

PORT AUTHORITY TRANS-HUDSON CORPORATION

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

Wednesday, April 24, 2013

PATH – Memorandum of Understanding, Contract of Sale, Operating Agreement and Other Agreements with Consolidated Rail Corporation

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PORT AUTHORITY TRANS-HUDSON CORPORATION

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

**225 Park Avenue South
New York, NY
Wednesday, April 24, 2013**

PRESENT:

Hon. David Samson, Chairman
Hon. Scott H. Rechler, Vice-Chairman
Hon. Richard H. Bagger, *pro tem*
Committee Members

Hon. Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. James P. Rubin
Hon. Anthony J. Sartor
Hon. William P. Schuber
Hon. David S. Steiner
Directors

Patrick J. Foye, President
William Baroni, Jr., Vice-President and Secretary
Darrell B. Buchbinder, Counsel

Susan M. Baer
Matthew Bell
James E. Blackmore
Steven J. Coleman
Philippe Danielides
Stephanie E. Dawson
Michael B. DeGidio
Gerard A. Del Tufo
John C. Denise
Claudia Dickey
Gretchen P. DiMarco
Daniel D. Duffy
Joseph P. Dunne
Karen E. Eastman
Michael A. Fedorko
Michael B. Francois
Cedrick T. Fulton
Lash L. Green
Linda C. Handel
Mary Lee Hannell
Andrew T. Hawthorne
Anthony Hayes

Mark Hoffer
Howard G. Kadin
Stephen Kingsberry
Cristina M. Lado
Richard M. Larrabee
John J. Liantonio
John H. Ma
Lisa MacSpadden
Stephen Marinko
Ronald Marsico
Michael G. Massiah
Daniel G. McCarron
Elizabeth M. McCarthy
James E. McCoy
Christopher J. Mohr
Anne Marie C. Mulligan
Joann S. Papageorgis
Jared Pilosio
Steven P. Plate
Daniel Portuese
Alan L. Reiss
Juan Carlos Rojas
Jessica D. Russ
Cruz C. Russell
John F. Ryan
Brian W. Simon
Laurie Spencer
Timothy G. Stickelman
Gerald B. Stoughton
Robert A. Sudman
Albert A. Terriego
Ralph Tragale
David B. Tweedy
I. Midori Valdivia
Christopher M. Valens
Lillian D. Valenti
Michael L. Valletta
Sheree R. Van Duyne
David M. Wildstein
William J. Young
Peter J. Zipf

Guests:

Nicole Crifo
John J. Drobny
Regina Egea
MaryAnn Liberatore
Jeanine M. Thompson

Speakers:

Richard T. Anderson
Phillip Beachem
Murray Bodin
Joseph Curto
Margaret Donovan
Michael Frost
Richard Hughes
Jerry Keenan
Patricia A. Lewis
Assefash Makonnen
John Nardi
Deborah O'Brien
Michael A. O'Brien
Jackson Scott
Anthony Stramaglia
Neile Weissman

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Directors present to consider an item on the agenda at today's Board meeting, Counsel reported that, pursuant to the By-Laws, a special meeting of the Committee on Operations was called to permit the Committee to act on the item for and on behalf of the Board.

The meeting was called to order in public session at 1:47 p.m. and ended at 3:14 p.m. Directors Rubin and Sartor were present for a portion of the meeting.

**PATH – MEMORANDUM OF UNDERSTANDING, CONTRACT OF SALE,
OPERATING AGREEMENT AND OTHER AGREEMENTS WITH
CONSOLIDATED RAIL CORPORATION**

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to: (1) enter into a Memorandum of Understanding (MOU) with Consolidated Rail Corporation (Conrail) agreeing to an exchange of property interests and operational rights and obligations related to PATH and Conrail operations in northern New Jersey; (2) enter into all agreements and documents necessary to effectuate the terms and conditions of the MOU, including, without limitation, an amended or restated operating agreement, a contract of sale, and a release and substitution of easements; and (3) incur all costs and expenses and execute all documents involving, among other matters, environmental studies, appraisals, surveys, title searches and title insurance, necessary or incidental to the conveyance of any property interests in connection with the foregoing.

Conrail owns, operates, maintains and has property interests in, a considerable amount of property in and around PATH facilities and tracks. PATH has rights and interests with respect to a considerable amount of Conrail property located in New Jersey. The various rights, obligations and property interests of PATH and Conrail are set forth in a conveyance deed, dated June 30, 1987 (Conveyance Deed), from Conrail to PATH, and an operating agreement, dated June 30, 1987, between PATH and Conrail (1987 Operating Agreement), among other documents. In light of current operational and capital needs, Conrail and PATH have negotiated the proposed MOU, which sets forth an agreement between the parties regarding mutually beneficial actions.

Under the proposed MOU, Conrail would agree to quitclaim, release and/or assign to PATH Conrail's permanent and perpetual easements in land and tracks located at: (1) Block 501, Lot 1 on the Tax Map of the City of Jersey City, New Jersey and commonly referred to as the Waldo Yards Easements; and (2) Block 507, Lot 1 on the Tax Map of the City of Jersey City. Additionally, Conrail would agree to quitclaim, release and/or assign to PATH Conrail's term easement in and to 500 feet of railroad track located east of the Journal Square Transportation Center in Jersey City, New Jersey, at the end of the term easements between Waldo Avenue and the permanent easements in Waldo Avenue Yard and commonly referred to as Term Easement No. 8. Conrail would retain the remainder of its existing term easements under the Conveyance Deed, with an additional 15-year renewal period, expiring on June 30, 2092. Currently, there is only one way in and out of Waldo Yards, resulting in a very congested work area. By assuming the permanent and perpetual easements from Conrail in Waldo Yards and assuming Term Easement No. 8, PATH would gain two additional means of ingress and egress.

The existing PATH Substation 7 is outdated and in need of replacement. Under the MOU, Conrail would agree to convey to PATH all of Conrail's rights, title and interest in and to Block 1603.1, Lot 1 on the Tax Map of the City of Jersey City, consisting of 1.488 acres (Substation 7 Property) adjacent to the existing Substation 7. PATH would construct a new Substation 7 on the 1.488-acre parcel, to replace the existing substation. Under the Conveyance Deed, Conrail is obligated to pay to PATH an annual rental in the amount of \$70,000 for certain term easements reserved to Conrail (Term Easements). As part of the MOU, PATH would make certain special considerations to Conrail with regard to rentals due to PATH, in exchange for the conveyance to PATH of the Substation 7 Property.

The Hackensack Bridges are two separate “vertical lift” rail bridges crossing the Hackensack River; one rail bridge is used exclusively by PATH for transporting passengers (Passenger Bridge), and the other is used by Conrail and others for transporting goods and freight (Freight Bridge). The Passenger Bridge is owned and maintained by PATH. Under the 1987 Operating Agreement, Conrail is responsible for operating both bridges. Under the Amended Operating Agreement in connection with the proposed MOU, PATH would assume Conrail’s obligation to operate the Passenger Bridge and agree to retain its obligation to maintain and repair the Passenger Bridge. Conrail would retain its obligation to operate, maintain and repair the Freight Bridge.

Presently, Conrail is responsible for maintaining and repairing the drainage over the property and tracks subject to the Term Easements, as provided under the 1987 Operating Agreement. Under the MOU, PATH would agree to bring the drainage facilities in those areas to a state of good repair. Thereafter, Conrail would continue to be responsible for the maintenance and repair of the drainage facilities, as provided under the existing agreements. Should Conrail fail to maintain the drainage facilities thereafter, PATH may repair the drainage facilities, and Conrail would reimburse PATH for those costs.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to the By-Laws, adopted the following resolution, with Directors Bagger, Rechler and Samson voting in favor. Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that the President of Port Authority Trans-Hudson Corporation (PATH) be and he hereby is authorized, for and on behalf of PATH, to: (1) enter into a Memorandum of Understanding (MOU) with Consolidated Rail Corporation (Conrail) agreeing to an exchange of property interests and operational rights and obligations related to PATH and Conrail operations in northern New Jersey; (2) enter into all agreements and documents necessary to effectuate the terms and conditions of the MOU, including, without limitation, an amended or restated operating agreement, a contract of sale, and a release and substitution of easements; and (3) incur all costs and expenses and execute all documents, involving, among other matters, environmental studies, appraisals, surveys, title searches and title insurance, necessary or incidental to the conveyance of any property interests in connection with the foregoing; all, substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the form of all agreements and documents in connection with the foregoing shall be subject to the approval of Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Counsel