

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Wednesday, June 25, 2014

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MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Wednesday, June 25, 2014 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of New Jersey

PRESENT:

NEW JERSEY

Hon. Raymond M. Pocino
 Hon. William P. Schuber
 Hon. David S. Steiner

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. Kenneth Lipper
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler
 Hon. Rossana Rosado

Patrick J. Foye, President
 Deborah L. Gramiccioni, Vice-President and Secretary
 Darrell B. Buchbinder, Counsel

Thomas E. Belfiore
 Thomas L. Bosco
 Steven J. Coleman
 Nicole Crifo
 Stephanie E. Dawson
 John C. Denise
 Joseph P. Dunne
 Karen E. Eastman
 Diannae C. Ehler
 Michael B. Francois
 Cedrick T. Fulton
 Robert Galvin
 David P. Garten
 Linda C. Handel
 Mary Lee Hannell
 Anthony Hayes
 Howard G. Kadin
 Stephen Kingsberry
 Cristina M. Lado
 Richard M. Larrabee
 Andrew S. Lynn
 John H. Ma
 Ronald Marsico
 Michael G. Massiah
 Daniel G. McCarron
 Elizabeth M. McCarthy
 James E. McCoy
 David J. McGrath
 Carlene V. McIntyre
 Christopher J. Mohr
 Jared Pilosio
 Emily R. Shelton

Brian W. Simon
Robert A. Sudman
I. Midori Valdivia
Christopher M. Valens
Lillian D. Valenti
Michael L. Valletta
Sheree R. Van Duyne
Peter J. Zipf

Guest:

Kerstin Sundstrom

Speakers:

Murray Bodin
Michael Carey
Scherly Charles
Gertrudes Contreras
Cassandra Dock
Margaret Donovan
Francisco Espinal
Mario Gomes
Richard Hughes
Donna Jackson
Hon. Gordon Johnson
Benjamin Jimenez
Michael Klatsky
Janno Leiber
Henry Pacheco
Stephen Sigmund
Dave Stanke
Art Vatsky
Alex Walters
Hon. Loretta Weinberg
Neile Weissman

The public meeting was called to order by Vice-Chairman Rechler at 1:53 p.m. and ended at 3:34 p.m. The Board met in executive session prior to the public session.

Action on Minutes

Counsel submitted for approval Minutes of the meeting of May 28, 2014. 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 29, 2014. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on June 12, 2014.

Whereupon, the Board of Directors unanimously approved the Minutes of the meeting of May 28, 2014.

Report of Committee on Capital Planning, Execution and Asset Management

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public session at its meeting on June 25, 2014, which included discussion of a program for the purchase of various equipment required to support Hurricane Sandy recovery and storm resilience for the Port Authority Trans-Hudson Corporation (PATH) rail system, and discussion of a project for the replacement and upgrade of PATH's Substation No. 9, and the report was received.

PATH – HURRICANE SANDY RECOVERY AND STORM RESILIENCE – EQUIPMENT PURCHASE PROGRAM – AUTHORIZATION

It was recommended that the Board authorize: (1) a program to purchase certain pieces of equipment required to support various Hurricane Sandy recovery and storm resilience projects currently underway at the Port Authority Trans-Hudson Corporation (PATH) rail system, at a total estimated amount of \$72 million; and (2) the President of PATH to take all actions necessary to acquire such equipment, consistent with the terms outlined to the Board.

On October 29, 2012, the PATH rail system suffered the worst natural disaster in its history, as floodwaters driven by Hurricane Sandy and its associated storm surge entered the Hoboken, Newport, Exchange Place and World Trade Center PATH Stations, and flooded the downtown under-river tunnels and the caissons connecting Hoboken Station to Newport Station and to the uptown under-river tunnels. The storm also resulted in extensive flooding throughout the PATH system, including at PATH's Harrison Car Maintenance Facility and the tracks and substations. The flooding destroyed or compromised numerous utilities, including trackside equipment, cables, and major signal system control relay equipment needed for the safe operation of the PATH rail system.

Although the immediate response has enabled PATH to safely restore all four service lines within an expedited time frame, the system requires additional work to restore it to a pre-Hurricane Sandy state of good repair, including work required to address latent damage to ensure system reliability. In addition, measures are needed to enable PATH facilities to better withstand future severe storms.

A number of initiatives have been identified to restore the reliability and improve the resilience of the PATH rail system. In furtherance thereof, a program management structure has been developed to design and implement these improvements on an expedited basis, taking into consideration ongoing PATH construction, operation and maintenance work, which must proceed concurrently. In order to implement recovery and resilience work effectively and efficiently, certain equipment must be acquired in order to ensure that the necessary number of mobile track vehicles and other equipment is available to support a comprehensive and coordinated construction effort and to protect the PATH system during future storms.

The equipment to be purchased would include, but not be limited to, one or more of the following types of highly specialized equipment to support recovery and resilience: track inspection car, ballast vacuum system, emergency pump truck, portable substations, compressor truck, trailer-mounted compressors, portable compressors, railroad tie handler, track scaffier, tie tamper, tie inserter, hi-rail bucket truck, pit pump, rail-bound pump car, portable pumps, portable fans, locomotives, hi-rail cranes, rail-mounted crane, scissor lifts and high-volume power washers.

The proposed equipment purchases would comply with all Federal Transit Administration procurement requirements, in order to maximize the potential for federal grant recovery of these costs.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Lipper, Lynford, Moerdler, Pocino, Rechler, Rosado, Schuber and Steiner voting in favor. Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that a program to purchase certain pieces of equipment required to support various Hurricane Sandy recovery and storm resilience efforts currently underway at the Port Authority Trans-Hudson Corporation (PATH) rail system, at a total estimated amount of \$72 million, be and it hereby is authorized; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of PATH, to take all actions necessary to acquire equipment in connection with the foregoing program, including retention of integrity monitoring services in connection therewith, consistent with the terms outlined to the Board; and it is further

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

PATH – REPLACEMENT/UPGRADE OF SUBSTATION NO. 9 – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project to replace and upgrade Substation No. 9 of the Port Authority Trans-Hudson Corporation (PATH) rail system, at an estimated total project cost of \$59.5 million; and (2) the President of PATH to retain architectural and engineering services to support the design and implementation of the project, at an estimated amount of \$5 million.

A critical component of PATH operations is the traction power required to move trains. The existing PATH Substation No. 9, located in Harrison, New Jersey, provides traction power to support PATH rail operations between the Journal Square Transportation Center and Newark Penn Station. The substation is over 42 years old and requires replacement in order to ensure continued reliable traction power to support PATH rail operations. In addition, the substation, which is currently located outdoors, sustained extensive damage as a result of Hurricane Sandy and its associated storm surge.

At its meeting of April 25, 2007, the Board authorized \$4.5 million in planning work for the replacement/upgrade of PATH Substations Nos. 7, 8 and 9 and the direct current switchgear in Switching Stations Nos. 6 and 10. At a special meeting on March 29, 2012, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, authorized a project for the replacement and upgrade of the PATH Harrison Station, located in Harrison, New Jersey, which included authorization to acquire real property necessary for development of the new Substation No. 9, to be located adjacent to the existing Substation No. 9.

The currently proposed project would include the final design and construction of a two-story steel-framed building, elevated above the 100-year flood line, and the removal of the existing Substation No. 9. The scope of work would include the final design for furnishing, installing, and commissioning three 2,000-kilowatt heavy-duty traction-power rectifiers, transformers, switchgear, and medium-voltage feeder cables, direct-current switchgears, auxiliary power distribution, supervisory control and data acquisition, lighting, fire alarm and security/access controls, heating, ventilation/air conditioning, and plumbing/fire protection systems.

The architectural and engineering services under this authorization would be provided by one or more firms that have been selected to provide such services on a work-order basis pursuant to an authorization of the Board of Commissioners of the Port Authority, at its meeting of December 4, 2013, in connection with a multi-year Storm Mitigation and Resilience Program for all Port Authority and PATH facilities. The award of contracts for the PATH Substation No. 9 project would be within the \$108 million amount authorized by the Board of the Port Authority at that time for architectural and engineering services. PATH's portion of that authorization amount was \$81 million.

Replacing and upgrading Substation No. 9 would provide reliable and efficient power to the PATH rail system and enhance customer service. Building the substation above the 100-year flood line and placing the equipment indoors would enhance reliability and security, and ease maintenance. In addition, it would accommodate future electrical power demand that is anticipated to increase above present level, as a result of anticipated increases in PATH train service.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Lipper, Lynford, Pocino, Rosado, Schuber and Steiner voting in favor; Directors Moerdler and Rechler recused and did not participate in the consideration of, or vote on, this item. 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 replace and upgrade Substation No. 9 of the Port Authority Trans-Hudson Corporation (PATH) rail system, at an estimated total project cost of \$59.5 million, be and it hereby is authorized; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of PATH, to retain architectural and engineering services to support the design and implementation of the foregoing project, at an estimated amount of \$5 million; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of PATH, to take action with respect to construction contracts, contracts for professional and advisory services, including integrity monitoring 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 documents in connection with the foregoing project shall be subject to the approval of Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Counsel