

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES**

**Thursday, February 15, 2018**

Report on Prior Meeting's Minutes	4
Award of Medals of Honor	5
Revisions to Port Authority Policy for Minority and Woman-owned Business Enterprises and Small Business Enterprises	6
Stewart International Airport – Signature Flight Support Corporation – Development of New Fixed Base Operator Terminal and Hangar and New Agreement(s)	8
Stewart International Airport – New Federal Inspection Service Facility – Project Authorization	10
Newark Liberty International Airport – New Terminal One Program – Program Re-authorization and Authorization to Award the Terminal Design-Build Contract and to Enter into New Leases with Various Airlines	12
Holland Tunnel – Latent Salt Damage Repairs and Mitigation Program – Project Authorization	16
World Trade Center Site Redevelopment – Authorization to Enter into a Lease with the World Trade Center Performing Arts Center, Inc. d/b/a The Performing Arts Center at the World Trade Center, Accept Payment for Below-Grade Improvements and Approve Increased Expenditures Under Existing Port Authority World Trade Center Contracts	18
Gateway Program – Authorization of Funds for Gateway Program Early Work – Relocation of Infrastructure and Program Management Services for The Gateway Program Development Corporation	23
Port Authority Gateway Support Program, Early Work – Facility Certification	26
Confidential Item	29

**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday,  
February 15, 2018 at 150 Greenwich Street, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. Kevin J. O'Toole, Chairman  
 Hon. Richard H. Bagger  
 Hon. Kevin P. McCabe  
 Hon. Raymond M. Pocino  
 Hon. David S. Steiner  
 Hon. Caren Z. Turner

**NEW YORK**

Hon. Jeffrey H. Lynford, Vice Chairman  
 Hon. Leecia R. Eve  
 Hon. Daniel J. Horwitz  
 Hon. Gary LaBarbera  
 Hon. George T. McDonald  
 Hon. Rossana Rosado

Richard Cotton, Executive Director  
 Michael E. Farbiarz, General Counsel  
 Karen E. Eastman, Secretary

James Allen, Chief of Staff to the Vice Chairman  
 Adam Barsky, Chief of Staff to the Executive Director  
 Carol Bennett, Assistant Director, Chief Diversity and Inclusion Office  
 Justin E. Bernbach, Director, Government and Community Affairs, New York  
 John Bilich, Chief Security Officer  
 Benjamin Branham, Chief Communications Officer  
 Molly C. Campbell, Director, Port  
 Steven J. Coleman, Deputy Director, Media Relations  
 John Collins, Police Officer  
 Nicole Crifo, Deputy Chief of Ethics and Compliance Officer  
 Catherine Cronin, Program Director, Aviation  
 Jennifer Davis, Chief Intergovernmental Affairs Officer  
 Diannae C. Ehler, Director, Tunnels, Bridges and Terminals  
 Benjamin S. Engle, Project Manager, Human Resources  
 Anthony Estevez, Police Officer  
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police  
 Amy Fisher, First Deputy General Counsel  
 Kevin Frick, Esq., Law  
 Sean Gallagher, Police Officer  
 Robert E. Galvin, Chief Technology Officer

Glenessa Gordon, Business Development Executive, Office of Business Diversity and Civil Rights  
 Glenn P. Guzi, External Affairs Logistics Manager, World Trade Center Redevelopment  
 Linda C. Handel, Deputy Secretary, Office of the Secretary  
 Edmond J. Harrison, General Manager, Stewart International Airport  
 Howard Kadin, Esq., Law  
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
 William Laventhal, Executive Policy Analyst, Office of the Executive Director  
 Huntley A. Lawrence, Director, Aviation  
 Anthony Manfredini, Police Officer  
 Stephen Marinko, Assistant General Counsel  
 Ronald Marsico, Director, Media Relations  
 Sergeant Hector Martinez, Police Sergeant  
 Michael G. Massiah, Chief Diversity and Inclusion Officer  
 Hugh G. McCann, Director, World Trade Center Operations  
 Elizabeth M. McCarthy, Chief Financial Officer  
 James E. McCoy, General Manager, Board Unit, Office of the Secretary  
 Aidan O'Donnell, Supervisor, Business Planning and Policy, Aviation  
 Maria Oliveri, Associate Board Management and Support Specialist, Office of the Secretary  
 Ida Perich, General Manager, Office of Business Diversity and Civil Rights  
 Steven P. Plate, Chief, Major Capital Projects  
 Suchetha Premchan, Principal Board Management and Support Specialist, Office of the Secretary  
 Drew Preston, Police Officer  
 Alan L. Reiss, Director, World Trade Center Construction  
 Miriam Rubio, Police Lieutenant  
 Brenda Scott, Manager, Special Events, Marketing  
 Beth Siegel, Program Director, Rail Transit  
 Peter D. Simon, Chief of Staff to the Chairman  
 James A. Starace, Chief Engineer/Director of Engineering  
 Sergeant Victor Talamini, Jr., Police Sergeant  
 Debra Torres, Chief Ethics and Compliance Officer  
 Derek Utter, Chief Development Officer  
 Lillian D. Valenti, Chief Procurement and Contracting Officer  
 Sheree R. Van Duynes, Manager, Policies and Protocol, Office of the Secretary  
 Hiloreen Woods-Hyatt, Special Events Specialist, Marketing

Guests:

Edmund Caulfield, Senior Counsel, Authorities Unit, Office of the Governor of New Jersey  
 Mary Maples, Deputy Chief Counsel, Authorities Unit, Office of the Governor of New Jersey  
 Michael Wojnar, Assistant Secretary for Transportation, Office of the Governor of New York

Speakers:

Syed Bacchus, SEIU 32BJ  
 Randy Barrows, SEIU 32BJ  
 Dayshon Beeks, SEIU 32BJ  
 Murray Bodin  
 Andrea Bundy, SEIU 32BJ  
 Lynn Allen Cione, Orange County Chamber of  
 Commerce  
 Raquel Leonel de Jesus, SEIU 32BJ  
 Cary Diaz, SEIU 32BJ  
 Canute Drayton, SEIU 32BJ  
 Nelliser Etienne, Unite Here, Local 100  
 Fernando Garcia, Unite Here, Local 100  
 Lasonya Glasgow, SEIU 32BJ  
 Indiana Gomez, Unite Here, Local 100  
 Adiodun Gundairo, SEIU 32BJ  
 Allison Haley, SEIU 32BJ  
 Louis Heimbach, Chairman Stewart Airport  
 Commission  
 Ashton Hepburn, SEIU 32BJ  
 Shaheen Khan, SEIU 32BJ  
 Gertrudis Lopez, SEIU 32BJ  
 Teresa Mancheno, SEIU 32BJ  
 Isabel Marte, SEIU 32BJ  
 Zakiy Medina, SEIU 32BJ  
 Ingrid Mendez, SEIU 32BJ  
 Gerard Michaud, SEIU 32BJ  
 Juniya Montomry, SEIU 32BJ  
 Yvonne Garrett Moore, MVP Public Relations  
 Argentina Nueces, SEIU 32BJ  
 Karl Olszewski, Retired Port Authority Employee  
 Adrian Ortiz, Unite Here, Local 100  
 Rafael Emilio Ortega, SEIU 32BJ  
 Mabel Richards, SEIU 32BJ  
 Maria Villa Roel, Unite Here, Local 100  
 Irene Rogers, SEIU 32BJ  
 Tom Rowland, RWDSU  
 Philip Royle, Legoland New York  
 Osman Saalam, SEIU 32BJ  
 Gigi Salomon, SEIU 32BJ  
 Yvette Stephens, SEIU 32BJ  
 Charlene Talarico, Port Authority Employee  
 Beverly Thompson, Unite Here, Local 100  
 Jordanny Vasquex, SEIU 32BJ  
 Franz Vieux, RWDSU  
 Christina Watson, SEIU 32BJ  
 Neile Weissman, Complete George  
 Brenda Wilson, SEIU 32BJ

Topic:

Airport Wages  
 Airport Wages  
 Airport Wages  
 Transportation Issues  
 Airport Wages  
 Stewart International Airport  
  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Stewart International Airport  
  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Newark Economic Development  
 Airport Wages  
 PATH Response and Rescue  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 SWF Project  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Human Resources Policies and Procedures  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 George Washington Bridge Bike Path  
 Airport Wages

The public meeting was called to order by Chairman O’Toole at 12:53 p.m. and ended at 3:09 p.m. The Board also met in executive session prior to the public session.

**Report on Prior Meeting’s Minutes**

Copies of the Minutes of the meeting of December 7, 2017 were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on December 8, 2017. The time for action by the Governors of New York and New Jersey had expired at midnight on December 22, 2017.

## **AWARD OF MEDALS OF HONOR**

The Port Authority Medal of Honor, established by the Board of Commissioners on March 2, 1944, is to be awarded to an individual who, in performing a specific act, demonstrated extraordinary bravery in the face of circumstances which would surely have led to grave personal injury or his or her own death should the slightest miscalculation have occurred.

It was recommended that the Medal of Honor be awarded the following members of the Port Authority Police Department in recognition of acts of extraordinary bravery performed on December 11, 2017, when they raced into the chaotic and smoke-filled underground corridor between the New York City Subway and the Port Authority Bus Terminal after a would-be suicide bomber detonated a device:

Lieutenant Miriam Rubio  
Sergeant Hector Martinez  
Sergeant Victor Talamini, Jr.  
Police Officer John Collins  
Police Officer Anthony Estevez  
Police Officer Sean Gallagher  
Police Officer Anthony Manfredini  
Police Officer Drew Preston

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

**WHEREAS**, by resolution adopted by the Board of Commissioners on March 2, 1944, as amended, the Port Authority Medal of Honor award was established, which award is to be given to a Port Authority employee for the performance of outstanding service; and

**WHEREAS**, in the cases of Lieutenant Miriam Rubio, Sergeant Hector Martinez, Sergeant Victor Talamini, Jr., Police Officer John Collins, Police Officer Anthony Estevez, Police Officer Sean Gallagher, Police Officer Anthony Manfredini, and Police Officer Drew Preston it is recommended that the Port Authority Medal of Honor be given for their devotion and dedication to duty, competence and professionalism; and

**NOW, therefore, be it**

**RESOLVED**, that the Medal of Honor be awarded to Lieutenant Miriam Rubio, Sergeant Hector Martinez, Sergeant Victor Talamini, Jr., Police Office John Collins, Police Officer Anthony Estevez, Police Officer Sean Gallagher, Police Officer Anthony Manfredini, and Police Officer Drew Preston in recognition of their acts of extraordinary bravery performed on December 11, 2017 while serving as members of the Port Authority Police Department.

## **REVISIONS TO PORT AUTHORITY POLICY FOR MINORITY AND WOMAN-OWNED BUSINESS ENTERPRISES AND SMALL BUSINESS ENTERPRISES**

It was recommended that the Board: (1) accept the findings of the disparity analysis of minority and woman-owned business enterprise (MWBE) utilization in Port Authority contracts for construction, professional services, and procurement of goods and other services conducted by Mason Tillman Associates, Ltd. (Mason); (2) based on those findings, authorize an increase in the good faith participation goals in Port Authority contracts under the Port Authority Policy and Programs for Minority, Woman-owned and Small Business Enterprises, from the current 12 percent for minority-owned business enterprises (MBEs) and 5 percent for women-owned business enterprises (WBEs), to 20 percent for MBEs and 10 percent for WBEs in all procurement categories; and (3) pursuant to the current Small Business Enterprise (SBE) set-aside program, increase the Executive Director's authority to designate and award construction and non-construction contracts, from his existing authority of up to \$1 million, to \$2.5 million or less, consistent with the amounts presently set forth in the By-Laws for the award of such contracts outside of the set-aside program.

In light of various Supreme Court decisions, MWBE programs must generally be based on factual findings as to "underutilization" --- as to whether, in light of local labor market conditions, fewer business opportunities are being provided to minority- and women-owned businesses than is warranted. Accordingly, over the years the Port Authority has commissioned various independent studies, to assess whether and to what extent the Port Authority can lawfully maintain an MWBE program. These studies are generally called "disparity studies." In 1993 and in 2004, the Board considered and accepted previous disparity studies, and set MWBE goals in light of them.

The latest disparity study commissioned by the Port Authority was conducted by Mason, a well-respected leader in this field. Mason has extensive experience in conducting disparity studies and in developing MWSBE contracting programs. The firm has performed more than 135 disparity studies over many years for a wide range of institutions, including state, county and city governments, transportation agencies and utility districts. The Mason study included a systematic and rigorous consideration of local labor markets, and was completed in December 2017. The Mason study demonstrates that there continues to be a large disparity between (a) the utilization of MWBEs by the Port Authority, and (b) the availability of MWBEs for Port Authority contracts. More particularly, the Mason study supports increasing the agency's MWBE good faith contracting goals --- to 20 percent for MBEs and 10 percent for WBEs, based on the increased availability of such entities to perform work on behalf of the Port Authority. (In the case of contracts for which the Port Authority receives funding from the federal government, the Port Authority will set good faith MWBE participation goals consistent with requirements established under federal law with respect to such contracts.)

Given that eligibility rules for contracts awarded through the SBE set-aside program differ from such rules and terms otherwise used for the award of such contracts, the Executive Director would be authorized to award such contracts pursuant to the SBE Policy, and the amount of that authority would be increased, consistent with the amounts presently set forth in the By-Laws for the award of such contracts outside of the set-aside program.

In view of the importance to the Port Authority of ensuring the availability of contracting opportunities for MWBEs, the Executive Director would be directed to report to the Board periodically on the agency's progress in meeting the participation goals set forth herein.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. 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: (1) accepts the findings of the disparity analysis conducted by consultants Mason Tillman Associates, Ltd., which determined that minorities and women are underutilized in Port Authority contracts for construction, professional services, and procurement of goods and other services; and (2) provide that Port Authority contracts shall require contractors to make a good faith effort to achieve participation goals under the Port Authority Policy and Programs for Minority, Woman-owned and Small Business Enterprises (MWSBEs) of 20 percent for certified MBEs and 10 percent for WBEs; and it is further

**RESOLVED**, that, pursuant to the SBE set-aside program, the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to designate and award construction and non-construction contracts under the SBE Policy and Program valued at amounts of up to \$2.5 million or less, consistent with the amounts presently set forth in the By-Laws for the award of such contracts outside of the set-aside program, pursuant to a competitive process; and it is further

**RESOLVED**, that the Executive Director hereby is directed to report to the Board on the Port Authority's progress in meeting the foregoing participation goals for MBEs and WBEs periodically, as appropriate.



**STEWART INTERNATIONAL AIRPORT – SIGNATURE FLIGHT SUPPORT CORPORATION – DEVELOPMENT OF NEW FIXED BASE OPERATOR TERMINAL AND HANGAR - NEW AGREEMENT(S)**

It was recommended that the Board authorize the Executive Director to enter into a new 35-year agreement(s) with Signature Flight Support Corporation (Signature), commencing on or about July 1, 2018, providing for: (1) the leasing of approximately 125,000 square feet of land at Stewart International Airport (SWF) to provide for the construction of a new hangar and Fixed Base Operator (FBO) Terminal by Signature; (2) the leasing (including all operation and maintenance) of approximately 95,600 square feet of land at SWF comprising the existing Northeast Fuel Farm; and (3) a right of first refusal for an additional estimated 68,700 square feet of land at SWF. All rental payments would commence at the earlier of Signature's beneficial occupancy of the new hangar and FBO Terminal or one year from the agreement(s) commencement date, and the rental rate would be subject to reset at then-market rates at years 10, 20, and 30 of the term.

Signature currently leases approximately 10,500 square feet of Building 140 and associated ramp space at SWF for its FBO services, which serve general aviation activity. Signature would move its FBO services operations from Building 140 and its associated ramp space to the new hangar and FBO Terminal to be constructed under the proposed agreement. Pursuant to the proposed agreement(s), Signature would be obligated to invest a minimum of \$5 million for the design and construction of the approximately 28,000-square-foot hangar and FBO Terminal. If Signature failed to make the \$5 million minimum required investment within two years from commencement of construction, it would be obligated to remit payment to the Port Authority for any shortfall, as additional rent through equal installments over the remaining term of the agreement(s). Over the term of the agreement(s), the Port Authority would receive a total aggregate rental of approximately \$5.09 million. Signature would be responsible for any new environmental damage from the effective date of the proposed agreement(s), and for costs associated with the construction of the hangar and FBO Terminal.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. 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 35-year agreement(s) with Signature Flight Support Corporation (Signature), commencing on or about July 1, 2018, providing for: (1) the leasing of approximately 125,000 square feet of land at Stewart International Airport (SWF) for the construction of a new hangar and Fixed Base Operator Terminal by Signature; (2) the leasing of approximately 95,600 square feet of land at SWF comprising the existing Northeast Fuel Farm; and (3) a right of first refusal for an additional estimated 68,700 square feet of land at SWF, 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 contracts, agreements and other documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

## **STEWART INTERNATIONAL AIRPORT – NEW FEDERAL INSPECTION SERVICE FACILITY – PROJECT AUTHORIZATION**

It was recommended that the Board: (1) authorize a project to expand the terminal at Stewart International Airport (SWF) to develop a world-class federal inspection service facility (FIS), which would enable United States Customs and Border Protection (CBP) to process international passengers from scheduled and itinerant operations more efficiently and effectively, at an estimated total project cost of \$30 million; and (2) authorize the Executive Director to: (a) award a contract to construct the expansion of the terminal, at an estimated total cost of approximately \$19.6 million; (b) increase, by approximately \$240,000, the amount of an existing contract with HNTB Corporation (or an affiliated entity) for architectural and engineering services for the project, which would result in a total authorized amount of approximately \$1,855,000; and (c) take actions necessary to change the airport's name.

In its current configuration, the passenger terminal at SWF has only limited ability to accommodate international traffic and cannot handle international and domestic arrivals simultaneously, which limits SWF's ability to expand service. In 2010, the airport received approval from CBP to: (1) utilize a portion of the main terminal arrivals area as an interim FIS facility to process occasional international arrivals; and (2) make interim modifications, completed in February 2011, to accommodate the interim FIS operations.

At its meetings of September 30, 2010 and December 8, 2011, the Board authorized funds for the expansion of the terminal to accommodate a new FIS facility at SWF. However, due to competing priorities and the limited scheduled air service at SWF prior to 2017, the project was not included in the 2017-2026 Capital Plan. Following the recent initiation of transatlantic service at SWF and renewed interest from international and domestic low-cost carriers in providing scheduled service to SWF, there is an opportunity to further market SWF as a convenient option for airlines and passengers, which supports the inclusion of the project in the 2017 – 2026 Capital Plan.

The proposed project would consist of an expansion to the north side of the terminal by approximately 20,000 square feet, the relocation of the interim FIS operation, and the construction of additional public restroom facilities. The project would be constructed in accordance with the latest CBP design standards for FIS facilities. Completion of this construction would enable the terminal to handle simultaneous domestic and international arrivals, by relocating the existing FIS operations into the terminal expansion area. Funding for this project, for inclusion in the 2017 – 2026 Capital Plan, would be achieved through cost offsets on other aviation projects that are to be delivered under budget and a grant from the New York State Department of Transportation.

In connection with the terminal expansion, which would expand the airport's capacity and enhance its ability to serve as a gateway to the New York/New Jersey metropolitan region, authorization also was requested for the Executive Director to take actions necessary to change the airport's name.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. 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 to expand the terminal at Stewart International Airport to develop a world-class federal inspection service facility, at an estimated total project cost of \$30 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: (1) award a contract to construct the expansion of the terminal, at an estimated total cost of approximately \$19.6 million; and (2) increase, by approximately \$240,000, the amount of an existing contract with HNTB Corporation (or an affiliated entity) for architectural and engineering services for the foregoing project, resulting in a total authorized amount of approximately \$1,855,000; 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 Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take actions necessary to change the airport's name; and it is further

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

**NEWARK LIBERTY INTERNATIONAL AIRPORT – NEW TERMINAL ONE PROGRAM – PROGRAM RE-AUTHORIZATION, AND AUTHORIZATION TO AWARD THE TERMINAL DESIGN-BUILD CONTRACT AND TO ENTER INTO NEW LEASES WITH VARIOUS AIRLINES**

It was recommended that the Board: (1) re-authorize the Newark Liberty International Airport (EWR) Terminal One development program (Program), at an estimated total amount of approximately \$2.72 billion, an increase of approximately \$360 million from the previously authorized amount of \$2.3 billion; (2) authorize the expenditure of an amount of \$1.85 billion to implement the design and construction of a new terminal (to be referred to as Terminal One) and remaining landside elements of the Program; and (3) authorize the Executive Director to: (a) award Contract EWR 154.376 to Tutor Perini/Parsons, JV a joint venture between Tutor Perini Corporation and Parsons Transportation Group Inc., for the design and construction of Terminal One, a new pedestrian walkway and bridge between the new parking garage and Terminal One, Bridge N60 and at-grade frontage roadways to service Terminal One, and other utilities and site work that will serve Terminal One, at an approximate amount of \$1.41 billion, inclusive of an allowance to address unforeseen needs in designing and constructing Terminal One, such as extra work and compensable delay events, which costs are within the Program budget; (b) submit an application to the Federal Aviation Administration (FAA) for the collection and use of additional Passenger Facility Charges (PFCs) to recover expenditures associated with the Program; (c) take action with respect to the Program for the award and modification of contracts and agreements (including, but not limited to: construction contracts; professional, technical and advisory services agreements; and other such contracts and agreements) required to implement the Program; and (d) enter into new lease agreements with each of the airlines expected to operate from Terminal One for the use of gates and associated office and operational space.

Terminal A opened for air passenger traffic in 1973 and is the oldest terminal at EWR. It is at the end of its useful life, and is in need of significant investment to maintain a state of good repair. In addition, Terminal A is at its capacity and no longer meets today's demands for frontage, building and airside space.

The new Terminal One will be a modern, state-of-the-art facility, and will embody the spirit, resiliency and dynamism of New Jersey and New York. Terminal One would be designed and constructed in a manner such that it could be easily modified as needs and tastes change, and as standards and new technologies are introduced, will meet current and future air traffic demand with an appropriate level of service, and will enhance the flexibility and efficiency of aircraft operations. The new design will: maximize the useful life of the Terminal One facilities, while minimizing total cost of ownership; enable world-class operations that provide passengers with a 21st century customer experience, amenities and retail offerings; improve the overall flow of passengers throughout the Terminal One facilities; and integrate retail, dining and commercial development in Terminal One. This manner of construction would also minimize disruptions to airlines and their operations during the transition and implementation.

The requested expenditure of \$1.85 billion would provide for the completion of the following Program elements: a new flexible 33-gate common-use terminal building and ramp capable of achieving Leadership in Energy and Environmental Design (LEED) Silver certification that will accommodate the Port Authority's 13.6 million annual passengers forecast

for 2027; a fully enclosed pedestrian walkway and bridge between the new parking garage and the new Terminal One; new Bridge N60 and at-grade frontage roadways to service the new Terminal One; site clearance, including installation of project site boundary fencing to separate the project site from Airport Operations Area (AOA) and provide site security as necessary, and installation of permanent AOA security fencing; a reconfigured stormwater collection system; an underground hydrant fueling system; a high temperature hot and chilled water connection from Terminal One to the EWR Central Heating and Refrigeration Plant; and abatement and demolition of multiple buildings, structures, pavement, and utilities in the existing project site, to allow for construction of Terminal One.

The additional funds for the Program are needed due to higher than anticipated construction-related costs of \$240 million, due to market conditions, including significant numbers of competing regional projects, skilled labor and subcontractor cost escalation, material cost escalation beyond prior ranges, and associated overhead allocations based on the increase in construction costs. This construction cost increase results in additional formula-driven soft costs, including insurance, contingency and finance charges of \$120 million. The additional funds required would be provided by higher than anticipated revenues to be generated by the new terminal, based on current market conditions.

Through prior actions from May 20, 2004 through July 23, 2015, the Board authorized planning and early-action construction work to support the phased development of the Program, at an aggregate amount of \$105 million, and authorized the submission of applications to the FAA for the collection and use of up to \$105 million in PFCs to recover expenditures associated with the Program. In March 2016, the Board authorized the Program, which encompasses four overarching program elements, consisting of landside, airside, parking complex, and a passenger terminal, and included funds in the 2017 – 2026 Capital Plan, at an estimated total program cost of \$2.36 billion. Also in March 2016, the Board authorized the expenditure of \$196.3 million (exclusive of \$25 million previously authorized for design services to support the Program) to implement certain elements of the Program, with the expenditure of additional funds to implement other Program elements subject to future Board authorization. In December 2017, the Board authorized, among other things, the expenditure of an additional amount of \$496 million to implement certain landside and airside elements of the Program.

At its November 16, 2017 meeting, the Board authorized the Executive Director to supplement existing leases with American Airlines, Inc., Delta Airlines, Inc., United Airlines, Inc. and Alaska Airlines, Inc., and to enter into new leases with JetBlue Airways Corporation, Southwest Airlines Co., and Air Canada, for the continued use of operational space and aircraft gates for a five-year period commencing January 1, 2019 and ending December 31, 2023. These agreements contain a provision that provides for the transition to Terminal One in two phases (estimated to occur in September 2021 and September 2022). The proposed authorization would permit the Executive Director to execute lease agreements for occupancy by the aforementioned airlines, and other airlines, as appropriate, upon completion of negotiations concerning terms and conditions of such occupancy and use by the respective airline(s).

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. Commissioner Horwitz recused and did not participate in the consideration of, or vote on, this item. 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 Newark Liberty International Airport (EWR) Terminal One development program (Program), at a total estimated program cost of approximately \$2.72 billion, an increase of approximately \$360 million from the previously authorized amount, be and it hereby is re-authorized; and it is further

**RESOLVED**, that the expenditure of up to \$1.85 billion to implement the design and construction of a new terminal (to be referred to as Terminal One) and remaining landside elements of the Program, 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 award Contract EWR 154.376 to Tutor Perini/Parsons, JV, a joint venture between Tutor Perini Corporation and Parsons Transportation Group Inc., for the design and construction of Terminal One, a new pedestrian walkway and bridge between the new parking garage and Terminal One, Bridge N60 and at-grade frontage roadways to service the Terminal One that interface with bridges and roads being constructed by others; and other utilities and site work that will serve Terminal One, all at an approximate amount of \$1.41 billion, inclusive of an allowance to address unforeseen needs in designing and constructing Terminal One, such as extra work and compensable delay events, which costs are within the Program budget, 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 submit an application to the Federal Aviation Administration for the collection and use of additional Passenger Facility Charges to recover expenditures associated with the Program; 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 the Program for the award and modification of contracts and agreements (including, but not limited to: construction contracts, service contracts, professional, technical and advisory services agreements, and other such contracts and agreements) required to execute the work in support of the implementation of the Program; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to negotiate and enter into new lease agreements with each of the airlines expected to operate from Terminal One for the use of gates and associated office and operational space; and it is further

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



## **HOLLAND TUNNEL – LATENT SALT DAMAGE REPAIRS AND MITIGATION PROGRAM – PROJECT AUTHORIZATION**

It was recommended that the Board authorize a project for: (1) the repair and restoration of systems and structures at the Holland Tunnel (HT) that were damaged by Superstorm Sandy, in order to maintain a state of good repair; and (2) the provision of flood protection measures at the HT portals and ventilation buildings, at an estimated total project cost of \$364.2 million.

The HT was severely affected by Superstorm Sandy. The tunnel and its support facilities were flooded, with an estimated 30 million gallons of brackish water entering through the New Jersey roadway portals and through the exhaust air duct system into both the north and south tubes.

The HT was closed immediately due to damage caused by Superstorm Sandy, and was reopened to bus traffic after five days, and to commuter traffic after ten days. In the aftermath of Superstorm Sandy, the Port Authority deployed several preventive measures at the HT in preparation for a storm of similar magnitude, which included: the purchase and installation of stop logs at each of the HT ventilation buildings; the installation of concrete barriers at the north tunnel exit portal and the New Jersey Administration Building; and the purchase of emergency generators, fillable barriers, and other back-up equipment.

In January 2015, the Federal Emergency Management Agency (FEMA) updated its flood maps and elevations, based on Superstorm Sandy and other recent storm events. The new design flood elevations are designed for a 500-year flood level.

A Stage I study was completed in April 2016, which resulted in recommendations to repair and/or replace the damaged electrical and mechanical systems and structures, and to install additional flood protection measures in accordance with the latest FEMA flood design guidelines, in order to mitigate the deterioration of the systems and protect against future flooding conditions.

At its meeting of February 16, 2017, the Board authorized planning work in support of the proposed project, at a total estimated cost of \$6.9 million. That Stage II planning work evaluated the constructability and traffic impacts to the local streets and regional network, and recommended: packaging the work into two contracts; extending overnight single tube closures (six work nights per week) during construction; and undertaking additional traffic monitoring and mitigation measures.

Under the proposed project, two contracts would be awarded, in order to allow for an effective and efficient construction effort and coordination of work. The first contract (HT-224.130) would provide for latent salt damage repairs and mitigation, including: installation of flood gates and perimeter protection at the New York and New Jersey Portals to meet FEMA flood criteria; repair of safety walks, safety walk walls, and handrails; repair of steel bent sections and curb drainage; repair of concrete in the blower (fresh air) duct and fresh air flues; replacement of damaged and missing wall tiles and unclogging of weep holes; repair of granite blocks at the New Jersey Portal; washing and removal of salt residue from roadway pavement, tunnel signage, access doors, and egress paths; repair of exhaust ducts, drum rings, and ceiling panel hangers; replacement of low-voltage cables and medium-voltage duct banks and cables; replacement of voice communication system and fiber optic cables; replacement of pump rooms' damaged equipment

and controls; replacement of the fire detection and suppression system components, and fire extinguishers; cleaning of salt residue on grade cleanouts and fire standpipes; and replacement of damaged lighting, corroded elevator components and damaged overhead lane status lights. In addition, the scope would include the evaluation of lighting system improvement alternatives in the tunnel. The second contract (HT-224.131) would provide for flood protection work at the New York and New Jersey Ventilation Buildings, to increase stop logs' height to meet FEMA flood criteria.

Support for these contracts would be provided by two firms holding Superstorm Sandy Indefinite Quantity Contract agreements for the performance of architectural and engineering services for the design of federally funded Superstorm Sandy-related repair and resilience projects on an "as needed" basis, which firms were retained to support Stages 1, 2, 3 and 4 of this project.

At its meeting of December 4, 2013, the Board authorized preliminary program funding to define projects to be developed, executed, and delivered under a multi-year Storm Mitigation and Resilience Program, and the provision of \$108 million, of which \$27 million was allocated for Port Authority facilities, excluding the World Trade Center site, to retain architectural and engineering design services and federally required integrity monitoring services to support the program. Staff would retain STV, Inc. and CH2M Hill, Inc. to perform final design and construction services for the proposed project, on a task-order basis, under the agreements awarded pursuant to the Board's December 4, 2013 resolution, and in compliance with federal procurement guidelines, to ensure maximum federal cost recovery.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. 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 the repair and restoration of systems and structures at the Holland Tunnel that were damaged by Superstorm Sandy, and the provision of flood protection measures at the Holland Tunnel portals and ventilation buildings, at an estimated total project cost of \$364.2 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 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 contracts, agreements and other documents in connection with the foregoing project shall be subject to the approval of General Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

**WORLD TRADE CENTER SITE REDEVELOPMENT – AUTHORIZATION TO ENTER INTO A LEASE WITH THE WORLD TRADE CENTER PERFORMING ARTS CENTER, INC. D/B/A THE PERFORMING ARTS CENTER AT THE WORLD TRADE CENTER, ACCEPT PAYMENT FOR BELOW-GRADE IMPROVEMENTS AND APPROVE INCREASED EXPENDITURE UNDER EXISTING PORT AUTHORITY WORLD TRADE CENTER CONTRACTS**

It was recommended that the Board authorize the Executive Director to: (1) enter into an Agreement of Lease and Access Agreement (Net Lease) with The World Trade Center Performing Arts Center, Inc. d/b/a The Performing Arts Center at the World Trade Center (WTC PAC) for a volume of space located on a portion of the World Trade Center site (WTC Site) bounded on the north by Vesey Street, on the east by Greenwich Street, on the south by Fulton Street and on the west by the future Washington Place Plaza, and appurtenant easements and other rights, as described in the Net Lease (PAC Premises); (2) approve the terms of, and authorize the Executive Director to act to effectuate, a letter agreement dated December 22, 2017 between the Port Authority and the Lower Manhattan Development Corporation (LMDC) setting forth the conditions on which LMDC will provide \$48 million to WTC PAC (the LMDC Payment) to acquire rights from the Port Authority in certain below-grade improvements (Below-Grade Improvements) being constructed by the Port Authority from which WTC PAC and certain other World Trade Center tenants benefit (the LMDC Agreement); and (3) increase existing Port Authority spending authorization under contracts for below-grade structural and system work, as necessary, in an amount not to exceed \$8 million, in order to support the future development of the WTC Performing Arts Center.

On May 29, 2003, the Board authorized the Executive Director to enter into a memorandum of understanding with LMDC to implement the Master Site Plan (Plan) developed by Studio Daniel Libeskind for the WTC Site. As part of that commitment, the Port Authority, in December 2003, amended the net leases for the office and retail components of the WTC Site to reconfigure their net-leased premises in order to accommodate the Plan and allow for a Performing Arts Center (PAC) to be constructed at the WTC Site. In furtherance of the Plan and the commitment by the Port Authority, LMDC adopted a General Project Plan (GPP) on June 2, 2004, amended as of February 14, 2007, which established the overall site plan for the World Trade Center and included a PAC to be located on the corner of Fulton and Greenwich Streets within the World Trade Center. There have been several PAC design proposals presented to LMDC, and in 2018 LMDC designated WTC PAC to receive the real property interest in the PAC Premises, and to be provided certain federal funds allocated from a Community Development Block Grant from the U.S. Department of Housing and Urban Development (HUD), toward completion of the PAC. WTC PAC made certain design changes in the PAC subsequent to design of the Below-Grade Improvements, requiring certain modifications during construction of the Below-Grade Improvements.

The Below-Grade Improvements, located at the corner of Fulton Street and Greenwich Street, are to be used by the net lessee of One World Trade Center (Tower 1 Lessee), the net lessee of the retail component of the World Trade Center (Retail Lessee), the Port Authority (for the West Bath tub Vehicular Access (WBVA), portions of the WTC Vehicular Security Center and Tour Bus Parking Facility (VSC), portions of the Vehicular Roadway Network (VRN), the PATH rail system and certain other back-of-office hallways and offices and mechanical spaces), the New York

Metropolitan Transportation Authority and WTC PAC. Under various Port Authority Board resolutions through November 2008, design consultants were retained by the Port Authority to coordinate and perform Below-Grade Improvements design work at the WTC Site which would affect (and be affected by) the premises to be occupied by the PAC, as they were then contemplated to be configured, and other Port Authority design and construction costs contemplated for allocation to the PAC were also authorized. The Port Authority is currently constructing portions of the Below-Grade Improvements.

At its special meeting of June 22, 2010, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized the Executive Director to enter into an agreement with the City of New York (the City), which was then the sponsor of the PAC, pursuant to which the City would reimburse the Port Authority for the cost of early-action design and construction of the Below-Grade Improvements, in an amount not to exceed \$48 million, to be memorialized in one or more agreements with the City.

As WTC PAC has now finalized its plans for the PAC, and LMDC has agreed to designate WTC PAC as the recipient of the real property interest in the PAC Premises and the sub-recipient of HUD funding, the Port Authority has an opportunity to finalize the Net Lease for the PAC, the final element of the Plan, and be paid \$48 million toward the cost of the Below-Grade Improvements on terms and conditions described below.

The Port Authority would lease to WTC PAC a volume of space that includes the entire PAC Premises, with certain excluded areas (including the Below-Grade Improvements, in which WTC PAC will receive a real property interest representing its use rights, subject only to the rights of certain other WTC Site tenants and the Port Authority).

The Net Lease would require that the PAC Premises be used for the creation of a world-class performing arts center not larger than 200,000 square feet and with not more than 1,200 seats, together with permitted accessory uses (such as a restaurant, a gift shop and certain educational, community and fundraising events). The PAC would be required to be operated by WTC PAC consistent with the prevailing standards at comparable world-class performing arts centers, examples of which include Jazz at Lincoln Center, the Brooklyn Academy of Music, Signature Theatre and The Public Theater. Certain special events (based upon size, security issues or utilization of outdoor areas) to be held at the PAC Premises shall be subject to scheduling and approval by the Port Authority or its designee.

A portion of the PAC would encroach upon a portion of the sidewalk to be owned by the City, which would require an easement from the City, and the Port Authority has agreed to exercise reasonable efforts to assist WTC PAC in obtaining the easement, and upon obtaining the easement, such space would be included in the PAC Premises.

The 99-year occupancy term of the Net Lease would commence upon execution and delivery of the Net Lease, approval of the Board and expiration of the gubernatorial veto period, approval of the LMDC and WTC PAC boards and the payment of aggregate rents for the entire term of \$99 and the aforementioned \$48 million in additional rent (Lease Effective Date). The final legal description of the PAC Premises would be determined at such time. WTC PAC would also be obligated to pay to the Port Authority the cost of electricity and chilled water consumed by

the PAC during the occupancy term and to contribute to the capital reserve for the World Trade Center Central Chiller Plant during the occupancy term. All other utilities would be contracted and paid by WTC PAC directly with the utility provider. WTC PAC would have one option to renew the Net Lease for one additional 99-year period, and an option to cause the Port Authority to transfer fee title to the PAC Premises to the WTC PAC in consideration of \$1.00. If the fee interest is so purchased by WTC PAC, the transfer would be subject to deed restrictions and conditioned on execution and delivery of an appropriate easement agreement to reflect the integration of the PAC Premises into the WTC Site. The PAC Premises would also be subject to a restrictive use declaration (Declaration) in favor of LMDC restricting the use of the premises for cultural purposes consistent with the Plan, and requiring a replacement tenant to be approved by LMDC, in consultation with the Port Authority.

The additional third-party design and construction services necessary to support modifications to the Below-Grade Improvements as a result of WTC PAC's redesign of the PAC would be funded by or on behalf of WTC PAC. The Port Authority is in negotiation with Tower 1 Lessee, Retail Lessee, as well as WTC PAC, to further define the rights and obligations of such parties, the Port Authority and other users of the Below-Grade Improvements as they reach completion.

Due to the redesign of the PAC and concomitant modifications to the Below-Grade Improvements, the timeframe for completing the Below-Grade Improvements has been extended. WTC PAC has agreed to provide definitive design specifications and fabricated steel support elements for installation by the Port Authority, no later than December 31, 2018 (subject to extension in limited circumstances), so that work on the Below-Grade Improvements can continue. WTC PAC would reimburse the Port Authority for any fees, penalties or other compensation which the Port Authority would be required to pay to the other WTC Site tenants arising from the extended schedule for the Below-Grade Improvements (except to the extent that any further extension of the completion date is caused by the Port Authority). However, WTC PAC would not compensate the Port Authority for any of its additional costs during this extension period. To the extent that the Port Authority incurs such costs, the Executive Director would have the authority to increase payment under existing Port Authority contracts for below-grade structural and system work, as necessary, in an amount not to exceed \$8 million, in order to accommodate such costs.

WTC PAC would be otherwise responsible for the design and construction of its building. The Net Lease would permit WTC PAC to access the site to commence construction as and when the Port Authority sufficiently completes the Below-Grade Improvements, to permit WTC PAC to commence its above-grade work without materially interfering with the Port Authority's work. WTC PAC would be obligated to commence construction and complete construction of the PAC within the time periods described in the Net Lease (in most cases, completion is required within 5 years following the date it is commenced). Failure to meet such time periods would enable the Port Authority to perform restoration work at WTC PAC's expense and to terminate the Net Lease.

WTC PAC would be responsible for the construction of the PAC within the PAC Premises and the maintenance and repair of the PAC. The Port Authority would be responsible for the maintenance and repair of the below-grade structural foundation for the PAC and other infrastructure, subject to reimbursement by WTC PAC and other WTC Site tenants as and to the

extent set forth in the Net Lease and other reciprocal easements among the WTC Site tenants. Other costs of construction and construction delays would be allocated as set forth in the Net Lease. Additionally, WTC PAC would be responsible for maintaining insurance generally comparable to the insurance maintained by other leaseholders at the WTC Site, and would indemnify the Port Authority from liability for any incidents at the PAC Premises not caused by the Port Authority.

The proposed authorization would allow the Port Authority to enter into the Net Lease with WTC PAC and allow the Port Authority to effectuate its commitment to provide the PAC Premises for cultural purposes.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. 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 Net Lease with The World Trade Center Performing Arts Center, Inc. d/b/a The Performing Arts Center at the World Trade Center (WTC PAC) for a volume of space at the World Trade Center (WTC) Site bounded on the north by Vesey Street, on the east by Greenwich Street, on the south by Fulton Street and on the west by the future Washington Place Plaza, as described in the Net Lease (PAC Premises), on a basis substantially in accordance with the terms and conditions outlined to the Board; and it is further

**RESOLVED**, that the terms of the letter agreement dated December 22, 2017 between the Port Authority and the Lower Manhattan Development Corporation (LMDC) setting forth the conditions on which LMDC will provide \$48 million to WTC PAC (the LMDC Payment) to acquire rights from the Port Authority in certain below-grade improvements (Below-Grade Improvements) being constructed by the Port Authority from which WTC PAC and certain other World Trade Center tenants benefit (LMDC Agreement) are hereby approved, and the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to act to effectuate the LMDC Agreement, accept \$48 million from WTC PAC in payment of all amounts outstanding for the Below-Grade Improvements and execute and record the Declaration; 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 payment under existing Port Authority contracts for below-grade structural and system work, as necessary, in an amount not to exceed \$8 million, in order to support the future development of the WTC Performing Arts Center; and it is further

**RESOLVED**, that the Board hereby finds and determines that the PAC Premises within the WTC Site should be subjected to the Net Lease to effectuate the Port Authority's commitment to provide the PAC Premises for cultural purposes; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to execute any other contracts, agreements and documents as may be necessary to effectuate the property transfers in connection with the foregoing, consistent with the terms and conditions reported to the Board; 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, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

**GATEWAY PROGRAM – AUTHORIZATION OF FUNDS FOR GATEWAY PROGRAM  
EARLY WORK – RELOCATION OF INFRASTRUCTURE AND PROGRAM  
MANAGEMENT SERVICES FOR THE GATEWAY PROGRAM  
DEVELOPMENT CORPORATION**

In furtherance of the Gateway Program (Program), one of the nation's largest and most important passenger rail infrastructure projects, and the Board's prior resolutions of December 10, 2015, March 24, 2016 and November 17, 2016, the Board authorizes up to \$44 million in funds for the Gateway Program Early Work to be advanced to the Gateway Program Development Corporation (GDC); specifically, up to \$12.5 million for relocation of existing infrastructure in connection with the Hudson Yards Concrete Casing (part of the Gateway Hudson Tunnel Project), to be utilized in the period from 2018 to 2021 and up to \$31.5 million for program management expenses for the Program's first phase and GDC's operations (described further below) for the 2018-2019 annual period, in both cases with the understanding that Amtrak will provide equal funding.

The Program consists of a set of rail infrastructure projects between Newark, NJ and Penn Station New York. The currently proposed first phase of the Program includes the two projects that are the most urgent and time sensitive: the replacement of the Portal Bridge in New Jersey (Portal North Bridge Project) and the Gateway Hudson Tunnel Project, each of which represents a critical single point-of-failure for the Northeast Corridor rail network. The Gateway Hudson Tunnel Project includes the construction of a new tunnel (consisting of two railroad approach tubes connecting New York Penn Station and New Jersey), the rehabilitation of the existing tunnel under the Hudson River, and the completion of the Hudson Yards Concrete Casing to preserve tunnel right-of-way around the future tracks on the West Side of Manhattan leading from the new tunnel to New York Penn Station.

The Gateway Program Early Work consists of time-sensitive preparatory early works, as well as program management and operational support for GDC. First, a pre-condition for the advancement of the Gateway Hudson Tunnel Project, and specifically the construction of the Hudson Yards Concrete Casing, is the relocation of the Long Island Rail Road (LIRR) Emergency Services Building (ESB) in Hudson Yards in Manhattan out of the future tracks' right-of-way. The relocation is estimated to cost approximately \$25 million and take approximately 24 months to complete. The relocation of the ESB is critical to ensuring that the Hudson Yards Concrete Casing, and ultimately the entire Gateway Hudson Tunnel Project, can move forward promptly once funding is secured. Additionally, the Gateway Program Early Work includes program management services and certain GDC operational expenses to advance the Program's first phase. Expenditures under the Gateway Program Early Work would be used for activities such as, but not limited to, engineering and design needed to obtain required permits and approvals; development of procurement documents; the development of loan and grant applications; and legal services in support of the Program's first phase.

The Port Authority has been engaged in ongoing discussions with the National Passenger Railroad Corporation (Amtrak), U.S. Department of Transportation (USDOT), and New Jersey Transit Corporation (NJ TRANSIT) – a primary user of the existing tubes – with the goal of identifying the full scope and the other elements of the Program. This Board has previously taken actions in December 10, 2015 (discussion of initial steps toward creation of a Gateway development entity); March 24, 2016 (approval of funding for preliminary engineering towards the Gateway Hudson Tunnel Project, and a memorandum of understanding and other preliminary



agreements by and among the USDOT, Amtrak and NJ TRANSIT); October 10, 2016 (approval of certain elements of the Portal North Bridge Project element); and November 17, 2016 (establishment of GDC) regarding the Gateway Program.

In order to support the parties' collaboration in planning, designing, and funding in a manner consistent with the prior Board actions listed above, it is recommended that the Board authorize up to an additional \$44 million to be advanced to GDC for the Gateway Program Early Work, consisting of funds for the relocation of the LIRR ESB and funding for program management expenses for the Program's first phase and GDC operations. It is also recommended the Board authorize the Executive Director to enter into an agreement or agreements (Funding Agreement) with the GDC (or other entity, such as Amtrak or NJ TRANSIT, as appropriate) to provide funds, contracted services on behalf of GDC, staffing or in-kind support at a cost to the Port Authority up to \$44 million, subject to the following conditions: (1) up to approximately \$12.5 million in funds under such Agreement for the relocation of the LIRR ESB; (2) up to approximately \$31.5 million for GDC's program management expenses for the Program's first phase and operations through a Funding Agreement, contracted services on behalf of GDC, or through the provision of staff and in-kind support, exclusive of any previous and/or continuing expenditures or allocations in support of GDC as authorized by prior Board actions; provided that, in each case, no funds may be transferred under such an Agreement prior to the Executive Director receiving satisfactory assurances of a commitment to matching expenditures by Amtrak, in the same approximate amount and for the same permitted use. It is further recommended that the Board approve the Port Authority submission of necessary funding and permitting requests to relevant regulatory authorities, in its own name, on behalf of the Program participants, to allow for the advancement of the Gateway Program Early Work, including, if necessary, a request for a favorable finding by the Federal Transit Administration under the National Environmental Policy Act with respect to the Hudson Yards Concrete Casing element of the Gateway Hudson Tunnel Project, and (3) funds would be used not later than December 31, 2021.

It is anticipated the Port Authority would be reimbursed for the entire \$44 million from funds received by GDC upon receipt of the proceeds of federal loans received to advance the Program (if such reimbursement is permissible under federal program requirements).

A companion item is being advanced at this meeting of the Board through which the Board would, among other things, certify the Port Authority Gateway Support Program (which includes the Gateway Early Work Program) as an additional facility of the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. Commissioner Bagger did not participate in the vote on this item. 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 authorize up to an additional \$44 million for the Gateway Program Early Work, consisting of funds for the relocation of the Long Island Rail Road (LIRR) Emergency Services Building (ESB) and funds for the Gateway Development Corporation's (GDC) program management expenses for the Gateway Program's first phase and GDC's operations, and that the Executive Director be, and he hereby is, authorized to enter into one or more Funding Agreements with GDC (or other entity, such as Amtrak or NJ TRANSIT, as appropriate) to provide funds, staffing

or in-kind support at a cost to the Port Authority up to \$44 million, subject to the following conditions: (1) up to approximately \$12.5 million in funds under such Agreement for the relocation of the LIRR ESB; and (2) up to approximately \$31.5 million for GDC's program management expenses for the Program's first phase and operations through a Funding Agreement, contracted services on behalf of GDC, or through the provision of staff and in-kind support, exclusive of any previous and/or continuing expenditures or allocations in support of GDC as authorized by prior Board actions; provided that, in each case, no funds may be transferred under such an Agreement prior to the Executive Director receiving satisfactory assurances of a commitment to matching expenditures by Amtrak, in the same approximate amount and for the same permitted use; and (3) funds would be used not later than December 31, 2021; and it is further

**RESOLVED**, that the Board approve the Port Authority submit necessary funding and permitting requests to relevant regulatory authorities, in its own name, on behalf of the Program participants, to allow for the advancement of the Gateway Program Early Work, including, if necessary, a request for a favorable finding by the Federal Transit Administration under the National Environmental Policy Act with respect to the Hudson Yards Concrete Casing element of the Gateway Hudson Tunnel Project; and it is further

**RESOLVED**, that the Executive Director be, and he hereby is, authorized to enter into any other agreements necessary and appropriate in connection with the foregoing; and it is further

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

## **PORT AUTHORITY GATEWAY SUPPORT PROGRAM, EARLY WORK – FACILITY CERTIFICATION**

It was recommended that the Board (a) certify the Port Authority Gateway Support Program, Early Work (Gateway Early Work Program) as an additional facility (Facility) of the Port Authority, and (b) authorize the Executive Director or Chief Financial Officer, (i) to reaffirm the certification at the time of issuance of the first series of Consolidated Bonds for purposes which include capital expenditures for the Facility, provided there is no substantial adverse change in the economic basis for the certification; (ii) to spend certain of the proceeds of such Consolidated Bond issuance on certain initial expenditures for the Facility; and (iii) thereafter, to spend moneys in the General Reserve Fund and Consolidated Bond Reserve Fund, or proceeds of existing series of Consolidated Bonds for additional expenditures for the Facility.

At its meetings on March 24, 2016, the Board authorized the Executive Director to enter into an agreement with the National Railroad Passenger Corporation (“Amtrak”) to reimburse it up to \$35 million for certain preliminary engineering and planning costs incurred by Amtrak pertaining to the design, development and construction of the Gateway Tunnel Project. A further item being advanced at this meeting of the Board through which authorization is being sought for the Port Authority to advance up to \$31.5 million for funding in support of the Gateway Program Development Corporation (“GDC”) operations and program management; and up to \$12.5 million for relocation of the Long Island Rail Road Emergency Service Building. The previously authorized \$35 million; and the proposed authorization to advance up to \$31.5 million and up to \$12.5 million to GDC comprise the Gateway Early Work Program.

Coincident with the Board’s authorization March 24, 2016, the Board received a written legal opinion from outside counsel (March 2016 Legal Opinion) opining that the spending of \$35 million on the Gateway Program is in accord with the legislation of the States of New York and New Jersey pertaining to the Port Authority, including the Compact of April 30, 1921 and the various amendments to it. The Board has received an additional written legal opinion from outside counsel, dated February 14, 2018, that reaches the same conclusion with respect to the additional \$44 million being request separately today.

The Gateway Early Work Program is to be an additional facility of the Port Authority and, therefore, the Port Authority must certify its opinion as to certain matters related to the financial effect upon the Port Authority of the Facility.

So that the Commissioners, in the exercise of sound business judgment, may determine whether such certification is appropriate, the Chief Financial Officer (CFO) has reviewed with the Commissioners, among other things, the financial condition of the Port Authority and the economics of the Facility on the basis of the issuance of Consolidated Bonds for certain capital expenditures for the Facility.

It is the CFO’s opinion that, subject to reaffirmation of this opinion at the time of issuance of the first series of Consolidated Bonds for purposes which include capital expenditures for the Facility, the application of any portion of the proceeds of such series of Consolidated Bonds in connection with the Facility will not, during the periods 2018 through 2048, reflecting the average 30-year term of Consolidated Bonds, and 2018 through 2027, the ensuing ten-year period, in the light of the Port Authority’s estimated expenditures in connection with the Facility and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair

the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds.

The CFO's opinion incorporates anticipated results for the Port Authority for the period 2018–2027, based in part on the 2017-2026 Capital Plan, as well as forecasted anticipated revenue and expenses for such period, based on assumptions set forth in the schedule to her opinion, and other conditions existing at the present time. The opinion also states that the CFO reviewed a forecast of the Port Authority's net revenues available for required debt service for the next ten years, also based on such assumptions, and that at no time during the ensuing ten-year period are net revenues available for debt service forecasted to be inadequate to make debt service payments. The CFO's opinion notes that it is not reasonable to forecast accurately beyond this ten-year period, and that therefore, her judgment with respect to the financial ability of the Port Authority to continue to maintain net revenues sufficient to pay its debt service is based upon the continued ability of the Port Authority to function and fulfill its agreements with the holders of its obligations.

The CFO's opinion notes that any forecast is subject to uncertainties, and, inevitably, some estimates and assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The CFO's opinion also states that these opinions and estimates are based in part on information supplied by the Comptroller, the Director of Financial Planning, the Director of Management & Budget, the Chief Development Officer, and the Chief Engineer, which information, the CFO indicated, she believes to be accurate.

In reaching the conclusions set forth in her opinion, the CFO considered the covenants with holders of the Port Authority's Consolidated Bonds to establish charges in connection with the Port Authority's facilities to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, including those issued in connection with the Facility, and to maintain in good condition all facilities and to operate them in an efficient and economical manner such that renewals and replacements necessary for the proper and economic maintenance and operation are made.

It was recommended that the Board (a) certify the Gateway Early Work Program as an additional facility (Facility) of the Port Authority, and (b) authorize the Executive Director or the CFO to (i) reaffirm the Board's certification of the Facility on behalf of the Port Authority at the time of issuance of the first series of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, provided there is no substantial adverse change in the economic basis for the Board's certification (ii) to spend certain of the proceeds of such Consolidated Bond issuance on certain initial expenditures for the Facility; and (iii) thereafter, to spend moneys in the General Reserve Fund and Consolidated Bond Reserve Fund, or proceeds of existing series of Consolidated Bonds for additional expenditures for the Facility .

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, Pocino, Rosado, Steiner and Turner voting in favor. Commissioner Bagger did not participate in the vote on this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

**RESOLVED**, that certification (Certification) is hereby made as of February 15, 2018, that, in the opinion of the Port Authority, the issuance of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Gateway Early Work Program (the Facility) will not, during the periods 2018 through 2048, and 2018 through 2027, in light of the Port Authority's estimated revenues and expenses in connection with the Facility, and the total anticipated revenues and expenses of the Port Authority during those periods, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and it is further

**RESOLVED**, that, the Executive Director or the Chief Financial Officer (CFO) be and each hereby is authorized to (a) reaffirm the Certification on behalf of the Port Authority at the time of issuance of the first series of Consolidated Bonds (which includes Consolidated Notes) for purposes which include capital expenditures in connection with the Facility, provided there is no substantial adverse change in the economic basis for said certification, in which event said certification shall remain in effect as the opinion of the Port Authority at the time of such issuance; (b) to spend certain of the proceeds of such Consolidated Bond issuance on certain initial expenditures for the Facility; and (c) thereafter, to spend moneys in the General Reserve Fund and Consolidated Bond Reserve Fund, or proceeds of existing series of Consolidated Bonds for additional expenditures for the Facility; and it further

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

**CONFIDENTIAL ITEM**

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

Whereupon, the meeting was adjourned.

---

Secretary