would be taking the premises in as-is condition and would be responsible for its environmental condition.

The execution of the lease by the Port Authority would be subject to the execution by MSN of Stipulations of Discontinuance withdrawing all pending suits by MSN and its principals against the Port Authority. The Stipulations of Discontinuance would be filed in the United States District Court, Eastern District of New York, after the full execution of the lease. In addition, the lease would provide for MSN to release and discharge the Port Authority from any claims relating to its prior dealings and negotiations with the Port Authority.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with MSN Air Service Inc. and MSN Aviation Services Inc. (collectively, MSN) for the East Side of

Building 263 at John F. Kennedy International Airport, substantially in accordance with the terms outlined to the Board, together with Stipulations of Discontinuance for all pending suits brought by MSN and its principals against the Port Authority in United States District Court, Eastern District of New York; 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 – AMERICAN AIRLINES, INC. – BUILDING 79 – NEW LEASE AYE-453

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement with American Airlines, Inc. (American) for the use and occupancy of Building 79 at John F. Kennedy International Airport (JFK) for an approximate five-year term, with an option for American to extend the term for an additional five years.

American currently leases Terminal 8, Hangar 10 and an employee parking lot at JFK from the Port Authority, and subleases Building 79 from Nippon Cargo Airlines Co., Ltd (NCA). NCA constructed Building 79 as a cargo-handling facility in 1995, under the terms of a lease that expired on November 30, 2015. Building 79 is located on an approximately 14.7-acre site and is composed of approximately 145,000 square feet of warehouse space and 36,000 square feet of office space. In 2009, American subleased the entire premises from NCA, and under the sublease agreement, American has been paying a ten-percent sublease fee directly to the Port Authority.

The Port Authority would receive a total aggregate rental of approximately \$31.2 million over the initial approximate five-year term. American would be responsible for all operating, maintenance and repair costs for Building 79. An interim short-term space permit would be entered into with American at the proposed rental terms, which would be cancellable on 30 days' notice, in order to bridge the timeframe between the November 30, 2015 expiration date of the existing lease and the execution of the new lease.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a new lease agreement with American Airlines, Inc. (American) for the use and occupancy of Building 79 at John F. Kennedy International Airport for an approximate five-year term, with an option for American to extend the term for an additional five years, substantially in accordance with the terms outlined to the Board; and it is further

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

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – UNITED AIRLINES, INC. –
DEVELOPMENT OF NEW FLIGHT KITCHEN FACILITY - NEW LEASE
AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with United Airlines Inc. (United) for approximately 4.5 acres of land at the Building 150/151A site at Newark Liberty International Airport (EWR), and providing for United's: (1) demolition of the existing Building 150/151A, with associated costs to be reimbursed by the Port Authority, in an amount not to exceed \$5 million; (2) construction of a new flight kitchen facility on the site; and (3) use and occupancy of the leasehold as a flight kitchen facility for a 25-year term, commencing from completion of construction of a new flight kitchen facility on the site.

United currently leases Buildings 330 and 331 and associated land on the south side of EWR for use as a flight kitchen facility, which caters all United flights departing from EWR.

In anticipation of planned airport improvements on the south side of EWR, the Port Authority entered into discussions with United regarding relocation of its flight kitchen facility to the Building 151/151A site, on the north side of EWR. This location is in close proximity to Terminal C and would offer United's catering vehicles direct airfield access.

United would lease the Building 151/151A site in "as is" condition and demolish the existing structures on the site. The Port Authority would reimburse United for all costs associated with the demolition, in an amount not to exceed \$5 million. United would be responsible for all costs associated with the development of the new flight kitchen facility and would be required to make a minimum capital investment of \$30 million.

The proposed lease would commence once the Port Authority provides United with access to Building 150/151A. The site is anticipated to become available on or about June 1, 2016, pending the current tenant's (H&M International Transportation, Inc.) relocation pursuant to a lease that was authorized by the Board at its November 19, 2015 meeting. The Port Authority would receive a total aggregate fixed ground rental of approximately \$13.1 million over the term of the lease, in addition to variable fees, consisting of airport services and other charges.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Rechler 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 United Airlines Inc., for approximately 4.5 acres of land at Newark Liberty International Airport located at the current site of Building 150/151A, providing for United's: (1) demolition of the existing Building 150/151A, with associated costs to be reimbursed by the Port Authority, in an amount not to exceed \$5 million; (2) construction of a new flight kitchen facility on the former site of Building 150/151A; and (3) use and occupancy of the leasehold as a flight kitchen for a 25-year term, commencing from completion of construction of a new flight kitchen facility on the site, 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 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 documents and agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

PORT AUTHORITY BUS TERMINAL – OHM CONCESSION GROUP, LLC – NEW LEASE LBT-745

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with OHM Concession Group, LLC (OHM) for the letting of approximately 5,943 square feet of retail space on the first floor of the South Wing of the Port Authority Bus Terminal (PABT) for a term of ten years.

OHM would use the space for the operation of a food court featuring multiple food concepts. OHM would make the necessary improvements, in an estimated amount of \$2.5 million, including combining three existing retail spaces, in order to prepare the leasehold for occupancy. The term of the new lease would commence on or about February 1, 2016, and the rent commencement date would be the earlier of the commencement of operations by OHM in or at the leased premises or 180 days from the delivery of the premises by the Port Authority. The aggregate fixed rent over the term of the lease would be approximately \$15.2 million. In addition, OHM would pay percentage rent of gross receipts above specific thresholds. OHM 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 that the Port Authority exercised this right, without cause, the Port Authority would reimburse OHM for its unamortized investment in the premises.

Consistent with the terms of the Retail Brokerage Agreement for the North and South Wings of the PABT and certain vacant space at 551 Ninth Avenue authorized by the Board at its September 17, 2014 meeting, the Port Authority would pay a commission to Cushman & Wakefield, Inc. in connection with the lease, in the amount of approximately \$490,294.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with OHM Concession Group, LLC for the letting of approximately 5,943 square feet of retail space on the first floor of the South Wing of the Port Authority Bus Terminal for a term of ten years, 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.

PORT NEWARK AND NEWARK LIBERTY INTERNATIONAL AIRPORT – NORTH CARGO AREA AND PORT STREET IMPROVEMENT PROGRAM – PORT STREET AND BREWSTER ROAD IMPROVEMENTS – PHASE II – PROJECT RE-AUTHORIZATION AND INCREASE IN AUTHORIZATION FOR CONTRACT PN-654.527

It was recommended that the Board: (1) re-authorize a project for Phase II of the North Cargo Area and Port Street Improvement Program (Program) for the widening and realignment of Port Street and Brewster Road, including their associated ramps and intersections, to improve the roadway network serving Port Newark and the Elizabeth-Port Authority Marine Terminal (EPAMT) in the vicinity of the Newark Liberty International Airport (EWR) north entrance/exit, at a total estimated cost of \$39.4 million (increased from a previous total estimated cost of \$34.5 million), to address: (a) costs associated with an extension of time related to unforeseen subsurface field conditions and utility conflicts found during construction, work-hour restrictions due to ongoing paving of EWR Runway 4L-22R and changes to construction staging; and (b) additional costs for disposal of unsuitable soil excavated to relocate the utilities; and (2) authorize the Executive Director to increase the value of Contract PN-654.527 with Tarheel Enterprises, Inc. (Tarheel), from \$24,123,357 to \$25,523,357, to compensate the contractor for additional work, downtime and escalation of costs due to the extended contract duration and disposal of approximately 7,000 additional tons of excavated and stockpiled soil.

Port Street and Brewster Road are the main arteries from the major highways serving EWR, Port Newark and the EPAMT. Brewster Road provides the only access to EWR's North Cargo Area, and Port Street serves as one of the two main access points to Port Newark and the EPAMT. A 2007 study of the roadway system at Port Newark and the EPAMT identified numerous locations, including Port Street and Brewster Road, that require realignment, widening and traffic signalization improvements to increase capacity and enhance safety.

At its meeting of November 20, 2008, the Board authorized Phase I of the Program, at a total estimated cost of \$32 million. Phase I work, which was completed in November 2013, consisted of the reconfiguration and rehabilitation of Parking Lot P6 at EWR (including milling and repaving), construction of a new entrance/exit toll plaza, installation of new bus stop shelters, utility improvements, re-striping, relocation of lighting and new electrical service to accommodate the reconfigured parking lot, and demolition and remediation of the Building 75 gas station site.

At its special meeting of December 7, 2010, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized Phase II of the Program, to provide for the widening and realignment of Port Street and Brewster Road, including their associated ramps and intersections, to improve the roadway network serving Port Newark and the EPAMT in the vicinity of the EWR north entrance/exit, at a total estimated project cost of \$34.5 million. In 2011, the Executive Director authorized the award of Contract PN-654.527 to Tarheel, pursuant to a publicly advertised procurement, to construct the improvements, at a total estimated cost of \$20,023,357. Contract PN-654.527 subsequently was increased, by an aggregate amount of \$4.1 million, for a revised total contract amount of \$24,123,357, to address an underestimate of the volume of material to be excavated and to dispose of approximately 20,000 tons of additional stockpiled material generated from the additional excavation, demolition, re-grading, construction of the eastbound roadway, final paving and completion of work associated with the construction of a continuous third lane into Port Newark and the EPAMT.

The currently proposed authorization would provide for additional funds to compensate Tarheel for additional work and for downtime associated with several unforeseen subsurface conditions, such as unanticipated underground utility conflicts, which made it necessary to modify the contractually required construction staging. In addition, the pile-driving operation for a retaining wall, constructed in close proximity to the EWR airfield, was impacted by work-hour restrictions associated with a separate construction contract for the rehabilitation of EWR Runway 4L-22R. Lastly, as a result of the discovery of subsurface utility lines and associated additional excavation work, approximately 7,000 tons of soil have been excavated and stockpiled, and must be removed and disposed of.

Costs associated with this project at EWR are fully recoverable through the airport services component of the EWR Master Lease; costs associated with this project at Port Newark and the EPAMT are recoverable through the Cargo Facility Charge (CFC). The completion of the Port Newark and EPAMT improvements is contingent on the continued existence of the CFC, which is expected to cover the cost of the project.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Rechler 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 Phase II of the North Cargo Area and Port Street Improvement Program (Program) for the widening and realignment of Port Street and Brewster Road, including their associated ramps and intersections, to improve the roadway network serving Port Newark and the Elizabeth-Port Authority Marine Terminal in the vicinity of the Newark Liberty International Airport (EWR) north entrance/exit, at a total estimated cost of \$39.4 million (increased from a previous total estimated cost of \$34.5 million), to address: (1) costs associated with an extension of time related to unforeseen subsurface field conditions and utility conflicts found during construction, work-hour restrictions due to ongoing paving of EWR Runway 4L-22R, and changes to construction staging; and (2) additional costs for disposal of unsuitable soil excavated to relocate the utilities, be and it hereby is re-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 increase the amount of Contract PN-654.527 with Tarheel Enterprises, Inc., from \$24,123,357 to \$25,523,357, to compensate the contractor for additional work, downtime and escalation of costs due to the extended contract duration and disposal of approximately 7,000 additional tons of excavated and stockpiled soil; and it is further

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

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

**MOYNIHAN STATION CIVIC AND LAND USE IMPROVEMENT PROJECT –
PROVISION OF CONSULTING AND MANAGEMENT SERVICES TO THE
EMPIRE STATE DEVELOPMENT CORPORATION AND MOYNIHAN STATION
DEVELOPMENT CORPORATION – AMENDMENT TO EXISTING AGREEMENT**

It was recommended that the Board authorize the Executive Director to enter into an amendment to the Project Support Consulting Services Agreement (Agreement) with the State of New York's Empire State Development Corporation and/or its subsidiary, Moynihan Station Development Corporation (MSDC) (collectively, ESDC). Pursuant to the amended Agreement: (1) the Port Authority would: (a) oversee, manage and coordinate design and construction activities, including materials testing, special investigation services, and construction consultation and supervision, in connection with the remaining Phase I work and Phase II work for a project to redevelop the James A. Farley United States Post Office Building and its Western Annex (together, the Farley Building) into a new transportation facility serving the New York and New Jersey region (Project); and (b) provide certain real estate and planning services in connection with the Project; and (2) ESDC would compensate the Port Authority for the cost of such services provided, including engineering staff time devoted to the oversight, management and coordination of design and construction activities for the Project (including salaries and benefits). Under the amended Agreement, the cap on MSDC payments to the Port Authority for Project services would be increased by \$7.5 million – from an amount not to exceed \$4.5 million, to a total cap of \$12 million on Port Authority-provided services. The term of the Agreement, which commenced in June 2014 and was scheduled to expire in 2016, would be extended to December 2022.

The State of New York, acting through ESDC, is advancing the Project, with a two-phase plan for the financing, design and construction of a new transportation facility in the Farley Building, to be known as Moynihan Station. This new facility would accommodate increasing intercity and commuter mass transit ridership and address congestion at New York's Pennsylvania Station (Penn Station) by providing a new train hall, additional passenger concourses and vertical circulation elements, new ticketing and passenger service facilities, station entrances that allow direct access to platforms and trains through the Farley Building, and improved connections among Penn Station, the new Moynihan Station and New York City Transit Authority subway lines.

On December 7, 2010, the Board authorized the Port Authority to enter into the Project Services Agreement for Phase I work on the Project. Phase I work is scheduled for completion in 2016, and MSDC has requested that the Port Authority continue to provide its services during Phase II of the Project.

Phase II of the Project includes the design and construction of the above-ground portions of the Farley Building, including a new train hall and space for Amtrak station services, along with redevelopment of the Western Annex for retail and commercial uses. This work will enable Amtrak to relocate its passenger operations from Penn Station to Moynihan Station. Expansion of passenger and train capacity at Penn Station through Phase I and II activities will relieve congestion at Penn Station and the Port Authority Bus Terminal system, and facilitate the increased use of mass transit for airport access and short-haul intercity travel.

The Port Authority's management of the Project's design and construction consultants' day-to-day operations would be subject to certain limitations, ensuring that the Port Authority would not have responsibility or the authority to modify design or construction contracts in the name of, or on behalf of, ESDC, or to take any action that would result in a material change to the scope, schedule or budget of Phase II of the Project without prior approval of ESDC.

As a condition of the Agreement, ESDC would be required to procure and maintain, during the term of the Agreement, an insurance program designed to mitigate the costs associated with potential third-party claims arising out of the design and construction management services being provided by the Port Authority. Moreover, the design and construction consultants retained would be required to indemnify the Port Authority in connection with Phase II of the Project.

The Port Authority has provided ESDC with \$145 million toward the development of the Moynihan Station Project as part of its commitment to provide the State of New York with a total of \$250 million for transportation, economic development and infrastructure renewal projects in the State of New York, as authorized by the Board at its meeting of June 2, 2000. The currently proposed action would build upon the Port Authority's previous assistance provided for transportation, economic development and infrastructure renewal projects in the State of New York, including the redevelopment of the Farley Building and the creation of Moynihan Station.

In addition, on November 18, 2004, the Board authorized an agreement to provide funding, in the amount of \$10 million, for the extension of the West End Concourse of Penn Station. The expansion and extension of the West End Concourse is a key feature of Phase I of the Project.

On July 12, 2015, the MSDC Board of Directors approved the payment of additional funds for the Port Authority to continue to provide services for Phase II of the Project and for materials testing and special inspections.

Pursuant to the foregoing report, the following resolutions was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Rechler 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 an existing consulting services and management agreement with the State of New York's Empire State Development Corporation and/or its subsidiary, Moynihan Station Development Corporation (collectively, ESDC), whereby: (1) the Port Authority would: (a) oversee, manage and coordinate design and construction activities, including materials testing, special investigation services and construction consultation and supervision, in connection with the remaining Phase I work and Phase II work for a project to redevelop the James A. Farley United States Post Office Building and its Western Annex into a new transportation facility serving the New York and New Jersey region (Project); and (b) provide certain real estate and planning services in connection with the Project; and (2) ESDC would compensate the Port Authority for the cost of such services provided, 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 incur all related costs and expenses and to execute all documents and agreements as may be necessary or incidental to the Port Authority's provision of such services, substantially in accordance with the terms outlined to the Board; 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – PERFORMANCE OF FACILITY NEEDS ASSESSMENT – PHASE I PLANNING AUTHORIZATION AND CONTRACT AUTHORIZATION

It was recommended that the Board authorize: (1) planning work, consisting of Phase I planning, for (a) the performance of needs assessments concerning various facilities and infrastructure during 2016 at John F. Kennedy International Airport (JFK), and (b) the identification of options to enhance capacity of the AirTrain JFK system, at an estimated aggregate cost of \$5 million; and (2) the Executive Director to enter into agreements for expert professional technical services to effectuate the foregoing planning work, on a task-order basis, for a one-year term, with up to two, one-year extension options, with the amount to be expended in 2016 not to exceed \$5 million, consistent with the terms outlined to the Board.

There is a need for professional technical services to advance planning to define the functional requirements for the Central Terminal Area, North Cargo Area, AirTrain JFK and certain aviation support facilities, prepare and assess development plans, analyze alternatives, develop conceptual layouts and preliminary designs, and prepare cost/benefit analyses.

The AirTrain system, which currently is operated and maintained under an agreement with Bombardier Transit Corporation that is due to expire in December 2018, already has exceeded ridership totals forecasted for 2023. The technical services under the proposed authorization would be applied to develop conceptual plans and engineering analyses, define expansion alternatives, advance data collection efforts and complete other studies to define and address AirTrain JFK's needs through December 2038. Technical services also would support planning for service life extensions of such assets as stations, guideways, track beds, communications and controls. The technical services also would support the transition to a new contract.

In July 2015, New York Governor Andrew Cuomo announced plans to solicit recommendations for an implementable master plan for the development of a 21st Century JFK. In response, the Port Authority issued a Request for Proposals to retain a consultant to advise the Governor, the Governor's Advisory Panel and the Port Authority on JFK's future development. The proposed additional technical planning services being requested herein would complement those efforts by identifying technical inputs, implementation steps, infrastructure requirements and functional requirements associated with various concepts.

Each consultant to be awarded an agreement to provide these services would be selected through a publicly advertised Request for Proposals, with award to the highest-rated proposers. It is currently anticipated that a "call in" program would be established to provide the Port Authority with the breadth of professional technical services required to support this planning work. Each task order would be classified before issuance, based on the nature of the work, as a capital or operating expense. Appropriate capital/operating offsets would be identified, if required.

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

RESOLVED, that planning work, consisting of Phase I planning, for (1) performance of needs assessments concerning various facilities and infrastructure during 2016 related to the development of John F. Kennedy International Airport (JFK), and (2) the identification of options to enhance capacity of the AirTrain JFK system, at an estimated aggregate cost of \$5 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 enter into agreements for expert professional technical services to effectuate the foregoing planning work, on a task-order basis, at an amount not to exceed \$5 million for an initial term of one-year, with up to two, one-year extension options, consistent with the terms outlined to the Board; and it is further

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

**WORLD TRADE CENTER SITE – SITE-WIDE PROPERTY MANAGEMENT SERVICES
CONTRACT – AUTHORIZATION OF FUNDING**

It was recommended that the Board authorize the Executive Director to expend an amount of up to \$36.5 million for the period from January 1, 2016 through December 31, 2016, 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) an amount of up to \$8 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$28.5 million for necessary service contracts, repairs, maintenance and materials, in each case, 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 certain major components of the WTC site, including the Vehicular Security Center (VSC), the Vehicle Roadway Network (VRN), the WTC Transportation Hub (WTC Hub) (excluding space managed by the Westfield Group and the Port Authority Trans-Hudson rail system (PATH) platform/track level), the PATH fare zone, the Central Chiller Plant and Hudson River Pump Station, the Primary Electrical Distribution Center, the East/West Concourse to Brookfield Place, the East and West Bathtub slurry walls, Liberty Street Park, and the WTC Hub Plaza, mechanical equipment and exterior common areas. Property management services are necessary to commission, operate and maintain these assets, particularly as these assets have transitioned, and continue to transition, from construction to operations at different intervals. Future authorization of staffing costs and contracted services costs will continue to be sought annually, until such time as the majority of assets to be covered under this contract have been turned over to operations, at which time staff will seek authorization for additional funds for the remainder of the C&W contract term.

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 ending in May 2020, 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 cost 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.

At its meeting of May 28, 2014, the Board authorized the Executive Director to expend an amount of up to \$11.1 million for the period from July 1, 2014 through December 31, 2014, for the continued management, operation and maintenance of the WTC site through C&W, to provide for payments to C&W as follows: (1) an amount of up to \$3.7 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses for a six-month period; and (2) 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, in each case, with payments for future periods to be subject to further authorization by the Board.

At its meeting of December 10, 2014, the Board authorized the Executive Director to expend an amount of up to \$28.8 million for the period from January 1, 2015 through December 31, 2015, for the continued management, operation and maintenance of the WTC site through C&W, to provide for payments to C&W as follows: (1) an amount of up to \$7.4 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$21.4 million for service contracts, repairs, maintenance and materials, in each case, with payments for future periods to be subject to further authorization by the Board.

During the period of January 1, 2016 through December 31, 2016, several Port Authority WTC site programs (VSC, VRN, WTC Hub, additional mezzanine level areas in the PATH fare zone, Liberty Street Park, interior and exterior public common areas) are becoming operational in part or in whole. As a result, additional management and maintenance staff for the site-wide property management services are being hired, and additional service contracts are being awarded. Furthermore, it is anticipated that in 2016, the site-wide property manager's area of responsibility will increase by 614,000 square feet, for a total area of 1,544,000 square feet.

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

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 bidder, subject to a procurement process approved by the Port Authority. Staff would review any contracts with the WTC Redevelopment Subcommittee that may be of particular interest and/or concern to the Subcommittee.

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

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend an amount of up to \$36.5 million for the period from January 1, 2016 through December 31, 2016 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) an amount of up to \$8 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$28.5 million for necessary service contracts, repairs, maintenance and materials, in each case, with payments for future years subject to further Board

authorization; 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.

2016 BUDGET

Consistent with longstanding Port Authority policy and in keeping with governance best practices, the proposed 2016 Budget is being presented to the Board for its consideration. The proposed 2016 Budget provides for capital and operating expenditures during calendar year 2016 necessary to achieve the Port Authority's goals and objectives.

The proposed 2016 Budget of approximately \$3 billion in operating expenses represents a 2.8-percent increase over the prior year's budget and includes the incremental expenses associated with phasing in operations of the final significant segments of the World Trade Center (WTC) site, including the permanent Port Authority Trans-Hudson rail system (PATH) station, the retail facilities and Liberty Park. It provides for the operation, maintenance and security of all facilities, and includes new initiatives, including the Port Commerce master plan, an Aviation strategic vision plan, the implementation of a centralized Agency Operations Center, and continued advancement of the Port Authority Bus Terminal (PABT) Quality of Commute program. In order to address staff turnover, retirements and new work load, the operating budget also includes two new police training classes, for a total of 250 recruits, additional maintenance staff, and continued support for succession planning within the agency.

In addition to providing for operating expenses in the amount of approximately \$3 billion, the proposed 2016 Budget also includes approximately \$1.2 billion for debt service charged to operations and approximately \$3.7 billion for the Capital Budget and deferred and other expenditures.

The proposed 2016 capital spending amount was developed as part of a comprehensive planning process and reflects the continuous risk-based prioritization and ranking process that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements, and includes the following components of capital spending:

- \$952 million in the agency's tunnels, bridges and terminals facilities, for state-of-good-repair work, roadway access, major rehabilitation to vital crossings, the construction of new bridge structures, and improving the quality of commute at the PABT, including \$15 million for the planning work related to replacement master planning and the international design competition;
- \$888 million for aviation facilities, to advance infrastructure improvements, including the ongoing redevelopment of Terminal B at LaGuardia Airport and planning for Terminal A replacement at Newark Liberty International Airport;
- \$290 million investment in PATH's signal system replacement program for positive train control, and expansion of PATH station capacity and modernization;
- \$175 million to support port facilities, by replacement and rehabilitation of berths and wharves, along with improving roadway access and the development of the Greenville Yard-Port Authority Marine Terminal for intermodal transportation;
- \$217 million in capital provisions to address emerging needs and infrastructure improvements and funding for capital regional programs and development; and

- \$978 million to complete construction of projects at the WTC site, including the Transportation Hub and retail complex.

The proposed 2016 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The proposed 2016 Budget also provides for direct assistance to the two States for transportation and economic development projects, consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

A provision also is included to reimburse the States of New York and New Jersey for up to \$295,000 of expenses incurred by each of the two States, including staff costs, in reviewing the 2016 Budget.

The Executive Director would implement the 2016 Budget in conjunction with his authority under the By-Laws and other applicable authorizations, and take action with respect to professional, technical, or advisory services, contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases, leasing of equipment, the purchase of insurance, and other actions, including staffing, personnel benefit, classification, range and procedural adjustments.

The Executive Director would effectuate capital plan spending in conjunction with his authority under the By-Laws, and other applicable authorizations, consistent with the proposed 2016 Budget and capital program projections, primarily through the use of Port Authority debt obligations and the Consolidated Bond Reserve Fund. As such, it would be desirable to establish the maximum limit on Consolidated Bond Reserve Fund applications to be used for such purposes, in an amount not to exceed \$2 billion (after reimbursement for temporary applications).

The Executive Director would effectuate the creation of a contingency reserve for operating and maintenance expenses, in an amount of \$50 million from 2015 gross operating revenues in excess of the 2015 Budget. This reserve would be available in 2016 and years thereafter, to cover any unforeseeable and uncontrollable costs that were not provided for in the 2016 Budget.

The Port Authority's facilities enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make expenditures and undertake contractual commitments, also would be confirmed.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Rechler 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 2016 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director, pending final adoption of the annual Budget each year, to make expenditures and undertake contractual commitments:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Its Component Units

2016 Total Expenditure Budget (In Thousands)	Personal Services	Material & Services	Total Expenditures
Chief, Capital Planning, Execution & Asset Management	\$1,575	\$118	\$1,693
Business Diversity and Civil Rights	3,017	2,101	5,118
Environmental & Energy Programs	3,000	2,212	5,212
Ferry Transportation	-	2,847	2,847
Planning and Regional Development	3,689	961	4,650
Project Management Office	3,057	3,592	6,649
WTC Construction	22,321	691,116	713,437
WTC Redevelopment	6,582	284,010	290,592
Chief, Human Capital			
Human Resources	17,655	8,736	26,391
Labor Relations	1,579	568	2,147
Chief Procurement & Contracting Officer	13,628	3,235	16,863
Chief, Public & Government Affairs	264	38	302
Government & Community Affairs	3,067	1,811	4,878
Media Relations	1,690	709	2,399
Marketing	3,456	5,549	9,005
Chief, Real Estate & Development	1,741	386	2,127
Real Estate & Development	8,062	47,640	55,702 ⁽¹⁾
Chief, Technology Services	19,269	96,509	115,778 ⁽¹⁾
Chief Engineer	97,259	203,086	300,345
Capital Construction Contracts	-	904,240	904,240
Chief Financial Officer	906	2,875	3,781
Comptroller	12,768	880	13,648
Management and Budget	6,544	1,183	7,727
Financial Analysis	966	1,650	2,616
Treasury	6,180	7,015	13,195
Chief Operating Officer	4,323	3,069	7,392
Aviation	261,246	941,412	1,202,658
Port Commerce	29,844	74,426	104,270
Rail Transit	217,585	119,995	337,580
Tunnels, Bridges & Terminals	137,367	478,894	616,261
Operations Services	72,208	35,669	107,877 ⁽¹⁾
Executive Director	1,184	122	1,306
General Counsel / Law	18,899	17,166	36,065
Inspector General	13,466	8,095	21,561
Audit	10,933	2,964	13,897
Office of Continuous Improvement	622	268	890
Office of the Secretary	4,206	3,111	7,317
Special Panel Implementation Office	1,118	188	1,306
Chief Security Officer	24,955	142,695	167,650
Emergency Management	3,633	8,086	11,719
Port Authority Police Department	407,434	41,101	448,535
Corporate Expenditures:			
Amounts in Connection with Operating Asset Obligations	-	18,952	18,952
Debt Service - Operating & Capital	-	1,461,571	1,461,571
Purchased & Self-Insurance	-	191,241	191,241
Municipal Rents and Payments in Lieu of Taxes (PILOTS)	-	305,559	305,559
Port Authority Insurance Captive Entity, LLC (PAICE)	-	4,746	4,746
Agency Provisions - Capital & Operating	1,287	186,275	187,562
Regional Programs	711	37,649	38,360
Special Project Bonds	-	86,755	86,755
Total Port Authority Budget	\$1,449,296	\$6,443,076	\$7,892,372

(1) Net after interdepartmental chargebacks to other departments.

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2016 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2016 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$2 billion (after reimbursement for temporary applications); and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to establish a contingency reserve for operating and maintenance expenses, in an amount of \$50 million from 2015 gross operating revenues in excess of the 2015 Budget, which will be available in 2016 and years thereafter to cover any unforeseeable and uncontrollable costs that are not provided for in the 2016 Budget, or in subsequent years' budgets.

CONFIDENTIAL ITEM

The Board took action in executive session on a security matter that shall remain confidential until such time as its publication is determined not to endanger the public interest.

GATEWAY TUNNEL PROJECT - INITIAL STEPS TOWARDS CREATION OF A DEVELOPMENT CORPORATION

The Governors of New York and New Jersey, joined by Senators Schumer and Booker, have announced a framework agreement to advance the Gateway Tunnel Project (“Gateway” or “Project”) for the region and the nation. The Project includes a new Hudson River Tunnel together with rail, bridge and station expansions to improve rail passenger service in the congested rail corridor between Newark, New Jersey and Pennsylvania Station, New York, which is an essential portion of the National Railroad Passenger Corporation (“Amtrak”) Northeast Corridor (NEC). An estimated 750,000 passengers use the NEC every weekday, which is reliant on this critical trans-Hudson connection. The existing Amtrak tunnels are over one hundred years old and were inundated with seawater and severely damaged by Superstorm Sandy. It is estimated that an unexpected loss of the NEC for one day alone could cost the nation nearly \$100 million in transportation-related impacts and productivity losses.

The federal government, working through the United States Department of Transportation (“USDOT”) and Amtrak have agreed to cover half of the costs of the Project through a combination of grants, Amtrak funding sources, and low interest federal loans for which Amtrak and/or their federal partners would take responsibility for debt service.

In furtherance of these efforts, the Governors’ and Senators’ framework agreement provides that the Port Authority partner with the federal government and take a lead role in the development of the Project. It is proposed that the Port Authority’s role would be structured through a development corporation under the Port Authority, which could oversee the construction and execution of the Project, in partnership with Amtrak. This new corporation would have Board representation from each of the two States through the Port Authority, and the federal government represented by both USDOT and Amtrak, with a requirement that decisions be unanimous and that the Port Authority designee would act as Chair of the Board of the corporation. The corporation would also closely coordinate with key regional agencies, including New Jersey Transit. Additionally, given the need to bring this Project on-line as soon as possible, the development corporation has also been called upon to facilitate the expedition of all needed environmental and planning approvals with a goal of streamlining such approvals, consistent with applicable standards. The development corporation would also cooperate with Amtrak, New Jersey Transit, and other agencies, as well as the Port Authority itself, with respect to grant eligibility and utilization of agency assets, workforce, design, construction management, and procurement capacity to advance Project goals.

At this time, the Port Authority is making no funding commitment to the Project and any such future commitment, as well as the scope of the Port Authority participation in the construction, operation and maintenance of the Project, have yet to be determined. However, the development corporation, or other entity, will cooperate with USDOT and Amtrak to identify and maximize federal grant opportunities as well as a potential financing plan, including the utilization of low interest loans under federal programs, for the Project.

Having considered this report, and in furtherance of the announcement of the Governors, joined in by Senators Schumer and Booker, it is the Board's desire that the Executive Director, after consultation with the federal entities, report to the Board as soon as possible any additional steps, including any further study, necessary to establish a development corporation, or similar entity and going forward, that the Executive Director report to the Board, and seek any further action necessary for Board approval, in connection with the establishment of such corporation, or similar entity, prior to its creation. It is also the Board's desire that Commissioners Bagger and Fascitelli act as a working group of the Board to provide day-to-day guidance to the Executive Director as he undertakes these initial steps in furtherance of the Project.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Rechler 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 Board hereby directs and authorizes the Executive Director, after consultation with the United States Department of Transportation ("USDOT") and the National Railroad Passenger Corporation ("Amtrak"), to report to the Board as soon as possible any additional steps, including any further study, necessary to establish a development corporation, or similar entity, to: 1) oversee the construction and execution of the Gateway Project ("Project"); 2) identify and maximize federal grant opportunities for the Project; 3) cooperate with Amtrak and USDOT on a potential financing plan, including the utilization of low interest loans under federal programs; and 4) facilitate the expedition of needed environmental and all other necessary approvals for the Project, and it is further

RESOLVED, that the Executive Director report to the Board, and seek any further action necessary for Board approval, in connection with such development corporation, or similar entity, prior to its creation, and it is further

RESOLVED, that Commissioners Bagger and Fascitelli will act as a working group of the Board to provide day-to-day guidance to the Executive Director as he undertakes these initial steps in furtherance of the Project.

THE WORLD TRADE CENTER – EAST SIDE SITE DEVELOPMENT PLAN – AUTHORIZATION OF AGREEMENTS AND RELATED DOCUMENTS

Recap of 2010 East Bathtub Development Plan

It was recalled to the Board that on March 25, 2010, the States of New York and New Jersey, the City of New York (“NYC”), the Port Authority, and the Silverstein net lessees of Towers 2, 3 and 4 (“SPI”) announced the outline of a proposed development plan for the east side of the World Trade Center site (the “Development Plan”). The Development Plan, which was the result of discussions among SPI, the Port Authority, NYC, the State of New York and the State of New Jersey with respect to the financing and construction of Towers 2, 3 and 4, provided for the immediate restoration of the east side of the World Trade Center site to at least street level, substantial completion of Tower 4 (“Tower 4”) by 2013, the phase-in of Tower 2 (“Tower 2”) and Tower 3 (“Tower 3”) over time, and the continued progress of all other World Trade Center public projects.

Tower 2

Among other things, the Development Plan (A) required the construction by SPI of the Tower 2 Structure to Grade Project using funds advanced by the Port Authority, (B) provided no public sector support for SPI's development of Tower 2 and required that its development proceed only when made possible by market tenant demand, and (C) allowed for abated rent under the net lease for Tower 2 (the "Tower 2 Net Lease") until construction commenced (or an outside date was met).

The base rent abatement under the Tower 2 Net Lease continues until the earlier of (i) commencement of tower construction and (ii) six years after Opening of the Transportation Hub and rent will thereafter be phased in over construction of the tower so as to only reach 100% of the required base rent once the tower has achieved stabilization. At stabilization (i.e., 90% leased), the base rent is reset to fair market rental value, with a “floor” set at the amount of base rent immediately prior to such revaluation. If construction of the tower has not occurred within six years after Opening of the Transportation Hub, the base rent would commence at the full 100% level.

Lease with 21st Century Fox and News Corporation

On June 2, 2015, SPI advised the Port Authority that it had entered into a non-binding letter of intent (“LOI”) with 21st Century Fox (“21CF”) and News Corporation (“NC”) for the leasing of approximately 1.5 million square feet of space (divided approximately 1,000,000 square feet under the 21st Century Space Lease (“21CF Premises”) and approximately 500,000 square feet under the NC Space Lease (the "NC Premises")) in Tower 2 on an “at-cost” basis, for an initial lease term of thirty (30) years, subject to extension options up to an aggregate of forty-nine (49) years in total (such leases being herein referred to as the “21st Century Space Lease” and the “NC Space Lease” and each a “New Space Lease”). Under the LOI, 21CF and NC each would have the options to expand, rights of first offer on additional space, and an option to directly acquire SPI's net leasehold position under the Tower 2 Net Lease with respect to certain portions of their respective premises for a payment to SPI equal to the fair market value thereof, exercisable upon the tenth (10th) anniversary and twentieth (20th) anniversary of the lease turnover date.

Under the existing Master Development Agreement, the closing on financing for the construction of Tower 2 will trigger payments by SPI to the Port Authority for the T2 Structure to Grade and for site-wide infrastructure improvements and the commencement of construction of the building will trigger SPI's obligation to commence the payment of fixed rent under the Tower 2 Net Lease. An additional financial benefit to the Port Authority will be the construction of an additional approximately 100,000 RSF of retail space, which will generate substantial value to the Port Authority under its existing agreements with Westfield, the retail developer at the World Trade Center site.

Having the agreement of 21CF and NC to become anchor tenants for over 50% of the building, and catalyze the development of Tower 2 is anticipated to bring significant financial benefits to the Port Authority, compared to a “No Build” scenario under the MDA due to the triggering of an estimated \$174 million in reimbursement payments from SPI referenced above (and as may be adjusted by certain additional payments set forth below (“the \$19 Million Payment”)), the commencement of net lease rent payments to the Port Authority, and payment of common area maintenance reimbursement for site-wide expenses incurred by the Port Authority. The Port Authority estimates an increase in its capital capacity as compared to its current ten-year capital plan of over \$400 million dollars. Furthermore, the development of Tower 2 will help complete the WTC site master development plan and accelerate the Port Authority’s strategic intent, as articulated in the Special Panel report to the Governors, to exit the real estate development business and refocus on its core transportation mission.

In order to consummate the New Space Leases and make progress in facilitating and satisfying the requirements to begin construction of Tower 2, 21CF and NC have requested that the Port Authority agree to modify the terms of the Tower 2 Net Lease. The proposal calls for two changes to the net lease rent formula under the existing Net Lease, applying only to the space 21CF and NC would be leasing. The net lease rent adjustment would apply to only the initial 30-year term of the 21CF and NC net leases and be limited to the equivalent of 1.35 million square feet.

First, the Base net lease rent to be paid after construction is completed, which is currently estimated to be 2020, would remain at 50% of the base net lease rent level until five years after construction, currently estimated to be in 2025. This would reduce the rent received by the Port Authority for that five-year period by \$7.3 million per year – or \$36.5 million in the aggregate.

Second, the Port Authority would waive the fair market value adjustment at stabilization, which is currently estimated to be 2024, and at year 20 post-stabilization, currently estimated to be in 2044. This would result in a further reduction in rent received by the Port Authority, over the proposed 35 year lease term of an estimated \$2.2 million per year for the first market reset period of 20 years (2024-2043) and an estimated \$10.6 million per year for the remainder of the lease period (2044 – 2050) for an estimated aggregate net lease rent reduction of \$118 million.

The aggregated net lease rent listed above represents the difference in cumulative net lease rent paid to the Port Authority over the period from 2017-2049 (the base term of the lease) of \$155 million. When discounted at a rate of 7%, this net difference is \$43 million on a Net Present Value basis. These amounts are all prior to the offsetting contributions to the Port Authority described below.

In order to partially offset the impact to the Port Authority of this adjustment to the net lease rent, 21CF and NC have been offered a \$15 million investment tax credit, under Empire State Development’s existing Excelsior Jobs program, which provides credits under established criteria for significant qualifying investments, with a net present value of those future investment tax credits of approximately \$10 million. Prior to entering into the lease, 21CF and NC will agree in writing to pay the value of those credits in full to the Port Authority in 2021 when they realize the tax credit by taking occupancy. In addition, SPI will receive certain New York State energy tax credits valued at \$5 million that it will agree in writing to pay in full to the Port Authority upon receipt, but regardless, not later than December 31, 2016, with an option for one 90 day extension to be requested in writing, and subject to the approval by the Chairman, Vice Chairman and the Executive Director. Once these two adjustments are applied, the NPV impact of the net lease rent adjustment is reduced to \$28 million. SPI has agreed to partially offset the remaining impact of this adjustment to the net lease rent and to reimburse the Port Authority for certain site infrastructure costs, with SPI making a \$19 million payment (“the \$19 Million Payment”) to the Port Authority upon financial close of the Tower 2 transaction, but regardless, not later than December 31, 2016, with an option for one 90 day extension to be requested in writing, and subject to the approval by the Chairman, Vice Chairman and the Executive Director. After the \$19 million payment by SPI, the net estimated cost of the net lease rent adjustment to the Port Authority will be \$9 million.

* * * * *

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

RESOLVED, that the foregoing matters and modification to the existing Tower 2 Net Lease are approved and shall be null and void if the Tower 2 Net Lessee does not execute the Leases with 21st Century Fox and News Corporation by the end of the 1st Quarter of 2016; and it is further

RESOLVED, that the Executive Director and his/her designated representatives be and they each hereby are authorized, for and on behalf of the Port Authority, to take any and all action to effectuate the transaction among SPI, 21CF, NC and the Port Authority consistent with the foregoing report to the Board, 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, in each case subject to the prior review and approval of the Chairman and the Vice Chairman, pertaining to Tower 2, and to take action in accordance with the terms of such contracts, agreements and documents, as may be necessary in connection therewith or which are a logical and reasonable outgrowth of the matters described herein; and it is further

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

Whereupon, the meeting was adjourned.

Secretary