

**PORT AUTHORITY TRANS-HUDSON CORPORATION**

**MINUTES**

**Thursday, December 7, 2017**

Report on Prior Meeting's Minutes	46
PATH – System Replacement Schedule Railcar Overhaul Program - Program Authorization and Award of Contract	47
PATH – Procurement of Additional Rail Vehicles – Project Authorization and Increase in Program Management Services	49
PATH – Replacement of Substation No. 14 – Project Authorization	51
PATH – Replacement of Hoboken Interlocking and Tracks – Project Authorization	53
PATH – Journal Square Transportation Center – Santander Bank, N.A. – New Lease LRR-376	55

**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday,  
December 7, 2017 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of  
New Jersey**

**PRESENT:**

**NEW JERSEY**

Hon. Kevin J. O'Toole, Chairman  
Hon. Richard H. Bagger  
Hon. Raymond M. Pocino  
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, President  
Michael E. Farbiarz, Counsel

Arnaz Ali  
Carol Bennett  
Justin E. Bernbach  
John Bilich  
Frantz Bricourt  
Molly C. Campbell  
Steven Cohen  
Steven J. Coleman  
Janet Cox  
Natasha Jean Philipp-Cumberbatch  
Gerard Del Tufo  
John C. Denise  
Michael Dombrowski  
Karen E. Eastman  
Diannae C. Ehler  
Michael A. Fedorko  
Amy Fisher  
Robert E. Galvin  
Linda C. Handel  
Mary Lee Hannell  
Cristina M. Lado  
Huntley A. Lawrence  
Annesa Lau  
Andrea Leconte  
John H. Ma  
Michael P. Marino  
Ronald Marsico  
Michael G. Massiah  
Hugh G. McCann  
Daniel G. McCarron

Elizabeth M. McCarthy  
 James E. McCoy  
 David McGrath  
 Maria Oliveri  
 Annie O. Persaud  
 Steven P. Plate  
 Suchetha Premchan  
 Alan L. Reiss  
 Peter D. Simon  
 K. Ocean Stokes  
 James A. Starace  
 Derek Utter  
 Lillian D. Valenti  
 Sheree R. Van Duyne

Guest:

Mary Maples, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Selwyn Baptiste, SEIU 32BJ  
 Johnathan Bryan, SEIU 32BJ  
 Michael DeFrietas, SEIU 32BJ  
 Dennis Diaz, Unite Here Local 100  
 Margaret Donovan, The Twin Towers Alliance  
 Yvonne Garrett Moore, MVP Public Relations  
 Reverend Timothy Graff, Archdiocese of Newark  
 Bruce Hain, Rail NYC Access  
 Louis Heimbach, Chairman Stewart Airport Commission  
 Patrick Jean, Unite Here Local 100  
 Demetrius Lucky, SEIU 32BJ  
 Deborah Sinico  
 Scott Spencer, Empire State Gateway  
 Charlene Talarico, Port Authority  
 Beverly Thompson, Unite Here Local 100  
 Christina Watson, SEIU 32BJ  
 Neile Weissman, Complete George

Topic:

Airport Wages  
 Airport Wages  
 Airport Wages  
 Airport Wages  
 Transparency  
 Newark Economic Development  
 Airport Wages  
 2018 Budget  
 SWF FIS Facility Funding  
 Airport Wages  
 Airport Wages  
 PATH Service  
 Hudson Tunnel Project  
 HR Policies  
 Airport Wages  
 Airport Wages  
 Widening GWB Bike Path

The public meeting was called to order by Chairman O’Toole at 12:39 p.m. and ended at 2:18 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 July 20, 2017 and August 3, 2017 were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form). The time for action by the Governors of New York and New Jersey had expired at midnight on August 4, 2017 and August 17, 2017, respectively.

## **PATH – SYSTEM REPLACEMENT SCHEDULE RAILCAR OVERHAUL PROGRAM – PROGRAM AUTHORIZATION AND AWARD OF CONTRACT**

It was recommended that the Board authorize: (1) a System Replacement Schedule Railcar Overhaul (SRSRO) program to rehabilitate or replace key components of Port Authority Trans-Hudson Corporation's (PATH) 350 PA-5 railcars, at an estimated total program cost of \$79.5 million; and (2) the President of PATH to enter into a negotiated agreement with Kawasaki Rail Car, Inc. (Kawasaki) to overhaul 350 PA-5 railcars, at an estimated cost of \$60 million, inclusive of a contingency allowance (if necessary).

On March 31, 2005, the Board authorized the President of PATH to award a contract, pursuant to a publicly advertised competitive procurement, to Kawasaki for the design, manufacture, testing, and delivery of 340 new PA-5 railcars, at an estimated amount of \$499 million, exclusive of allowances for extra work and net cost work.

On August 5, 2010, the Board authorized the President of PATH to exercise a negotiated option, in accordance with the terms and conditions of the PATH rail vehicle procurement contract with Kawasaki, to purchase 10 additional railcars, at an estimated cost of \$15 million.

The existing PA-5 railcars began entering service in 2009, with the last of the 350-railcar fleet arriving in 2012. Each railcar logs approximately 45,000 miles per year. The railcars are reaching a point in their service life where critical components need to be rehabilitated or replaced in order to maintain performance and reliability. The SRSRO program would provide for the comprehensive restoration and replacement of railcar components, which would not be attainable with regularly scheduled maintenance. The SRSRO program would help maintain an increased level of operational reliability, and is necessary to enable PATH to accommodate forecasted increases in ridership. In 2016, PATH ridership reached a record of 78.6 million passengers, and PATH currently carries 297,000 passengers on an average weekday, with continued growth expected over the next decade.

The scope of work under the proposed program includes the renewal of components associated with critical railcar systems, such as propulsion, heating, ventilation, air conditioning, brakes, air compressors, doors, high- and low-voltage equipment, trucks and couplers, and controls. Kawasaki would transport railcars from PATH's Harrison Car Maintenance Facility (HCMF) to its facility in Yonkers, New York to perform the overhaul. Kawasaki would return overhauled railcars to PATH's HCMF for final testing and acceptance. The planned overhaul schedule would allow PATH to maintain full service and minimize customer inconvenience, with approximately five railcars in transit and/or in active overhaul per month. The overhaul program is anticipated to be completed in approximately six years.

Pursuant to the foregoing report, the following resolution was adopted, with Directors Bagger, Eve, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado and Turner 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 System Replacement Schedule Railcar Overhaul program to rehabilitate or replace key components of Port Authority Trans-Hudson Corporation's (PATH) 350 PA-5 railcars, at an estimated total program cost of \$79.5 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 enter into a negotiated agreement with Kawasaki Rail Car, Inc. to overhaul 350 PA-5 railcars, at an estimated cost of \$60 million, inclusive of a contingency allowance (if necessary); 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 and such other contracts and agreements as may be necessary to effectuate the foregoing program, 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 agreements, contracts and other documents in connection with the foregoing program shall be subject to the approval of Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by Counsel or his authorized representative.

## **PATH – PROCUREMENT OF ADDITIONAL RAIL VEHICLES – PROJECT AUTHORIZATION AND INCREASE IN PROGRAM MANAGEMENT SERVICES**

It was recommended that the Board authorize: (1) a project for the procurement of 50 railcars for the Port Authority Trans-Hudson Corporation (PATH) rapid transit system, at an estimated total project cost of \$150 million; and (2) subject to notification to the Board of the final terms of the negotiated agreement, the President of PATH to: (a) enter into a negotiated agreement with Kawasaki Rail Car, Inc. (Kawasaki) to purchase 50 railcars within the project authorization amount, with an option to purchase up to an additional 22 railcars, to be exercised at PATH's sole discretion, and subject to further Board authorization; and (b) extend the duration of and increase, by an estimated \$5.6 million, the amount of an existing agreement with LTK Engineering Services/Parsons Transportation Group, Inc., a joint venture (LTK/PTG), for program management services in support of the project, which amount is included in the estimated total project cost.

At its September 10, 2003 meeting, the Board authorized a project, at an estimated cost of \$809 million, for: (1) the purchase of 246 new railcars to replace the PA-1, PA-2 and PA-3 PATH railcar fleet and the disposition of the replaced railcars; (2) the rehabilitation or replacement of the current class of 94 PA-4 railcars; (3) the renovation of the Harrison Car Maintenance Facility and maintenance equipment to support the new and/or rehabilitated railcars; and (4) Phase I of the Signal System Replacement Program, which included preliminary engineering, design, testing, evaluation, and demonstration of modern signal system technologies.

On March 31, 2005, the Board authorized the award of a contract to Kawasaki for the design, manufacture, testing, and delivery of 340 new PA-5 railcars, at an estimated contract amount of \$499 million, exclusive of any extra or net cost work.

On August 5, 2010, the Board authorized the President of PATH to exercise a negotiated option, in accordance with the terms and conditions of the PATH rail vehicle procurement contract with Kawasaki, to purchase ten railcars, at an estimated cost of \$15 million.

In 2016, PATH ridership reached a record of 78.6 million passengers, and the PATH system currently carries over 297,000 passengers on an average weekday, with continued growth expected over the next decade. Procurement of additional railcars would enable PATH to more fully benefit from the implementation of communications-based train control technology that is part of the Signal System Replacement Program, thereby increasing system-wide capacity by approximately 19 percent, or approximately 7,500 passengers per hour.

LTK/PTG was selected through a publicly advertised Request for Proposals (RFP) process to provide technical and administrative professional services for analysis of the Railcar and Signal System Replacement Program in 2001, at an estimated cost of \$7.2 million. In conjunction with the procurement of 246 new railcars authorized by the Board in September 2003, a RFP to provide program management services was publicly advertised. An agreement with LTK/PTG was authorized in April 2005, at an estimated cost of \$25.1 million. Subsequently, an increase of \$800,000 in the contract amount was authorized in August 2015, to ensure continuity of these services to support the implementation of the PATH Railcar Procurement Project. Because

LTK/PTG is familiar with the previous railcar procurement project, as well as the technical and program management issues in connection therewith, it has been deemed the most qualified source to provide the essential program management services associated with the current project. LTK/PTG has agreed to maintain existing terms, conditions and rates in the contract, adjusted for annual inflation.

Pursuant to the foregoing report, the following resolution was adopted, with Directors Bagger, Eve, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado and Turner 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 project for the procurement of 50 railcars for the Port Authority Trans-Hudson Corporation (PATH) rapid transit system, at an estimated total project cost of \$150 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, subject to notification to the Board of the final terms of the negotiated agreement, to: (1) enter into a negotiated agreement with Kawasaki Rail Car, Inc. to purchase 50 railcars within the project authorization amount, with an option to purchase up to an additional 22 railcars, at PATH's sole discretion, and subject to further Board authorization; and (2) extend the duration of, and increase, by an estimated \$5.6 million, the amount of an existing agreement with LTK Engineering Services/Parsons Transportation Group, Inc., a joint venture, for program management services in support of the project, which amount is included in the estimated total project cost; 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 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 agreements, contracts and other documents in connection with the foregoing project shall be subject to the approval of Counsel or his authorized representative, and the terms or such contracts, agreements and other documents shall be subject to review by Counsel or his authorized representative.

## **PATH – REPLACEMENT OF SUBSTATION NO. 14 - PROJECT AUTHORIZATION**

It was recommended that the Board authorize: (1) a project to replace and upgrade Port Authority Trans-Hudson Corporation (PATH) Substation No. 14, at an estimated total project cost of \$70.6 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 the operation of the PATH rail system is the traction power required to move trains, which is supplied by substations and switching stations. The existing PATH Substation No. 14, located at PATH's Harrison Yard in Harrison, New Jersey, provides power to the PATH Harrison Car Maintenance Facility, and provides traction power to the Harrison Yard, Shop and Main Line Tracks G and H. The substation is approximately 30 years old and sustained extensive damage during Superstorm Sandy in October 2012. The expansion of the building structure and replacement of equipment housed therein is necessary in order to ensure continued reliable power to the PATH Harrison Car Maintenance Facility to support PATH rail operations, as well as to improve the resiliency of the infrastructure from future severe storms.

The proposed project would include the final design and construction of a two-story steel-framed building extension for Substation No. 14, which would be elevated to protect against future flooding events, per updated Federal Emergency Management Agency flood maps and Port Authority Climate Resiliency Guidelines. The scope of work would include the final design, and the furnishing, installation and commissioning, of: four heavy-duty traction power rectifier/transformer units, metal-clad switchgear, medium-voltage feeder cables, direct-current switchgear, and auxiliary power distribution, supervisory control and data acquisition, communications, lighting, fire alarm and security/access controls, heating, ventilation/air conditioning, and plumbing/fire protection systems.

At its meeting of December 4, 2013, the Board of Commissioners of the Port Authority 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 \$81 million was allocated for PATH facilities, excluding the World Trade Center site, to retain architectural and engineering design services and federally required integrity monitoring services to support the program. PATH would retain architectural and engineering services from the existing list of pre-qualified consultants retained pursuant to the Port Authority Board's December 4, 2013 resolution to support the implementation of the expansion/upgrade of Substation No. 14.

Expanding and upgrading Substation No. 14 would provide reliable and efficient power to the PATH rail system and enhance customer service. Building the substation at a higher elevation would enhance reliability in the event of future severe weather events. In addition, it would accommodate future electrical power demand that is anticipated to increase above the present level, as a result of anticipated increases in PATH train service.

It is anticipated that up to 90 percent of the eligible costs of the project would be recoverable through a grant from the Federal Transit Administration. Eligibility for federal reimbursements and grants would necessitate that contracts be awarded in compliance with federal procurement guidelines.

Pursuant to the foregoing report, the following resolution was adopted, with Directors Bagger, Eve, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado and Turner 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 project to replace and upgrade Substation No. 14 of the Port Authority Trans-Hudson Corporation (PATH) rail system, at an estimated total project cost of \$70.6 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, other 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 Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by Counsel or his authorized representative.

## **PATH – REPLACEMENT OF HOBOKEN INTERLOCKING AND TRACKS – PROJECT AUTHORIZATION**

It was recommended that the Board authorize: (1) a project to replace the interlocking and associated tracks at the Port Authority Trans-Hudson Corporation (PATH) Hoboken Station, at an estimated total project cost of \$29.9 million; and (2) the President of PATH to retain architectural and engineering services from HNTB New York Engineering and Architecture, P.C. (HNTB) to support the design and implementation of the project, at an estimated amount of \$2.2 million.

As a result of the impact of Superstorm Sandy in October 2012, the interlocking and station tracks at the PATH Hoboken Station have sustained significant latent salt damage and need to be replaced. The interlocking is a critical component for the operational flexibility of maneuvering trains that travel from two tunnel tracks to the three station tracks at the station. It consists of special track work, rail ties, ballast, rail tracks, and traction power rails. The interlocking is approximately 20 years old and is approaching the end of its useful life.

At its meeting of December 4, 2013, the Board of Commissioners of the Port Authority 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 \$81 million was allocated for PATH facilities, excluding the World Trade Center site, to retain architectural and engineering design services and federally required integrity monitoring services to support the program. PATH would retain HNTB to perform final design and construction services for the replacement of the Hoboken Station interlocking, on a task-order basis, pursuant to the Port Authority Board's December 4, 2013 resolution, and in compliance with federal procurement guidelines, to ensure maximum federal cost recovery.

It is anticipated that authorization for the award of a construction contract for the replacement of the interlocking and associated tracks would be sought in 2019.

Pursuant to the foregoing report, the following resolution was adopted, with Directors Bagger, Eve, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado and Turner 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 project to replace the interlocking and associated tracks at the Port Authority Trans-Hudson Corporation (PATH) Hoboken Station, at an estimated total project cost of \$29.9 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 from HNTB New York Engineering and Architecture, P.C. to support the design and implementation of the foregoing project, at an estimated amount of \$2.2 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, other 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 Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by Counsel or his authorized representative.

**PATH – JOURNAL SQUARE TRANSPORTATION CENTER – SANTANDER BANK, N.A. – NEW LEASE LRR-376**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into a lease agreement with Santander Bank, N.A. (Santander) for the letting of retail space, as outlined below, on the Plaza and Concourse Levels of Journal Square Transportation Center (JSTC) for a 10-year term, with two, five-year extension options.

Santander currently occupies approximately 7,700 square feet of space on the Plaza and Concourse Levels of JSTC under Lease LRR-026, the term of which expired in 2016. Under the proposed new lease, Santander would continue to occupy its current space through 2017, and, during an estimated time frame of 2018, it would surrender all of its current space on the Concourse Level and the majority of its current space on the Plaza Level, and complete certain renovations. Santander then would operate the remaining approximately 1,900 square feet of space on the Plaza Level for the balance of the lease term and extension options (if exercised). Santander would be obligated, at its sole cost, to subdivide the surrendered retail space on the Plaza Level, in order to prepare the space to be marketed by PATH to other prospective tenants.

The term of the new lease would commence retroactively on or about July 1, 2016. Over the term of the lease, the Port Authority would receive an aggregate rental of approximately \$2.4 million, which includes payments to be made by Santander for additional rent owed to the Port Authority based on negotiated increased rental rates retroactive to July 1, 2016. The rent would increase by an agreed-upon percentage in the event Santander exercises renewal options at the end of the 10-year term. Santander would be responsible for all operational, maintenance and repair costs associated with the leased premises. PATH would have the right to terminate the lease, without cause, upon 120 days' notice, in which case it would be obligated to reimburse Santander for the unamortized portion of its initial capital investment, in an amount not to exceed \$700,000.

This transaction was brokered by Cushman and Wakefield (C&W) for PATH, and Newmark Grubb Knight Frank and Metro Commercial Real Estate Inc. for Santander. Brokerage commissions would be paid to those entities, in accordance with the terms of PATH's brokerage agreement with C&W.

Pursuant to the foregoing report, the following resolution was adopted, with Directors Bagger, Eve, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado and Turner 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 be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to enter into a new lease agreement with Santander Bank, N.A. for the letting of retail space on the Plaza and Concourse Levels of the Journal Square Transportation Center for a term of 10 years, with two, five-year extension options, substantially in accordance with the terms outlined to the Board; and it is further

**RESOLVED**, that the President be and he hereby is authorized, for and on behalf of PATH, to enter into any other contracts and agreements necessary or appropriate in connection with the foregoing; and it is further

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

Whereupon, the meeting was adjourned.

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Counsel