

**The Port Authority of New York and New Jersey  
Committee on Operations Meeting Transcripts  
April 24, 2013**

[Chair D. Samson ]—held in public session after which the Committee will meet in executive session to discuss matters involving ongoing negotiations or reviews of contracts or proposals, matters related to the development of future Port Authority facilities, or the redevelopment of existing facilities where public disclosure may impact property values. The public portion of this meeting is being broadcast live on the Port Authority's website for those interested in viewing today's proceedings via the Internet. The only topic on today's public Board agenda concerns an MOU with Conrail for the exchange of property interest and operational rights to improve overall PATH rail operations. Mike Francois is—there we are, hi Mike—presenting it. Let's go.

[M. Francois] Thank you. Good morning, Commissioners. Today we are seeking authorization for a project that would significantly benefit PATH in various ways. PATH will enter into a Memorandum of Understanding and related agreements with Consolidated Rail Corporation (Conrail), agreeing to an exchange of property interests and operation rights and obligations. This transaction is an example of the Port Authority partnering with another transportation entity to advance critical infrastructure, improve and support facilities, and for the region overall. As background, Conrail owns, operates, and maintains and has property interest in a considerable amount of property in and around PATH facilities and tracks in New Jersey. Conversely, PATH has similar rights and interests to a considerable amount of Conrail property. The various rights, obligations, and property interests of PATH and Conrail are set forth in a conveyance deed dated June 30, 1987 from Conrail to PATH and an operating agreement dated the same date between PATH and Conrail. A critical element of the MOU before you today is that Conrail will convey to PATH all of its right, title, and interest in a 1.48 acre parcel in Jersey City. This property is adjacent to the existing Substation 7, which is outdated and was severely damaged during superstorm Sandy. The acquisition of this parcel from Conrail will enable PATH to replace the damaged substation, which is critical to its operations. We requested and were awarded FTA funding for work completed during the immediate aftermath of the Sandy, and we anticipate seeking further grant funding to replace the substation. In light of current operational capital needs, Conrail and PATH negotiated an MOU which sets forth an agreement between the parties on several mutually beneficial actions. The amended conveyance deed will include Conrail conveying to PATH permanent and perpetual easement rights for land and tracks in PATH's C Yard in Jersey City and Conrail assigning to PATH 500 feet of track of Term Easement No. 8 in Jersey City and retaining the remainder of its existing term easements in track and land at that location. Under the Amended Operating Agreement PATH would assume Conrail's operation to operate the Passenger Bridge of the Hackensack bridges, while PATH will continue to retain its obligation to maintain and repair the Passenger Bridge. The Amended Operating Agreement would also require PATH to bring the drainage facilities located parallel to the Term Easements to a state of good repair, and Conrail would be responsible for the maintenance and repair of these drainage facilities going forward. The valuations for this transaction were performed by a certified appraiser, Norman Goldberg. The value of the substation 7 property was estimated to be \$810,000. The value of the 500-foot portion of the Term Easement No. 8 was estimated to be \$80,000. The value of the Waldo Yards Easement and Baldwin Easement was estimated to be \$1,208,000. There is a net benefit to PATH of \$650,000. This MOU does not contemplate any

monies being exchanged between the Port Authority and Conrail. By assuming the permanent and perpetual easements from Conrail in the Waldo Yards, PATH will also gain two additional means of ingress and egress. Commissioners, I request that you advance this item to the full Board for approval today.

[Chair D. Samson] Any questions? [Comm. Sartor] I'd like a motion to move—

[Chair D. Samson] Let me just ask you one question about this. Are we going to by virtue of this conveyance, receiving this property, are we going to be doing any improvements or making any capital improvements to the property that's being conveyed? [M. Francois] I think the major capital improvement that we're anticipating is a new Substation 7, which is adjacent to the existing substation on the property that we are getting from Conrail. [Chair D. Samson] But not on the— [M. Francois] on the other easements? >> [Chair D. Samson] Yeah. [M. Francois] There is some minor drainage improvements that are anticipated in the Waldo Yards area that are necessary because they haven't been maintained for quite some time, but I'm not thinking that's of a significant nature. [Chair D. Samson] The only reason I'm asking that is there some opportunity for whatever investment has to be made, whatever improvements are going to be made to have that all funded through Sandy money? Is that being—I guess now that the Executive Director and Deputy Executive Director are here, I can ask the question. Are we coordinating this item with the Sandy recovery team's efforts to see if whatever we're going to be doing to upgrade or replace the substation is going to be completely covered by that? [P. Foye] Short answer. Chairman, is yes, and it's actually been specifically discussed that the Sandy task force with Steve and Will and Engineering, etc, so the short answer is yes.

[Chair D. Samson] Okay. Thanks. Any other questions or comments? It's all right. I understand. Okay, then Tony, I got your motion. I got Jeff's second. So we'll move it forward to the consent calendar, so this concludes the public portion of today's meeting, and we'll now adjourn to executive session.