

# THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

## MINUTES

Thursday, December 8, 2016

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, December 8, 2016 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of New Jersey**

**PRESENT:**

**NEW JERSEY**

Hon. John J. Degnan, Chairman  
 Hon. George R. Laufenberg  
 Hon. Raymond M. Pocino  
 Hon. David S. Steiner

**NEW YORK**

Hon. Michael D. Fascitelli  
 Hon. Hamilton E. James  
 Hon. Kenneth Lipper  
 Hon. Jeffrey H. Lynford

Patrick J. Foye, Executive Director  
 Michael E. Farbiarz, General Counsel  
 Karen E. Eastman, Secretary

Julia Basile, Deputy Director, Human Resources  
 Thomas E. Belfiore, Chief Security Officer  
 Justin E. Bernbach, Director, Government and Community Affairs, New York  
 Tyler Berry, Supervising Budget Analyst, Management and Budget  
 John Bilich, First Deputy Chief Security Officer  
 Vincent J. Borst, Assistant Director, Real Estate Services  
 Thomas L. Bosco, Director, Aviation  
 Molly C. Campbell, Director, Port  
 Ana M. Carvajalino, Director, Office of Financial Planning  
 Steven J. Coleman, Deputy Director, Media Relations  
 Janet D. Cox, Director, Management and Budget  
 Nicole Crifo, Senior Advisor to the Chairman  
 Stephanie E. Dawson, Chief Operating Officer  
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate Services  
 John C. Denise, Audio Visual Supervisor, Marketing  
 Michael P. Dombrowski, Audio Visual Specialist, Marketing  
 Diannae C. Ehler, General Manager, Port Authority Bus Terminal/Lincoln Tunnel, Tunnels, Bridges and Terminals  
 Benjamin S. Engle, Project Manager, Human Resources  
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police  
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals  
 Robert E. Galvin, Chief Technology Officer  
 David P. Garten, Chief of Staff to the Vice Chairman  
 Glen P. Guzi, External Affairs Logistics Manager, World Trade Center Redevelopment  
 Linda C. Handel, Deputy Secretary, Office of the Secretary  
 Mary Lee Hannell, Chief, Human Capital  
 Patricia A. Hurley, Chief of Staff to the Chairman  
 Howard G. Kadin, Esq., Law  
 Sherien N. Khella, Deputy Director, Office of Financial Planning  
 James Kleeman, Deputy Director, World Trade Center Redevelopment  
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
 Annesa H. Lau, Manager, Budget Performance and Analysis, Management and Budget  
 William Laventhal, Executive Policy Analyst, Office of the Executive Director

Michael Lavery, Senior External Relations Client Manager, Government and Community Affairs  
 Huntley A. Lawrence, Deputy Director, Aviation  
 John Liantonio, Senior External Relations Client Manager, Government and Community Affairs  
 John H. Ma, Chief of Staff to the Executive Director  
 Stephen Marinko, Esq., Law  
 Ronald Marsico, Director, Media Relations  
 Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management  
 Daniel G. McCarron, Comptroller  
 Elizabeth M. McCarthy, Chief Financial Officer  
 James E. McCoy, General Manager, Board Unit, Office of the Secretary  
 David J. McGrath, Manager, Marketing and Communications, Marketing  
 Kristine O'Brien, Leadership Fellow, Human Resources  
 Annie O. Persaud, Assistant Director, Corporate Budgeting and Analysis, Management and Budget  
 Steven P. Plate, Chief, Major Capital Projects  
 Suchetha Premchan, Principal Board Management and Support Specialist, Office of the Secretary  
 Alan L. Reiss, Director, World Trade Center Construction  
 Michael Shannon, Manager, Corporate Budget, Management and Budget  
 Beth E. Siegel, Director, Capital Programs  
 James A. Starace, Chief Engineer/Director of Engineering  
 Timothy G. Stickelman, Assistant General Counsel  
 Ralph Tragale, Assistant Director, Customer, Industry, and External Affairs, Aviation  
 Lillian D. Valenti, Chief Procurement and Contracting Officer  
 Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary  
 Anni Zhu, Leadership Fellow, Human Resources

Guest:

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

Speakers:

Murray Bodin, Member of the Public  
 Hon. Robert M. Gordon, New Jersey State Senator  
 Richard Hughes, Twin Towers Alliance  
 Jackie Jones, Unite Here, Local 100  
 Patrick McNerney, Port Authority Employees Labor Council  
 Arthur Piccolo, Bowling Green Association, Inc.  
 Beverly Thompson, Unite Here, Local 100  
 Margarita Vazquez, Unite Here, Local 100  
 Hon. Loretta Weinberg, Majority Leader, New Jersey State Senate  
 Neile Weissman, New York Bicycling Coalition

The public meeting was called to order by Chairman Degnan at 12:48 p.m. and ended at 2:28 p.m. The Board also met in executive session prior to the public session.

**Action on Minutes**

The Secretary submitted for approval Minutes of the meeting of November 17, 2016. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on November 18, 2016. The Secretary reported further that the time for action by the Governors of New York and New Jersey had expired at midnight on December 5, 2016.

Whereupon, the Board unanimously approved the Minutes of the meeting of November 17, 2016.

## **TRIBUTE TO THOMAS E. BELFIORE**

In recognition of his exemplary service to the agency, it is with sincere appreciation that we recognize Thomas Belfiore as he leaves Port Authority service.

Thomas Belfiore became the agency's first Deputy Chief Security Officer in December 2012, prior to his appointment as Chief Security Officer in January 2015. His leadership role in the establishment of the agency's first fully functional Security Department has enabled the centralization of the agency's security structure, and provided for greater responsibility, accountability and operational control of all security functions throughout the agency. Chief Belfiore's efforts have included collaboration with our federal, state and regional partners, the physical hardening of our facilities, appropriate deployment of police personnel, and emergency response drills and exercises, which enabled the agency to strengthen the security of its critical infrastructure and provided the traveling public with safe, reliable transportation.

It is with sincere gratitude that we recognize Chief Belfiore, as he leaves Port Authority service, and thank him for his contribution to the safety and security of all Port Authority facilities, the traveling public and the region at large.

## **TRIBUTE TO THOMAS L. BOSCO**

In recognition of his 30 years of dedicated and distinguished service to the Port Authority, we congratulate Thomas Bosco on his upcoming retirement.

Since joining the agency in May 1986, Tom has led a distinguished career in the Aviation Department, having served in numerous airport operations roles at John F. Kennedy International Airport prior to his appointment as Deputy General Manager and later General Manager of LaGuardia Airport in 2004 and 2010, respectively. He has served as the agency's Director of Aviation since July 2013.

Thomas Bosco's extensive airport operations experience has enabled him to oversee the entire Port Authority regional airport system, ensuring the agency's airports are maintained in a state of good repair and critical asset replacement programs are advanced to meet airport capacity needs into the future and to preserve the highest levels of excellence and customer service. His commitment to enhancing the security of our airport facilities has been demonstrated through his leadership in the implementation of numerous infrastructure improvements to ensure secure airport facilities and the safety and security of the traveling public.

It is with sincere gratitude that we recognize Thomas Bosco today for his 30 years of dedicated public service to the Port Authority and the region it serves.

**PORT JERSEY-PORT AUTHORITY MARINE TERMINAL - GCT BAYONNE, LP -  
LEASE LPJ-001 - SUPPLEMENT – APPROVAL OF FINAL TERMS**

On September 17, 2014, the Board authorized, among other things as part of the Greenville Yard Redevelopment Program (Program), the final design and construction of the Intermodal Container Transfer Facility (ICTF) by the Port Authority at the Greenville Yard-Port Authority Marine Terminal (Greenville Yard) in Jersey City, at a total project cost of approximately \$149 million. Work is to include the construction of approximately 10,000 linear feet of working track, paved container transfer space, infrastructure to support rail-mounted gantry cranes and rail operations within the ICTF footprint, and approximately 32,000 linear feet of support track, rail switches, utilities and site work outside of the ICTF footprint.

On October 22, 2015, the Board authorized the Executive Director to enter into a Lease Supplement to Lease LPJ-001 (Lease Supplement) and related agreements with GCT Bayonne, LP (Global), to provide that Global, rather than the Port Authority, would complete the final design and construction of the ICTF at Greenville Yard. The Port Authority would utilize a portion of the previously authorized Program funds to provide a capital improvement allowance to Global of up to \$56 million, to reimburse Global for that purpose. Funds associated with the capital improvement allowance would be paid by the Port Authority to Global only as Global incurs costs for actual improvements associated with the construction and development of the ICTF. Global would commit to absorb any cost overruns beyond the Port Authority's capital improvement allowance of up to \$56 million, while ensuring the construction of an efficient and technically advanced ICTF in a timely and expeditious manner. Under the agreements, should the full \$56 million not be expended to construct the ICTF, the purchase of certain ICTF improvements and related components would be permissible with any remaining funds. Global is now the only container terminal at a Port Authority marine terminal facility without near-dock rail. Until the Bayonne Bridge Navigational Clearance Project is complete, only Global can accommodate neo-Panamax vessels. Due to the critical need for this infrastructure and the complexity of the project, it was agreed that the responsibility for the ICTF construction should be transferred to Global.

Global and the Port Authority have now completed negotiations for the Lease Supplement and a related agreement with Global for the final design and construction by Global of the ICTF, on the terms outlined to the Board on October 22, 2015, with the exception that the agreements do not provide for any contingencies should the Container Facility Charge cease to be available as a funding source for the project.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 supplemental agreement to Lease LPJ-001 with GCT Bayonne, LP, formerly Global Terminal and Container Services, LLC (Global), at the Port Jersey-Port Authority Marine Terminal, to amend the lease in order to: (1) eliminate the Port Authority's obligation to construct and develop the Intermodal Container Transfer Facility (ICTF) at the Greenville Yard-Port Authority Marine Terminal; and (2) modify the rent reduction clause relating to the construction of the ICTF, all substantially in accordance with the terms outlined to the Board on October 22, 2015 and in today's report; 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 related agreements with Global to provide for: (1) an agreement to perform the construction and development by Global of the ICTF at the Greenville Yard-Port Authority Marine Terminal; and (2) a capital improvement allowance to Global of up to \$56 million to reimburse Global for costs incurred for actual improvements associated with the construction and development of the ICTF, all substantially in accordance with the terms outlined to the Board on October 22, 2015 and in today's report; 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.

## **RENEWAL OF MODIFICATIONS TO AGE LIMIT FOR APPOINTMENT TO PORT AUTHORITY POLICE FORCE**

Prior to early 2013, the age limit for appointment to the Port Authority police force established by the Board, with limited exceptions for members of the police force holding certain positions within the Office of the Inspector General, provided that no individual who had attained 35 years of age could be appointed to the police force.

To increase the pool of qualified candidates in future recruitment processes for Port Authority police officers, it was recommended to the Board, at its meeting of April 24, 2013, that periods during which a candidate served on active duty in the United States military (as defined by the particular branch in which the candidate served), not to exceed a total of six years, be deducted from the candidate's age in determining eligibility for entrance into the Port Authority Police Academy, with such modification to sunset after a three-year period. It also was recommended, confirming a longstanding practice, that the then-existing age limitation for appointment to the Port Authority police force not be applicable to positions at the rank of Captain and above. On April 24, 2013, the Board approved such changes in the age limit for appointment.

The sunset period for the Board's action having been reached, and, based on the success of the initiative in attracting former military service members who otherwise would have been ineligible to serve as Port Authority police officers, it was recommended that the Board renew and extend the modifications to the age limit for appointment to the Port Authority police force that it approved at its meeting of April 24, 2013, in this instance, without a sunset period.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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, in connection with Port Authority police officer recruitment processes, periods during which a candidate served on active duty in the United States military (as defined by the particular branch in which the candidate served), not to exceed a total of six years, shall be deducted from the candidate's age in determining the candidate's eligibility for entrance into the Port Authority Police Academy; and it is further

**RESOLVED**, that the current age limitation for appointment to the Port Authority police force shall not be applicable to positions at the rank of Captain and above; and it is further

**RESOLVED**, that prior resolutions of the Board of Commissioners relating to the composition of the Port Authority's police force be and they hereby are amended, upon the effective date of this resolution, to conform hereto; 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 all actions necessary or appropriate to effectuate the purposes and intent of this resolution.

## **REGIONAL ALLIANCE FOR SMALL CONTRACTORS, INC. – RENEWAL OF PARTICIPATION**

It was recommended that the Board authorize the Executive Director to enter into a service contract with the Regional Alliance for Small Contractors, Inc. (Regional Alliance) for a one-year period, starting January 1, 2017, with options to extend for up to two additional one-year periods, under which the Port Authority would: (1) obtain contractual services for the training and development of minority, women-owned, small and disadvantaged business enterprises (M/W/S/DBEs), at an estimated cost of \$332,000 per year, and M/W/DBE program oversight for aviation tenant construction projects, at an estimated cost of \$399,346 for the first year, with the latter amount subject to escalation in the second and third years based on the Consumer Price Index, but not to exceed two percent per year, should the options to extend be exercised; and (2) provide: (a) a rental credit of \$40,000 per year to offset the Regional Alliance's cost, estimated at \$64,000 per year, to rent office space at the Port Authority Bus Terminal, and (b) approximately 500 square feet of office space at each of John F. Kennedy International and Newark Liberty International Airports, at no cost to the Regional Alliance, to perform aviation program oversight work for up to a three-year period.

The Regional Alliance is a non-profit corporation formed to carry out a cooperative effort initiated by the Port Authority, with participation by other public agencies and private businesses, to increase the capacity of M/W/S/DBEs to bid on and perform public contracts. Through its array of training programs and other services, the Regional Alliance has been effective in increasing the number of M/W/S/DBEs and their capacity to compete for larger contracts in both the public and private sectors of New York and New Jersey.

Port Authority participation in the Regional Alliance was authorized initially by the Board in 1990 for the training and development of M/W/S/DBEs, and has been renewed continually thereafter. In April 2005, the Board authorized a supplemental agreement expanding the scope of services to include M/W/DBE program oversight for aviation tenant construction projects.

Over the last three years, the Regional Alliance has assisted more than 3,000 M/W/S/DBE firms, offering business networking opportunities, and has offered an average of 20 courses yearly in management, construction and business software applications. Among its most subscribed offerings were a construction management certificate program taught at Pace University, which qualified participants for 22.5 hours of continuing education credit, a course in "Managing Small-Scale Construction Projects," Occupational Safety and Health Administration courses, and four-hour scaffolding and fall protection certification. Overall, approximately 40 percent of prime M/W/S/DBE construction contractors working on Port Authority projects over the last three years have participated in Regional Alliance training and business networking events.

Other public entities that have partnered with the Regional Alliance over the past several years include New Jersey Transit Corporation and the New York City School Construction Authority.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 service contract with the Regional Alliance for Small Contractors, Inc. (Regional Alliance) for a one-year period starting January 1, 2017, with options to extend for up to two additional one-year periods, under which the Port Authority will: (1) obtain contractual services for the training and development of minority, women-owned, small and disadvantaged business enterprises (M/W/S/DBEs), at an estimated cost of \$332,000 per year, and M/W/DBE program oversight for aviation tenant construction projects, at an estimated cost of \$399,346 for the first year, with the latter amount subject to escalation in the second and third years based on changes in the Consumer Price Index, but not to exceed two percent per year, should the options to extend be exercised; and (2) provide: (a) a rental credit of \$40,000 per year to offset the Regional Alliance's cost to rent office space at the Port Authority Bus Terminal, and (b) approximately 500 square feet of office space at each of John F. Kennedy International and Newark Liberty International Airports for Regional Alliance staff, at no additional cost, to perform aviation program oversight work for up to a three-year period; 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 ELECTRICAL 5 KILOVOLT (5 KV) SUBSTATIONS AND 5 KV FEEDER DISTRIBUTION SYSTEM – PLANNING AUTHORIZATION**

It was recommended that the Board authorize: (1) planning work for the conceptual design for replacement of four Electrical 5 kilovolt (kV) Substations and the 5 kV Feeder Distribution System at John F. Kennedy International Airport (JFK), at an estimated total planning cost of \$6.4 million; and (2) the Executive Director to enter into an agreement or agreements for professional, technical and advisory services, pursuant to a publicly advertised Request for Proposals, to provide architectural and engineering services in support of the planning effort, at an estimated amount of \$4 million.

The Electrical 5 kV Substations and 5 kV Feeder Distribution System that provide power to the entire airport are in excess of 40 years old, have exceeded their design life, and require replacement in order to maintain a state of good repair.

The proposed planning effort would develop projects to replace four substations (Van Wyck, Central, Bergen and Farmers) and the existing 5 kV Feeder Distribution System, through the development of conceptual designs and other preliminary engineering work.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 planning work for the conceptual design for replacement of four Electrical 5 kilovolt (kV) Substations and the 5 kV Feeder Distribution System at John F. Kennedy International Airport (JFK), at an estimated total planning cost of \$6.4 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 enter into an agreement or agreements for professional, technical and advisory services, pursuant to a publicly advertised Request for Proposals, to provide architectural and engineering services in support of the foregoing planning effort, at an estimated amount of \$4 million; 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 contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work, pursuant to authority granted in the By-Laws or other resolution adopted by the Board; and it is further

**RESOLVED**, that the form of all contracts, agreements and other documents in connection with the foregoing planning work 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 – REHABILITATION OF RUNWAY 13L-31R – PLANNING AUTHORIZATION**

It was recommended that the Board authorize planning work and preliminary engineering services to develop a project for the rehabilitation of Runway 13L-31R and associated taxiways at John F. Kennedy International Airport (JFK), at an estimated planning cost of \$2 million.

Runway 13L-31R was last rehabilitated in 2004 and exhibits surface distress consistent with normal wear and weathering.

The proposed planning work would develop a project to rehabilitate Runway 13L-31R and associated taxiways, including replacement of electrical and drainage infrastructure and upgrades to taxiways' fillets, to bring runway exits and entrances into compliance with Federal Aviation Administration standards. This preliminary effort also would include initial planning for the construction of a new high-speed taxiway as part of the airport delay reduction program. The rehabilitation of Runway 13L-31R would restore the runway to a state of good repair to safely accommodate aircraft operations.

The costs are fully recoverable through the JFK Flight Fee Agreement.

Professional planning and engineering services would be performed by a consultant selected from an existing call-in contract developed through a publicly advertised Request for Proposals.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 planning work and preliminary engineering services to develop a project for the rehabilitation of Runway 13L-31R and associated taxiways at John F. Kennedy International Airport, at an estimated planning cost of \$2 million, be and they hereby are 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 contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing planning work and engineering services, 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 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.

**HOLLAND TUNNEL – REPLACEMENT OF PIERS 9 AND 204 – PROJECT RE-AUTHORIZATION AND AWARD OF CONTRACT HT-224.127**

It was recommended that the Board: (1) re-authorize a project for the replacement of protective Piers 9 and 204 at the Holland Tunnel (HT), at an estimated total project cost of \$94.6 million, an increase of \$5 million from the previously authorized amount of \$89.6 million; and (2) authorize the Executive Director to award Contract HT-224.127 to Trevcon Construction Company, Inc., the lowest bidder, for the construction of the new Piers 9 and 204, at a total construction cost of approximately \$56.6 million, inclusive of allowances for extra work and net cost work.

Protective Piers 9 and 204, both constructed in the 1920s using timber piles, stand between the Jersey City shoreline and the HT's New Jersey River Ventilation Building. The piers are the principal means of access to the New Jersey River Ventilation Building. They also support facility maintenance and operations, protect the tunnel tubes and ventilation shafts from errant vessels, and assure safe access to and egress from the HT tubes in the event of an emergency.

Pier 204 is the 150-foot-wide apron surrounding the New Jersey River Ventilation Building. Pier 9, which is approximately 1,200 feet long, connects Pier 204 to the Jersey City bulkhead, directly over the two tubes of the HT. Pier 9 was condemned in 2014; Pier 204 was condemned in 2015.

At its meeting of May 28, 2014, the Board authorized a project to replace protective Piers 9 and 204, at an estimated total project cost of \$89.6 million, and authorized the Executive Director to award Contract HT-224.034, for the demolition of Pier 9, at an estimated total construction cost of \$14.6 million, and Contract HT-224.127, for the demolition and replacement of Pier 204 and the replacement of Pier 9, at an estimated total construction cost of \$49.5 million. In September 2014, the Executive Director awarded Contract HT-224.034 to Trevcon, at a total estimated cost of \$11,047,945. In June 2015, the Executive Director authorized an increase of \$5 million to the amount of Contract HT-224.034, for the construction of a pile stabilization system for Pier 9, in order to mitigate the risk of a potential collapse over the HT.

The demolition of Pier 9 was completed recently. As a result, pier-based egress to land is currently unavailable, protection for the tunnel tubes is absent, and facility maintenance access must rely on the tunnel roadways, thereby impacting traffic. In the interim period before the replacement piers are constructed, an egress barge, also functioning as a blocking barge, has been placed on the north side, and a blocking barge has been placed on the south side.

The currently proposed increase of \$5 million in the estimated total project cost is needed to provide for the construction of a pile stabilization system for Pier 204 during demolition, to mitigate the risk of a collapse over the HT, similar to what was utilized when Pier 9 was demolished, and for the removal of existing timber piles. During the demolition of Pier 9, it was discovered that the timber piles were deteriorated; therefore, extraction of the timber piles proved to be difficult. Moreover, based on the additional scope to demolish the remaining Pier 204 and construct the two new piers to be performed under Contract HT-224.127, the cost will exceed the prior estimate of \$49.5 million. Overall, the duration of the project has increased, resulting in an increase in project costs.

The new piers would be constructed of steel-supported concrete. Contract HT-224.127 would provide for the demolition of Pier 204 and the remaining portion of Pier 9 abutting the bulkhead, and for the construction of the new Piers 9 and 204. In addition, the Hudson River Walkway, which is located at the west end of Pier 9, would be widened for emergency vehicles to access Pier 9.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 project for the replacement of protective Piers 9 and 204 at the Holland Tunnel, at an estimated total project cost of \$94.6 million (increased from a previous estimated total project cost of \$89.6 million), be and it hereby is re-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 award Contract HT-224.127 to Trevcon Construction Company, Inc., the lowest bidder, for the construction of the new Piers 9 and 204, at a total construction cost of approximately \$56.6 million, inclusive of allowances for extra work and net cost work; 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.

**WORLD TRADE CENTER SITE – SITE-WIDE PROPERTY MANAGEMENT SERVICES CONTRACT – AUTHORIZATION OF FUNDING**

It was recommended that the Board authorize the Executive Director to expend an amount of up to \$51.3 million for the period from January 1, 2017 through December 31, 2017, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) an amount of up to \$12.9 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; (2) an amount of up to \$33.7 million for necessary service contracts, repairs, maintenance and materials; and (3) an amount of up to \$4.7 million for capital asset upgrades and replacement costs, in each case, with payments for future periods to be subject to further authorization by the Board.

The Port Authority is responsible for the operation, maintenance and management of certain major components of the WTC site, including the Vehicular Security Center, the Vehicle Roadway Network (VRN), the WTC Transportation Hub (WTC Hub) (excluding space managed by the Westfield Group and the Port Authority Trans-Hudson rail system (PATH) platform/track level), the WTC Hub Plaza and the PATH fare zone (with the exception of the track level, which is the responsibility of PATH), the Central Chiller Plant and Hudson River Pump Station, the Primary Electrical Distribution Center, the East/West Concourse to Brookfield Place, the East and West Bathtub slurry walls, and Liberty Street Park. Property management services are necessary to commission, operate and maintain these assets, particularly as the assets have transitioned, and continue to transition, from construction to operation at different intervals.

At its meeting of May 29, 2013, the Board authorized the Executive Director to: (1) award a contract to C&W to provide long-term management, operation and maintenance of WTC site-wide properties, including public spaces at the site, and centralized infrastructure, for a seven-year term ending in May 2020, with three one-year renewal options; (2) pay to C&W a management fee, in a total amount of up to \$5.5 million (for an average cost of \$785,000 per year), for the seven-year base term of the agreement, with up to 20 percent of such amount to be subject to a performance review process; (3) pay an amount of up to \$4,752,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for C&W's management and oversight staff, operations and maintenance staff, and reimbursable expenses in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board; and (4) pay to C&W an amount of up to \$5,076,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for service contracts in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board.

At its meeting of May 28, 2014, the Board authorized the Executive Director to expend an amount of up to \$11.1 million for the period from July 1, 2014 through December 31, 2014, for the continued management, operation and maintenance of the WTC site through C&W, to provide for payments to C&W as follows: (1) an amount of up to \$3.7 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses for a six-month period; and (2) an amount of up to \$7.4 million, inclusive of an allowance of up to six percent for extra work, if necessary, for service contracts for the six-month period, in each case, with payments for future periods to be subject to further authorization by the Board.

At its meeting of December 10, 2014, the Board authorized the Executive Director to expend an amount of up to \$28.8 million for the period from January 1, 2015 through December 31, 2015, for the continued management, operation and maintenance of the WTC site through C&W, to provide for payments to C&W as follows: (1) an amount of up to \$7.4 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$21.4 million for service contracts, repairs, maintenance and materials, in each case, with payments for future periods to be subject to further authorization by the Board.

At its meeting of December 10, 2015, the Board authorized the expenditure of \$36.5 million for the one-year period from January 1, 2016 through December 31, 2016, for the continued management, operation and maintenance of the WTC site through C&W, providing for payments to C&W as follows: (1) an amount of up to \$8 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$28.5 million for necessary service contracts, repairs, maintenance and materials, in each case, with payments for future years subject to further Board authorization.

During the period of January 1, 2017 through December 31, 2017, several Port Authority WTC site programs (the VRN through Tower 2, bus and car parking, and additional WTC Hub facilities and connections, including the connection to the Metropolitan Transportation Authority E subway line) are becoming operational. As a result, additional management and maintenance staff for the site-wide property management services are being hired, and additional service contracts are being awarded.

WTC site-wide property management services are grouped into several major categories, including: cleaning, repairs and maintenance, security systems and equipment, utility infrastructure, grounds maintenance and administration.

Many of the required services would be provided by sub-contractors retained by C&W, the Property Manager. Generally, in such cases the Property Manager would solicit sealed bids and/or proposals from at least three pre-qualified subcontractors for subcontract packages, and award work to the lowest responsible bidder or the most technically qualified bidder, subject to a procurement process approved by the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 expend an amount of up to \$51.3 million for the period from January 1, 2017 through December 31, 2017, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) an amount of up to \$12.9 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; (2) an amount of up to \$33.7 million for necessary service contracts, repairs, maintenance and materials; and (3) an amount of up to \$4.7

million for capital asset upgrades and replacement costs, in each case, with payments for future periods to be subject to further authorization by the Board; 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.

## 2017 BUDGET

Consistent with longstanding Port Authority policy and in keeping with governance best practices, the proposed 2017 Budget is being presented to the Board for its consideration. The proposed 2017 Budget provides for capital and operating expenditures during calendar year 2017 necessary to achieve the Port Authority's goals and objectives.

The proposed 2017 Budget would allocate approximately \$3.1 billion to fund ongoing operations, maintenance and security at all agency facilities. It represents a fiscally disciplined approach that ensures the agency's continuous safe and secure operation and proper maintenance of an extensive network of transportation assets. The proposed Budget represents an increase of 1.3 percent in operating expenses over the prior year's budget, before consideration of the costs of operating and maintaining new facilities at the World Trade Center (WTC) and the contractual five-year step increases in rents for certain Port Authority facilities. After consideration of those costs, the Budget represents an increase of 3.1 percent in operating expenses over the 2016 Budget. Highlights of the operating expenses component of the proposed 2017 Budget are: (1) a contractual increase in payments to municipalities hosting Port Authority facilities; (2) full-year operations of the WTC Transportation Hub and retail complex, and the phase-in of additional WTC site components; (3) increased salaries, based on market indicators, and increased pension and healthcare costs for existing and retired employees, based on actuarial evaluations; (4) workforce training and succession planning initiatives, including additional police classes to address attrition, and operations and maintenance training programs; and (5) contractual escalations for certain operation and maintenance contracts.

In addition to providing for operating expenses in the amount of approximately \$3.1 billion, the proposed 2017 Budget also includes approximately \$1.2 billion for debt service charged to operations, \$160 million for deferred expenses and \$2.9 billion for capital expenditures.

The proposed 2017 capital spending amount was developed as part of a comprehensive planning process and reflects the continuous risk-based prioritization and ranking process that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements, and includes the following critical capital initiatives:

- major upgrades and modernization of tunnels, bridges and terminals, including: continuing progress on the raising of the Bayonne Bridge roadway; building a replacement Goethals Bridge; allocating planning funds to begin the process of building a new Port Authority Bus Terminal; and undertaking major state-of-good-repair projects at the George Washington Bridge;
- modernizing the region's airports, including the ongoing redevelopment of LaGuardia Airport and ongoing planning and design work for a new Terminal A at Newark Liberty International Airport;
- expanding capacity and enhancing the PATH rail system through continued installation of Positive Train Control on the rail system;
- redeveloping our port facilities, including the construction of a new ship-to-rail facility at Greenville Yard to enhance the movement of cargo; and

- further development of the WTC Vehicular Security Center and other WTC site infrastructure, along with the completion of the WTC retail development.

The proposed 2017 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The proposed 2017 Budget also provides for direct assistance to the two States for transportation and economic development projects, consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

A provision also is included to reimburse the States of New York and New Jersey for up to \$295,000 of expenses incurred by each of the two States, including staff costs, in reviewing the 2017 Budget.

The Executive Director would implement the 2017 Budget in conjunction with his authority under the By-Laws and other applicable authorizations, and take action with respect to professional, technical, or advisory services, contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases, leasing of equipment, the purchase of insurance, and other actions, including staffing, personnel benefit, classification, range and procedural adjustments.

The Executive Director would effectuate capital plan spending in conjunction with his authority under the By-Laws, and other applicable authorizations, consistent with the proposed 2017 Budget and capital program projections, primarily through the use of Port Authority debt obligations and the Consolidated Bond Reserve Fund. As such, it would be desirable to establish the maximum limit on Consolidated Bond Reserve Fund applications to be used for such purposes, in an amount not to exceed \$2 billion (after reimbursement for temporary applications).

The Port Authority's facilities enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make expenditures and undertake contractual commitments, also would be confirmed.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting 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 2017 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director, pending final adoption of the annual Budget each year, to make expenditures and undertake contractual commitments:

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**  
**Including Its Component Units**

<i>2017 Total Expenditure Budget (in thousands)</i>	<b>Personal Services*</b>	<b>Material &amp; Services</b>	<b>Total Expenditures</b>
Chief, Capital Planning, Execution & Asset Management	\$1,802	\$284	<b>\$2,086</b>
Business Diversity and Civil Rights	3,105	2,251	<b>5,356</b>
Environmental & Energy Programs	3,031	2,144	<b>5,175</b>
Ferry Transportation	-	1,757	<b>1,757</b>
Planning and Regional Development	3,667	951	<b>4,618</b>
Project Management	3,265	3,810	<b>7,075</b>
WTC Operations	7,669	450,318	<b>457,987</b>
Chief, Human Capital			
Human Resources	18,760	9,144	<b>27,904</b>
Labor Relations	2,013	268	<b>2,281</b>
Chief, Major Capital Projects / WTC Construction	22,682	118,777	<b>141,459</b>
Chief Procurement & Contracting Officer	13,826	2,336	<b>16,162</b>
Chief, Public & Government Affairs	231	38	<b>269</b>
Government & Community Affairs	2,746	1,836	<b>4,582</b>
Media Relations	1,790	691	<b>2,481</b>
Marketing	3,664	5,392	<b>9,056</b>
Chief, Real Estate & Development	1,746	496	<b>2,242</b>
Real Estate & Development	7,793	35,692	<b>43,485</b>
Chief Technology Officer	18,573	98,480	<b>117,053</b>
Chief Engineer	99,283	230,054	<b>329,337</b>
Capital Construction Contracts	-	759,680	<b>759,680</b>
Chief Financial Officer	1,008	2,877	<b>3,885</b>
Comptroller	12,757	1,356	<b>14,113</b>
Management & Budget	5,731	1,178	<b>6,909</b>
Financial Planning	2,012	1,652	<b>3,664</b>
Treasury	5,907	6,929	<b>12,836</b>
Chief Operating Officer	4,611	6,208	<b>10,819</b>
Aviation	278,510	1,073,004	<b>1,351,514</b>
Port	30,904	67,471	<b>98,375</b>

Rail Transit	222,550	13,631	<b>236,181</b>
Tunnels, Bridges & Terminals	137,733	540,247	<b>677,980</b>
Operations Services	75,385	65,365	<b>140,750</b>
Executive Director	1,199	118	<b>1,317</b>
General Counsel / Law	19,932	11,890	<b>31,822</b>
Inspector General / Office of Investigations	15,302	6,086	<b>21,388</b>
Audit	11,042	2,836	<b>13,878</b>
Office of Continuous Improvement	683	111	<b>794</b>
Secretary	4,275	3,087	<b>7,362</b>
Special Panel Implementation Office	1,006	288	<b>1,294</b>
Chief Security Officer	11,645	3,375	<b>15,020</b>
Emergency Management	3,801	7,840	<b>11,641</b>
Port Authority Police / Public Safety	440,172	41,387	<b>481,559</b>
Security Operations & Program	13,014	101,858	<b>114,872</b>
World Trade Center Security	1,833	38,665	<b>40,498</b>
Corporate Expenditures:			
Amounts in Connection with Operating Asset Obligations	-	16,051	<b>16,051</b>
Debt Service   Allocated to Operations & Capitalized Interest	-	1,362,922	<b>1,362,922</b>
Insurance Premiums & Self Insured Loss Reserves	-	182,859	<b>182,859</b>
Municipal Rents and Payments in Lieu of Taxes (PILOT)	-	347,996	<b>347,996</b>
Port Authority Insurance Captive Entity, LLC (PAICE)	-	445	<b>445</b>
Agency Budget Provisions - Capital & Operating	1,914	69,215	<b>71,129</b>
Regional Programs	664	70,985	<b>71,649</b>
Special Project Bonds	-	83,053	<b>83,053</b>
<b>Total Port Authority Budget</b>	<b>\$1,519,236</b>	<b>\$5,855,384</b>	<b>\$7,374,620</b>

(1) Net after interdepartmental chargebacks to other departments

\* Personal Services includes salaries and employee benefits.

; and it is further

**RESOLVED**, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

**RESOLVED**, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2017 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the

year 2017 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$2 billion (after reimbursement for temporary applications).

**SETTLEMENT OF CLAIMS – MARK DRAKE v. THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, et al.**

It was recommended that the Board authorize General Counsel to finalize the settlement of all claims against the Port Authority in connection with the civil action pending in the Supreme Court of the State of New York, Queens County, brought by plaintiff Mark Drake (Drake) against The Port Authority of New York and New Jersey, Larry A. Dixon, Rainbow Network Corp., On Time Trucking, Inc., Northeastern Bus Rebuilders, Inc., Metropolitan Transportation Authority and The New York City Transit Authority. The proposed settlement would be in the total amount of \$15,700,000. The Port Authority would pay \$3 million, the full amount of its self-insured retention under the applicable liability insurance policy; its excess insurers would pay \$7,800,000; Larry A. Dixon/Rainbow Network Corp. would pay \$1 million, the full amount of their insurance coverage; On Time Trucking would pay \$3.8 million; and Northeastern Bus Rebuilders would pay \$100,000.

On April 28, 2014, defendant Larry Dixon, an employee of defendant On Time Trucking, was attempting to deliver bus parts to Northeastern Bus Rebuilders, a tenant at Building 141 at John F. Kennedy International Airport. Dixon drove his truck through a gap in certain concrete traffic barricades, which were placed in the parking lot by the Port Authority. The truck hit one of the barricades, causing it to tip over. Drake, a 46-year-old employee of the New York City Board of Education at the Aviation High School, was standing by that barricade and was pinned under it. As a result of his injuries, both of Drake's legs had to be amputated below the knees. Drake alleged that the Port Authority was negligent in the placement of the traffic barricades which placement allowed Dixon to attempt to drive through the opening. Drake also alleged that the Port Authority was negligent for failing to secure the traffic barricades together, which made them more susceptible to tipping over.

This matter shall remain confidential until such time as all claims against the Port Authority are definitively and finally dismissed with prejudice following judicial entry and acceptance of the proposed settlement.

Pursuant to the foregoing report, the following resolution was adopted in executive session, with Commissioners Fascitelli, James, Laufenberg, Lipper, Lynford, Pocino and Steiner voting in favor. Commissioner Degnan 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 all claims against the Port Authority in connection with the civil action pending in the Supreme Court of the State of New York, Queens County, brought by plaintiff Mark Drake against The Port Authority of New York and New Jersey, et al., in the total amount of \$15,700,000, inclusive of attorneys' fees, costs, disbursements and liens, of which amount the Port Authority will pay \$3 million.

Whereupon, the meeting was adjourned.

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Secretary