

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES**

**Thursday, July 21, 2016**

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**MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, July 21, 2016 at 150 Greenwich Street, City, County and State of New York**

**PRESENT:**

**NEW JERSEY**

Hon. John J. Degnan, Chairman  
 Hon. Raymond M. Pocino  
 Hon. William P. Schuber  
 Hon. David S. Steiner

**NEW YORK**

Hon. Steven M. Cohen, Vice-Chairman  
 Hon. Michael D. Fascitelli  
 Hon. Kenneth Lipper  
 Hon. Jeffrey H. Lynford  
 Hon. Scott H. Rechler

Patrick J. Foye, Executive Director  
 Richard J. Holwell, General Counsel  
 Karen E. Eastman, Secretary

Nicole L. Atlak, Management Intern, Law  
 Thomas E. Belfiore, Chief Security Officer  
 John Bilich, First Deputy Chief Security Officer  
 Thomas L. Bosco, Director, Aviation  
 Thomas E. Carroll, Management Intern, Law  
 Steven J. Coleman, Deputy Director, Media Relations  
 Janet Cox, Director, Management and Budget  
 Nicole Crifo, Senior Advisor to the Chairman  
 Stephanie E. Dawson, Acting Chief Operating Officer  
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate Services  
 John C. Denise, Audio Visual Supervisor, Marketing  
 Emily G. Denn, Management Intern, Law  
 Michael Dombrowski, Audio Visual Specialist, Marketing  
 Benjamin Engle, Project Manager, Human Resources  
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police  
 Jose Febrillet, Director, Project Management  
 Kyle H. Fitzpatrick, Management Intern, Law  
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals  
 Robert E. Galvin, Chief Technology Officer  
 David P. Garten, Chief of Staff to the Vice Chairman  
 Ann Georgas, Manager, Legal Management Division, Law  
 Glenn P. Guzi, External Affairs Logistics Manager, World Trade Center Redevelopment  
 Linda C. Handel, Deputy Secretary  
 Mary Lee Hannell, Chief, Human Capital  
 Dontan Hart, Management Intern, Law  
 Patricia Hurley, Chief of Staff to the Chairman  
 Amanda Iocca, Associate Board Management and Support Specialist, Office of the Secretary  
 Brian Jacob, Principal Board Management and Support Specialist, Office of the Secretary  
 Howard G. Kadin, Esq., Law  
 Sherien N. Khella, Financial Advisor to the Chief Financial Officer  
 James Kleeman, Deputy Director, World Trade Center Redevelopment  
 Marion Kolbasuk, Paralegal Specialist, Law

Cristina M. Lado, Director, Government and Community Affairs, New Jersey  
 Ho-Min Lai, Management Intern, Law  
 William Laventhal, Executive Policy Analyst, Office of the Executive Director  
 Michael Lavery, Senior External Relations Client Manager, Government and Community  
 Affairs, New York  
 Sarah K. Lefsky, Management Intern, Law  
 Andrew S. Lynn, Director, Planning and Regional Development  
 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  
 Hugh P. McCann, Director, World Trade Center Operations  
 Daniel G. McCarron, Comptroller  
 Elizabeth M. McCarthy, Chief Financial Officer  
 David J. McGrath, Manager, Marketing and Communications, Marketing  
 Carlene V. McIntyre, Assistant General Counsel  
 Juan D. Moreno, Management Intern, Law  
 Mark F. Muriello, Deputy Director, Tunnels, Bridges and Terminals  
 Tito Nurudeen, Jr., Management Intern, Law  
 Kristine O'Brien, Leadership Fellow, Human Resources  
 Steven P. Plate, Chief, Major Capital Projects  
 Alan L. Reiss, Director, World Trade Center Construction  
 Sam Ruda, Assistant Director, Port Business Development, Port  
 Jessica Russ, Principal Board Management and Support Specialist, Office of the Secretary  
 MaryAnne F. Santini, Management Intern, Law  
 Beth E. Siegel, Director, Capital Programs, Capital Planning  
 James A. Starace, Chief Engineer/Director of Engineering  
 Timothy G. Stickelman, Assistant General Counsel  
 Lillian D. Valenti, Chief Procurement and Contracting Officer  
 Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary  
 Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York  
 Lou Venech, Manager, Regional Transportation Policy, Planning and Regional Development

Guest:

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

Speakers:

Ruth Arcone, the Dwelling Place  
 Murray Bodin, Member of the Public  
 Hon. Gale Brewer, Manhattan Borough President  
 Michael Burke, Member of the Public  
 Margaret Donovan, Twin Towers Alliance  
 Todd Fine, Washington Street Historical Society  
 Hon. Richard Gottfried, New York State Assemblymember  
 Matthew Green, Office of New York City Councilmember Corey Johnson  
 Hon. Bradley Hoylman, New York State Senator  
 Richard Hughes, Twin Towers Alliance  
 Andrea Johnson, UNITE Here  
 Tammy Meltzer, Community Board 1  
 Kathleen Moore, Member of the Public

Hon. Jerrold Nadler, U.S. Congressman  
Jean-Daniel Noland, Community Board 4  
Mary Perillo, World Trade Center Neighborhood Alliance  
Arthur Piccolo, Bowling Green Association, Inc.  
Emma Quail, UNITE Here  
Hon. Loretta Weinberg, Majority Leader, New Jersey State Senate  
Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 11:15 a.m. and ended at 12:55 p.m. The Board also met in executive session following the public session.

### **Report of Committee on Capital Planning, Execution and Asset Management**

The Committee on Capital Planning, Execution and Asset Management reported, for information, on matters discussed in public session at its meeting on July 21, 2016, which included discussion of an item that authorizes Port Authority project contributions in connection with the redevelopment of Terminal C and D at LaGuardia Airport, and an update on capital performance results for the second quarter of 2016, and the report was received.

### **Report of Committee on Finance**

The Committee on Finance reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on July 21, 2016, which included an update on financial performance results for the second quarter of 2016, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

### **Report of Committee on Operations**

The Committee on Operations reported, for information, on matters discussed in public and executive sessions at its meeting on July 21, 2016, which included discussion of an item that authorizes a lease supplement with one of the fixed base operators serving Teterboro Airport, discussion of staff overtime results for the second quarter of 2016, discussion of matters related to the purchase, sale, or lease of real property, where disclosure would affect the value thereof or the public interest, and matters related to proposed, pending, or current litigation or judicial or administrative proceedings, and the report was received.

### **Report of Committee on Security**

The Committee on Security reported, for information, on matters discussed in executive session at its meeting on July 21, 2016, which included discussion of matters related to public safety or law enforcement, and matters involving external or internal investigations or audits, and the report was received.

**WORLD TRADE CENTER SITE – PLACEMENT OF SPHERE AT LIBERTY PARK**

It was recalled that the “Sphere on the Plaza”, also known as the “Koenig Sphere”, which was sculpted by German artist Fritz Koenig as commissioned by the Port Authority during the construction of the World Trade Center’s Twin Towers as a symbol of world peace through world trade, was originally located on the Austin J. Tobin Plaza and served as a popular destination for tenants, local residents and visitors alike during clement weather. The Sphere, which was cast in 52 bronze segments, is approximately 25 feet high, weighing 25 tons.

On September 11, 2001, the Sphere was severely damaged as a direct result of the terrorist attacks on the WTC. However, based on its location in relation to the Twin Towers it remained largely intact and served for many as a symbol of resilience in the direct aftermath and subsequent recovery efforts. Under an arrangement with The City of New York, the Sphere was installed at Battery Park in Lower Manhattan and formally dedicated as a temporary memorial on September 11, 2002, with an eternal flame ignited in honor of all those who were lost. The Sphere is currently located near Pier A in Battery Park.

Since that time, based on its historic significance and as a symbol of resilience, discussions have been ongoing with respect to the potential of returning the Sphere to its former home at the WTC site. In light of the fact that based on the design of the street grid through the WTC site, it is not possible to safely locate the Sphere at its pre-9/11 resting place and, in order to avoid the potential of impacting the architectural design of the Memorial Plaza, it is recommended that the Sphere be placed in Liberty Park.

On June 29, 2016 Liberty Park was officially opened to the public. Liberty Park is located above the roof of the World Trade Center Vehicular Security Center, overlooks the National September 11 Memorial Plaza and has the structural capacity necessary to accommodate the Sphere with minor modification. Locating the Sphere at Liberty Park is expected to draw additional visitors who observe the sculpture from the Memorial Plaza below. It is also expected that the proposed placement of the Sphere would serve to encourage visitors to explore the entire WTC site and provide an additional location for quiet reflection.

It was therefore recommended that the Board authorize the Executive Director to: a) take all actions necessary to effectuate the relocation of the Sphere from Battery Park to Liberty Park at the WTC site; and b) enter into contracts and agreements to provide for the design, production and placement of appropriate signage that provides information on the location of the Sphere and its historical significance.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Degnan, Fascitelli, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor. Assistant 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 take all actions necessary to effectuate the relocation of the Sphere from its current location in Battery Park to Liberty Park at the World Trade Center site, in order to provide workers, local residents and tourists with access to the Sphere for generations to come in a tranquil setting overlooking the

National September 11<sup>th</sup> Memorial Plaza at the World Trade Center site; 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 contracts and agreements as are necessary to effectuate the design, production and placement of appropriate signage at the WTC site concerning the location and significance of the Sphere in relation to both the history of the WTC site and the immediate aftermath of the terrorist attacks of September 11, 2001 and subsequent recovery efforts; 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.

**TETERBORO AIRPORT – JET AVIATION TETERBORO, L.P. – LEASE SUPPLEMENT NO. 5**

It was recommended that the Board authorize the Executive Director to enter into a supplement to the lease with Jet Aviation Teterboro, L.P. (Jet) at Teterboro Airport (TEB), pursuant to which Jet would: (1) demolish Hangar 114 on its existing leasehold; (2) construct a new hangar on the leasehold, investing a minimum amount of \$14 million in such construction; (3) invest a minimum amount of \$18 million in capital improvements to its existing facilities; (4) lease approximately 2.5 acres of additional land area at TEB; and (5) agree to extend the term of the lease agreement through December 31, 2035.

Jet is one of the four Fixed Base Operators at TEB, and it currently leases 28.7 acres of land located at the south end of the airport. Jet's current lease agreement, which covers eight hangars and a terminal building, expires on December 31, 2022.

Under the proposed supplemental agreement, Jet would demolish Hangar 114 and replace it with the construction of a new 40,000-square-foot hangar. Jet would be responsible for all costs associated with such construction. Further, Jet would lease approximately 2.5 acres of additional land, to be used for aircraft parking, access to the new hangar and automobile parking, and would be required to make a minimum capital investment of \$18 million in improvements to its existing facilities.

At its meeting of March 19, 2014, the Board authorized supplemental lease agreements with each of the Fixed Base Operators at TEB, to provide for various capital investments in their facilities, including authorization of a lease supplement with Jet to demolish Hangar 114, construct a new hangar and make other capital improvements to its facilities, and develop 10 acres of unimproved wetlands adjacent to its leasehold. However, prior to executing that lease supplement, the Port Authority and Jet mutually agreed that the cost of environmental mitigation would be prohibitive, and agreed to continue negotiations, which resulted in the currently proposed lease supplement.

The 2.5 acres of land to be added to the leasehold has been improved, and environmental remediation of the nature required with the previous agreement is not required. Under the proposed lease supplement, there would be no rental abatement for the demolished Hangar 114, and Jet would continue to pay rent in accordance with the terms of its existing agreement, through the end of the extended term. Building and land rental rates would be subject to adjustment over time, and the Port Authority would have the right to perform appraisals of the leasehold in 2019 and 2029, with the rental rates to be subject to adjustment based on such appraisals. The total aggregate rental over the extended term of the lease would be approximately \$137.7 million.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Degnan, Fascitelli, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor. Assistant 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 a lease supplement with Jet Aviation Teterboro, L.P. (Jet) at Teterboro Airport (TEB) pursuant to which Jet will: (1) demolish Hangar 114 on its existing leasehold; (2) construct a new hangar on the leasehold, investing a minimum amount of \$14 million in such construction; (3) invest



a minimum amount of \$18 million in capital improvements to its existing facilities; (4) lease approximately 2.5 acres of additional land area at TEB; and (5) agree to extend the term of the lease agreement through December 31, 2035; all 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 necessary or appropriate in connection with the foregoing; and it is further

**RESOLVED**, that the form of all contracts and agreements 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.

## **HOBOKEN FERRY TERMINAL – FIRST SUPPLEMENT TO LEASE AGREEMENT WITH NEW JERSEY TRANSIT CORPORATION**

It was recommended that the Board authorize the Executive Director to enter into a supplement to the Port Authority's existing lease agreement (Lease) with New Jersey Transit Corporation (NJT) regarding the Hoboken Ferry Terminal (Terminal) that would amend the Lease to: (1) provide for the relocation (Relocation) of ferry ticketing, ferry operations and crew quarters (Ferry Operations); (2) reallocate approximately \$2.7 million of the Port Authority's final payment of \$23 million (Final Payment) toward the project to rehabilitate the Terminal (Project), from the acquisition of ferry transportation assets to the Relocation costs; (3) allow approximately \$1.2 million of the Final Payment to be allocated to the Relocation costs; and (4) provide a mechanism for sharing the cost of inspection and maintenance of the fire protection sprinkler system.

On July 23, 2009, the Board authorized the Executive Director to, among other things, enter into a long-term lease agreement with NJT for the Port Authority to utilize approximately 15,790 square feet of space at the Terminal to accommodate ferry operations, and to permit a portion or all of the Final Payment to be used by NJT for the acquisition of ferry transportation assets. As part of the Project, the Ferry Operations were located on a portion of the leased premises (Original Operations Area) that subsequently experienced repeated flooding. In response, NJT and the Port Authority agreed that the Ferry Operations should be relocated into new space adjacent to the main terminal waiting room (New Operations Area), which is flood protected. As part of the Relocation, the Port Authority would surrender the Original Operations Area to NJT, and the New Operations Area would be added to the leased premises.

Pursuant to the Lease terms and the 2009 Board authorization, the Port Authority agreed to provide NJT with the Final Payment, which amount is part of a total Port Authority commitment of \$60 million toward the cost of the Project. The cost of fitting out the New Operations Area and completing the Relocation is estimated to exceed \$6 million, and was not anticipated when the Lease was signed in 2009. The proposed supplement would enable the Port Authority to reimburse NJT for a portion of such cost out of the Final Payment. The Port Authority previously provided approximately \$21.8 million of the Final Payment to NJT for Project costs. Subsequently, NJT received approximately \$2.7 million of Federal Transit Administration funds for the Project. Under the 2009 Board authorization, an equal amount of the Final Payment should be reallocated from the Project to the acquisition of ferry transportation assets by NJT. Instead of reallocating such \$2.7 million to the acquisition of ferry transportation assets, NJT is requesting that the Port Authority reallocate such amount to the Relocation. NJT also is requesting that the Port Authority allocate the approximately \$1.2 million remaining from the Final Payment to the Relocation. The total amount of the Final Payment that will be spent on the Project, which includes the Relocation, would remain at \$23 million.

Regarding the amendment of the Lease to provide for the inspection and maintenance of the fire protection sprinkler system, NJT and the Port Authority would share the cost of such inspection and maintenance on a pro-rata basis, 46 percent by the Port Authority and 54 percent by NJT.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Degnan, Fascitelli, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor. Assistant 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 supplement to the Port Authority's existing lease with New Jersey Transit Corporation regarding the Hoboken Ferry Terminal to: (1) provide for the relocation of ferry ticketing, operations and crew quarters; (2) reallocate approximately \$2.7 million of the Port Authority's final payment toward the project to rehabilitate the Hoboken Ferry Terminal, from the acquisition of ferry transportation assets to the relocation costs; (3) allow the remaining portion of such final payment, in an amount of approximately \$1.2 million, to be allocated to the relocation; and (4) provide a mechanism for sharing the cost of inspection and maintenance of the fire protection sprinkler system, all 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 necessary or appropriate in connection with the foregoing; and it is further

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

## **LAGUARDIA AIRPORT – REDEVELOPMENT OF TERMINAL C & D – AUTHORIZATION OF PROJECT CONTRIBUTIONS**

It was recommended that the Board authorize the Port Authority to make certain capital expenditures in airport infrastructure and contribute to certain other capital investments to be made by Delta Air Lines, Inc. (Delta) in connection with the design and construction by Delta at LaGuardia Airport (LGA) of a new 37-gate Terminal C & D (the New Terminal) at a projected aggregate cost of approximately \$4 billion (such design and construction, the Project), subject to the Board's further approval of the terms and conditions of a lease agreement with Delta, as well as other agreements relating to the Project.

The New Terminal will connect with LGA's Central Hall and Terminal B, will be located closer than Delta's existing terminal to the Grand Central Parkway, and will otherwise be consistent with the Airport Advisory Panel's recommendations for LGA.

Delta is currently finalizing its preliminary design document for submission to the Federal Aviation Administration for National Environmental Policy Act/Environmental Assessment review, anticipated to take six months, and construction of the New Terminal is projected to commence in early 2017.

Delta has developed a construction phasing plan that maintains flight operations and avoids interfering with LaGuardia Gateway Partners' Terminal B project (the Terminal B Project); both parties and the Port Authority would enter into a construction coordination agreement that sets forth protocols for coordination and provides for dispute resolution with respect to construction issues.

The Port Authority and Delta would enter into a new long-term lease through 2050 (coterminous with the Terminal B Project lease as well as with the Port Authority's lease with the City of New York for LGA and John F. Kennedy International Airport) in form and on terms and conditions generally consistent with existing Port Authority unit terminal leases.

The Port Authority will incur certain costs and contribute to the Project as follows, provided that, in all events, the total amount of the Port Authority's contribution will not exceed \$600 million, with the remainder of Project costs, of whatever nature, to be solely Delta's responsibility: (a) the Port Authority will contribute \$200 million toward the New Terminal, concourses, and ramp work which work will be performed by Delta, (b) the Port Authority will contribute \$185 million toward construction of the electrical substation, expansion of the East Garage and temporary parking solution which work will be performed by Delta and (c) the Port Authority will expend an additional \$215 million towards roadways and other infrastructure work necessary to support the new facilities which work will be performed by Delta.

Consistent with prior practice for new terminal development at Port Authority airports, Delta's existing Terminal C & D rent will be abated after demolition of Terminal C & D. Abatement will be limited to an amount equal to the net present value of expected incremental new revenue to the Port Authority generated by expanded concessions and other revenues in the New Terminal.

The Port Authority and Delta would jointly conduct additional value engineering work with respect to the Project.

The terms of the long-term lease to be entered into between the Port Authority and Delta, which will incorporate the terms and conditions of the development of the Project (including the foregoing) and the leasing of the New Terminal to Delta, will be separately submitted for approval by the Board.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Cohen, Degnan, Fascitelli, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor. Assistant 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 Port Authority be and it hereby is authorized to make certain capital expenditures in airport infrastructure and contribute to certain other capital investments to be made by Delta Air Lines, Inc. (Delta), in an aggregate amount not to exceed \$600 million, in connection with the design and construction by Delta at LaGuardia Airport of a new 37-gate Terminal C & D (the New Terminal) at a projected aggregate cost of approximately \$4 billion (such design and construction, the Project), all in accordance with the terms of a long-term lease to be entered into between the Port Authority and Delta, incorporating the terms and conditions of the development of the Project and the leasing of the New Terminal to Delta, which will be separately submitted for approval by the Board.

Whereupon, the meeting was adjourned.

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Secretary