

**PORT AUTHORITY TRANS-HUDSON CORPORATION**

**MINUTES**

**Wednesday, May 29, 2013**

PATH – Journal Square Transportation Center – Agreements with Kushner Real Estate Group/Journal Square Associates LLC and the City of Jersey City (City) in Support of the City’s Journal Square 2060 Redevelopment Plan 4

**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Wednesday, May 29, 2013 at 225 Park Avenue South, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. David Samson, Chairman  
 Hon. Richard H. Bagger  
 Hon. Raymond M. Pocino  
 Hon. Anthony J. Sartor  
 Hon. William P. Schuber  
 Hon. David S. Steiner

Patrick J. Foye, President  
 William Baroni, Jr., Vice-President and Secretary  
 Darrell B. Buchbinder, Counsel

Susan M. Baer  
 Thomas E. Belfiore  
 Quentin M. Brathwaite  
 Rosemary Chiricolo  
 Steven J. Coleman  
 Philippe Danielides  
 Stephanie E. Dawson  
 John C. Denise  
 Karen E. Eastman  
 Michael A. Fedorko  
 Michael B. Francois  
 Cedrick T. Fulton  
 David Garten  
 Lash L. Green  
 Linda C. Handel  
 Mary Lee Hannell  
 Andrew T. Hawthorne  
 Anthony Hayes  
 Mark Hoffer  
 Howard G. Kadin  
 Stephen Kingsberry  
 Cristina M. Lado  
 Richard M. Larrabee  
 John J. Liantonio  
 John H. Ma  
 Lisa MacSpadden  
 Stephen Marinko  
 Ronald Marsico  
 Michael G. Massiah  
 Daniel G. McCarron  
 Elizabeth M. McCarthy

**NEW YORK**

Hon. Scott H. Rechler, Vice-Chairman  
 Hon. Jeffrey H. Lynford  
 Hon. Jeffrey A. Moerdler  
 Hon. James P. Rubin

James E. McCoy  
David J. McGrath  
Christopher J. Mohr  
Jared Pilosio  
Steven P. Plate  
Krista I. Powers  
Alan L. Reiss  
Juan Carlos Rojas  
Jessica D. Russ  
Timothy G. Stickelman  
Robert A. Sudman  
Ralph Tragale  
David B. Tweedy  
I. Midori Valdivia  
Christopher M. Valens  
Lillian D. Valenti  
Sheree R. Van Duyne  
David M. Wildstein  
William J. Young  
Peter J. Zipf

Guests:

Nicole Crifo  
Kerstin Sundstrom

Speakers:

Marcus Babzien  
Murray Bodin  
Margaret Donovan  
Robert A. Genna  
Richard Hughes  
Michael Prokosch  
Kalev Savi  
Jackson Scott  
Lisa Turano-Wojcik  
Neile Weissman

The public meeting was called to order by Chairman Samson at 1:17 p.m. and ended at 2:08 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 April 24, 2013. 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 April 25, 2013. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on May 9, 2013.

Whereupon, the Board of Directors unanimously approved the Minutes of the meeting of April 24, 2013, including the Minutes of the special meeting of the Committee on Operations.

**PATH – JOURNAL SQUARE TRANSPORTATION CENTER – AGREEMENTS WITH KUSHNER REAL ESTATE GROUP/JOURNAL SQUARE ASSOCIATES LLC AND THE CITY OF JERSEY CITY (CITY) IN SUPPORT OF THE CITY’S JOURNAL SQUARE 2060 REDEVELOPMENT PLAN**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into certain easement and related agreements in connection with a proposed mixed-use development, known as “Journal Squared,” adjacent to PATH’s Journal Square Transportation Center (JSTC). The development is being undertaken by a related entity of Kushner Real Estate Group, Journal Square Associates LLC (KRE), and would result in improvements to the eastern entrance of JSTC and the adjacent area, as well as improvements to the entire Journal Square neighborhood.

In November 2008, the Jersey City Municipal Council (Council) determined by resolution that the Journal Square area is an “area in need of rehabilitation” pursuant to the New Jersey Local Housing and Redevelopment Law. In 2010, the Council adopted the Journal Square 2060 Redevelopment Plan (Redevelopment Plan), in order to “foster the redevelopment of Journal Square, Jersey City’s central business district, by providing for transit-oriented development of new housing, offices, commercial, and public open spaces within walking distance to the Square and transit facilities . . . .”

KRE owns, or is under contract to acquire, several properties adjacent to JSTC and has secured site plan approval to construct three mixed-use buildings that could add a total of approximately two million square feet of residential and commercial space to the Journal Square area of Jersey City. The first phase of KRE’s project would include the construction of one 465,000-square-foot residential building with approximately 540 units. In addition, KRE proposes to construct a new plaza within the Magnolia Avenue right-of-way to the entrance at the eastern terminus of JSTC. KRE also would construct an improved entrance into the eastern terminus of JSTC that would complement the proposed plaza, enhance the visibility and access to the lower concourse area of JSTC, including an Americans with Disability Act (ADA)-compliant ramp, and more efficiently handle the anticipated influx of pedestrians using JSTC. KRE received Jersey City Planning Board approval for the entire project in December 2012. The State of New Jersey also has awarded a Transit Hub Tax Credit of approximately \$33 million to the project.

KRE would invest a total of approximately \$7.8 million in Magnolia Avenue improvements, at no cost to PATH; \$3.4 million of this investment would directly benefit PATH, by way of improvements to the eastern entrance of JSTC, landscaping, enhanced vehicle access and a covered pedestrian walkway. The total value of real estate transactions and improvements benefitting PATH from this development project is approximately \$6 million.

To memorialize the various understandings reached between the parties, PATH and KRE have negotiated a proposed non-binding Memorandum of Understanding (MOU). Under the terms of the MOU, KRE would undertake the following activities, at no cost to PATH: (1) construct a new plaza leading to JSTC (including a covered walkway), improve the new plaza and adjacent areas with a fountain, landscaping, seating and bicycle racks, and upgrade the eastern entrance to JSTC, including an ADA-compliant ramp; (2) construct a replacement driveway leading from Pavonia Avenue, and reconfigure the entrance to the JSTC parking deck

and loading dock areas to improve traffic flow and enhance pedestrian safety; and (3) relocate or replace any PATH security equipment impacted by the proposed plaza to be constructed in the Magnolia Avenue right-of-way. Any work to be performed on PATH property or impacting security, access or operations on PATH property would be subject to review and approval by PATH, at its sole discretion, and would be subject to the Tenant Construction and Alteration Process. PATH has reviewed KRE's plans and is supportive of the project.

The MOU contemplates the following transactions among KRE, PATH and the City of Jersey City (City):

KRE would obtain the following from PATH: (1) a Light and Air Easement, in exchange for a payment of \$2.6 million to PATH; (2) a Right-of-Entry Agreement, to allow KRE access onto PATH property for purposes of evaluating proposed construction; (3) a Temporary Construction and Improvement Easement, to allow KRE's construction of improvements on PATH property; and (4) a Construction Agreement between KRE and PATH, to regulate the implementation of KRE's improvements on PATH property.

The Light and Air Easement would vary in footprint between 30 feet by 105 feet and 30 feet by 85 feet, depending on the height above-grade, to allow for construction of the Phase 1 residential building to the property line that separates the PATH loading dock and employee parking area from the KRE property that fronts on Pavonia Avenue. The Light and Air Easement would begin at a height of approximately 60 feet and terminate 10 feet above the top of the KRE building, which is anticipated to be approximately 585 feet.

The City would obtain from PATH: (1) a Stormwater Easement, to permit the drainage of surface runoff from the new plaza across PATH-owned property into PATH-owned stormwater infrastructure, subject to design/capacity limitations; and (2) an Emergency Vehicle Clearance Easement, to access the area in response to emergencies.

PATH would obtain from KRE: (1) a permanent and perpetual Replacement Access Easement for the benefit of PATH, that would enable ingress and egress from Pavonia Avenue to the JSTC loading docks and employee parking area; and (2) an Employee Parking Agreement for replacement parking spaces in KRE's parking garage at the Phase 1 high-rise building. In addition, KRE would provide a performance bond in favor of PATH, in the amount of \$7.8 million, or in such amount as determined by the estimate of an engineer acceptable to PATH at its sole and absolute discretion, to ensure that construction on PATH-owned property and in the area of the Replacement Access Easement is completed.

As a result of the transactions described above, PATH would be a direct beneficiary of improved pedestrian access to the JSTC, as well as greatly enhanced visibility to the eastern entrance of JSTC from Magnolia Avenue/Summit Avenue at a time when the proposed new construction of a high-rise residential building (and potentially two other mixed-use high-rise buildings) likely would lead to an increase in PATH ridership, in addition to the related improvements to the JSTC environs. The City and the region would benefit from the construction of new mixed-use buildings that would generate construction jobs, improve tax rates, spur other development in the neighborhood and encourage the use of mass transportation. The proposed KRE project has positive environmental impacts, in that it would encourage the use of mass transportation and improve vehicular and pedestrian traffic flow on

Magnolia Avenue; also, the three buildings proposed by KRE would be Low Energy Electron Diffraction certified. The grant of a Light and Air Easement to KRE would not materially impact PATH's ability to further develop the JSTC in the future.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Bagger, Lynford, Moerdler, Pocino, Rechler, Rubin, Samson, Sartor, 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 the President of Port Authority Trans-Hudson Corporation (PATH) be and he hereby is authorized, for and on behalf of PATH, in connection with a proposed mixed-use development adjacent to PATH's Journal Square Transportation Center (JSTC), to enter into an agreement or agreements with Kushner Real Estate Group, Journal Square Associates, LLC (KRE) for PATH to: (1) grant KRE a Light and Air Easement, in exchange for a payment of \$2.6 million; (2) grant KRE a Right of Entry, to allow KRE access onto PATH property; and (3) grant KRE a Temporary Construction and Improvement Easement, to allow construction of improvements on PATH property; and it is further

**RESOLVED**, that the President of PATH be and hereby is authorized, for and on behalf of PATH, in connection with a proposed mixed-use development adjacent to the JSTC, to enter into a Construction Agreement with KRE which would include, without limitation, an agreement by KRE to: construct a new plaza leading to JSTC (including a covered walkway); improve the new plaza and adjacent areas with a fountain, landscaping, seating and bicycle racks; upgrade the eastern entrance to JSTC, including an Americans with Disability Act-compliant ramp; construct a replacement driveway leading from Pavonia Avenue, and reconfigure the entrance to the JSTC parking deck and loading dock areas to improve traffic flow and enhance pedestrian safety; and relocate or replace any PATH security equipment impacted by the proposed plaza to be constructed in the Magnolia Avenue right-of-way; all substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the President of PATH be and hereby is authorized, for and on behalf of PATH, in connection with a proposed mixed-use development adjacent to the JSTC, to enter into an agreement or agreements providing that PATH obtain from KRE a permanent and perpetual Replacement Access Easement and an Employee Parking Agreement; and it is further

**RESOLVED**, that the President of PATH be and he hereby is authorized, for and on behalf of PATH, in connection with a proposed mixed-use development adjacent to the JSTC, to enter into an agreement or agreements with the City of Jersey City, New Jersey (City) granting the City a Stormwater Easement and an Emergency Vehicle Clearance Easement; and it is further

**RESOLVED**, that the President of PATH be and he hereby is authorized, for and on behalf of PATH, in connection with a proposed mixed-use development adjacent to the JSTC, to enter into such other agreement or agreements with any appropriate entities as may be necessary to facilitate the Journal Square 2060

Redevelopment Plan adopted by the City Municipal Council; and it is further

**RESOLVED**, that the form of all 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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Counsel