

The Port Authority of New York and New Jersey
WTC Redevelopment Subcommittee Meeting Transcripts
April 24, 2013

[P. Visser] --here to talk about the proposed contract award for real estate and development operations support services for the World Trade Center Redevelopment Department in conjunction with World Trade Center Construction for the World Trade Center site. As you know, throughout the development of the site, the Port Authority has relied on expert outside services to provide specialized financial operational and technical skills to advance the project. This has played a critical role in the Port Authority's objective to maximize the commercial value of the World Trade Center and creating an exciting destination. We are now focused on finishing all of our various projects as part of the site and transitioning the site to operations, and in this final phase, we are seeking Real Estate and Operational expertise through 2015 in both project and construction management for certain authorized projects and preparation for operational start up and transitioning the site to operations. This request for proposals to solicit professional real estate development and operation services was issued in early March. The scope, similar to what I just said, was project management, financial strategy and leasing and negotiations support, operations planning, and technical design and construction management from a leasing perspective. We've moved to a more advanced stage. We will work to minimize the use of any subconsultants under this project-- I know that's something that has been discussed leadership and the Board before-- and use only any additional subconsultants as necessary to help carry out this phase, with them being retained directly by the Port Authority with new solicitations or renegotiations at prevailing market rates. We've received one proposal for this award. We've reviewed it, working closely with Procurement and World Trade Center Construction, on both the scope and the evaluation. I'd like to thank Lillian and Steve and their staff and teams for their help in getting through this. We reviewed it with the criteria being a proposed staff, firm experience, and the management approach, and the recommended award is to the sole proposer, Jones Lang LaSalle. There were negotiations which resulted in a 16% reduction for current billing rates, generating a \$2.2 million savings during the contract term from what was previously projected when we discussed this award. The breakdown is \$11.4 million for the program services, \$0.7 million for extra work, and some transition funds of \$0.4 million to take us through getting--moving some of those contracts, and that will take us through 2015. Steve, if there's anything you want to add?

[S. Plate] Yeah, just to talk Engineering for a minute. Just to add the multiplier, when this Board directed us to proceed, we were a little over 3.0. Now we're below 2.5, so there was a significant reduction. I take none of the credit. I direct it to Lillian Valenti and Philippe and my team have worked very hard to follow through on this Board's direction, and we saved over \$2 million on this procurement.

[P. Visser] So as Steve said, we think it's a significant savings, and we feel good about their proposal and their staff and recommend that the Board move it for final approval.

[Chair A. Sartor] Any questions from Board members? I see none. I make a motion to move this to the full Board. All those in favor? >> [Multiple Comm.] Aye.

[Chair A. Sartor] Mr. Plate, I think you've just gone through this presentation for the Finance Committee. [S. Plate] Yes, sir. [Chair A. Sartor] Do you want to do it again, rapidly? [S. Plate] This one's-- >> [Comm. D. Steiner] Is this a closed session? [Chair A. Sartor] No, this is open session. [Board Vice Chair S. Rechler] This is something different. [Chair A. Sartor] It is something different? Okay.

[S. Plate] Basically what we're asking for is we said we'll be back to you each month as we get more and more specific and granular on the impacts of Hurricane Sandy. It's consistent with what we've told you to date. It was consistent with our forecast. It was consistent with our budgets. We basically are going--adding another \$50.1 million on top of the amount authorized to date of \$185.1 million. That brings us to a total of \$235.2 million. And we just continue to move forward. We'll continue to keep you posted on where we are, and we continue to pursue our financial options relative to reimbursements, as directed by yourselves as well as the Finance Committee.

[Chair A. Sartor] Any questions from Board members? Seeing none, I move that we move this to the full Board for approval. >> [Comm.] Second. [Chair A. Sartor] All those in favor? >> [Board Vice Chair S. Rechler] Aye. [Chair A. Sartor] Okay. That will conclude our open session. We'll now move into closed session to deal with many and varied items. Is that okay, Mr. Commissioner?