

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, September 22, 2011

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**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday,
September 22, 2011 at 225 Park Avenue South, City, County and State of New York**

PRESENT:

NEW JERSEY

Hon. David Samson, Chairman
Hon. Virginia S. Bauer
Hon. Raymond M. Pocino
Hon. Anthony J. Sartor
Hon. William P. Schubert
Hon. David S. Steiner

Christopher O. Ward, President
Ernesto L. Butcher, Vice-President
Darrell B. Buchbinder, Counsel

William Baroni, Jr.
Richard Brazicki
Steven J. Coleman
John C. Denise
Michael P. DePallo
Gretchen P. DiMarco
John J. Drobny
Daniel D. Duffy
Karen E. Eastman
Diannae C. Ehler
Michael G. Fabiano
Michael A. Fedorko
Michael B. Francois
Gloria T. Frank
James P. Graf
Glenn P. Guzi
Linda C. Handel
Andrew T. Hawthorne
Mark D. Hoffer
Kathleen Jones
Howard G. Kadin
Kirby King
Louis J. LaCapra
Cristina M. Lado
Conor Lanz
Richard M. Larrabee
Jamie E. Loftus
Stephen Magett
Raymond N. Maniscalco
Stephen Marinko
Ronald Marsico

NEW YORK

Hon. H. Sidney Holmes III
Hon. Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. Scott H. Rechler

Daniel G. McCarron
James E. McCoy
Lisa McRae
Patrick O'Reilly
Jeffrey P. Pearse
Paul A. Pietropaolo
Steven P. Plate
Monika A. Radkowska
Desiree Ramos
John F. Ryan
Brian W. Simon
Timothy G. Stickelman
Gerald B. Stoughton
Robert A. Sudman
David B. Tweedy
Lillian D. Valenti
Michael L. Valletta
Sheree Van Duyne
Keith Walcott
Andrew S. Warshaw
David M. Wildstein
Peter J. Zipf

Guest:

Johanna Jones

Speakers:

Murray Bodin
Margaret Donovan
Richard Hughes
Yvonne Garrett Moore

The public meeting was called to order by Chairman Samson at 1:10 p.m. and ended at 1:36 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Vice-President submitted for approval Minutes of the meeting of July 28, 2011. 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 July 29, 2011. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on August 12, 2011.

The Vice-President also submitted for approval Minutes of the special meeting of August 19, 2011. He reported that copies of these Minutes were delivered in electronic form to the Governors of New York and New Jersey on August 19, 2011. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on September 2, 2011.

Whereupon, the Board of Directors unanimously approved the Minutes of the meetings of July 28, 2011 and August 19, 2011.

Report of Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning reported, for information, on matters discussed in public session at its meeting on September 22, 2011, which included discussion of an item to authorize planning for a new PATH substation in Jersey City, New Jersey, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on September 22, 2011, which included discussion of an item to authorize the transfer of property interests in the City of Jersey City, New Jersey which is necessary to accommodate the replacement and relocation of an existing PATH substation, and the report was received.

Report of Nominating Committee

During the course of the meeting, the Nominating Committee submitted its report, and the report was received and is included with these minutes.

ELECTION OF OFFICER

Chairman Samson announced that, in accordance with the provisions of the By-Laws, an election was in order to fill the vacancy in the position of Vice-Chairman caused by the departure of Director Stanley E. Grayson.

Director Sartor, as Chair of the Nominating Committee, submitted the following report:

“On behalf of the Nominating Committee, I desire to report that at its meeting held earlier today, in accordance with the provisions of Article VII of the By-Laws, the Committee, by unanimous action, submits the nomination of Director Scott H. Rechler as Vice-Chairman of Port Authority Trans-Hudson Corporation.”

Pursuant to the foregoing report, Directors Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, Samson, Sartor, Schuber and Steiner voting in favor, Scott H. Rechler was unanimously elected as Vice-Chairman of Port Authority Trans-Hudson Corporation. Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

PATH – WASHINGTON STREET POWERHOUSE – DISPOSITION AND ACQUISITION OF PROPERTY FOR RELOCATION AND CONSTRUCTION OF NEW PATH SUBSTATION NO. 2

It was recommended that the Board: (1) declare as surplus property the Port Authority Trans-Hudson Corporation (PATH) fee-owned portion of the Washington Street Powerhouse, also known as existing Substation No. 2 (PATH Parcel), located in the City of Jersey City, New Jersey (City) and identified on the City's tax map as Block 76, Lot 161, and authorize the Chief Engineer of the Port Authority, with concurrence from the Director / General Manager of PATH, to execute a certificate to be annexed to the appropriate Port Authority Map stating that the fee interest in the PATH Parcel is no longer required for the purpose for which it was acquired, such map to be filed with the Office of the Secretary of the Port Authority; and (2) authorize the President of PATH to: (a) enter into a Purchase and Sale Agreement and other agreements, including, but not limited to, a Revenue Sharing Agreement, necessary to convey the PATH Parcel, subject to a permanent and perpetual easement for the benefit of PATH in connection with the existing PATH emergency tunnel egress shafts and electrical manholes, to the City, the Jersey City Redevelopment Agency (JCRA) and/or other entities, in exchange for approximately 22,368 square feet of vacant land (the Property) directly north of the PATH Parcel, identified on the City's tax map as Block 77, Lots 57 and 58 (approximately 21,030 square feet), and Block 15, Lot 45 (approximately 1,338 square feet), necessary rights-of-way parcels and easements; and (b) enter into a lease back agreement with the City and/or JCRA for the portion of the PATH Parcel related to existing Substation No. 2 operations, at a nominal cost of \$1 per year, with PATH to retain a permanent and perpetual easement, and unrestricted access for PATH personnel, in connection with the existing PATH emergency tunnel egress shafts and electrical manholes.

The existing Powerhouse was constructed between 1906 and 1908. It provided power to the Hudson and Manhattan Railroad until 1929, has been mostly vacant for more than 80 years, is severely deteriorated and will require major capital investment to renovate and refurbish. A one-story building annexed to the original Powerhouse structure and an adjacent yard area located on the western edge of the Powerhouse property contain critical electrical and air-compressor equipment for Substation No. 2 that supports the PATH rail system. PATH and the City each own, in fee, a portion of the Powerhouse property and structures, about 55 percent and 45 percent, respectively. The City has identified the Powerhouse as being suitable for renovation and refurbishment, as part of the City's redevelopment of an area known as the "Powerhouse Arts District," which requires capital investment and stabilization of the Powerhouse structure. The PATH Parcel currently houses equipment that is in need of improvement.

As authorized by the PATH Board at its February 21, 2008 meeting, PATH, the Port Authority, the City and the JCRA entered into a Memorandum of Understanding (MOU) regarding the proposed transfer of PATH's interest in the Powerhouse property and the proposed transfer to PATH of a suitable parcel of land to be the site of a new PATH substation. After completing assessments of several parcels pursuant to the MOU, the City and PATH concurred that the Property is suitable for the relocation and construction of a new 30,000-square-foot substation, which would employ up-to-date electrical and air-compressor equipment, and potentially would provide improved efficiency in a secure environment and be more environmentally sustainable. Additionally, it was concurred that the Property is suitable for the construction of an overbuild of 180,000 to 190,000 square feet, subject to appropriate authorizations by the City Council.

The Property consists of approximately 22,368 square feet of vacant land. Approximately 21,030 square feet is identified on the City's tax map as Block 77, Lots 57 and 58, consisting of a triangular area between Washington Boulevard, First and Greene Streets, which is owned by the City (City Parcel), and approximately 1,338 square feet is identified on the City's tax map as Block 15, Lot 45, which currently is owned by Portofino Condominium Association, Inc. (Portofino Parcel). The City would acquire the Portofino Parcel at no cost to PATH, and convey it to PATH, along with the City Parcel. If the City or JCRA is unable to secure the Portofino Parcel, PATH would have the option to return to the Board for authorization to acquire the property directly. If PATH acquires the Portofino Parcel directly, it would receive a credit for the purchase price from the City. The City also would vacate and convey to PATH all associated rights-of-way parcels and easements necessary to connect the new PATH substation to, and for the uninterrupted operation of, the PATH rail system, and agreed-upon development rights.

The PATH Parcel would be declared surplus property, in accordance with Port Authority legislation applicable to subsidiaries of the Port Authority. Thereafter, PATH would enter into a Purchase and Sale Agreement with the City, the JCRA and/or other appropriate entities to transfer the PATH Parcel to the City, in exchange for the Property and all associated rights-of-way parcels and easements necessary to connect the new PATH Substation to, and for the uninterrupted operation of, the PATH rail system, and the agreed-upon development rights, at no cost to PATH. PATH would not be obligated to close on the Property until the City has effectuated changes in the current zoning laws to enable PATH to construct the new PATH Substation and exercise its overbuild development rights. Upon completion, testing and operation of a new PATH Substation at the Property, PATH would be obligated to remove existing substation equipment from the PATH Parcel and perform any necessary environmental remediation to bring the PATH Parcel to an industrial reuse standard.

To continue uninterrupted PATH rail system operations during construction of the new substation, PATH and the City and/or JCRA would, for a nominal cost of \$1 per year, enter into a leaseback agreement for the PATH Parcel until the new substation is constructed and operational on the Property. PATH would retain a permanent and perpetual easement, and unrestricted access for PATH personnel to the existing PATH emergency tunnel egress shaft and electrical manholes that are located in the vicinity of, about, on, in, over or under the PATH Parcel.

Finally, a Revenue Sharing Agreement (RSA) would be entered into between PATH and the City, the JCRA and/or other appropriate entities that would become effective should the Powerhouse site be developed by substantial construction outside the walls or roof of the existing Powerhouse, or if the existing Powerhouse structure is demolished and replaced with a newly constructed development, as outlined in the MOU. If either of those events occur, under the RSA, PATH and the City would share equally any net revenues generated by the redevelopment of the Powerhouse site. Further, if redevelopment occurs as outlined above, the RSA would remain in effect until the Port Authority has recovered its capital investment (design, construction, financial costs, etc.) in the construction of the new Substation No. 2.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, 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 Board hereby finds and determines that certain real property, consisting of the Port Authority Trans-Hudson Corporation (PATH)-owned portion of the Washington Street Powerhouse, also known as existing Substation No. 2 (PATH Parcel), located in the City of Jersey City, New Jersey (City) and identified on the City's tax map as Block 76, Lot 161, is no longer required for the purposes for which it was acquired; and it is further

RESOLVED, that the Chief Engineer of the Port Authority be and he hereby is authorized and directed, for and on behalf of PATH, to execute a certificate to be annexed to the appropriate Port Authority Map stating that the PATH Parcel is no longer required for the purpose for which it was acquired, such map to be filed with the Office of the Secretary of the Port Authority; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of PATH, to: (1) enter into a Purchase and Sale Agreement with the City and/or the Jersey City Redevelopment Agency (JCRA) and/or other appropriate entities to convey the PATH Parcel, subject to a permanent and perpetual easement for the benefit of PATH in connection with the existing PATH emergency tunnel egress shafts and electrical manholes, in exchange for approximately 22,368 square feet of vacant land identified on the City's tax map as Block 77, Lots 57 and 58 (approximately 21,030 square feet), and Block 15, Lot 45 (approximately 1,338 square feet), necessary rights-of-way parcels and easements and other agreements, including, but not limited to, a Revenue Sharing Agreement; and (2) enter into a lease back agreement with the City and/or JCRA and/or other appropriate entities for the portion of the PATH Parcel related to existing Substation No. 2 operations, at a nominal cost of \$1 per year; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of PATH, to take any and all action to effectuate the foregoing, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take action in accordance with such contracts, agreements and other documents as may be necessary in connection therewith; 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 Counsel or his authorized representative.

PATH – WASHINGTON STREET POWERHOUSE – CONSTRUCTION AND RELOCATION OF SUBSTATION NO. 2 – PLANNING AUTHORIZATION

It was recommended that the Board authorize planning and Stage I design work, in an estimated amount of \$10.5 million, for the construction of a new Port Authority Trans-Hudson Corporation (PATH) electrical substation to replace the existing PATH Substation No. 2 that is currently located at the Washington Street Powerhouse in Jersey City, New Jersey. The design of the substation would include accommodations for the potential addition of several floors of development space above the substation building (overbuild), subject to appropriate authorizations by the City Council of Jersey City (City).

The existing PATH substation is located at the Washington Street Powerhouse (Powerhouse) on the corner of Washington and Bay Streets in Jersey City, within the Powerhouse Arts District redevelopment area. The Powerhouse was constructed by the Hudson and Manhattan Railroad between 1906 and 1908 and provided power to the railroad until 1929. The size of the Powerhouse property is approximately 1.5 acres. PATH owns approximately 55 percent of the property and structure; the City owns the remaining 45 percent. The existing PATH Substation No. 2 is located on the PATH-owned portion of the Powerhouse.

The Powerhouse structure is deteriorated and requires major capital investment to renovate and refurbish. In addition, the existing PATH substation equipment is more than 40 years old and requires replacement.

Investigations and studies have recommended that it would be more cost-efficient to construct a new PATH substation at an alternate location rather than to upgrade the existing substation and rebuild the existing Powerhouse.

On February 21, 2008, the Board authorized the President to enter into a Memorandum of Understanding with the Port Authority, the City and the Jersey City Redevelopment Agency to provide for the transfer of PATH's interest in the Powerhouse to the City in exchange for the City providing PATH with a suitable parcel of land for the development of a new PATH substation.

In 2009, PATH staff completed an assessment of three alternative parcels, which resulted in a determination that the Washington Boulevard property, located directly north of the existing Powerhouse, would be best suited to the construction of a new PATH substation, and should be conveyed to PATH as part of the proposed transaction. The parcel would accommodate a new 30,000-40,000-square-foot substation facility. PATH also would acquire rights to construct a 180,000-190,000-square-foot overbuild, subject to appropriate authorizations by the City Council. A companion item, which is advancing this month for the Board's consideration, would authorize actions necessary to facilitate the transfer of property interests with the City, as required to accommodate the construction of the new PATH substation.

This proposed authorization would provide for planning work to perform Stage I design for construction of a new state-of-the-art substation, including provisions for a potential future overbuild, at the selected site. The work would include planning for decommissioning and removal of the existing PATH equipment, and for environmental remediation of the PATH-owned portion of the Powerhouse.

Prior to transfer of the properties between PATH and the City, the cost of any required remediation of the site selected for the new PATH substation would be borne by the City. In addition, the City and PATH each would be responsible for any environmental remediation required of their respective portions of the Powerhouse.

Pursuant to the foregoing report, the Board adopted the following resolution, with Directors Bauer, Holmes, Lynford, Moerdler, Pocino, Rechler, 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 planning and Stage I design work, in an estimated amount of \$10.5 million, for the construction of a new Port Authority Trans-Hudson Corporation (PATH) electrical substation to replace the existing PATH Substation No. 2 that is currently located at the Washington Street Powerhouse in Jersey City, New Jersey, including provisions for a potential future overbuild at the new location for the substation, 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 action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, 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 documents and agreements in connection with the foregoing shall be subject to the approval of Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Vice-President