

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, November 21, 2019

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, November 21, 2019 at 150 Greenwich Street, New York City, New York and State of New York

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. George T. McDonald
 Hon. Rossana Rosado

Richard Cotton, Executive Director
 Michael E. Farbiarz, General Counsel

Cheryl Ann Albiez, Senior Public Information Officer, Media Relations
 James K. Allen Jr., Chief of Staff to the Vice Chairman
 Carol Bennett, Assistant Director of Capital Planning, Office of Business Diversity and Civil Rights
 Justin E. Bernbach, Director, Government and Community Affairs, New York
 John Bilich, Chief Security Officer
 Benjamin M. Branham, Chief Communications Officer
 Meredith L. Brooks, Assoc. Board Management & Support Specialist, Office of the Secretary
 Ana Carvajalino, Director, Office of Financial Planning
 Rebecca L. Cassidy, General Manager, Board Unit, Office of the Secretary
 Edward T. Cetnar, Director, Public Safety/Superintendent of Police
 Steven J. Coleman, Deputy Director, Media Relations
 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
 Benjamin Feldman, Senior Advisor to the Chairman
 Amy Fisher, First Deputy General Counsel
 Robert E. Galvin, Chief Technology Officer
 Robert Gibbon, Special Counselor to the Executive Director
 Glenessa Gordon, General Manager, Office of Business Diversity and Civil Rights
 Mercedes Guzman, Administrative Assistant to the Executive Director
 MaryLee Hannell, Chief, Human Capital
 Natasha G. Jean Philipp-Cumberbatch, Manager, Corporate Transparency, Office of the Secretary
 Lindsay M. Kryzak, Director, Media Relations
 Scott Ladd, Assistant Director, Media Relations
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Michael Lavery, Senior External Relationship Client Manager, Government and Community Affairs
 Huntley A. Lawrence, Director, Aviation
 Stephen Marinko, Assistant General Counsel, Law
 Michael G. Massiah, Chief Diversity and Inclusion Officer
 Elizabeth M. McCarthy, Chief Financial Officer

James E. McCoy, Deputy Secretary, Office of the Secretary
 Tobi Mettle, Deputy Chief of Staff for Agency Initiatives, Office of the Executive Director
 Mary K. Murphy, Director, Office of Planning & Regional Development
 Alec Nadeau, Manager, Executive Initiatives and Policy
 Steven Plate, Chief, Major Capital Projects
 Alan Reiss, Director, World Trade Center Construction
 Sam Ruda, Director, Port
 Peter Simon, Chief of Staff to the Chairman
 James Starace, Chief Engineer/Director of Engineering
 Deborah Torres, Chief Ethics and Compliance Officer
 Derek H. Utter, Chief Development Officer
 Lillian D. Valenti, Chief Procurement and Contracting Officer

Guests:

Edmund Caulfield, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
 Joanne Hernandez, Senior Policy Advisor, Transportation, Office of the Governor of New York

Speakers:

Arthur Blakey III, Brotherhood of Locomotive Engineers
 Felice Farber, General Contractors Assoc. of New York
 William O'Dea, Elizabeth Development Company

Anthony Pilla, Brotherhood of Locomotive Engineers
 Charlene Talarico

Neile Weissman, Complete George

Ian Wells, Greater Jamaica Development Corporation

Topic:

PATH Contract Negotiations
 LGA AirTrain
 Construction Opportunities for
 Newark/Elizabeth M/W/S/DBE
 at Terminal 1 and CONRAC
 PATH Contract Negotiations
 Human Resources Policies and
 Procedures
 Funding Models for Sustainable
 Infrastructure
 LGA AirTrain

The public meeting was called to order by Chairman O’Toole at 12:22 p.m. and ended at 1:06 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 October 24, 2019 were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on October 25, 2019. The time for action by the Governors of New York and New Jersey expired at midnight on November 12, 2019.

**NEWARK LIBERTY INTERNATIONAL AIRPORT – REHABILITATION OF
RUNWAY 4R-22L – PROJECT AUTHORIZATION**

It was recommended that the Board authorize: (1) a project for the rehabilitation of Runway 4R-22L and portions of its connecting taxiways at Newark Liberty International Airport (EWR), at an estimated total project cost of \$99.2 million; and (2) the Executive Director to submit an application to the Federal Aviation Administration for permission to use Passenger Facility Charges to cover eligible project costs.

Runway 4R-22L is 10,000 feet long and 150 feet wide, and was last rehabilitated in 2012. This runway is one of three runways at EWR, and it serves as the primary arrival runway. The most recent inspection of the runway identified pavement deterioration as a result of normal wear associated with use and weather. Rehabilitation of the runway is necessary in order to maintain a state of good repair.

At its meeting of June 28, 2018, the Board authorized the expenditure of approximately \$1.4 million for planning and engineering services necessary to develop the project scope and a cost estimate for the delivery of the project. The resulting recommendation from that planning effort is to rehabilitate the runway, by milling and overlaying the existing asphalt concrete and replacing electrical infrastructure and lighting.

It is expected that a portion of the cost of the project would be recoverable through grants from the federal Airport Improvement Program.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, 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 a project for the rehabilitation of Runway 4R-22L and portions of its connecting taxiways at Newark Liberty International Airport, at an estimated total project cost of \$99.2 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and behalf of the Port Authority, to submit an application to the Federal Aviation Administration for permission to use Passenger Facility Charges to cover eligible costs for the foregoing project; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to take 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – REHABILITATION OF TAXIWAYS A AND B EAST AND TAXIWAYS A AND B SOUTH – PROJECT AUTHORIZATION

It was recommended that the Board authorize a project for the rehabilitation of Taxiways A and B East and Taxiways A and B South at John F. Kennedy International Airport (JFK), at an estimated total project cost of \$145 million.

The portions of Taxiways A and B that are the subject of this proposed authorization total approximately 23,800 linear feet (approximately 4.5 miles). Overall, these two taxiways serve every departing and arriving aircraft at JFK, by providing aircraft with connections from a runway to passenger terminals or cargo facilities.

Taxiways A and B East were last rehabilitated in 2007, and Taxiways A and B South were last rehabilitated in 2008. The most recent inspection of these taxiways indicated that they need to be rehabilitated in order to maintain a state of good repair.

The proposed project would provide for milling and overlaying the asphalt pavement on the two taxiways, and associated electrical infrastructure and drainage improvements.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, 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 a project for the rehabilitation of Taxiways A and B East and Taxiways A and B South at John F. Kennedy International Airport, at an estimated total project cost of \$145 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.

JOHN F. KENNEDY INTERNATIONAL AIRPORT – AUTHORIZATION TO ENTER INTO TERMINAL LEASE AGREEMENT WITH TERMINAL ONE SPONSORS GROUP

At its meeting of October 25, 2018, the Board approved exclusive negotiations for redevelopment of a passenger terminal on the south side of John F. Kennedy International Airport (the “Airport”), based upon the terms and conditions in a detailed lease term sheet (“Term Sheet”). The Term Sheet had been submitted as part of the Port Authority’s selection process, which resulted in the recommendation to proceed with such negotiations. The counterparty, a sponsor group composed of Deutsche Lufthansa Aktiengesellschaft, Société AirFrance, Japan Airlines Company, Ltd. and Korean Air Lines Co., Ltd. (the airlines which now collectively operate Terminal 1 at the Airport), also includes development and financial partners led by The Carlyle Group, JLC Infrastructure and Ullico (such consortium, the “Lessee”). Those negotiations are now substantially concluded, and the Port Authority and the Lessee propose to enter into a lease (the “Proposed Lease”) for design, construction, financing, operation and maintenance of the new terminal.

The Proposed Lease embodies all material terms previously outlined to the Board. It would provide for construction of a new terminal on the site previously occupied by existing Terminals 1 and 2 and an aircraft parking area previously occupied by Terminal 3, at an estimated cost to the Lessee of approximately \$7.4 billion, to be opened in stages through 2025 (with the existing terminals remaining in operation until the transition to the new terminal can occur). The Proposed Lease term would expire on December 30, 2050 (a day prior to expiration of the underlying Airport lease between the Port Authority and the City of New York), and would provide for an upfront payment and both rent and a share of concessions revenues to be paid over the Proposed Lease term to the Port Authority. In the event investment returns to the Lessee or its owners exceed specific thresholds, in certain cases the Port Authority would share in such proceeds.

The Proposed Lease would provide that risks of cost overruns and operational matters are generally retained by the Lessee and there is limited recourse to the Port Authority, absent its willful acts in contravention of the Proposed Lease.

The Lessee seeks to finance its investment, in part, with borrowed funds secured by a leasehold mortgage covering its rights in the Proposed Lease and repaid from terminal revenues over the term of the Proposed Lease, and, as such, the Lessee requires Board approval of the Proposed Lease at this time to proceed with such financing. It is anticipated that the Proposed Lease would be finalized over the next several months and signed in Spring 2020 by the Port Authority and the Lessee without material change from its current form, upon issuance of approval for the Airport redevelopment from the Federal Aviation Administration under the National Environmental Policy Act, and subject to concurrent completion of the Lessee’s financing. It is therefore now recommended that the Board approve the Proposed Lease, with such non-material changes as the Executive Director, in his discretion, approves. Material changes to the Proposed Lease, if any, would be subject to additional Board approval before execution.

In addition to the foregoing, it was recommended that the Board approve \$515 million in Port Authority expenditures for infrastructure upgrades associated with the Proposed Lease (the “T1-T3 Port Authority Expenditures”). The T1-T3 Port Authority Expenditures are in addition to

\$595 million in JFK redevelopment costs and expenses approved by the Board in February 2017, December 2018 and October 2019, and would be used for: (1) airside work, including milling of existing pavement, re-grading, installation of fueling and drainage infrastructure, repaving, striping and airfield signage, taxiway lighting and installation of glycol collection systems (for de-icing fluid); and (2) program management and design services to support the JFK redevelopment program. The T1-T3 Port Authority Expenditures are provided for in the capital allocation for the JFK redevelopment program in the 2017-2026 Capital Plan.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Eve, Horwitz, LaBarbera, Lynford, McCabe, McDonald, 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 Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a Lease Agreement and any related agreements and documents (collectively, the “Proposed Lease”) with an entity (the “Lessee”) to be owned by the consortium of the airlines which currently operate John F. Kennedy International Airport (JFK) Terminal 1 and development and financial partners led by The Carlyle Group, JLC Infrastructure and Ullico, which Proposed Lease provides for the design, construction, financing, operation and maintenance of a new passenger terminal covering the site currently occupied by Terminals 1 and 2 and adjacent parcels, substantially in accordance with the terms outlined to the Board, with such non-material changes as the Executive Director, in his discretion, may determine, which Proposed Lease shall be executed by, and become binding upon, the Port Authority and the Lessee at such time as the Lessee’s financing and certain permits for the new facility are obtained; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to expend up to \$515 million for additional expenses in connection with investments to support the transactions described in the Lease, to be used for: (1) airside work, including milling of existing pavement, re-grading, installation of fueling and drainage infrastructure, repaving, striping and airfield signage, taxiway lighting and installation of glycol collection systems (for de-icing fluid); and (2) program management and design services to support the JFK redevelopment program; 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 representatives, and the terms of such contracts, agreements and other documents shall be subject to the review of General Counsel or his authorized representatives.

CONFIDENTIAL ITEM

The Board approved a matter in executive session, which shall not be made available for public inspection until such time as litigation related to this matter has concluded.

Whereupon, the meeting was adjourned.

Deputy Secretary