

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, April 22, 2021

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, April 22, 2021 via teleconference.

PRESENT:

NEW JERSEY

Hon. Kevin J. O’Toole, Chairman
 Hon. Richard H. Bagger
 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. Rossana Rosado

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

James K. Allen Jr., Chief of Staff to the Vice Chairman
 John Bilich, Chief Security Officer
 Benjamin M. Branham, Chief Communications Officer
 Brian Caraveo, Cinematographer, Marketing
 Ana Carvajalino, Director, Financial Planning
 Rebecca L. Cassidy, General Manager, Board Unit, Office of the Secretary
 Edward T. Cetnar, Director, Public Safety/Superintendent of Police
 Janet D. Cox, Chief of Staff and Special Counsel to the Executive Director
 Jennifer S. Davis, Chief Intergovernmental Affairs Officer
 Clarelle D. DeGraffe, Director, Rail Transit
 Alfred P. Doblin, Director Strategic Communications, Chief Communications Office
 Michael P. Dombrowski, Audio Visual Specialist, Marketing
 Diannae C. Ehler, Director, Tunnels, Bridges and Terminals
 Benjamin Feldman, Senior Advisor to the Chairman
 Amy H. Fisher, First Deputy General Counsel and Director of Legal Affairs
 Robert E. Galvin, Chief Technology Officer
 Erik H. George, Executive Advisor, Chief Financial Officer
 Robert Gibbon, Special Counselor to the Executive Director
 Mary Lee Hannell, Chief, Human Capital
 Liam Huczko, Police Sergeant
 Natasha G. Jean Philipp-Cumberbatch, Manager, Corporate Transparency, Office of the Secretary
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Huntley A. Lawrence, Acting Chief Operating Officer/Director, Aviation
 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, Office of the Executive Director
 Hersh K. Parekh, Director, Government and Community Relations for Aviation
 Redevelopment in New York

Steven P. Plate, Chief, Major Capital Projects
 Alan L. Reiss, Director, World Trade Center Construction
 Jessica Russ, Executive Policy Analyst, Office of the Secretary
 Peter D. Simon, Chief of Staff to the Chairman
 James A. Starace, Chief Engineer/Director of Engineering
 Edgard Suarez, Police Sergeant
 Derek H. Utter, Chief Development Officer
 Lillian D. Valenti, Chief Procurement and Contracting Officer

Guest:

Edmund Caulfield, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey

<u>Public Commenters:</u>	<u>Affiliation:</u>	<u>Topic:</u>
Bruce Hain		LGA Access Improvement
Charlene Talarico		Port Authority Personnel Matters
Neile Weissman,	Complete George	GWB Bike Paths

The public meeting was called to order by Chairman O'Toole at 12:36 p.m. and ended at 1:08 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 March 25, 2021 were delivered in electronic form to the Governors of New York and New Jersey on March 26, 2021. The time for action by the Governors of New York and New Jersey expired at midnight on April 13, 2021.

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 as part of the Port Authority's public speakers' program, three 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT - TERMINAL 4

At its meeting on February 13, 2020, the Board of Commissioners resolved to approve certain modifications to the Port Authority's long-term lease with JFK International Air Terminal LLC ("IAT"). The lease concerns Terminal 4 ("T4") of John F. Kennedy International Airport. The modifications approved in February 2020 provided for terminal-wide redevelopment of T4, and contemplated that IAT would amend its sublease of a portion of T4 to Delta Air Lines, Inc. ("Delta"), to require Delta, among other things, to consolidate its operations at JFK in T4 and to pay, through rent, for a significant portion of the T4 redevelopment costs. These February 2020 plans were made, and approved by the Board, before the full impact of the coronavirus was felt, and are collectively referred to here as "the Pre-Covid Plan."

In light of the Covid-19 pandemic, and the severe impact it has had on the aviation industry, it is now proposed that the Pre-Covid Plan be undertaken in two or more stages.

In particular, staff now recommends that the T4 redevelopment should begin with a first phase, which would focus on the initial expansion of Delta's T4 operations to enable consolidation into T4 (the "Phase I Work"), and should continue with the option for a second phase, during which remaining portions of the Pre-Covid Plan previously authorized by the Board would be undertaken. An ancillary upgrade of the T4 concessions, to be paid for out of enhanced concession revenues, could be undertaken by IAT with Port Authority approval at any time.

The Phase I Work would begin before the end of 2021. As part of the Phase I Work, Delta would: (a) upgrade certain T4 gates it currently uses for regional jets, to accommodate narrowbody jets; (b) construct a new T4 regional jet facility; (c) upgrade the T4 headhouse; and (d) add certain passenger amenities, such as an expanded baggage handling system and new lounge facilities. For completion of the Phase I Work, IAT and Delta would be expected to invest approximately \$1.5 billion.

In addition to completing the Phase I Work, Delta would have the additional option to undertake remaining portions of the Pre-Covid Plan as further described to the Board in Executive Session. This remaining work is referred to here as "Phase II Work," and Delta's option to undertake such work extends to the end of 2024.

If Delta exercises its option to undertake the Phase II Work, it would, among other things: further expand T4 to result in a total of 11 or 12 new narrowbody gates; construct new roadway access to the T4 frontage; and complete additional work that had been previously authorized by the Board in the Pre-Covid Plan and that has more recently been described to the Board in Executive Session. If Delta exercises its option to undertake the Phase II Work, at the time the Phase II Work reaches financial close, the term of the IAT lease would be extended by the Port Authority from 2043 to 2050, and Delta's anchor tenant agreement would also be extended through 2050.

In addition, the Port Authority would provide an option to IAT, to be exercised only with the consent of the Port Authority, to construct three additional widebody gates as contemplated in

the Pre-Covid Plan, to be opened when and if passenger volumes warrant. Staff would be required to return to the Board for its approval before consenting to this construction.

All the work described in this report would be financed by the issuance of special project bonds by IAT, backed by T4 revenues, which revenues include rents and other payments made by Delta.

In order to facilitate the redevelopment of T4, staff has recommended that \$140 million previously allocated by the Board for JFK airside redevelopment be repurposed for JFK landside redevelopment and terminal oversight. These funds are to be reallocated to accommodate supervisory work and infrastructure improvements to be performed by the Port Authority.

It is anticipated that the terms and conditions described above will be embodied in a series of agreements, including modification of the JFK T4 IAT lease and the Delta anchor tenant agreement, and temporary and permanent easements to facilitate construction work.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, O'Toole, Pocino 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 terms and conditions pursuant to which the redevelopment of Terminal 4 at John F. Kennedy International Airport will be undertaken, as previously authorized by the Board in February 2020, are hereby adjusted as described above and as described to the Board in executive session, and that to facilitate such adjustments \$140 million in previously-allocated JFK redevelopment funds shall be repurposed as set out above; 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 the consents, agreements, documents and certificates approved by the Executive Director as necessary or desirable to effectuate the T4 redevelopment, including those in connection with financing the redevelopment, on the revised terms and conditions described above, all with such non-material changes as the Executive Director, in his discretion, may determine; and it is further

RESOLVED, that additional approval of the Board shall be required before the Port Authority consents to the exercise of the IAT option, described above, to expand Terminal 4 by three widebody gates; and it is further

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

Whereupon, the meeting was adjourned.

Secretary