

**The Port Authority of New York and New Jersey**  
**WTC Redevelopment Subcommittee Meeting Transcripts**  
**July 23, 2014**

[Board Vice Chair S. Rechler] —pending, or current litigation or judicial administrative proceedings in matters involving ongoing negotiations or reviews of contracts or proposals. In addition, 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. At this point, I'd like to ask the Board Secretary to advise the Committee of any Commissioner recusals on items that are before the Committee's public session today. Madam Secretary. >>

[Karen Eastman] Thank you. With regard to the World Trade Center authorization of additional construction contracts and actions and expenditures in support of on-going post Sandy work, Vice Chairman Rechler and Commissioner Moerdler are recused in this matter. With regard to the World Trade Center of additional contract work, architectural and engineering design services in support of ongoing post-Hurricane Sandy work, Vice-Chairman Rechler and Commissioner Moerdler are recused in this matter. With regard to the World Trade Center west bathtub vehicular access project, there are no recusals required on this matter. With regard to the World Trade Center street utilities and updated infrastructure program, at the award of a contract, Commissioner Moerdler is recused on this matter.

[Board Vice Chair S. Rechler] Thank you, and since I'm recused on the first matter, I invite Commissioner Pocino if you don't mind, to chairing this item for us.

[Commissioner R. Pocino] Sure thing. Thank you Vice Chairman Rechler >>Thanks. >>The first topic of the public portion of today's meeting concerns authorization of additional contract actions and expenditures to support ongoing post-Hurricane Sandy recovery at the World Trade Center site, which will be presented by our director of World Trade Center construction, Steven Plate. Steve?

[Steve Plate] Thank you, Commissioners. Again, I'd like to offer an item for your consideration, which will include on-going contract actions and expenditures to support post-Hurricane Sandy recovery work and related costs. Specifically on the slide are number of items that pertain mostly to retail impacts and impacts to the retail work. It includes such things as replacement of ducts for air ventilation that were damaged due to salt water as well as life-safety critical control systems associated with major components, as well as— and that's shown at the top right—as well as sheet rock that was damaged due to the water in the lower levels about 80 feet below grade. And finally, stone installation in the concourse. So we offer that this resolution.

[Commissioner R. Pocino] Commissioners, any comments, discussion on these issues or items? If not, this has to be moved to the full Board so I may have a motion and a second to do so. >>So moved. >>Second. >>All in favor? >>Aye. >>Okay. Mr. Chairman

[Board Vice Chair S. Rechler] Okay, Mr. Plate, when do we talk about the west bathtub?

[Steve Plate] This item is the first of a number of a number of items for a combination of award of contracts as well as the project authorization for what we call is the west bathtub vehicular access. This is the last link, or one of the last links, in filling in the void of the bathtub as highlighted in the red on the slide. Basically, what this does is give us the project authorization of \$412 million, which is consistent with what's in the budget as well as what's in our capital plan and was identified almost 2 years ago in September of 2012. So we're right on target with what we planned. This is a big first step, as you may recall, we installed the foundations under the transportation hub contract in the track areas. We're working on the track area. This will enable us to now award the steel contract, and enable us to erect the steel to grade. Now the thing to point out in this, it has a number of uses. It's really a compendium of different uses, including providing access to missing link to One World Trade Center, there's a portion of the roadway network that has to be connected from the east side to the west about 200 feet, which is a commitment we made to Condé Nast as well as to the Durst. And we'll open up our truck docks from the ILD dramatically from approximately 3 trucks docks to 11. It also cause an area— it will provide a number of things— egress for the Hub Transportation Center, which is part of the FTA commitment that we made some time ago, provides also messenger centers, retail corridors, supply and exhaust shafts, ramps for access and egress, the vehicular helix, which was identified under the Jim Kallstrom report under then Governor Pataki, was a key element of this work. So that's only to name a few. I can go on and on, but basically this will fill in the missing link and do a lot of different things for different stakeholders and will also provide some foundations and superstructure for the Performing Arts Center, ultimately, if that's where it's— if and when it is built. We took competitive bids and they were very good; our estimate was slightly higher than this so we actually got a very good bid on this.

>>Commissioner Steiner? >>Can I ask you a question, Steve?

[Commissioner D. Steiner] As far as we know, there is no authorization for the Performing Arts Center, nor has the money been raised. I understand that some people are supposed to collect some money. If they get that money, they'll build it. And I want to make sure that none of this money that goes in here is used for that Performing Arts Center. I think the last thing we want to do is spend \$400 million on a Performing Arts Center when we have so many needs. I know this includes a lot of things, but I believe a portion of this is for the Performing Arts Center. I know you have problems with breaking it apart and all that, but I just want your—I would like to know how much of this money could be attributed to that Performing Arts Center, and if they never go ahead with it, we're out the money. And if they do go ahead with it, why can't we do that later?

[Steve Plate] Well, first of all as you said, the structure itself is totally integral— as far as you can't just take out pieces of steel. Now, one could reduce some of the members, but it's probably in the neighborhood of a reduction of 5% to 10% because I looked at it— >>Is that the round dish on the slide? >>It's actually—it's— no, the Performing Arts Center will actually be above it; that is the helix secondary egress. So what we're doing— essentially— is building it to grade, and then above that the Performing Arts Center will sit. As far as the—what's included as I said, it's— >>That dish on the top is not actually for the Performing Arts Center? >>No, no. That's a helix. That's a roadway—

[Board Vice Chair S. Rechler]—that's for trucks to go through. >>That's a roof on the helix?

>>That's a roof on the helix. It's actually—here it is here on the bottom right there. >>Where is the Performing Arts Center? >>The Performing Arts Center will envelop this structure above it. >>Part of the steel is used for the Performing Arts Center? >>There is no one part. It's all integral to the— so what we do as a structural engineer, we take all the loads, all the requirements, and bake it in individually. So there's a proportion of it, which is in the neighborhood of 5% to 10% of the structure— >>What you're saying is between \$2-\$5 million is attributed— >>Yes. Yes. >>—to the Performing Arts Center. >>How are you allocating that? Is there any way we could not do that without redesigning the whole thing? >>No, there's ongoing discussion, which people can speak to concerning that amount of money, but as far as what happens here is if you wanted to— the implication if you wanted to take that out, you'd have to go back and redesign it. >>Well, I'm not suggesting that because it would cost you more money. >>Because that would cost you more money, that's where I was going. >>But there's some way, I think, that this has to be documented and kept separate so we have— some case we've been in a position before where we've built for people and never collected the money and we got the short end of the stick. >>

[Board Vice Chair S. Rechler] Commissioner Steiner? Let me give you just a quick update on this so you know—this is a way background, if you recall, the LMDC—correct me if I'm stating this wrong— the LMDC is refunding us for a portion of this infrastructure, and there's a \$45 million payment and then an approximate \$80-90 million payment, cash, sitting at the LMDC. >>For this work? >>Some of this is for—it's mostly for the work of being able to bring the site up. The way the 2006 agreement works is if there is not a Performing Arts Center ultimately built— and this is no way commits us to a Performing Arts Center whatsoever and we've committed no dollars to the Performing Arts Center at this point— it's not built then this site, in theory on the 2006 agreement, would revert to LMDC or some other designee for an alternative use. >>They are paying us for—? The point that I— >>They are paying us for infrastructure, something that we ultimately have to do anyway, because we need to actually bring this to grade— >>Yes. >>—build the infrastructure below grade for Condé Nast and the connectivity and security and amenities for the overall site.

[Steve Plate] Right now, we're in serious discussions about the \$45 million as you referred to Chair—Vice Chair. And that—we're working out the mechanism between LMDC as well as the Performing Arts Center to be reimbursed for the \$45-\$46 million in foundations we're in the process of putting in. >>Right, it's preserving optionality. >>I understand that now,

[Commissioner D. Steiner] but I want to make sure that in no way are we authorizing money to be spent specifically for the Performing Arts Center. I think if we have no place for it, the money isn't raised, we've got to save our money for transportation.

[Board Vice Chair S. Rechler] Any—what's kind of in play now is any discussion about that would be as part of the reimbursement of how much of the money the LMDC gives us. That would be part of that discussion and negotiation.

[Commissioner D. Steiner] So we haven't negotiated it with LMDC. We're hoping we'll get the money? >>Well we know we have negotiated that the \$45 million clearly is there, and now there is \$99 million, which we have had in negotiations with, and it's just a question of how

much of that \$99 million is coming to us and how much might be reserved for the Performing Arts Center. >>I just wanted to make sure—

[Steve Plate] And there had been preliminary discussions at the working level as well.

[Board Vice Chair S. Rechler] And we've been having regular meetings on this.

[Commissioner D. Steiner] I just want to make sure that this authorization does not imply, or send any message, that we're building that Performing Arts Center. Other than doing this foundation, which is necessary because of the vehicular access. I don't read the authorization. I want that to make sure that the approval specifically excludes any money going towards the Performing Arts Center.

[Chairman J. Degnan] Is that the case?

[Board Vice Chair S. Rechler] It is; this is just building the foundation that would enable if there was a Performing Arts Center ultimately to be built or another structure to be built in the future on this site. >>Which is not going to be our site though? >>There's no commitment to spend any money constructing the PAC and if they're to clarify the resolution to make that clear we should.

[Commissioner D. Steiner] I want to have that clearly because we're in no position to put money for anything. I think that's a terrible message to put out that we're building a Performing Arts Center that nobody put the money out for. If we have money, it goes for transportation.

[Board Vice Chair S. Rechler] That's it. Commissioner Lynford?

[Commissioner J. Lynford] Steve? >>Yes, sir? Yes, Commissioner? >>I have concerns about Tower One as our ability to police it— the remainder of it. >>Yes. >>It was expressed by some people who are involved with that to ask is that the view outside the Tower One, as you look down should be appropriately dressed for their work. So can I assume, because I can just see the steel that I see in that drawing down below, when people look out the window, windows plural, and look down that this will enhance our marketability because of what they'll see?

[Steve Plate] Yes. Yes. We—

[Commissioner J. Lynford] And how are you doing on the tower stub, two, across the street? Are we doing all that simultaneously, or how do you see that working? >>All right. Let's address the first one. The Performing Arts Center, let's presume, and they've been talking to us about following right behind us, assume they, being the Performing Arts Center and the business plan works well, we will do no investment in making it look nice. If they decide not to go for any reason, we have to revisit that anywhere from making an architecture look nice to maybe possibly using it as our space because we will have that additional capacity in the structure. Moving to Tower Two, I've looked at a number of schemes preliminarily from architectural roofs to some temporary finishes, hopefully at a minimal cost, to address that, and I have some concepts that I'm ready to sit with people to get a feel for whether it accomplishes

what they want to accomplish. >>

[Board Vice Chair S. Rechler] And Steve—I just want to say— while we got one of the subordinates, Steve, it's important that it integrates—you focus and work with Silverstein since that— >>I already met with Silverstein about it and I met with Pat and he's asked me to look at a couple of different options, which I have and we're in the process. I'm going to show him a couple and to reduce the cost. Yes.

[Commissioner J. Lynford] The implied statement that you made was that since we don't have control over what is going to happen on this site, it could be that their construction process or progress, or lack thereof, would leave that an open eye-sore for a period of time.

[Steve Plate] You're talking about the Performing Art Center site? It wouldn't necessarily be an eye-sore, but I'd want to take another look at it. Maybe you can make it a— we've always talked about if they don't go, we may plant grass. We may do stone, finish the stone. So there might be— >>—sensitive, because it's their responsibility, it has impact upon us.

[Board Vice Chair S. Rechler] Right. I think that's a very good point, and I think what we should do is in whatever— there's going to be some final derivation of a settlement with the Performing Art Center as they figure out where they are going to go, and I think what we should do is include that in the settlement specifically— >>In the LMDC money? >>Yeah, in the LMDC money.

[Commissioner D. Steiner] You should include finishing as if they're not going to build. We should assume now there is no structure and we should get enough money from them to finish it off so it's a finished product for the future.

[Board Vice Chair S. Rechler] That's a good point. We'll stick that in. >>Can we get that in there?

[Dep. Exec. Director D. Gramiccioni] Right, but you your earlier point Commissioner, there is no— as we sit here today— memorialized reimbursement. That has not yet been agreed to—

[Commissioner D. Steiner] So that's only in what we call an ifs, a maybe. A long shot, and if it follows the pattern—

[Board Vice Chair S. Rechler] I would argue it's not a long shot because there has been active negotiations and discussions with the LMDC and there is— the money is sitting there. And the money was set aside for— >>—to build the whole Performing Arts Center? >>No, the money was sitting there to reimburse us for building this infrastructure. >>I understand that, but for the Performing Arts Center there is no money. >>I'm just making the point that there's been a meeting of the minds that this money is allocated and is going to be a reimbursement and that's been there in the mix.

[Steve Plate] This, the one in front of you, there is no agreement, but the one that you referred to earlier about foundation, there is an agreement in place for upwards of \$46 million. >>Right.

>>To be reimbursed by LMDC.

[Commissioner D. Steiner] That round building I see, is that the Performing Arts Center? >>No, that's the helix. The secondary helix, which was if you recall, requested by Mr. Kallstrom from the FBI. >>

[Board Vice Chair S. Rechler] Chairman?

[Chairman J. Degnan] Just for clarification, there is no either agreement or money set aside from the LMDC to reimburse us

[phone ringing] for the 5% to 10% cost—

[Commissioner D. Steiner] Yeah

[Chairman J. Degnan] —in this proposal due to the possibility of the Performing Arts Center being built.

[Steve Plate] Not in any written form, no.

[Board Vice Chair S. Rechler] There is an agree—under—

[Chairman J. Degnan] What you see is a sequence going forward here. How deeply are we going to commit to this before we require a written agreement from the LMDC, and we have a deadline by which such an agreement is entered, beyond which we rethink the project?

[Steve Plate] The direct answer to your question is going to go directly, sir. It will go. The steel will be awarded this month. We'll be coming back in September/October for the concrete, and then follow up with the mechanical/ electrical/plumbing. Why, because we have the commitments to a number of stakeholders to make this happen. So as far as the agreement, I could see that happening in the next few months, is that fair? Is that—?

[Chairman J. Degnan] The next few months? That would be fine.

[Board Vice Chair S. Rechler] I think we're— I would think by year-end for sure we should have it all finalized. >>Let's shoot for 2 months. I like that better.

[Board Vice Chair S. Rechler]

[laugh] That's why I cut them off.

[Commissioner J. Moerdler] Two things. One for Steve, am I fairly correct that the way this is being constructed, in the event that the Performing Arts Center doesn't get built or gets changed by LMDC to a different use, or never happens, that the foundation in effect that you're creating is not so unique to the Performing Arts Center that we can build something else on top of there and utilize that?

[Steve Plate] Absolutely. In fact we looked at that several years ago, and what we basically did is built a transfer structure that if the engineers— we'll guide the engineers, do it smartly, we can float the building on the space. You can't move it all over, but you could place, utilizing the structure underneath, you could do it. Totally

[Commissioner J. Moerdler] To this flexibility? It's not a single, defined, exclusive use the way it's set up?

[Board Vice Chair S. Rechler] But again, just to be clear, and Commissioner Steiner said, so we will all, and if we go back, the 2006 agreement contemplates that if the PAC isn't built, this goes to LMDC or their designee.

[Commissioner J. Moerdler] Right, that was my second question, which is there an outside date on that, in other words, we want a completed site. We don't want it sitting there as a potential future site for LMDC for 20 years.

[Board Vice Chair S. Rechler] Well, I think the negotiation that Commissioner Lynford had suggested, which brings a good point, is that completion for us, if it is going to transfer there, and we don't know what the future LMDC is etc., is that at least it's going to be something that is a park or attractive for a period of time until ultimately it's determined what should be there.

[Commissioner D. Steiner] Do we those rights in the agreement? Final architectural approval?

[Board Vice Chair S. Rechler] I'm saying as we settle this thing we'll stick—

[Commissioner D. Steiner] I would suggest you put architectural approval and compatibility and a limitation on the height so it doesn't interfere with that, but we should have the final say

[Board Vice Chair S. Rechler] There are some of that in the—

[Commissioner J. Moerdler] And then identification of whose responsible for the cost of creating that interim use. Is it something we can do in the interim? If they are not, is it something they're obligated to do so we have a—

[Board Vice Chair S. Rechler] We'll bring that to negotiations.

[Steve Plate] We've incorporated many if not most, of our site-wide criteria for architectural treatments and such in the agreements we spoke— and they're building to it. They're designing to it.

[Commissioner D. Steiner] Let's protect us because it's a political situation. We don't want to be subject to some city administration or state—I'm not saying the states are the same. To some extent they're not compatible, something we don't want. That would spoil this whole this whole—

[Commissioner J. Lynford] You mean -

[Commissioner D. Steiner] Shh. You're not supposed to tell.

[Board Vice Chair S. Rechler] Commissioner Lynford?

[Commissioner J. Lynford] To refresh our recollection, the LMDC is the creation of what political entity and who has the right to appoint Commissioners, and how does it work? >>It was a joint city/state agency.

[Commissioner J. Lynford] So it's 50-50?

[Commissioner D. Steiner] We have no input on it right?

[Commissioner J. Lynford] It's the governor of New York who's—

[Board Vice Chair S. Rechler] Yeah, correct. And the governor's office had been involved in these discussions.

[Commissioner J. Lynford] At one point, it was some Committee that you had set up for adjudication or—

[Board Vice Chair S. Rechler] Yeah. We still have it.

[Commissioner J. Lynford] How does that work again?

[Board Vice Chair S. Rechler] That's a problem—if there's a conflict of any of the parties at the World Trade Center site, it was contemplated that the PAC, if it was built, would be part of this as well, but the memorial or any of those elements, if there's an issue and a conflict needs to be resolved, that Committee steps in and takes a shot of resolving it, as well as it oversees the financial strength of the memorial museum to ensure that, that doesn't fall into a state of challenge and that we can be ahead of reacting to that.

[Commissioner J. Lynford] I'm just trying to give you a flavor of the various—

[Karen Eastman] Mic please. Mic please.

[Board Vice Chair S. Rechler] Microphone.

[Commissioner D. Steiner] Speak into the mic.

[Commissioner J. Lynford] I thought it was on. I have no more comments Mr. Chair.

[laughing]

[Board Vice Chair S. Rechler] Does anyone else have any more comments? Okay, so—

[Dep. Exec. Director D. Gramiccioni] I'm sorry, should we memorialize in the body of the resolution that within 2 months the reimbursement agreement will be—

[Board Vice Chair S. Rechler] Yeah, I would prefer to discuss that in executive session. I don't think we should memorialize, and I'll explain why in executive session.

[Chairman J. Degnan] Do you have an executive session scheduled— >>Yes. >>—between now and when the Board has to vote? >>Yeah, right after this open session.

[Commissioner D. Steiner] Okay. As long as we're covered. We're not building

[Board Vice Chair S. Rechler] I think we could put that clarification that none of these funds are going towards the PAC.

[Commissioner J. Moerdler] Other than the foundation.

[Board Vice Chair S. Rechler] Right. Which is what we agreed to do.

[Chairman J. Degnan] The 5% to 10% of this.

[Board Vice Chair S. Rechler] That is the— that's in the same thing.

[Commissioner D. Steiner] It always is higher.

[Board Vice Chair S. Rechler] Not with Plate. It's always lower. Okay. Thanks, Steve.

[Steve Plate] You're welcome. The last item I have is one of the final steps in finishing the sidewalks, roads, security, bollards, and happens to be around the Oculus of the Transit Hall outlined in purple. And this is a contract that was bid by 4 bidders. Again, this was below our estimate, our engineers' estimate. And it will provide all the hard finishes and basically put the icing on the cake relative to the finishes associated in the vicinity around the Oculus as we look to open it late next year. And we also provided 2 options in response to the build out of Tower Three. You can see the amounts highlighted in yellow and purple or mauve. And that enables us if World Trade Three goes up, we have a good competitive price if we want to exercise that option and, up north, to do some re-milling and paving as we finish up the entire site. So I offer the resolution.

[Board Vice Chair S. Rechler] Any comments or questions? Can I have a motion to move this to the full Board? >>So moved. >>Second.

[Board Vice Chair S. Rechler] All in favor? >>Aye. >>Okay. This concludes the public portion of today's meeting. The Subcommittee will now adjourn to executive session to discuss matters related to proposed, pending, or current litigation or judicial administrative proceedings and matters involving on-going negotiations, reviews of contracts or proposals.