

**PORT AUTHORITY TRANS-HUDSON CORPORATION**

**MINUTES**

**Thursday, June 30, 2016**

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**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, June 30, 2016 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. William P. Schuber  
 Hon. David S. Steiner

**NEW YORK**

Hon. Steven M. Cohen, Vice-Chairman  
 Hon. Michael D. Fascitelli  
 Hon. Hamilton E. James  
 Hon. Kenneth Lipper  
 Hon. Jeffrey H. Lynford

Patrick J. Foye, President  
 Richard J. Holwell, Counsel  
 Timothy G. Stickelman, Assistant Counsel

Thomas E. Belfiore  
 Denise Berger  
 John Bilich  
 Vincent J. Borst  
 Thomas L. Bosco  
 Molly C. Campbell  
 Ana M. Carvajalino  
 Steven J. Coleman  
 Janet Cox  
 Nicole Crifo  
 Stephanie E. Dawson  
 Michael DeGidio  
 Clarelle DeGraffe  
 Gerard A. Del Tufo  
 John C. Denise  
 Karen E. Eastman  
 Charles Fausti  
 Michael A. Fedorko  
 Rudy Fernandez  
 Robert E. Galvin  
 David P. Garten  
 Jaquetta George  
 Gary Goldman  
 Linda C. Handel  
 Mary Lee Hannell  
 Thomas Hassel  
 Rhonda Hendry  
 Jessica D. Hershman  
 Patricia Hurley  
 Amanda Iocca  
 Joseph Iorio

Cristina M. Lado  
William Laventhal  
Huntley A. Lawrence  
Andrew G. Levine  
John H. Ma  
Stephen Marinko  
Mike Marino  
Ronald Marsico  
Michael G. Massiah  
Hugh P. McCann  
Daniel G. McCarron  
Elizabeth M. McCarthy  
James E. McCoy  
David J. McGrath  
Carlene V. McIntyre  
Kristine O'Brien  
Steven P. Plate  
Alan L. Reiss  
Beth E. Siegel  
James A. Starace  
Lillian D. Valenti  
Sheree R. Van Duyne  
Ian R. Van Praagh  
Yenny Vasquez  
Messela Williams  
Cheryl A. Yetka  
Oran Zorbaron

Guests:

Ebony Grant  
Mary Maples  
Paula Santos

Speakers:

Rosalyn Austin  
Christine Berthet  
Murray Bodin  
Margaret Donovan  
Richard Hughes  
Gertrudis Lopez  
Ian Mikusko  
Arthur Piccolo  
Delores Rubin  
Cyndi Steiner  
Rev. Ronald Tuff  
Neile Weissman

The public meeting was called to order by Chairman Degnan at 10:46 a.m. and ended at 11:47 a.m. The Board also met in executive session following the public session.

### **Action on Minutes**

Assistant Counsel submitted for approval Minutes of the meeting of May 26, 2016. He reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on May 31, 2016. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on June 14, 2016.

Assistant Counsel reported that the Minutes of May 26, 2016 contained a clerical error on page 11, which has been corrected to accurately reflect the identity of the guests in attendance at the meeting.

Whereupon, the Board of Directors unanimously approved the Minutes of the meeting of May 26, 2016.

### **Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on June 30, 2016, which included discussion of an item that authorizes a lease for retail space at the Journal Square Transportation Center, and the report was received.

## **PATH - EASEMENT AND COST SHARING AGREEMENTS WITH THE NATIONAL RAILROAD PASSENGER CORPORATION**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into: (1) an Easement Agreement (the Easement Agreement) between PATH and the National Railroad Passenger Corporation (Amtrak) granting PATH a perpetual easement for the construction, operation and maintenance of PATH's rail system and improvements in PATH's right-of-way; and (2) a Cost Sharing and Reimbursement Agreement relating to the Operation, Maintenance, Repair, Use and Replacement of Shared Use Infrastructure Components of Dock Bridge (the Cost Sharing Agreement) between PATH and Amtrak, relating to the operation, maintenance, repair and replacement of the Dock Bridge shared use infrastructure.

PATH operates a passenger rail rapid transit system that provides mass transit services on property owned by Amtrak, pursuant to an existing Agreement of Lease dated April 26, 1967 (the Lease) entered into by and between PATH and The Pennsylvania Railroad Company (Amtrak's predecessor). Amtrak desires to replace the Lease with the Easement Agreement and the Cost Sharing Agreement. The Easement Agreement would grant PATH a perpetual easement for the construction, operation and maintenance of PATH's rail system and improvements on the property currently leased under the Lease, as well as on additional property PATH requires from Amtrak for several capital projects. PATH would accept the easement in its as-is condition, subject to certain environmental provisions contained in the Easement Agreement.

By entering into the proposed Easement Agreement with Amtrak, PATH would gain exclusive use of additional properties to support PATH's projects, including the Harrison Station Replacement, the Replacement of PATH's Signal System and the Replacement of Substation No. 9. PATH would be required to maintain the easement area at its sole cost, including all the tracks, ties and appurtenances, signals, signal system, cables, stations, yards, bridges and structures along its right-of-way. The Easement Agreement also would grant PATH non-exclusive easements on Amtrak property for: (i) use of certain access and service roads; (ii) utilities; and (iii) installation and repair of conduits, signals and cables.

The Cost Sharing Agreement would define the operation and maintenance obligations of each party regarding the Dock Bridge, which is a critical structure. The Dock Bridge is a lift bridge spanning the Passaic River between Newark, New Jersey and Harrison, New Jersey. It consists of three spans, commonly referred to as Spans A, B and C. Span B is used exclusively by PATH, and Spans A and C are shared by Amtrak and New Jersey Transit Corporation (NJ Transit). Under the Cost Sharing Agreement, Amtrak would perform the operation and maintenance services of certain infrastructure that is used by PATH, Amtrak and NJ Transit, and PATH would agree to pay Amtrak a monthly fixed fee, representing its pro rata share of such operating and maintenance services. In addition, PATH would pay PATH's pro rata share of the capital costs for capital projects related to the Dock Bridge shared infrastructure that PATH and Amtrak agree are necessary, and the entire cost of capital projects only affecting PATH's exclusive right-of-way.

The Cost Sharing Agreement would be in effect as long as the parties share the use of the Dock Bridge and the Easement Agreement remains in effect. However, after 10 years, either party would have the right to terminate the Cost Sharing Agreement with six months' prior notice. Amtrak would have additional termination or suspension rights in the event of certain contingencies. Any termination or suspension of the Cost Sharing Agreement would not affect the Easement Agreement.

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

**RESOLVED**, that the President of Port Authority Trans-Hudson Corporation (PATH) be and he hereby is authorized, for and on behalf of PATH, to execute: (1) an Easement Agreement between PATH and the National Railroad Passenger Corporation (Amtrak) granting PATH a perpetual easement for the construction, operation and maintenance of PATH's rail system and improvements in PATH's right-of-way; and (2) a Cost Sharing and Reimbursement Agreement relating to the Operation, Maintenance, Repair, Use and Replacement of Shared Use Infrastructure Components of Dock Bridge between PATH and Amtrak, relating to the operation, maintenance, repair and replacement of the Dock Bridge shared use infrastructure; each substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the form of all documents and agreements necessary to effectuate the foregoing shall be subject to the approval of Counsel or his authorized representative.

**PATH - JOURNAL SQUARE TRANSPORTATION CENTER – STARBUCKS CORPORATION – NEW LEASE LRR-377**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into a lease agreement with Starbucks Corporation (Starbucks) for the letting of approximately 2,079 square feet of retail space on the Plaza Level of the Journal Square Transportation Center (JSTC) for a 10-year term. The lease also would include two, five-year extension options.

Starbucks would use the premises for the operation of a Starbucks store, which specializes in the sale of coffee, baked goods and related items. The term of the new lease would commence on or about August 1, 2016. Over the term of the lease, the Port Authority would receive a total aggregate rental of approximately \$1.4 million. Starbucks would be responsible for all operational, maintenance and repair costs associated with the leased premises. Starbucks would have the right to terminate the lease, without cause, after five years and upon 120 days' prior notice, in which case the Port Authority would have no financial obligation to reimburse any portion of Starbucks' unamortized costs. In such event, Starbucks also would be obligated to reimburse the Port Authority the prorated portion of a \$59,202 brokerage commission paid by the Port Authority to Cushman & Wakefield and The Dartmouth Company of NJ (Starbucks' broker) for the period of lease terminated.

Starbucks would be granted an exclusive right to be the only retailer at JSTC whose primary business is the sale of coffee/espresso-related beverages. This exclusivity would neither impact existing JSTC retailers whose primary or ancillary business is the sale of such beverages, nor prevent PATH from entering into any new leases with retailers whose ancillary business involves the sale of coffee/espresso-related beverages. The lease also would grant Starbucks the right to set up outdoor seating in the common areas adjacent to the leasehold, which Starbucks would be required to maintain as part of the lease.

Starbucks would be obligated to subdivide the existing retail space of approximately 6,610 square feet on which the leasehold is located, in order to prepare the remainder space for a complementary retailer, for which PATH would reimburse Starbucks in the form of a rental credit. To ready the leased premises for initial occupancy, Starbucks also would be obligated to undertake improvements at the leased premises. The Port Authority would have the right to terminate the lease, without cause, upon 30 days' notice, in which case it would be obligated to reimburse Starbucks for its unamortized capital investment, in an amount up to \$588,160, for such initial improvements at the leased premises.

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

**RESOLVED**, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to enter into a new lease agreement with Starbucks Corporation for the occupancy of approximately 2,079 square feet of retail space on the Plaza Level of the Journal Square Transportation

Center for a term of 10 years, with two, five-year option periods, substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the President be and he hereby is authorized, for and on behalf of PATH, 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 Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

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Assistant Counsel