

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 23, 2019

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday,
May 23, 2019 at 150 Greenwich Street, City, County and State of New York**

PRESENT:

NEW JERSEY

Hon. Kevin J. O'Toole, Chairman
Hon. Kevin P. McCabe
Hon. Raymond M. Pocino

NEW YORK

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

Richard Cotton, Executive Director
Michael E. Farbiarz, General Counsel
Linda C. Handel, Secretary

James K. Allen Jr., Chief of Staff to the Vice Chairman
Cynthia Bacon, Assistant Director/Chief Negotiator, Rail Transit
Adam L. Barsky, Chief of Staff to the Executive Director and Special Counselor
Luke Bassis, Deputy Director, Procurement
Justin E. Bernbach, Director, Government and Community Affairs, New York
John Bilich, Chief Security Officer
Benjamin M. Branham, Chief Communications Officer
Michael Brown, Assistant Chief, Port Authority Police
Radomir Bulayev, Assistant Director, Capital Project Management, Rail Transit
Rebecca L. Cassidy, General Manager, Board Unit, Office of the Secretary
Edward T. Cetnar, Director, Public Safety/Superintendent of Police
Joy Chiu, Assistant Superintendent, Way and Structures, Rail Transit
Steve Coleman, Deputy Director, Media Relations
Janet D. Cox, Director, Management and Budget
Nicole Crifo, Deputy Chief, Chief Ethics and Compliance Office
Jennifer S. Davis, Chief Intergovernmental Affairs Officer
Clarelle D. DeGraffe, Director, Rail Transit
John C. Denise, Audio Visual Supervisor, Marketing
John Dempsey, Assistant Superintendent, Power, Signals and Communications, Rail Transit
Michael P. Dombrowski, Audio Visual Specialist, Marketing
Diannae C. Ehler, Director, Tunnels, Bridges and Terminals
Amy H. Fisher, First Deputy General Counsel
Kevin Frick, Attorney, Law
Robert E. Galvin, Chief Technology Officer
Glen Guzi, Senior Program Manager, World Trade Center Construction
Mercedes Guzman, Secretary to Executive Director
Mary Lee Hannell, Chief, Human Capital
Flora Heun, Manager, Business Services, Rail Transit
Natasha G. Jean Philipp-Cumberbatch, Manager, Corporate Transparency, Office of the Secretary
Milena Kosc, Principal Board Management and Support Specialist, Office of the Secretary
Lindsey M. Kryzak, Director, Media Relations
Scott Ladd, Assistant Director, Media Relations

Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Huntley A. Lawrence, Director, Aviation
 Anessa Lau, Deputy Director, Operations Services
 Kevin Lejda, Superintendent, Construction and Operations Planning, Rail Transit
 Stephen Marinko, Assistant General Counsel
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 Gerard McCarty, Director, Office of Emergency Management
 James E. McCoy, Deputy Secretary, Office of the Secretary
 Damian McShane, Program Director, Rail Transit
 Jessica Mills, Manager, Customer and Marketing Services, Rail Transit
 Joseph Monte, Employee Communication Specialist, Marketing
 Mary K. Murphy, Director, Planning and Regional Development
 Alec Nadeau, Special Assistant to the Executive Director
 Maria Oliveri, Associate Board Management and Support Specialist, Office of the Secretary
 Steven P. Plate, Chief, Major Capital Projects
 Alan L. Reiss, Director, World Trade Center Construction
 Thomas H. Rowbottom, Assistant Director/General Superintendent, Rail Transit
 Sam Ruda, Director, Port
 Beth Siegel, Program Director, Rail Transit
 Peter D. Simon, Chief of Staff to the Chairman
 Mark Spector, Director, Real Estate
 Joann Spirito, Manager, Federal Procurement Programs, Procurement
 James A. Starace, Chief Engineer/Director of Engineering
 Debra M. Torres, Chief Ethics and Compliance Officer
 Derek H. Utter, Chief Development Officer
 Lillian D. Valenti, Chief Procurement and Contracting Officer
 David J. Volk, Manager, System Safety and Environmental Management, Rail Transit
 Michael Vozza, Assistant Director, Corporate Budgeting and Analysis, Management and Budget
 Michael Watson, Deputy Director, Human Resources
 Gregory Wong, Manager, Business and Transportation Analysis, Rail Transit

Guests:

Edmund Caulfield, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
 Michael P. Marino, Port Authority/PATH Retiree
 Lauren Melendez, Assistant Secretary for Transportation, Office of the Governor of New York
 Brian Wilton, Deputy Chief Counsel, Authorities Unit

Speakers:

Jude Augustin, Unite Here Local 100
 Murray Bodin
 Brandon Burstin, Unite Here Local 100
 Oscar Garcia, Unite Here Local 100
 Hon. Stephen M. Sweeney, President, New Jersey
 State Senate
 Charlene Talarico
 Hon. Loretta Weinberg, Majority Leader, New Jersey State
 Senate
 Neile Weissman, Complete George

Topic:

Healthcare for Airport Workers
 Transportation Issues
 Healthcare for Airport Workers
 Healthcare for Airport Workers
 Port Authority Bus Terminal
 Human Resources Policies and
 Procedures
 Port Authority Bus Terminal
 Widening Paths on GWB

The public meeting was called to order by Chairman O’Toole at 12:11 p.m. and ended at 1:04 p.m. The Board also met in executive session prior to the public session. At the request of the Chairman, Commissioner Bagger participated and attended a portion of the executive session remotely by telephone.

Report on Prior Meeting’s Minutes

Copies of the Minutes of the meeting of April 25, 2019 were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on April 26, 2019. The time for action by the Governors of New York and New Jersey expired at midnight on May 10, 2019.

TRIBUTE TO MICHAEL P. MARINO

In recognition of his dedicated service to the Port Authority Trans-Hudson Corporation (PATH) and the region it serves, we congratulate General Manager/Director of Rail Transit, Michael P. Marino, on his recent retirement.

Mike Marino has led a distinguished career of over 43 years in the railroad industry, having served as Superintendent of Terminal Service at Amtrak, Director of Force Account Construction at the Metropolitan Transportation Authority, and Vice President of Rail Transit at AECOM. He joined PATH in 2011 as the Superintendent of PATH's Ways and Structures Division. He subsequently became Assistant Director/General Superintendent, was later promoted to Deputy Director of PATH, and ultimately appointed as PATH's General Manager/Director of Rail Transit in March 2015.

As General Manager/Director of Rail Transit, Mike Marino has led a staff that is dedicated to the delivery of safe and reliable 24/7 rail transportation services. He has been steadfast in his commitment to improving on-time performance for the record number of annual riders who currently utilize PATH rail service. Mike has also overseen the ongoing implementation of projects that will improve the PATH customer's experience, including the roll out of the agency's "Ride PATH" app, cellular service in stations and countdown clocks at all PATH stations.

Mike Marino has overseen an ambitious \$2.4 billion capital plan for PATH, which includes projects for the Signal System Replacement Program, including Positive Train Control (PTC), Automatic Train Control, and significant station modernizations and improvements. He has been an invaluable leader in PATH's recovery immediately following Superstorm Sandy in 2012, and in the ongoing efforts to repair latent damage caused by that storm and to implement flood mitigation and storm resilience projects to ensure the future integrity of the PATH rail system.

Most recently, Mike Marino was a driving force in ensuring PATH met the Federal Railroad Administration's deadline of December 31, 2018 for the installation of PTC. As a direct result of his commitment, PATH was the first rail system in the New York-New Jersey region to meet this deadline. This past October, Mike also proudly witnessed the opening of a portion of the new Harrison PATH station, which will serve the public for generations to come.

It is with sincere gratitude that we recognize Michael P. Marino for his dedicated public service to the Port Authority Trans-Hudson Corporation and the entire region it serves.

LAGUARDIA AIRPORT – HANGARS 3 AND 5 AND A PORTION OF BUILDING 20 – AMERICAN AIRLINES, INC. – NEW LEASE AGREEMENT

It was recommended that the Board authorize the Executive Director to enter into a new lease agreement, Lease AGB-197 (Lease), with American Airlines, Inc. (American) for Hangars 3 and 5 and a portion of Building 20 (Premises) at LaGuardia Airport (LGA) that provides for the following: (1) American's continued use and occupancy of approximately 240,000 square feet of building space and 0.27 acres of airside paved land on the Premises at LGA for use as aircraft maintenance and repair facilities and office space, for a ten-year Lease term, with one five-year extension option; (2) American to make specific improvements to rehabilitate the façade of Hangars 3 and 5 and Buildings 19 and 20, currently estimated at \$11 million, in accordance with the Port Authority's requirements; and (3) an estimated aggregate rental of approximately \$28.2 million over the ten-year Lease term.

American would be required to make a set of specified improvements to rehabilitate the façades of Hangars 3 and 5, Building 20 and Building 19 (which is not in the leasehold, but is part of the continuous hangar façade across Hangars 3 and 5, and Building 20), in accordance with the Port Authority's requirements, which are currently estimated to cost \$11 million. The improvements are required to be completed within 24 months of executing the Lease. American would bear all costs and risks of completing the design and construction work and would coordinate with the Port Authority to obtain necessary approvals from the New York State Historic Preservation Office. If American did not complete the rehabilitation work within 24 months, or if the work failed to meet the Port Authority's requirements, the Port Authority could elect to complete the work itself and require American to pay the Port Authority for the cost of such work. In addition, because of LGA's limited hangar facilities, American would be required to renovate a portion of the interior space within Hangars 3 and 5, so as to allow both hangars to accommodate use by up to two additional airlines to support their general service repairs and cargo operations.

The term of the Lease would commence on or about June 10, 2019 and expire on or about June 9, 2029. The option period, which would be subject to the consent of the Port Authority, would commence on or about June 10, 2029 and expire on or about June 9, 2034. If the Port Authority terminated the lease without cause, the Port Authority would be required to reimburse American for the unamortized portion of its capital investment in the improvement work, plus the cost of capital. In addition, if the Port Authority withheld its consent to extend the option period, the Port Authority would pay American the unamortized portion of its capital investment of the improvement work, in an amount to be agreed to by the parties, utilizing a 15-year amortization schedule.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, and Pocino 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 new lease agreement, Lease AGB-197, with American Airlines, Inc. (American) providing for American's continued occupancy of Hangars 3 and 5 and a portion of Building 20 at LaGuardia Airport for a

ten-year period, with one five-year extension option, 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – REPLACEMENT OF FIRE ALARM SYSTEMS PHASE I – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project for the final design and construction for the replacement of the fire alarm systems in 11 buildings maintained by the Port Authority at John F. Kennedy International Airport (JFK), at an estimated total project cost of \$71 million.

The Port Authority is responsible for maintaining and operating 41 buildings at JFK, including the fire alarm systems for those buildings. An assessment of the fire alarm systems in those buildings concluded that the systems should be replaced and upgraded. At its meeting of September 22, 2016, the Board authorized planning work, at an estimated cost of \$7 million, for the replacement and upgrade of the fire alarm systems in the Port Authority-maintained buildings at JFK.

Based on preliminary design work for the fire alarm systems completed in early 2019, 11 of the 41 buildings were identified as the highest priority buildings to have their fire alarm systems replaced, due to the operational function, occupancy, age and condition of the systems.

As part of the proposed project, a reliable, state-of-the-art fire alarm system would be installed, with the ability to provide a mass notification system. The new system would include a new fiber-optic network to connect all new fire alarm systems in each building and provide a reliable and redundant connection to centralized locations on-airport.

The project for the final design and construction for the replacement of these 11 buildings at JFK would constitute the first phase of the effort to replace and upgrade the systems in all 41 JFK buildings maintained by the Port Authority. The fire alarm systems in the remaining buildings are anticipated to be replaced as part of future proposed projects.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, O'Toole, and Pocino 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 project for the final design and construction for the replacement of the fire alarm systems in 11 buildings maintained by the Port Authority at John F. Kennedy International Airport, at an estimated total project cost of \$71 million, be and it hereby is authorized; 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 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 contracts, agreements and other documents in connection with the foregoing project 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.

SETTLEMENT OF CLAIMS – AMERICAN STEVEDORING, INC. v. RED HOOK CONTAINER TERMINAL, LLC, AND RED HOOK CONTAINER TERMINAL, LLC v. SENECA INSURANCE CO.

It was recommended that the Board authorize General Counsel to finalize the settlement of two related actions pending in the Supreme Court of New York, New York County, Commercial Division (“Court”). The actions captioned above relate to a former tenant of The Port Authority at its Brooklyn and New Jersey marine terminal facilities. The tenant, American Stevedoring, Inc. (“ASI”), vacated its leased premises at those facilities in 2011, after it breached its lease and failed to pay rent as required. In replacing ASI at the Red Hook Container Terminal with a new terminal operator, Red Hook Container Terminal, LLC (“RHCT”), the Port Authority agreed to indemnify and hold RHCT harmless for any matters involving ASI. RHCT entered into a long-term operating agreement with the Port Authority in 2013, which was extended in 2018.

Following the initial settlement with ASI in 2011 (authorized by the Board at its meeting of July 28, 2011), ASI leased certain equipment from its Brooklyn operations to RHCT, under a six-month lease. After the termination of the lease, ASI did not provide adequate information to allow the equipment to be returned to it, and the equipment was subsequently seriously damaged in Superstorm Sandy, while under RHCT’s control. As required in the equipment lease, the equipment was to have been insured under a \$10 million policy procured by RHCT. ASI made claims under this policy, provided by Seneca Insurance Company (“Seneca”), but Seneca claimed that a policy sublimit of \$5 million restricted the amount of coverage. The Port Authority and RHCT also made claims under the policy for other Sandy-related costs and expenses, which Seneca also contested. ASI sued Seneca, and the Port Authority and RHCT intervened, claiming rights to a portion of the insurance proceeds.

The trial on the breach of contract matter against RHCT was scheduled to begin in March 2019, and the parties determined to engage in negotiations to attempt to settle the matter. Certain preliminary matters, such as ASI’s need for additional experts, were expected to be grounds for additional delays, and ASI had filed appeals in connection with certain other matters, which likely would have extended the proceedings indefinitely.

Following lengthy and costly proceedings over the last six years, the parties now wish to settle all litigation, subject to Board approval. Pursuant to a settlement agreement to be entered into by ASI, the Port Authority, RHCT and Seneca (“Settlement Agreement”), Seneca would pay a total of \$8 million under the policy, and the parties to the settlement would agree to divide the proceeds under the policy such that ASI would receive \$4 million, and the Port Authority and RHCT would receive a total amount of \$4 million, in both cases, less than their original claims. All parties would release each other from all claims whatsoever which they might have against each other.

As between the Port Authority and RHCT, RHCT already has received \$500,000 from the insurer on account of its claims under the policy, and the Settlement Agreement provides that \$3.5 million would be paid by Seneca to the Port Authority.

This settlement would remain confidential until the execution of the Settlement Agreement is finalized, including, if necessary, judicial approval thereof, or as otherwise ordered by the court.

Pursuant to the foregoing report, the following resolution was adopted in executive session, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, and Pocino in favor. Commissioner O'Toole recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that General Counsel be and he hereby is authorized, for and on behalf of the Port Authority, to finalize the settlement of civil actions pending in the Supreme Court of New York, New York County, Commercial Division, brought by plaintiff, American Stevedoring, Inc. (“ASI”), against (i) Red Hook Container Terminal, LLC (“RHCT”), for damages arising from RHCT’s alleged breach of contract and failure to protect certain equipment which it leased from ASI (for which claims RHCT is indemnified by the Port Authority), and (ii) Seneca Insurance Company (“Seneca”), claiming recovery of related insurance proceeds, such that the parties to both actions will release each other from all claims, and the insurance proceeds will be paid by Seneca, \$4 million to ASI and \$3.5 million to the Port Authority, \$500,000 having previously paid to RHCT; and it is further

RESOLVED, that this resolution will remain confidential, until final execution of a settlement agreement embodying the foregoing terms, including, if necessary, judicial approval thereof, or as otherwise ordered by the court.

CONFIDENTIAL ITEM

The Committee approved a confidential settlement in executive session, which shall not be made available for public inspection unless agreed to otherwise by the parties involved.

Whereupon, the meeting was adjourned.

Deputy Secretary