

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES

Thursday, June 30, 2016

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MINUTES of the Meeting of The Port Authority of New York and New Jersey held Thursday, June 30, 2016 at 2 Montgomery Street, City of Jersey City, County of Hudson, State of New Jersey

PRESENT:

NEW JERSEY

Hon. John J. Degnan, Chairman
 Hon. Richard H. Bagger
 Hon. George R. Laufenberg
 Hon. William P. Schuber
 Hon. David S. Steiner

NEW YORK

Hon. Steven M. Cohen, Vice-Chairman
 Hon. Michael D. Fascitelli
 Hon. Hamilton E. James
 Hon. Kenneth Lipper
 Hon. Jeffrey H. Lynford

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

Thomas E. Belfiore, Chief Security Officer
 Denise Berger, Assistant Chief Engineer, Engineering
 John Bilich, First Deputy Chief Security Officer
 Vincent J. Borst, Assistant Director, Real Estate Services
 Thomas L. Bosco, Director, Aviation
 Molly C. Campbell, Director, Port Commerce
 Ana M. Carvajalino, Assistant Director, Forecasting and Financial Planning, Management and Budget
 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
 Michael DeGidio, Director, Security Operations, Security Operations & Programs
 Clarelle DeGraffe, Deputy Director, Rail Transit
 Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate Services
 John C. Denise, Audio Visual Supervisor, Marketing
 Charles Fausti, Program Director, Tunnels, Bridges and Terminals
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Rudy Fernandez, Police Sergeant
 Robert E. Galvin, Chief Technology Officer
 David P. Garten, Chief of Staff to the Vice Chairman
 Jaquetta George, Communications Agent, PATH
 Gary Goldman, Manager, Property Leasing, Real Estate Services
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Chief, Human Capital
 Thomas Hassel, Police Officer
 Rhonda Hendry, Communications Supervisor, PATH
 Jessica D. Hershman, Management Intern, Media Relations
 Patricia Hurley, Chief of Staff to the Chairman
 Amanda Iocca, Associate Board Management and Support Specialist, Office of the Secretary
 Joseph Iorio, Management Intern, Media Relations

Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 William Laventhal, Executive Policy Analyst, Office of the Executive Director
 Huntley A. Lawrence, Deputy Director, Aviation
 Andrew G. Levine, Director, Audit Department
 John H. Ma, Chief of Staff to the Executive Director
 Stephen Marinko, Esq., Law
 Mike Marino, Director, Rail Transit
 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
 James E. McCoy, General Manager, Board Unit, Office of the Secretary
 David J. McGrath, Manager, Marketing and Communications, Marketing
 Carlene V. McIntyre, Assistant General Counsel
 Kristine O'Brien, Leadership Fellow, Human Resources
 Steven P. Plate, Chief, Major Capital Projects
 Alan L. Reiss, Director, World Trade Center Construction
 Beth E. Siegel, Director, Capital Programs
 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
 Yenny Vasquez, Train Engineer, PATH
 Messela Williams, Operations Examiner, PATH
 Cheryl A. Yetka, Treasurer
 Oran Zorbaron, Police Officer

Guests:

Ebony Grant, Summit Security
 Mary Maples, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
 Paula Santos, Summit Security

Speakers:

Rosalyn Austin, Local 100
 Christine Berthet, Community Board 4
 Murray Bodin, Member of the Public
 Margaret Donovan, Twin Towers Alliance
 Richard Hughes, Twin Towers Alliance
 Gertrudis Lopez, Local 32BJ
 Ian Mikusko, UNITE Here
 Arthur Piccolo, Bowling Green Association, Inc.
 Delores Rubin, Community Board 4
 Cyndi Steiner, New Jersey Bike and Walk Coalition
 Rev. Ronald Tuff, First Bethel Baptist Church
 Neile Weissman, New York Cycle Club

The public meeting was called to order by Chairman Degnan at 10:46 a.m. and ended at 11:47 a.m. The Board also met in executive session following the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of May 26, 2016. She reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on May 31, 2016. The Secretary reported further that the time for action by the Governors of New York and New Jersey had expired at midnight on June 14, 2016.

Whereupon, the Board unanimously approved the Minutes of the meeting of May 26, 2016.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in executive session at its meetings on June 30, 2016, which included discussion of matters involving personnel and personnel procedures, and the report was received.

Report of World Trade Center Redevelopment Subcommittee

The World Trade Center Redevelopment Subcommittee reported, for information, on matters discussed in executive session at its meeting on June 30, 2016, which included discussion of matters involving the purchase, sale, or lease of real property, where disclosure would affect the value thereof or the public interest, and the report was received.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public session at its meeting on June 30, 2016, which included discussion of the identification of a pool of underwriters to support the future issuance of debt obligations, and the report was received.

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 June 30 2016, which included a project to replace the toll collection system for the Port Authority's bridge and tunnel facilities, and the report was received.

Report of Committee on Governance and Ethics

The Committee on Governance and Ethics reported, for information, on matters discussed in public session at its meeting on June 30, 2016, which included discussion of an item to codify procedures with respect to General Counsel review of Board-authorized contracts and agreements, and the report was received.

UNDERWRITING SERVICES FOR THE ISSUANCE OF DEBT OBLIGATIONS

It was recommended that the Board authorize the Chief Financial Officer and the Treasurer, each individually, to select: (1) as senior managers: Bank of America Merrill Lynch, Citigroup Global Markets Inc., Goldman, Sachs & Co., Ramirez & Co., Inc. and Wells Fargo Securities; (2) as co-managers: Fidelity Capital Markets, Janney Montgomery Scott LLC, Jefferies LLC, J.P. Morgan Securities LLC, Loop Capital Markets LLC, RBC Capital Markets, Roosevelt & Cross Incorporated/Academy Securities, Inc., Siebert Brandford Shank & Co., L.L.C. and Stifel, Nicolaus & Company, Incorporated; and (3) as selling group members: Blaylock Beal Van, LLC, Drexel Hamilton LLC, Rice Financial Products Company, Stern Brothers & Co, and The Williams Capital Group, L.P. (collectively, the Underwriters), to provide underwriting services supporting the Port Authority's ongoing capital markets program and the refunding of outstanding debt obligations, for a three-year period, with two, one-year renewal options. This proposed action would provide for qualified Underwriters to be used to complete negotiated Port Authority debt issuances.

At its special meeting on June 28, 2012, after a publicly advertised Request for Proposals (RFP) process, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, authorized staff to enter into agreements with four senior managers to provide underwriting services to assist the Port Authority with negotiated financing for the redevelopment of the World Trade Center site, for an estimated period of three to five years. At its special meeting on June 25, 2014, after a publicly advertised RFP process, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, authorized the establishment of a pool of four senior managers and nine co-managers, for up to a three-year period, to provide underwriting services for the issuance of non-World Trade Center-related Port Authority debt obligations on a negotiated basis, to support both the ongoing capital markets program and the refunding of outstanding debt obligations.

With Port Authority construction work for the World Trade Center site redevelopment nearing completion, staff recommended that there was no longer a need for separate pools of underwriters. Therefore, in October 2015, a publicly advertised selection process was issued to establish a new pool of firms as Underwriters.

At the time of each negotiated debt issuance, the Port Authority would select a firm or firms from the pool of senior managers to serve as book-running senior manager(s) and co-senior manager(s), as appropriate. The selection of co-managers and selling group members, if any, for a specific negotiated debt issuance would depend, in part, on the overall size of the deal and consideration of the Port Authority's minority and women-owned business enterprise goals. The senior managing and co-managing underwriter services solicited under this selection process would replace all senior managing and co-managing underwriter pools authorized in 2012 and 2014.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, James, Laufenberg, Lipper, Lynford and Steiner voting in favor; Commissioners Degan, Fascitelli and Schuber recused and did not participate in the consideration of, or vote on, this item. 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 Chief Financial Officer and the Treasurer be and each hereby is authorized, individually, for and on behalf of the Port Authority, to select: (1) as senior managers: Bank of America Merrill Lynch, Citigroup Global Markets Inc., Goldman, Sachs & Co., Ramirez & Co., Inc. and Wells Fargo Securities; (2) as co-managers: Fidelity Capital Markets, Janney Montgomery Scott LLC, Jefferies LLC, J.P. Morgan Securities LLC, Loop Capital Markets LLC, RBC Capital Markets, Roosevelt & Cross Incorporated/Academy Securities, Inc., Siebert Brandford Shank & Co., L.L.C. and Stifel, Nicolaus & Company, Incorporated; and (3) as selling group members: Blaylock Beal Van, LLC, Drexel Hamilton LLC, Rice Financial Products Company, Stern Brothers & Co, and The Williams Capital Group, L.P., to provide underwriting services supporting the Port Authority's ongoing capital markets program and the refunding of outstanding debt obligations for up to a three-year period, with two, one-year renewal options; 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.

PORT AUTHORITY TUNNEL AND BRIDGE FACILITIES – TOLL COLLECTION PROGRAM – REPLACEMENT OF TOLL COLLECTION SYSTEM – PROJECT AUTHORIZATION AND AWARD OF CONTRACTS

It was recommended that the Board authorize: (1) a project for the replacement of the toll collection system for the Port Authority's bridge and tunnel facilities, including capability for all-electronic tolling (AET), at a total estimated project cost of \$170.1 million; (2) the Executive Director to take the following actions in connection with the delivery of the project: (a) award Contract MF-244.251 to Kapsch TrafficCom IVHS, Inc. (Kapsch) for the design and implementation of a replacement toll collection system, at an estimated total cost of \$73,532,711; (b) extend the term of an existing contract with Atkins Architecture and Engineering, for continued program management services for a four-year extension period, through December 31, 2021, and increase the amount of the contract by an estimated \$7.5 million, with an option to extend the term of the contract up to a total of two additional years, at an estimated additional amount of \$3 million; and (c) extend the term of an existing contract with Traffic Technologies Inc. for continued technical services to support the project for a four-year extension period, through December 31, 2021, and increase the amount of the contract by an estimated \$4.1 million, with an option to extend the term of the contract up to a total of two additional years, at an estimated additional amount of \$1.2 million; and (3) the Executive Director to take the following actions with respect to the ongoing operation and maintenance of the new toll collection system infrastructure following the successful completion of the project: (a) award Contract MF-244.251M to Kapsch for maintenance of the new toll collection system for a six-year period, at a total estimated amount of \$32,324,322, with options to extend the term of the contract for up to three, two-year periods, and a 120-day extension period, and to provide for optional replacement of certain equipment, at an additional total estimated amount of \$41,374,535; and (b) order net cost work, in an amount of up to \$10 million, in support of ongoing toll collection system maintenance requirements.

The existing Integrated Toll Collection System (ITCS), which collects an estimated amount of more than \$1.8 billion annually in toll revenues, is used to process tolls electronically, record cash tolls, capture images of vehicles of violators, report revenue and traffic data, control in-lane operations, record equipment maintenance activities and interface with the New York Customer Service Center for electronic toll transactions.

The current ITCS at the Port Authority's bridge and tunnel crossings was deployed in 1997, has exceeded its design life, and requires replacement.

At its February 25, 2010 meeting, the Board authorized, among other things, a project for the final design and construction of a new Replacement Toll Collection System (RTCS), with cashless AET capability, at all Port Authority bridge and tunnel vehicular crossings.

As a result of the termination of contracts awarded in July 2011 for the design, implementation and maintenance of the RTCS, due to the contractor's inability to meet all of the contract deliverables, it was necessary to develop a revised project implementation plan to ensure the protection of the existing toll revenue stream. A new publicly advertised Request for Proposals (RFP) was issued, which included demonstrations by prospective vendors of their toll collection system technology as part of the RFP process. Because the existing ITCS has had no significant upgrades since its deployment, at its meeting of June 25, 2014, the Board authorized, among other things, various actions to provide for strategic investments in the ITCS, at an estimated total cost

of \$38.8 million, in order to extend its useful life and ensure its continued operation until December 2020, to provide sufficient time for a new RTCS to be procured, designed, developed and installed.

The proposed project would be in place of the project authorized by the Board at its February 25, 2010 meeting, due to the aforementioned circumstances that resulted in the termination of the prior contracts.

A publicly advertised RFP for the design and construction of the RTCS and its post-implementation maintenance was issued on November 26, 2014 and was followed by a thorough evaluation process, which resulted in the selection of Kapsch as the highest rated proposer.

A construction staging plan for the proposed project has been developed, to minimize impacts on the public.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, 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 a project for the replacement of the toll collection system for the Port Authority's bridge and tunnel facilities, including capability for all-electronic tolling, at a total estimated project cost of \$170.1 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 the following actions in connection with the foregoing project: (1) award Contract MF-244.251 to Kapsch TrafficCom IVHS Inc. (Kapsch) for the design and implementation of a replacement toll collection system, at an estimated total cost of \$73,532,711; (2) extend the term of an existing contract with Atkins Architecture and Engineering, for continued program management services for a four-year extension period, through December 31, 2021, and increase the amount of the contract by an estimated \$7.5 million, with an option to extend the term of the contract up to a total of two additional years, at an estimated additional amount of \$3 million; and (3) extend the term of an existing contract with Traffic Technologies Inc. for continued technical services to support the project for a four-year extension period, through December 31, 2021, and increase the amount of the contract by an estimated \$4.1 million, with an option to extend the term of the contract up to a total of two additional years, at an estimated additional amount of \$1.2 million; 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 the following actions with respect to the ongoing operation and maintenance of the new toll collection system infrastructure following the successful completion of the foregoing project: (1) award Contract MF-244.251M to Kapsch for maintenance of the new toll collection system for a six-year period, at a total estimated amount of \$32,324,322, with options to extend the term of the contract for up to three, two-year periods, and a 120-day extension period, and to provide for optional replacement of certain equipment, at an additional total amount of

\$41,374,535; and (2) order net cost work, in the amount of up to \$10 million, in support of ongoing toll collection system maintenance requirements; 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.

BROOKLYN-PORT AUTHORITY MARINE TERMINAL – BROOKLYN CRUISE TERMINAL – SHORE POWER INSTALLATION – AUTHORIZATION OF ADDITIONAL FUNDS FOR PROJECT COMPLETION AND INCREASE TO ASSOCIATED CONTRACT

It was recommended that the Board authorize: (1) the expenditure of an additional amount of approximately \$1.84 million in support of the completion of a project to construct a shore power facility to deliver landside electrical power, in lieu of ship-board diesel-generated power, to cruise ships calling at the Brooklyn Cruise Terminal (BCT), located at Pier 12 at the Brooklyn-Port Authority Marine Terminal (BPAMT), which would result in a revised total estimated project cost of \$21.14 million; and (2) the Executive Director to increase the amount of Contract BP-694.504A with Paul J. Scariano, Inc. by approximately \$674,288, to provide compensation for additional work, downtime, and costs due to the extended contract duration, which would result in a revised contract amount of \$10,942,417, the cost of which is included within the revised total estimated project cost.

At its meeting of August 5, 2010, the Board authorized the shore power facility project at the BCT, which is leased to the New York City Economic Development Corporation (NYCEDC). In addition, the Board authorized the Executive Director to enter into agreements with: (1) Cochran, Inc. for consulting, project development and engineering services for the shore power substation, and for the purchase, testing and commissioning of the shore power electrical equipment and vessel interface system, at a total estimated cost of \$3.1 million; and (2) Lizardos Engineering, Inc. for the final design of the shore power infrastructure and for construction support services, at a total estimated cost of \$660,000, with funding for both agreements included as part of the \$15 million project authorization, of which approximately \$2.858 million was reimbursed to the Port Authority through a United States Environmental Protection Agency grant.

The shore power facility project consists of: (1) construction of a new service substation with three isolation transformers and switchgear to provide utility-required short-circuit protection for Consolidated Edison Company of New York's (Con Edison) three feeders; (2) routing of power via duct bank to a new shore power substation; (3) construction of the new shore power substation to manage the power transfer to cruise ships; and (4) routing of power and communication lines from the new shore power substation to the on-board cruise ship power interface equipment, which includes the cable-handling equipment. The details of the vessel interface, including cable sizes and connectors and data communications, complied with specifications developed by Carnival Corporation (Carnival).

The original project cost estimate was based on a Stage 1 design. As the design progressed, unforeseen conditions and requirements were identified that resulted in design scope changes and increased estimated construction costs. These included: increased structural costs associated with enhancing the load-bearing capacity of Pier 12 to support the shore power substation; costs to meet Con Edison requirements for additional conduit and cable, and the relocation of the outdoor substation and the shore power substation, which increased construction costs associated with that work; and an unanticipated increase in market driven costs for equipment and materials. Also, Port Authority staff recommended an increase in project contingency due to the high proportion of electrical equipment on this project and the anticipated continued volatility in the cost of materials and their potential impact on bids. Lastly, the design scope changes and extended

negotiations on technical engineering issues with stakeholders on additional requirements resulted in increased planning and engineering costs.

On June 28, 2012, the Board re-authorized the project, at a total estimated cost of \$19.3 million, with the additional \$4.3 million to be provided through the Port Authority's Comprehensive Bi-State Dredging and Disposal Plan commitment, at the request of the State of New York. Pursuant to a publicly advertised procurement, Contract BP-694.504A was awarded to Paul J. Scariano, Inc., for the construction of two electrical substations and supporting infrastructure for the shore power project, at a total estimated cost of \$10,268,129, inclusive of net cost work and extra work. The project involved a number of agreements with public and private entities, including, but not limited to, a New York Power Authority-NYCEDC electricity cost-sharing agreement, NYCEDC's lease agreement with the Port Authority to assume ongoing operation and maintenance costs associated with the shore power infrastructure, and the commitment from Carnival to retrofit, at its own expense, two vessels that call at the BCT with shore power equipment. The project has been substantially completed in order to obtain Temporary Use and Occupancy Permits for the shore power facility that will allow the Port Authority to turn over operation and maintenance of the system to NYCEDC, consistent with the terms of its lease of the BCT. Additional minor work is needed to fully complete the project and to obtain Final Use and Occupancy Permits.

The additional funds being requested under this authorization are needed to address: (1) contractor overhead costs associated with extended contract duration; (2) contractor costs for unforeseen impacts to productivity, staging and scheduling, including demobilization/mobilization costs due to unanticipated numbers of contractually required "dark days" (no work) during BCT events, and costs associated with the late and unforeseen cancellation of scheduled ship commissioning events; (3) additional planning and engineering costs associated with meeting new Federal Emergency Management Agency flood elevations that extended the contract duration, including the installation and positioning of the heating, ventilation and air conditioning rooftop unit and general revisions to the transformer deluge fire suppression system; (4) post-contract work orders to allow for closing of the main construction contract; and (5) Port Authority-allocated costs associated with the extended contract duration.

This action would provide for completion of the shore power facility project, which will reduce emissions from cruise ships at the BCT.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, 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 expenditure of an additional amount of approximately \$1.84 million in support of the completion of a project to construct a shore power facility to deliver landside electrical power, in lieu of ship-board diesel-generated power, to cruise ships calling at the Brooklyn Cruise Terminal, located at Pier 12 at the Brooklyn-Port Authority Marine Terminal, resulting in a revised total estimated project cost of \$21.14 million, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to increase the amount of Contract BP-694.504A with Paul J. Scariano, Inc. by approximately \$674,288, to provide compensation for additional work, downtime, and additional costs due to the extended contract duration, which will result in a revised contract amount of \$10,942,417, the cost of which is included within the revised total estimated project cost; 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.

ONE WORLD TRADE CENTER – INCREASE IN SCOPE TO THE EXISTING OWNER’S REPRESENTATIVE AND CONSTRUCTION MANAGER AGREEMENT WITH AFFILIATES OF THE DURST ORGANIZATION IN SUPPORT OF THE EXPANSION OF THE TENANT PRE-BUILT PROGRAM AND LOBBY IMPROVEMENTS

In connection with the leasing and fit-out of One World Trade Center (One WTC), it was recommended that the Board authorize the Executive Director to amend agreements with Royal 1 WTC Management LLC (Royal), an affiliate of the Durst Organization (Durst), to increase the scope of the Owner’s Representative and Construction Manager Agreement, at an aggregate estimated cost of \$31.5 million, including fees of six percent for owner’s representative and construction management services and nine percent of construction costs for general conditions, to include: (1) a fourth phase of the Tenant Pre-Built Program (Pre-Built Program), consisting of three full floors of additional pre-built suites, at a cost of approximately \$30 million; and (2) the continued design and fit-out of lobby spaces, at a cost of approximately \$1.5 million.

At its meeting of August 5, 2010, the Board authorized a transaction with Durst for Durst to become a joint venture partner with the Port Authority in the net leasehold interest of One WTC and to participate and/or advise in the construction, financing, leasing, management and operation of One WTC.

The Pre-Built Program was developed to meet the demand for leased premises smaller than the standard floor plates of 32,000 to 48,000 square feet at One WTC. The program was designed to accommodate significant demand for small commercial office space in Lower Manhattan. The Board previously authorized certain actions, at its meetings of July 24, 2013, October 22, 2014, and November 19, 2015, in support of the lease-up of One WTC, including the allocation of an aggregate amount of \$56.7 million for the development of pre-built spaces. To date, approximately 166,000 rentable square feet of pre-built space is under signed lease at One WTC, representing approximately 67 percent of the total pre-built inventory under the first three phases. The implementation of Phase IV of the Pre-Built Program would allow the Port Authority to continue to meet the high demand for these types of spaces.

The proposed added scope of the agreements with Royal includes the following: (1) development of three full floors of additional pre-built space to accommodate tenants who wish to occupy less than a full floor, at an estimated cost of \$30 million; and (2) improvements to the lobby spaces, including the installation of a media wall in the public lobby adjacent to the Conde Nast lobby, in addition to new furniture, artwork and/or finishes on the ground floor lobby, all of which are consistent with best practices at comparable Class A office buildings and would enhance leasing efforts, at an estimated cost of approximately \$1.5 million.

The Joint Venture Agreement and related documents authorized by the Board on August 5, 2010 and May 25, 2011 anticipated that Durst would act as construction manager or owner’s representative with respect to the fit-out of space within One WTC, and specified that a separate agreement would be reached on the terms of such work. Accordingly, on July 24, 2013, the Board authorized the Owner’s Representative and Construction Management Agreement with Royal to act as the owner’s representative and construction manager for the fit-out of a Tenant Pre-Built Program in One WTC, and for the fit-out of the lobby spaces of One WTC.

Royal would retain construction services necessary to implement the work through procurement processes, as defined in the agreements.

Pursuant to the foregoing report, the following resolution was adopted, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, 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 amend agreements with Royal 1 WTC Management LLC, an affiliate of the Durst Organization, to increase the scope of the Owner's Representative and Construction Manager Agreement, at an aggregate estimated cost of \$31.5 million, including fees of six percent for owner's representative and construction management services and nine percent of construction costs for general conditions, to include: (1) a fourth phase of the Tenant Pre-Built Program, consisting of: (a) three full floors of additional pre-built suites, at a cost of approximately \$30 million; and (b) the continued design and fit-out of lobby spaces, at a cost of approximately \$1.5 million; 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 any and all action to effectuate the foregoing, including the execution of contracts, agreements and other documents, together with amendments and supplements thereof, or amendments and supplements to existing contracts, agreements and other documents, and to take action in accordance with the terms of such contracts, agreements and documents, as may be necessary in connection therewith; 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.

GENERAL COUNSEL REVIEW OF BOARD-AUTHORIZED CONTRACTS AND AGREEMENTS

In furtherance of the Board's discussion at its March 24, 2016 meeting, the following resolution was adopted with respect to requirements for the final terms of Board (or Committee) authorized contracts and agreements, with Commissioners Bagger, Cohen, Degnan, Fascitelli, James, Laufenberg, Lipper, Lynford, 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 General Counsel, or his designee, shall review each contract or agreement (including any amendment, modification or renewal thereof) authorized by the Board of Commissioners ("Board") or a Committee of the Board to determine whether, in his opinion, its final terms are substantially in accord with the terms of the applicable authorizing resolution(s) and any accompanying report; and it is further

RESOLVED, that if, in the General Counsel's opinion, the terms of such contract or agreement are not substantially in accord with said authorizing resolution(s) and report, he shall advise the Board in writing, specifying the manner in which the contract or agreement is not in substantial accord with the authorizing resolution(s) and report; and in the event that the General Counsel or his designee so advises the Board, and prior to the execution of the contract or agreement by the Executive Director, or his designee, the Board shall vote on whether to approve the execution of the contract or agreement as presented.

Whereupon, the meeting was adjourned.

Secretary