

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, May 24, 2018

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday,
May 24, 2018 at 150 Greenwich Street, City, County and State of New York**

PRESENT:

NEW JERSEY

Hon. Kevin J. O'Toole, Chairman
Hon. Richard H. Bagger
Hon. Raymond M. Pocino
Hon. David S. Steiner

NEW YORK

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

Richard Cotton, Executive Director
Michael E. Farbiarz, General Counsel
Karen E. Eastman, Secretary

James K. Allen Jr., Chief of Staff to the Vice Chairman
Michael Appiah, Watch Engineer, Aviation
Adam L. Barsky, Chief of Staff to the Executive Director and Special Counselor
Justin E. Bernbach, Director, Government and Community Affairs, New York
John Bilich, Chief Security Officer
James E. Blackmore, Program Director, Tunnels, Bridges and Terminals
Jack A. Buchsbaum, Deputy Chief Engineer/Deputy Director of Engineering
Edward T. Cetnar, Director Public Safety/Superintendent of Police
Steven J. Coleman, Deputy Director, Media Relations
Nicole Crifo, Deputy Chief Ethics and Compliance Officer
Jennifer Davis, Chief Intergovernmental Affairs Officer
John C. Denise, Audio Visual Supervisor, Marketing
Michael P. Dombrowski, Audio Visual Specialist, Marketing
Diannae C. Ehler, Director, Tunnels, Bridges and Terminals
Jose B. Febrillet, Director, Project Management
Amy H. Fisher, First Deputy General Counsel
Luis Franco, Senior Project Manager, Tunnels, Bridges and Terminals
Kevin Frick, Esq., Law
Robert E. Galvin, Chief Technology Officer
Mark R. Goffred, Police Officer
Glenn P. Guzi, External Affairs Logistics Manager, World Trade Center Redevelopment
Mercedes Guzman, Secretary to the Executive Director
Linda C. Handel, Deputy Secretary, Office of the Secretary
Mary Lee Hannell, Chief, Human Capital
Terry D. Heath, Steam Sprinkler Fitter, Aviation
Paul Holliday, Maintenance Unit Supervisor, Aviation
Charles Huang, Assistant Manager, Port Leasing and Development, Port

Natasha G. Jean Philipp-Cumberbatch, Senior Executive Correspondence and Support
 Coordinator, Office of the Secretary
 Howard G. Kadin, Esq., Law
 Morgan D. Keane, Deputy Chief of Staff to the Executive Director
 Olga P. Krueger, General Manager, Staten Island Bridges, Tunnels, Bridges and Terminals
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Huntley A. Lawrence, Director, Aviation
 Stephen Marinko, Assistant General Counsel
 Ronald Marsico, Director, Media Relations
 Michael G. Massiah, Chief Diversity and Inclusion Officer
 Hugh G. McCann, Director, World Trade Center Operations
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, General Manager, Board Unit, Office of the Secretary
 Mary K. Murphy, Director, Planning and Regional Development
 Maria Oliveri, Associate Board Management and Support Specialist, Office of the Secretary
 Keri Pastore, Senior Engineer of Construction, Engineering
 Steven P. Plate, Chief, Major Capital Projects
 Suchetha Premchan, Principal Board Management and Support Specialist, Office of the
 Secretary
 Roger E. Prince, Deputy Director, Tunnels, Bridges and Terminals
 Timothy Pullen, Manager, Professional, Technical and Advisory Services, Procurement
 Sam Ruda, Deputy Director, Port
 Peter D. Simon, Chief of Staff to the Chairman
 Mark Spector, Director, Real Estate Development Initiatives
 Janess Steele, Senior Executive Secretary, Office of the Secretary
 Nasser Syed, Senior Program Manager, Tunnels, Bridges and Terminals
 Debra M. Torres, Chief Ethics and Compliance Officer
 Derek H. Utter, Chief Development Officer
 Lillian D. Valenti, Chief Procurement and Contracting Officer
 Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Michael Varsames, Utility Systems Maintainer, Aviation

Guests:

Edmund Caulfield, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
 Michael Wojnar, Assistant Secretary for Transportation, Office of the Governor of New York

Speakers:

Jerome Blackwell, SEIU 32BJ
 Murray Bodin, Member of the Public
 Tom Grech, Queens Chamber of Commerce
 Patrick Jean, Unite Here, Local 100
 Juniya Montgomery, SEIU 32BJ
 Mabel Richards, SEIU 32BJ
 Osman Salaam, SEIU 32BJ
 Cyndi Steiner, New Jersey Bike and Walk
 Coalition
 Beverly Thompson, Unite Here, Local 100
 Eden Weiss, NY Cycle Club
 Neile Weissman, Complete George
 Paul White, Transportation Alternatives

Topic:

Airport Security/Airport Wage Increase
 Transportation Issues
 AirTrain LaGuardia
 Airport Wage Increase
 Airport Wage Increase
 Airport Wage Increase
 Airport Wage Increase
 George Washington Bridge Bicycle Paths

 Airport Wage Increase
 George Washington Bridge Bicycle Paths
 Widening Paths on George Washington Bridge
 George Washington Bridge Bicycle Paths

The public meeting was called to order by Chairman O’Toole at 12:12 p.m. and ended at 12:55 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 April 26, 2018 were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on April 27, 2018. The time for action by the Governors of New York and New Jersey had expired at midnight on May 11, 2018.

PORT JERSEY-PORT AUTHORITY MARINE TERMINAL – BAYONNE DRY DOCK AND REPAIR CORP. – LEASE LPJ-013 – SUPPLEMENT

It was recommended that the Board authorize the Executive Director to enter into a supplemental agreement to Lease LPJ-013 (Lease Supplement) with Bayonne Dry Dock and Repair Corp. (BDDR) at the Port Jersey-Port Authority Marine Terminal (Port Jersey), to provide for a nine-year lease extension through December 31, 2039, in consideration for: (1) specified capital improvements that BDDR would undertake at its leasehold to expand its operating capacity; and (2) a revision to the rental structure, which would provide for minimum incremental rental revenue in excess of \$26 million over the remaining term of the lease and the proposed extension period.

As part of the Port Authority's acquisition of property that is now incorporated as part of Port Jersey, in 2010 the Port Authority assumed an existing ten-year lease agreement for BDDR's current leasehold with Central Jersey Marine Industries, Inc. (Central Jersey Marine). That lease agreement, which expired on May 31, 2017, was assigned to the Port Authority as part of the property acquisition.

The leasehold covers approximately 26.1 acres composed of open area, Buildings 100, 105, 108 and 111, a dry dock, three berths, and related equipment. BDDR, a related entity of Central Jersey Marine, had been the *de facto* operator of the dry dock facility during the term of Central Jersey Marine's lease, as well as the named permittee with the New Jersey Department of Environmental Protection for the dry dock facility's regulated activities.

At its meeting of December 10, 2015, the Board authorized a long-term lease agreement with BDDR. That lease terminated the former lease agreement, and has a term commencing on January 1, 2016, and, as extended, expiring on December 31, 2030.

The Port Authority is responsible for the high-voltage electrical distribution system (System) that provides electricity to BDDR's leasehold. Under the current lease agreement, BDDR was required to commence negotiations with Public Service Electric and Gas Company (PSE&G) by April 30, 2017, to obtain direct electrical service for its operations from PSE&G by December 31, 2019, to the extent PSE&G is capable of providing the same, and cease to use the System. BDDR assumed responsibility for all costs related to installing, replacing and removing equipment, as required, to obtain direct electrical service from PSE&G. Negotiations between BDDR and PSE&G have commenced. However, it has been determined that PSE&G must first perform certain work for the Port Authority in order to effectuate the direct power conversion. Thus, under the Lease Supplement, the date by which BDDR is required to obtain direct electrical service for its operation from PSE&G would be extended from December 31, 2019 to December 31, 2021.

Under the Lease Supplement, the Port Authority would provide for an extension of the lease term and revisions to BDDR's current rental structure to facilitate an expansion of its operations, provided that BDDR satisfies certain milestone investment requirements as to its leasehold. BDDR would be required to invest a minimum of \$6 million for the purchase of a marine travel lift and \$9 million in associated leasehold infrastructure improvements by December 31, 2024 in order for the term of the lease to be extended through December 31, 2039. Additionally,

BDDR would commit to a \$2 million investment in Port Authority-approved leasehold improvements of its existing operations, structures and property by December 31, 2034.

Lease LPJ-013 provides for payment of rent based upon the greater of (1) a percentage of BDDR's annual gross revenues, or (2) a scheduled minimum guaranteed annual rent, subject to annual escalation. Under the Lease Supplement, the calculation of the rent component payable based on annual gross revenues would be increased during the nine-year extension period. In addition, BDDR's proposed marine travel lift expansion would be subject to a separate revenue share structure, based upon the greater of: (1) an escalating percentage of the annual operating gross revenue derived specifically from the marine travel lift operations; or (2) a minimum annual guarantee, with annual escalations.

BDDR currently services large vessels, primarily United States Navy ships. The expanded dry-dock facility would add additional capacity and thus provide incremental revenue to the Port Authority.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado 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-013 with Bayonne Dry Dock and Repair Corp. to provide for: a nine-year lease extension through December 31, 2039, specified capital improvements to the leasehold, and revisions to the rental structure, for the continued letting of approximately 26.1 acres of property, including several buildings, a dry dock and three berths, at the Port Jersey-Port Authority Marine Terminal, 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, and amendments thereto, necessary or appropriate in connection with the foregoing, 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.

**PORT OF NEW YORK AND NEW JERSEY – WHARF REPLACEMENT PROGRAM –
PLANNING AUTHORIZATION AND AWARD OF AGREEMENT**

It was recommended that the Board authorize: (1) planning work for the development of a program for the systematic replacement of the wharf and pier structures over the next 30 years at Port Newark, the Elizabeth-Port Authority Marine Terminal (EPAMT), the Port Jersey-Port Authority Marine Terminal (Port Jersey), the Howland Hook Marine Terminal (HHMT), and the Brooklyn-Port Authority Marine Terminal (BPAMT), which includes the Red Hook Container Terminal, at a total estimated cost of \$15.7 million; and (2) the Executive Director to retain CH2M HILL New York, Inc. to provide planning and engineering services for the performance of a study to support the planning effort, at a total estimated cost of \$8.1 million, which cost is included within the proposed planning amount.

Wharf and pier structures at the Port Authority's marine terminals are critical waterfront assets required to support shipping activities at the Port of New York and New Jersey (Port). The Port's marine terminal facilities contain a total of 73 wharf structures and 7 pier structures, which measure an aggregate total of 55,301 linear feet. The wharf structures in New Jersey were originally constructed in the 1930s at Port Newark, in the 1940s at Port Jersey, and in the 1960s at the EPAMT. In New York, the current piers at the BPAMT and the wharfs at the HHMT were originally constructed in the 1960s and the 1970s, respectively.

Many of the structures will require replacement or rehabilitation over the next 30 years due to their age and condition, including deterioration due to increased marine borer activity as the water quality of New York Harbor has improved. The proposed planning work would include the development of an order-of-magnitude estimate and timeline to replace all the wharf and pier structures at the Port Authority's marine terminal facilities, including life cycle cost analysis, prioritization, sequencing, and schedules.

Planning and engineering services were solicited, pursuant to a Request for Proposals process, with a recommended award to be made to the highest-rated proposer, CH2M HILL New York, Inc., for the performance of a study in support of the planning effort. Based on the recommendations of the study, a program consisting of future wharf and pier replacement projects would be developed.

It is anticipated that the planning work would commence during the third quarter of 2018, with forecast completion during the fourth quarter of 2020.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado 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 development of a program for the systematic replacement of the wharf and pier structures over the next 30 years at Port Newark, the Elizabeth-Port Authority Marine Terminal, the Port Jersey-Port Authority Marine Terminal, the Howland Hook Marine Terminal, and the Brooklyn-Port Authority Marine Terminal, at a total estimated cost of \$15.7 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 retain CH2M HILL New York, Inc. to provide planning and engineering services for the performance of a study to support the foregoing planning effort, at a total estimated cost of \$8.1 million, which cost is included within the proposed planning amount; 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 other 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.

ONE WORLD TRADE CENTER – RETENTION OF AFFILIATE OF THE DURST ORGANIZATION IN SUPPORT OF CAPITAL IMPROVEMENT WORK

It was recommended that the Board authorize the Executive Director to enter into an agreement or agreements with Royal 1 WTC Management LLC (Royal), an affiliate of the Durst Organization (Durst), in order to effectuate the following work at One World Trade Center (One WTC): (1) the rehabilitation of building water tanks, at a total estimated project cost of \$3,550,000; (2) the installation of protective infrastructure on mechanical floors, at a total estimated project cost of \$3,160,000; and (3) the installation of building mechanical control equipment, to improve operational performance, at a total estimated project cost of \$2,966,160.

At its meeting on August 5, 2010, the Board authorized a transaction with Durst or an affiliate through which Durst would become a joint venture partner with the Port Authority in the net leasehold interest of One WTC and would participate and/or advise in the construction, financing, leasing, management and operation of One WTC. On or about August 1, 2013, WTC Tower 1 LLC, by then a joint venture of the Port Authority and Durst, and Royal entered into an Amended and Restated Property Management Agreement (APMA), which designated and appointed Royal as WTC Tower 1 LLC's exclusive agent to manage One WTC. Pursuant to the APMA, in the event that WTC Tower 1 LLC elects to perform any capital improvements and other construction work, Royal will: (1) act as either the construction manager or the owner's representative, and will receive an additional fee for such services; and (2) retain the construction and related services necessary to implement the work.

Pursuant to the proposed authorization, Royal would retain contractors to perform the following capital improvement projects at One WTC: (1) rehabilitation of the interior and exterior of the 16 steel tanks that serve domestic, fire reserve and storm water systems, including the application of a new coating primer; (2) application of a protective coating and finish to the existing concrete flooring substrate of mechanical floors and additional waterproofing/sealant to plenums, in order to protect the mechanical floors and equipment; and (3) installation of additional building mechanical equipment, to improve operational performance of such equipment and systems. Port Authority staff has reviewed and approved the scope of work for each project.

These projects are necessary in order to maintain a state of good repair. The services that Royal would provide for these projects would be deemed Additional Services Arrangements under the APMA, qualifying Royal for an additional contractual construction management or owner's representative fee for each project. Royal would retain the construction and professional services necessary to implement the work for each project through the procurement processes set forth in the APMA.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Horwitz, LaBarbera, Lynford, McDonald, O'Toole, Pocino, Rosado 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 an agreement or agreements with Royal 1 WTC Management LLC, an affiliate of the Durst Organization, to effectuate the following work at One World Trade Center: (1) the rehabilitation of the building water tanks, at a total estimated project cost of \$3,550,000; (2) the installation of protective infrastructure on mechanical floors, at a total estimated project cost of \$3,160,000; and (3) the installation of building mechanical control equipment to improve operational performance, at a total estimated project cost of \$2,966,160; 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 agreements necessary or appropriate to effectuate the foregoing; and it is further

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

Whereupon, the meeting was adjourned.

Secretary