

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Tuesday, September 16, 2008

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Tuesday, September 16, 2008 at 115 Broadway, City, County and State of New York

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Virginia S. Bauer
 Hon. Raymond M. Pocino
 Hon. Anthony J. Sartor
 Hon. David S. Steiner

NEW YORK

Hon. Bruce A. Blakeman
 Hon. Fred P. Hochberg
 Hon. H. Sidney Holmes III

Christopher O. Ward, Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

A. Paul Blanco, Chief Financial Officer
 Michael B. Francois, Chief, Real Estate & Development
 Glenn P. Guzi, Client Manager, Government & Community Affairs
 Linda C. Handel, Assistant Secretary
 Mark D. Hoffer, Special Advisor to the Executive Director
 Susan Bass Levin, Deputy Executive Director
 Candace McAdams, Director, Media Relations, Public Affairs
 Sanjay S. Mody, Advisor to the Chairman
 Stephen P. Plate, Director, World Trade Center Construction
 Stephen H. Sigmund, Chief, Public and Government Affairs

Guests:

James A. Carey, Director, Authorities Unit, Office of the Governor of New Jersey

The public meeting was called to order by Chairman Coscia at 11:33 a.m. and ended at 11:47 a.m. The Board met in executive session prior to the public session. Vice-Chairman Silverman was present for the executive session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of August 14, 2008. She reported that copies of these Minutes were sent to all of the Commissioners and to the Governors of New York and New Jersey. She reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Commissioners unanimously approved the Minutes.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in public session at its meeting on September 16, 2008, which included an update on the Downtown Restoration Program and discussion of various trade contracts for the advancement of construction activities in connection with the redevelopment of the World Trade Center site, and the report was received.

Executive Director's Report

The Executive Director provided an update on the status of the redevelopment of the World Trade Center site.

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
THE SECURITY SYSTEM (ELECTRICAL PACKAGE 6)**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its Construction Manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with Ingersoll Rand Security Technologies for the Security System (Electrical Package 6) associated with the construction of One World Trade Center, the Freedom Tower (Freedom Tower), at an estimated total cost of \$20,407,680, including an eight-percent allowance for extra work.

The scope of work for the Security System (Electrical Package 6) includes the implementation of closed-circuit television systems, access control systems, fiber backbone and network, and related electrical infrastructure, as well as testing and commissioning of the systems.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement between Tishman and 1 WTC LLC.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Hochberg, Holmes, Pocino, and Steiner voting in favor; none against; Commissioner Sartor recused:

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with Ingersoll Rand Security Technologies, for the Security System (Electrical Package 6) associated with the construction of One World Trade Center, the Freedom Tower, at an estimated total cost of \$20,407,680, including an eight-percent allowance for extra work; and it is further

RESOLVED, that the form of the foregoing contract shall be subject to the approval of General Counsel or his authorized representative.

**ONE WORLD TRADE CENTER, THE FREEDOM TOWER PROJECT –
AUTHORIZATION TO AWARD CONSTRUCTION TRADE CONTRACT FOR
THE BUILDING MANAGEMENT SYSTEM**

It was recommended that the Board authorize 1 World Trade Center LLC (1 WTC LLC), through its Construction Manager, Tishman Construction Corporation (Tishman), to enter into a construction trade contract with T.A.C. Americas, Inc. for the Building Management System associated with the construction of One World Trade Center, the Freedom Tower (Freedom Tower), at an estimated total cost of \$11,871,360, including an eight-percent allowance for extra work.

The scope of work for the Building Management System includes: the furnishing and installation of the building automation and temperature controls, including all supports, mounting hardware, and grounds for a complete installation, and the integration of subsystems, such as emergency power, automatic dampers and fire/smoke dampers. The contractor also would be responsible for the testing and commissioning of the system.

The form of trade contract being utilized by Tishman as construction manager was developed by Port Authority staff and maintains, to the greatest degree possible, Port Authority policies and procedures for the work, including provisions allowing for termination for convenience, and requirements for minority and women-owned business enterprise utilization, confidentiality, security and integrity monitoring, and a competitive bidding process.

The terms of the construction trade contract proposed for award were negotiated and would be awarded to the lowest responsive bidder, in accordance with the procurement procedures in the Third Freedom Tower Amendment to the September 2003 General Contractor Agreement between Tishman and 1 WTC LLC.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Hochberg, Holmes, Pocino, and Steiner voting in favor; none against; Commissioner Sartor recused:

RESOLVED, that 1 World Trade Center LLC be and it hereby is authorized to enter into a construction trade contract, through its construction manager, Tishman Construction Corporation, with T.A.C. Americas Inc., for the Building Management System associated with the construction of One World Trade Center, the Freedom Tower, at an estimated total cost of \$11,871,360, including an eight-percent allowance for extra work; and it is further

RESOLVED, that the form of the foregoing contract shall be subject to the approval of General Counsel or his authorized representative.

DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION TO ACCEPT ASSIGNMENT OF A TRADE CONTRACT FOR HEATING, VENTILATING AND AIR CONDITIONING – HYDRONICS SYSTEM FOR THE WORLD TRADE CENTER (WTC) MEMORIAL, MEMORIAL MUSEUM AND WTC INFRASTRUCTURE PROJECTS, INCLUDING ASSOCIATED PAYMENTS INTO AN ESCROW ACCOUNT

It was recommended that the Board authorize the Executive Director to: (1) accept an assignment of a construction trade contract awarded to Grand Mechanical Corporation by the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM) for the furnishing, installation and testing of a Heating, Ventilating and Air Conditioning (HVAC) Hydronics System for the World Trade Center (WTC) Memorial, Memorial Museum, and WTC Infrastructure Projects, at an estimated total amount of \$23,382,936, inclusive of an eight-percent authorization for extra work; (2) accept a partial assignment of the NS11MM's contract with Bovis Lend Lease LMB, Inc. (Bovis) for construction management (CM) services associated with this trade contract, at an estimated cost of \$3,211,603; and (3) make payments into an escrow account, in an amount not to exceed \$6,556,213, for the Port Authority's portion of the costs associated with the HVAC Hydronics System and CM services contracts. Each of these authorizations would be conditioned upon the execution of a cost-sharing agreement between the NS11MM and the Port Authority.

Pursuant to a July 2006 Project Agreement with the Lower Manhattan Development Corporation, the NS11MM, the City of New York and the State of New York, the Port Authority is to assume responsibility for construction of the WTC Memorial and Memorial Museum Projects.

In December 2006, the Board authorized the Executive Director to finalize agreements with the NS11MM providing for the Port Authority to accept an assignment of the CM contract with Bovis and manage all construction work for the WTC Memorial and Memorial Museum Projects. In anticipation of the assignment of the Bovis CM contract, the NS11MM proceeded with procurement of the HVAC Hydronics System, as an essential component of the critical path schedule for the WTC Memorial and Memorial Museum Projects.

The NS11MM will award the HVAC Hydronics System trade contract to Grand Mechanical Corporation, the lowest qualified bidder, selected utilizing the competitive procurement procedure established in the Bovis CM contract. The scope of work for the contract includes the furnishing, installation and testing of all elements of a complete HVAC Hydronics System for the WTC Memorial, Memorial Museum and WTC Infrastructure Projects.

Approximately \$5.9 million of the proposed Port Authority payments is included in the \$150 million commitment authorized by the Board in July 2006 for common and exclusive site infrastructure work associated with the WTC Memorial and Memorial Museum Projects, bringing the total authorized payments under this commitment to \$90.3 million.

An escrow account was jointly established and initially funded by the NS11MM to provide for contractor payments. The Port Authority previously had agreed to payments into the escrow account of \$154.7 million, and the proposed authorization would bring total

anticipated Port Authority payments to \$161.2 million.

Pursuant to the foregoing report, the following resolution was adopted with Commissioners Bauer, Blakeman, Coscia, Hochberg, Holmes, Pocino, and Steiner voting in favor; none against; Commissioner Sartor recused:

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to, subject to the execution of a cost-sharing agreement between the Port Authority and the National September 11 Memorial and Museum at the World Trade Center Foundation, Inc. (NS11MM): (1) accept assignment of a construction trade contract awarded by the NS11MM to Grand Mechanical Corporation, in connection with the furnishing, installation and testing of a Heating, Ventilating, and Air Conditioning (HVAC) Hydronics System for the World Trade Center Memorial, Memorial Museum, and World Trade Center Infrastructure Projects, at an estimated total amount of \$23,382,936, which includes an eight-percent authorization for extra work; (2) accept a partial assignment of the NS11MM's contract with Bovis Lend Lease LMB, Inc. for construction management services associated with this trade contract, at an estimated cost of \$3,211,603; and (3) make payments into an escrow account, in an amount not to exceed \$6,556,213, to be used for the payment of the Port Authority's portion of the costs associated with the construction of the HVAC Hydronics System for the aforementioned projects; and it is further

RESOLVED, that the form of all contracts and agreements necessary to effectuate the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary