

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, August 5, 2021

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, August 5, 2021 at 150 Greenwich Street, New York City, New York and via teleconference.

PRESENT:

NEW JERSEY

Hon. Kevin J. O’Toole, Chairman
 Hon. Dana M. Martinotti*
 Hon. Kevin P. McCabe
 Hon. Robert J. Menendez
 Hon. Raymond M. Pocino*
 Hon. Michelle E. Richardson*

NEW YORK

Hon. Steven M. Cohen
 Hon. Leecia R. Eve*
 Hon. Daniel J. Horwitz
 Hon. Gary LaBarbera*
 Hon. Rossana Rosado*

Richard Cotton, Executive Director
 Michael E. Farbiarz, General Counsel
 James E. McCoy, Secretary

James K. Allen Jr., Chief of Staff to the Vice Chairman
 Carrol Bennett, Chief of Staff, Office of Diversity and Inclusion*
 Justin E. Bernbach, Director, Government and Community Affairs, New York*
 Benjamin M. Branham, Chief Communications Officer*
 Ana Carvajalino, Director, Financial Planning
 Rebecca L. Cassidy, General Manager, Board Unit, Office of the Secretary
 Janet D. Cox, Chief of Staff and Special Counsel to the Executive Director*
 Gideon Davidson, Special Assistant to the Executive Director*
 Jennifer S. Davis, Chief Intergovernmental Affairs Officer*
 Clarelle D. DeGraffe, Director, Rail Transit*
 Diannae C. Ehler, Director, Tunnels, Bridges and Terminals*
 Benjamin Feldman, Senior Advisor to the Chairman
 Amy H. Fisher, First Deputy General Counsel and Director of Legal Affairs
 Robert E. Galvin, Chief Technology Officer*
 John Gay, Inspector General
 Erik H. George, Interim Deputy Director, Management and Budget*
 Robert Gibbon, Special Counselor to the Executive Director*
 Mary Lee Hannell, Chief, Human Capital
 Kristen Hernandez, Leadership Fellow, Human Resources*
 Milena Kosc-Garcia, Principal Board Management Support Specialist, Office of the Secretary
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey*
 Huntley A. Lawrence, Director, Aviation and Acting Chief Operating Officer
 Michael G. Massiah, Chief, Diversity and Inclusion
 Elizabeth M. McCarthy, Chief Financial Officer

* Remote participants via teleconference.

Tobi Mettle, Deputy Chief of Staff for Agency Initiatives, Office of the Executive Director*
 Jessica Ortiz, Deputy Inspector General and Director of Investigations
 Steven P. Plate, Chief, Major Capital Projects*
 Alan L. Reiss, Director, World Trade Center Construction *
 Jessica Russ, Executive Policy Analyst, Office of the Secretary*
 Kenneth Sagrestano, General Manager, Tunnels, Bridges and Terminals*
 Peter D. Simon, Chief of Staff to the Chairman
 James A. Starace, Chief Engineer/Director of Engineering
 Derek H. Utter, Chief Development Officer
 Lillian D. Valenti, Chief Procurement Officer

Guests (in-person attendees were present for a brief period):

Christiane Beljour
 Christian Gay
 Theodore Gay
 Ian Honan
 Lauren LaRusso, Senior Counsel, Authorities Unit, Office of the Governor of New Jersey *
 Jason Nielsen
 Alfredo Ortiz
 Elizabeth Ortiz
 Sonia Ortiz
 Gilbert Ramos
 Kevin Robinson
 Olivia Robinson
 Reagan Robinson
 Jojaira Taveras
 David Vasquez
 Alice Zayas

Public Commenters (Video and Written Statements):

Todd Fine, Coalition for a 100% Affordable
 Ines Garcia-Keim, New Jersey State Council of
 Machinists, AFL-CIO
 Jill Goodkind, Coalition for an Affordable 5 WTC
 Mariama James
 Israel Melendez, 32BJ SEIU
 Charlene Talarico
 Joe Svehlak, Friends of the Lower West Side
 Neile Weissman, Complete George
 Ronnie Wolf

Topics:

5 World Trade Center
 EWR/United Airlines
 5 World Trade Center
 5 World Trade Center
 Security Guard Contract/RFP
 Port Authority Personnel Matters/
 Lincoln Tunnel
 5 World Trade Center
 Transportation and Sustainability
 Matters
 5 World Trade Center

* Remote participants via teleconference.

The public meeting was called to order by Chairman O’Toole at 12:37 p.m. and ended at 1:42 p.m. Commissioner LaBarbera participated virtually for a portion of the public meeting. The Board also met in executive session prior to the public session. Food and beverages were not offered in executive session. Mask rules were uniformly observed, and social distancing was maintained throughout the meetings, except for people in the same family.

Report on Prior Meeting’s Minutes

Copies of the Minutes of the meeting of June 24, 2021 were delivered in electronic form to the Governors of New York and New Jersey on June 25, 2021. The time for action by the Governors of New York and New Jersey expired at midnight on July 13, 2021.

Chairman’s Report

The Chairman advised that in light of the ongoing COVID-19 public health crisis, in-person attendance at the meetings will be limited to Commissioners and Port Authority staff required to conduct the meetings.

The Chairman also advised that as part of the Port Authority’s public speakers’ program, two written statements and seven video statements were received. The written statements were provided to the Commissioners and other relevant staff prior to today’s Board Meeting and will be filed with the transcripts of today’s meetings on the Port Authority’s website. The seven videos were shown as part of the public Board Meeting.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – CARGO BUILDINGS 339 AND 340
- AMAZON GLOBAL AIR – NEW LEASE**

It was recommended that the Board authorize the Executive Director to enter into a lease with Amazon Global Air for the letting of approximately 250,000 square feet of cargo space, located on approximately 23 acres of land at Newark Liberty International Airport (EWR), for a term of 20 years, with one five-year option period, commencing on or about November 1, 2021, and providing for the redevelopment, operation and maintenance of Cargo Buildings 339 and 340. The proposed lease terms represent fair market value.

Following an effort to identify cargo development opportunities at our airports, in August 2020 the Port Authority released a Request for Expressions of Interest (RFEI) for the operation and maintenance of Cargo Buildings 339 and 340 at EWR. Seven firms responded to the RFEI, which informed staff on the nature of interest and relevant provisions for the leasing of the facilities. Following the RFEI, a Request for Proposals (RFP) was developed.

Respondents to the RFEI were invited to participate in the RFP, in which proposals were evaluated against defined criteria and standards. Three firms submitted proposals for evaluation.

The three proposals submitted in response to the RFP were evaluated based on the following criteria: (1) highest and best use of the facility; (2) financial proposals for the letting of the space; (3) operations and maintenance approach; (4) management experience and qualifications; (5) construction approach; and (6) Minority and Woman-owned Business Enterprise, Service-Disabled Veteran-owned Business Enterprise, and local participation. Amazon Global Air was the highest rated proposer and is the recommended operator for the Cargo Buildings.

Under the proposed lease, Amazon Global Air would, at lease execution, remit to the Port Authority an upfront payment of \$150 million for building rent, pay approximately \$157 million in ground rent over the term of the lease, and invest an estimated \$125 million to transform the existing Cargo Buildings into a state-of-the-art operation. The Port Authority would not make any capital investments in connection with the proposed lease.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Eve, Horwitz, Martinotti, McCabe, Menendez, O'Toole, Pocino, Richardson and Rosado 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 lease with Amazon Global Air for the letting of approximately 250,000 square feet of cargo space, located on approximately 23 acres of land at Newark Liberty International Airport, for a 20-year term, with one five-year option period, commencing on or about November 1, 2021, and providing for the redevelopment, operation and maintenance of Cargo Buildings 339 and 340, 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.

ONE LIBERTY PLAZA - NEW SUBLEASE WITH AKF GROUP LLC

It was recommended that the Board authorize the Executive Director to enter into a sublease with AKF Group LLC (AKF) for use by the Port Authority of space at One Liberty Plaza, New York, New York (1 Liberty) consisting of approximately 44,000 square feet, for a term of approximately nine years, subject to a limited termination right by the Port Authority.

Since 2016, pursuant to a sublease that expires on December 29, 2021, the Port Authority has sublet space, for use by the Office of Major Capital Projects (MCP), located at 80 Pine Street in Manhattan, approximately a half-mile away from Port Authority headquarters at 4 World Trade Center (4 WTC). 1 Liberty would be a preferable location for MCP, because it is directly adjacent to 4 WTC, with economic terms that take advantage of a depressed office rental market.

The 1 Liberty sublease would commence on or about December 1, 2021 and expire on December 30, 2030. Following a free rent period, rent would commence on or about May 1, 2022. Aggregate rent over the term would be approximately \$15.8 million. The Port Authority would incur upfront costs, which would include costs for office fit-out work, electrical work, COVID-proofing, information technology/telecommunications, relocation, as well as the decommissioning of the current 80 Pine Street premises. AKF would perform the majority of the fit-out work prior to the term commencing. The cost of such fit-out work would be reimbursed by the Port Authority, at the Port Authority's option, either as an upfront reimbursement on the rent commencement date or amortized as additional rent over the term of the sublease.

Staff analyzed over 80 locations across different buildings in Midtown and Downtown Manhattan and parts of the New Jersey waterfront, and determined that the proposed 1 Liberty transaction is the most favorable. The proposed sublease would relocate MCP's offices to better configured office space in close proximity to the Port Authority's main offices at 4 WTC.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Eve, Horwitz, Martinotti, McCabe, Menendez, O'Toole, Pocino, Richardson and Rosado 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 sublease with AKF Group LLC for use by the Port Authority of space at One Liberty Plaza, New York, New York consisting of approximately 44,000 square feet, for a term of approximately nine years; 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 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.

**PORT AUTHORITY PROCUREMENT STRATEGIES FOR SMALL CONTRACTS –
AUTHORIZATION OF DISCRETIONARY PROCUREMENT PROGRAM TO
ADDRESS DISPARITIES IN UTILIZATION OF MINORITY-OWNED AND
WOMAN-OWNED BUSINESSES**

The Port Authority has a long-standing commitment to supporting programs designed to maximize inclusiveness in the procurement of its contracts for construction and goods and services, including professional services. The Port Authority's current program is comprehensive and includes many industry best practices to advance utilization of minority-owned business enterprises (MBEs) and woman-owned business enterprises (WBEs), to the fullest extent consistent with the agency's commitment to competitive, high quality and low-cost procurements, and consistent with the constitutional requirements for such programs.

In furtherance of the Port Authority's M/WBE efforts to achieve equity across all ethnic, racial groups and genders, Mason Tillman Associates, Ltd. (MT), a well-respected and experienced consultant, conducted periodic disparity studies in 1993, 2004, and 2017, comparing expected contract awards to businesses owned by M/WBEs, to actual contract awards made. MT also gathered anecdotal evidence as to impediments to full participation by M/WBE groups.

By its resolution dated February 15, 2018, the Board considered the findings of the December 2017 disparity analysis (2017 Analysis), which found that, despite Port Authority efforts, there continued to be a significant disparity between (a) the utilization of M/WBEs on certain contracts for construction and goods and services, and (b) the availability of M/WBEs to perform those contracts. Upon consideration of the 2017 Analysis findings, the Board established a requirement that Port Authority contracts include good faith participation goals of 20 percent by MBEs and 10 percent by WBEs on all prime contracts (2018 Goals), with an objective of increasing subcontracting opportunities for MBE and WBE firms. The Port Authority has made significant progress in reaching these subcontracting goals on its recent large airport projects.

MT has now updated the 2017 Analysis, using data for the period from January 2019 through June 2020 (the 2021 Analysis), with an emphasis on M/WBE direct contracting with the Port Authority. The 2021 Analysis indicates that although the Port Authority has increasingly reduced disparity among some ethnic, racial and gender groups in its direct contracting, other racial, gender and ethnic groups were found to remain dramatically underutilized relative to their readiness and ability to perform. Staff therefore recommended that it would advance M/WBE participation goals to modify the existing contract award programs, to allow for the direct solicitation of M/WBE firms on certain small contracts for competitive procurement, through a discretionary program where there are a sufficient number of underrepresented firms with the necessary qualifications to constitute a competitive procurement process. The proposed modification was developed after extensive consultation with several organizations representing the M/WBE community and is modeled on a similar Metropolitan Transportation Authority program.

In consequence, it was recommended that the Board authorize the Executive Director, at his discretion, to solicit Port Authority-certified M/WBEs to provide construction and goods and services (including professional services) under procurement contracts limited to: (i) up to \$2.5 million for construction solicitations; and (ii) up to \$1.5 million for all other solicitations, in each instance following determination by the Procurement Department that there is an adequate pool of qualified M/WBE firms to allow for a competitive procurement process. If such determination cannot be made in the case of any Procurement Contract, the procurement would follow the agency's typical procurement process.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Eve, Horwitz, Martinotti, McCabe, Menendez, O'Toole, Pocino, Richardson and Rosado 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 Port Authority's existing contract awards programs be, and they hereby are, amended to authorize the Executive Director, for and on behalf of the Port Authority, in his discretion, to solicit Port Authority-certified M/WBE firms to provide construction and goods and services (including professional services) under Port Authority prime contracts, limited to: (i) up to \$2.5 million for construction solicitations; and (ii) up to \$1.5 million for all other solicitations, including professional services, technology, and goods and operational services, so long as the Procurement Department has determined that there is an adequate pool of M/WBE firms to allow for a competitive procurement process, and the Executive Director is hereby so authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is directed to continue to periodically report to the Board on the Port Authority's progress in meeting the utilization goals for M/WBE firms under its inclusive contracting policies.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – REDEVELOPMENT
AUTHORIZATION OF NEW LEASE WITH JFK MILLENNIUM PARTNERS
AND AUTHORIZATION OF PORT AUTHORITY FUNDING OF ENABLING
INFRASTRUCTURE FOR NEW TERMINAL 6**

At its meeting on October 25, 2018, the Board authorized the Executive Director to enter into exclusive negotiation for a lease to design, construct, finance, operate and maintain a new international air terminal at John F. Kennedy International Airport (JFK) with a sponsor affiliated with JetBlue Airways Corporation (JetBlue), which held an option to expand its current operations in a passenger terminal located on the north side of JFK. The new terminal was to be located on a 65-acre site comprised of existing Terminal 7, which is over 50 years' old and has reached the end of its useful life, and an adjacent vacant site (the new terminal hereinafter referred to as New Terminal 6). New Terminal 6 is anticipated to be interconnected with JetBlue's Terminal 5, consistent with the One JFK Vision Plan (Vision Plan) developed by Governor Andrew M. Cuomo's Airport Advisory Panel. As part of the world-class transformation of JFK set forth in the Vision Plan, the Board has previously approved lease amendments for terminal upgrades of Terminal 8 by American Airlines and Terminal 4, by its current operator, JFK International Air Terminal LLC and anchor tenant, Delta Air Lines, and Port Authority enabling infrastructure work to support these terminal developments, at its meetings on February 14, 2019 and April 22, 2021, respectively.

It is now recommended that the Board approve the lease (Lease) which has been negotiated with JFK Millennium Partners (JMP), a private consortium comprised of Vantage Airport Group, a developer/operator with whom the Port Authority worked on Terminal B now reaching completion at LaGuardia Airport, American Triple I Partners, a developer and manager of infrastructure assets which is a Port Authority-certified minority-owned business enterprise, RXR Realty, a private real estate company active in development, design and construction, and JetBlue. The original schedule for financing and constructing New Terminal 6 was necessarily slowed by the COVID-19 pandemic's impacts on the aviation industry.

The Lease would commence upon closing of financing for the New Terminal 6 project, expected in March 2022, and would provide for design and construction of New Terminal 6, an approximate 1.2 million square foot passenger terminal incorporating state-of-the-art technology and 21st century design, at an estimated total cost of \$3.9 billion (privately financed by JMP through loans repaid by revenues generated by New Terminal 6 operation, and equity placements). Construction would be completed in two phases. In the first phase to be completed in 2025, the New Terminal 6 headhouse, departure and arrivals area, including five new gates will be developed on the vacant site. When the current lease on Terminal 7 expires in November 2022, that parcel will be added to the Lease and in the second phase of construction to be completed in 2027, JMP will demolish Terminal 7 and construct an additional five gates and associated terminal space. JMP would manage, operate and maintain New Terminal 6 for the life of the Lease through December 2060.

Rentals to be paid to the Port Authority over the life of the Lease are estimated at \$5.2 billion, including the ability to share in concession revenues and participate in JMP returns over an agreed-upon amount. The Lease terms and conditions include obligations: 1) to design,

construct, finance, operate and maintain New Terminal 6 with world-class amenities measured by key performance indicators; 2) to comply with Port Authority sustainability and resiliency guidelines; and 3) to make good faith efforts to achieve the Port Authority’s local and minority- and woman-owned business enterprise participation goals.

It is also recommended that the Board approve an incremental infrastructure investment of \$130 million by the Port Authority related to enabling work for the New Terminal 6 project. This incremental investment remains within the \$2.9 billion overall JFK Redevelopment allocation in the 2017-2026 Capital Plan.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Eve, Horwitz, Martinotti, McCabe, Menendez, O’Toole, Pocino, Richardson and Rosado 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 lease with JFK Millennium Partners for the design, construction, operation and maintenance of a new airport passenger terminal at John F. Kennedy Airport (“JFK”), to be located on the north side of JFK on a site currently occupied by an existing passenger terminal known as Terminal 7, which has reached the end of its useful life, and by a currently vacant site previously authorized for expansion by JetBlue Airways Corporation (such new terminal hereinafter referred to as “New Terminal 6”), which lease shall commence for the vacant site, upon closing of the financing for New Terminal 6 with the Terminal 7 premises added thereto upon expiration of the current lease in November 2022, and terminate on December 30, 2060 (or earlier in accordance with its terms), substantially on 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 invest up to \$130 million for costs and expenses for enabling infrastructure including utility enhancements and airside improvements and for oversight to support the New Terminal 6 project; 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 any other action and 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 the General Counsel or his authorized representatives, and the terms of such contracts, agreements and other documents shall be subject to the review of the General Counsel or his authorized representatives.

Whereupon, the meeting was adjourned.

Secretary