

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES**

**Thursday, June 25, 2020**

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held  
Thursday, June 25, 2020 via teleconference.**

**PRESENT:**

**NEW JERSEY**

Hon. Kevin J. O’Toole, Chairman  
Hon. Richard H. Bagger  
Hon. Kevin P. McCabe

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

James K. Allen, Chief of Staff to the Vice Chairman  
Alan G. Benedetto, Manager, Technical Services, Technology Department  
Justin Bernbach, Director, Government and Community Affairs, New York  
John Bilich, Chief Security Officer  
Benjamin M. Branham, Chief Communications Officer  
Ana Carvajalino, Director, Financial Planning  
Brian Caraveo, Cinematographer, Marketing  
Rebecca L. Cassidy, General Manager, Board Unit, Office of the Secretary  
Jennifer S. Davis, Chief Intergovernmental Affairs Officer  
Clarelle D. DeGraffe, Director, Rail Transit  
Michael P. Dombrowski, Audio Visual Specialist, Marketing  
Diannae C. Ehler, Director, Tunnels, Bridges and Terminals  
Benjamin Feldman, Senior Advisor to the Chairman  
Amy Fisher, First Deputy General Counsel  
Robert E. Galvin, Chief Technology Officer  
Erik H. George, Executive Advisor, Chief Financial Officer  
Robert Gibbon, Special Counselor to the Executive Director  
Mary Lee Hannell, Chief, Human Capital  
Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
Huntley Lawrence, Director, Aviation  
Hugh McCann, Director, World Trade Center Operations  
Elizabeth M. McCarthy, Chief Financial Officer  
Tobi Mettle, Chief of Staff for Agency Initiatives, Office of the Executive Director  
Alec Nadeau, Manager, Executive Initiatives and Policy  
Hersh K. Parekh, Director, Government and Community Relations for Aviation  
Redevelopment in New York  
Alan Reiss, Director, World Trade Center Construction  
Sam Ruda, Director, Port  
Peter D. Simon, Chief of Staff to the Chairman

**NEW YORK**

Hon. Jeffrey H. Lynford, Vice Chairman  
Hon. Leecia Eve  
Hon. Daniel J. Horwitz  
Hon. Gary LaBarbera  
Hon. George T. McDonald  
Hon. Rossana Rosado

James A. Starace, Chief Engineer/Director of Engineering  
Debra M. Torres, Chief Ethics and Compliance Officer  
Derek H. Utter, Chief Development Office  
Lillian D. Valenti, Chief Procurement and Contracting Officer  
Cheryl A. Yetka, Treasurer

Guests:

Joanne Hernandez, Senior Policy Advisor, Transportation, Office of the Governor of New York  
Brian Wilton, Deputy Chief Counsel - Director of Authorities, Office of the Governor of New Jersey

Public Commenters:

Charlene Talarico  
Neile Weissman, Complete George

Topic:

Port Authority  
GWB Bicycle Paths

The public meeting was called to order by Chairman O’Toole at 12:24 p.m. and ended at 12:53 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 May 21, 2020 were delivered to the Governors of New York and New Jersey in electronic form on May 22, 2020. The time for action by the Governors of New York and New Jersey expired at midnight on June 8, 2020.

### **Chairman’s Report**

The Chairman advised that due to the ongoing public health crisis posed by COVID-19, and in light of the recommendation from the Centers for Disease Control and Prevention and the States of New York and New Jersey, today’s meeting is being held via teleconference, with audio of the proceedings simultaneously webcast on the Port Authority’s website.

The Chairman also advised that in lieu of the Port Authority’s public speakers’ program, two written statements were received and provided to the Commissioners and other relevant staff prior to today’s Board Meeting. The written statements will also be filed with the transcripts of today’s meetings on the Port Authority’s website. The Chairman noted that the written comments received did not relate to the action items before the Board for approval.

**TETERBORO AIRPORT – OPERATIONS AND MAINTENANCE SERVICES –  
EXTENSION OF AGREEMENT WITH AFCO-AVPORTS LLC**

It was recommended that the Board authorize the Executive Director to: (1) extend the current agreement with AFCO-AvPORTS LLC (AvPORTS) for continued operations and maintenance (O&M) services at Teterboro Airport (TEB) for two years, commencing on or about December 1, 2020, including costs for approved expenses and management fees, at an estimated total cost of \$15,472,367; and (2) at his discretion, exercise two additional six-month optional extensions of the agreement, at an estimated amount of \$3,925,256 for each extension period, for continued O&M services, including approved expenses and management fees at TEB.

On June 29, 2000, the Board authorized the Executive Director to enter into a five-year agreement with AvPORTS to provide O&M services at TEB. That contract included a five-year extension period, which was exercised by the Port Authority. Subsequently, on September 30, 2010, the Executive Director was authorized to enter into a new five-year agreement with AvPORTS, the sole proposer pursuant to a public advertisement, which also included a five-year extension option, that has since been exercised. That agreement expires on November 30, 2020.

Staff is conducting a comprehensive evaluation of various management models that could optimize the use of TEB. To ensure that sufficient time is provided to conduct a thorough evaluation and a subsequent procurement process to award a new agreement, authorization is being sought to extend the current contract with AvPORTS for two years, with two additional six-month extension options. The proposed extension would enable continued operations at TEB without interruption to O&M services.

Pursuant to the proposed contract extension (including the option periods), AvPORTS would continue to provide O&M services at TEB, generally under the same terms as the existing contract. The contract extension would, however, include added performance measurements (in the form of key performance indices), with a focus on enhancing the delivery of reliable, efficient and safe operations. These measurements would help the Port Authority provide a best-in-class airport experience and high level of service to general aviation customers.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole 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: (1) extend the current agreement with AFCO-AvPORTS LLC for continued operations and maintenance services at Teterboro Airport for two years, commencing on or about December 1, 2020, including costs for approved expenses and management fees, at an estimated total cost of \$15,472,367; and (2) at his discretion, exercise two additional six-month optional extensions of the foregoing agreement, at an estimated amount of \$3,925,256 for each extension period; 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 as may be necessary or appropriate to effectuate 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.

**JOHN F. KENNEDY INTERNATIONAL, LAGUARDIA, AND NEWARK LIBERTY INTERNATIONAL AIRPORTS – MINIMUM WAGE FOLLOW-UP - ESTABLISHMENT OF A REVISED STREET PRICING POLICY**

While the Port Authority is 99 years old, the agency’s core obligation is constant - to operate all of its facilities in a safe and efficient manner, for the benefit of the hundreds of millions of customers who rely upon it each year. During 2018, it became increasingly clear that, with respect to the agency’s three major airports (collectively, “Airports”), the agency needed to focus intensely on the critical contributions that Airport workers are expected to make, and the broader context in which Airport employees work. Airport minimum wages had long been flat. The cost of living was rapidly rising. And the results were predictable - studies demonstrated that Airport workers were coming and going from their jobs at an extraordinary pace, and turnover of this kind, it has been shown, has a strongly negative impact on the secure and effective operations of airports.

Against this backdrop, the Board acted. Publishing proposed minimum wage rules, as a possible tool to employ for slowing Airport turnover. Conducting multiple rounds of public comment sessions, so that all Airport stakeholders could weigh in on the proposed wage rules. And gathering information through staff, and making it publicly available, as to how major airports throughout the United States have confronted the problems of worker turnover and what the impact of other airports’ minimum wage efforts have been.

During September of 2018, as the culmination of the public process described above, the Board established new minimum wages at the Airports. These new minimum wages escalate over the course of a number of years, rising to \$19 per hour by 2023. This means that workers at the Port Authority’s Airports have a substantially higher per-hour minimum wage than other workers in the immediately surrounding jurisdictions. This is as it should be. The Airports are critical pillars of regional prosperity and vitality. They can function as they need to only with the benefit of a stable and skilled workforce --- of the kind that a strong minimum wage helps to ensure. And all of this has only been brought into sharper relief by the agency’s response to the Covid-19 crisis - which has asked even more of Airport workers, in terms of helping to keep facilities open and operating safely through a very difficult period.

As part of the 2018 process of enacting higher Airport minimum wages, some commenters identified a potential difficulty. These commenters emphasized that a higher minimum wage would increase employers’ labor costs, but that these costs could not readily be recovered - because the Port Authority’s “street pricing policy” requires that goods offered by airport concessionaires be sold at capped prices, prices that are not higher than those prices charged locally, off-airport, for the same goods by merchants who are, or would be, subject to a lower minimum wage than the Airports’ minimum wage.

To address this issue, the Board made a temporary adjustment to the agency’s street pricing policy. In addition, and with an eye on a permanent solution, the Board mandated that a study be conducted to provide a recommendation as to how, if at all, the Port Authority’s street pricing policy should be altered in light of changes in the Airports’ minimum wages.

The referenced study, conducted by an outside firm, has now been completed and provided to staff. The study recommends, and staff concurs, that the extant street pricing policy should be changed to a “street pricing plus 10%” policy. Under such a policy, goods sold by Airport concessionaires could be sold at maximum prices equal to prices charged locally, off-Airport - plus 10%. The study notes that, aside from the Port Authority’s Airports, virtually all of the 25 busiest airports in the United States allow concessionaires to charge a price above so-called street prices. Of those airports that cap the allowable price with reference to a maximum percentage that can be charged above street price - three-quarters of the 25 busiest airports (excluding the Port Authority’s Airports) opt for 10% or more above street prices. Accordingly, a street pricing plus 10% policy is standard operating procedure at airports around the United States.

In addition, the study further notes that a street pricing plus 10% framework makes sense because the cost of running an airport business is higher than the cost of running a comparable off-airport business. This is, among other things, because of: (1) the higher security and operating costs at airports; and (2) the higher per-hour labor costs at airports, which, for the Port Authority’s Airports, is in part a function of the difference between Port Authority airport minimum wages on the one hand, and New York and New Jersey minimum wages on the other.

Finally, the study notes that it is critical that street pricing policies be enforced - so that prices do not, in practice, exceed the caps that have been imposed at the Airports.

Simultaneously with modifying the street pricing policy to permit concessionaires to adjust pricing based on higher costs, the Port Authority also seeks to ensure that Airport customers - who come from all walks of life, and often need to spend a meaningful period of time at the Airport - have access to lower-priced food and beverage offerings. As such, the Port Authority should require concessionaires to provide some value-for-money offerings for Airport customers.

In accord with the above, it was recommended that an Amended Street Pricing Policy be promulgated - that would (1) allow for street pricing plus a maximum of 10%, and (2) would require that some lower-priced food and beverage options be provided to Airport customers. In addition, it was recommended that enforcement of the Amended Street Pricing Policy be undertaken - to ensure that it functions, in practice, as it is has been formulated.

This overall approach would help to attract and maintain a variety of high-quality concession offerings for Airport users, and it would help to ensure that Airport customers will have access to value-for-money food and beverage options.

And the overall approach set out above would be responsive to comments from Airport stakeholders who initially expressed concern about a possible squeeze - between the higher Airport minimum wages mandated by the Port Authority and the limits on Airport prices imposed by the street pricing policy. Addressing these concerns is critical to maintaining both the long-term viability of Airport concessionaires and continued success in implementing the Airports’ higher minimum wages.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole 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 a policy (“Amended Street Pricing Policy”), which (1) caps concessionaire prices at street pricing plus a maximum of 10% at LaGuardia Airport, John F. Kennedy International Airport, and Newark Liberty International Airport, and (2) requires concessionaires at the listed airports to offer for sale some lower-priced food and beverage options, to provide value-for-money - be and it hereby is enacted; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to (1) establish an effective date upon which the Amended Street Pricing Policy would be in place; (2) reflect, as needed, the Amended Street Pricing Policy in any existing agreements, including terminal operator agreements, leases, subleases, concession agreements or permits, and (3) take any appropriate steps to ensure that monitoring and enforcement of the Amended Street Pricing Policy is undertaken, including conducting audits, spot checks, and investigations as appropriate; and it is further

**RESOLVED**, that the Director, Aviation, be and he hereby is authorized, for and on behalf of the Port Authority, to take any and all actions necessary to effectuate the Amended Street Pricing Policy, including promulgation of policies and guidelines as to the provision of lower-priced food and beverage choices by concessionaires; and it is further

**RESOLVED**, that the form of all contracts, agreements and other documents in connection with the foregoing Amended Street Pricing Policy 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 JERSEY-PORT AUTHORITY MARINE TERMINAL – DECLARATION AS SURPLUS AND DISPOSITION OF PROPERTY INTERESTS TO LEG-BP BAYONNE OWNER LLC**

It was recommended that the Board: (1) declare an approximately 15-acre land parcel (PA Parcel) located on a 131-acre site owned by the Port Authority at the Port Jersey-Port Authority Marine Terminal (Port Jersey) as surplus property; and (2) authorize the Executive Director to: (a) enter into a Purchase and Sale Agreement with LEG-BP Bayonne Owner LLC (“LEG-BP”) for the conveyance to LEG-BP of the PA Parcel, at a net sale price of approximately \$7.25 million; (b) enter into any other related agreements and/or contracts necessary to effectuate the foregoing transaction, including, but not limited to, agreements for roadway/utility easements, maintenance agreements, and agreements regarding the demolition of certain existing structures; and (c) incur expenses in conducting any required due diligence, including environmental review, engaging appraisers, surveyors and title companies, obtaining current land surveys, and entering into roadway/utility easements and maintenance agreements; all consistent with existing deed restrictions.

The former Military Ocean Terminal Bayonne (MOTBY) site encompasses 652 acres of upland and riparian land in Bayonne, New Jersey. At its meeting of June 22, 2010, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized the acquisition of a 131-acre portion of the former MOTBY site, and the associated riparian lands, from the Bayonne Local Redevelopment Authority for marine terminal purposes. The acquired property was incorporated into Port Jersey, and current tenants include Royal Caribbean Cruise Line, Ltd., which operates the newly redeveloped Cape Liberty Cruise Terminal, and Bayonne Dry Dock and Repair Corp.

In 2018, LEG-BP purchased a 90-acre parcel from Oaktree Capital on a portion of the former MOTBY site known as the Maritime District. LEG-BP is currently in the process of raising the elevation of the site with the intention of developing up to 1.6 million square feet of modern industrial warehouse space. The LEG-BP property is located adjacent to the 131-acre parcel owned by the Port Authority.

At its meeting of September 27, 2018, the Board approved the acquisition, declaration as surplus and disposition of certain real property interests to LEG-BP with respect to land adjacent to the Port Authority’s property at MOTBY/Port Jersey. That transaction resulted in a non-financial exchange of parcels at MOTBY that established updated property boundaries by adjusting prior lot line encumbrances originating from the 2010 Port Authority purchase.

The acreage associated with the proposed resolution was not part of the 2018 transaction. This PA Parcel is encumbered with three structures, two of which consist of reinforced-concrete multi-story warehouses, and the third consisting of a single-story former office building. These buildings were constructed by the United States military in the 1940s. The high cost of demolition presents considerable challenges in developing the PA Parcel for future maritime related use, and the property has remained largely unoccupied since the Port Authority’s 2010 purchase. There is no funding in the current 10-year Capital Plan to support the building demolition and development of the PA Parcel.

The proposed transaction would not displace or impact any existing port tenants on the MOTBY peninsula, or the proposed Bayonne Ferry development with the City of Bayonne.

The Contract of Sale would provide for: (1) the conveyance of fee simple title to the PA Parcel to LEG-BP, along with the necessary covenants and certain easements; and (2) the demolition of certain existing structures, construction of roadways, and related activities.

Under the proposed transaction, the Port Authority would not assume any costs, liability, or obligations. LEG-BP has offered the Port Authority \$20.25 million, and would purchase the land “as is.” The Port Authority would agree to a \$13 million deduction from the \$20.25 million purchase offer to account for predevelopment site preparation costs, including demolition of the existing three structures. This would result in a net sale price to the Port Authority of approximately \$7.25 million. LEG-BP would perform this work and, should the site preparation costs be less than \$13 million, remit the underage to the account of the Port Authority. The Port Authority would have the right to review invoices for the work performed in support of LEG-BP’s predevelopment site preparation costs.

The proposed transaction is supported by an independent appraisal performed on behalf of the Port Authority.

The proposed transaction is consistent with the recommendations in the Port Master Plan 2050.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O’Toole 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 Board hereby finds and declares an approximately 15-acre land parcel (PA Parcel) located on a 131-acre site owned by the Port Authority at the Port Jersey-Port Authority Marine Terminal as surplus property; 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 the Port Authority, to execute a certificate to be annexed to the appropriate Port Authority Map stating that the PA Parcel is no longer required, for the purpose for which it was acquired, with such map to be filed with the Office of the Secretary of the Port Authority; and it is further

**RESOLVED**, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to: (1) enter into a Purchase and Sale Agreement with LEG-BP Bayonne Owner LLC (“LEG-BP”) for the conveyance to LEG-BP of the PA Parcel, at a net sale price of approximately \$7.25 million; (2) enter into any other related agreements and/or contracts necessary to effectuate the foregoing transaction, including, but not limited to, entering into roadway/utility easements, maintenance agreements, and agreements regarding the demolition of certain existing structures; and (3) incur expenses in conducting any required due diligence, including performing environmental reviews, engaging appraisers, surveyors and title companies, obtaining current land surveys, and entering into roadway/utility easements and maintenance agreements; all consistent with existing deed restrictions, and 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.

Whereupon, the meeting was adjourned.

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Secretary