PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES
Thursday, July 27, 2006

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MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, July 27, 2006, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
Hon. Angelo J. Genova
Hon. Raymond M. Pocino
Hon. Anthony J. Sartor
Hon. Jack G. Sinagra
Hon. David S. Steiner

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
Hon. Bruce A. Blakeman
Hon. Henry R. Silverman

Kenneth J. Ringler, Jr., President
Ernesto L. Butcher, Vice-President and General Manager
Darrell B. Buchbinder, Counsel

Linda K. Bentz
A. Paul Blanco
John D. Brill
Arthur J. Cifelli
Steven J. Coleman
William R. DeCota
John C. Denise
Michael P. DePallo
Pasquale DiFulco
John J. Drobny
Karen E. Eastman
Michael G. Fabiano
James P. Fox
Michael B. Francois
Raul Garcia
Aaron Graham
Max Gross
Linda C. Handel
Brian Jacob
Howard G. Kadin
Victoria C. Kelly
Shawn K. Laurenti
Mark LaVorgna
Francis J. Lombardi
Robert F. Lurie
Stephen Marinko
Michael G. Massiah
John P. McCarthy
James E. McCoy

Anne Marie C. Mulligan
Lynn A. Nerney
Steven P. Plate
Alan L. Reiss
Cruz C. Russell
Edmond F. Schorno
Ken Shih
Stephen Sigmund
Timothy G. Stickelman
Sheree Van Duyne
Louis P. Venech
I. David Widawsky
Peter J. Zipf

Guest:
Melissa Lieberman

The public session was called to order by Chairman Coscia at 1:42 p.m. and ended at 2:02 p.m. The Board met in executive session prior to the public session.

Action on Minutes

The Vice-President submitted for approval Minutes of the meeting of May 25, 2006. He reported that copies of these Minutes were sent to all of the Directors and to the Governors of New York and New Jersey. He reported further that the time for action by the Governors of New York and New Jersey has expired.

Whereupon, the Board of Directors unanimously approved the Minutes.

SETTLEMENT OF CLAIM – ARTHUR KIZMAN v. PORT AUTHORITY TRANS-HUDSON CORPORATION

It was recommended that the Board authorize Counsel, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to finalize the settlement of a personal injury claim entitled Arthur Kizman v. Port Authority Trans-Hudson Corporation, brought pursuant to the Federal Employers' Liability Act, for a total amount of $229,692.67, inclusive of attorneys' fees, costs and disbursements. Of this amount, $115,000 would be paid to plaintiff and his attorneys for his claims for pain and suffering and out-of-pocket wage loss, $70,868.29 is attributable to a waiver of the lien held by PATH for wage benefits paid to plaintiff, and $43,824.38 is attributable to a waiver of the lien held by PATH for medical bills paid by PATH. Plaintiff would provide PATH with a General Release and Stipulation of Dismissal with Prejudice.

Plaintiff, Arthur Kizman, who was 57 years old at the time of the incident and employed by PATH as an Electrician, has alleged that on July 31, 2002, he injured his right shoulder and neck while working on a PATH railcar. He claimed this occurred as he attempted to lift himself from a seated and contorted position and was required to grab onto the car lip in an attempt to avoid oil and debris in the area at the Harrison Car Repair Facility. Plaintiff had been instructed by his foreman to troubleshoot a converter on the car while on the ground level of the shop, rather than on an elevated track, as the procedure is normally performed. He reported to the Port Authority Office of Medical Services and was referred to an orthopedist, who diagnosed the injuries as follows: a right rotator cuff tear and cervical spine entrapment with significant nerve root irritation. On December 8, 2002, he underwent cervical decompression and a synovectomy. An orthopedist retained by PATH could not state definitively that plaintiff's right shoulder injury was unrelated to the workplace accident, and opined that Mr. Kizman had not responded favorably to surgical intervention. Plaintiff initially returned to work in October 2002 prior to his first surgery, but after a second surgery in December 2002, he was unable to perform his duties. He retired on May 7, 2004, alleging that he would have worked to age 65. An economist retained by plaintiff estimated his lost wage claim at $366,872.

After a mandatory arbitration hearing, an arbitrator awarded plaintiff $718,883, together with a waiver of all PATH liens. As permitted by the New Jersey Rules of Court, PATH demanded a trial *de novo*, and the case was eventually tried before a jury for three days. Before the matter was submitted to the jury for deliberation, the parties agreed upon the above settlement, subject to Board approval.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

> **RESOLVED,** that Counsel be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation, to finalize the settlement of the pending civil action entitled Arthur Kizman v. Port Authority Trans-Hudson Corporation for a total amount of $229,692.67 inclusive of attorneys' fees, costs and disbursements.

SETTLEMENT OF CLAIM – HELEN DESTEFANO, INDIVIDUALLY AND AS ADMINISTRATRIX OF THE ESTATE OF PHILIP DESTEFANO, DECEASED v. PORT AUTHORITY TRANS-HUDSON CORPORATION

It was recommended that the Board authorize Counsel, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to finalize the settlement of a wrongful death claim in the action entitled Helen DeStefano, Individually and as Administratrix of the Estate of Philip DeStefano, Deceased v. Port Authority Trans-Hudson Corporation, brought pursuant to the Federal Employers' Liability Act, in the amount of $260,000, inclusive of attorneys' fees, costs and disbursements. Plaintiff would provide PATH with a General Release and Stipulation of Dismissal with Prejudice.

Plaintiff alleged that the death of Philip DeStefano on May 15, 2001 was caused by occupational exposures to steel and asbestos dust and asbestos insulation during Mr. DeStefano's career as a PATH employee. It was alleged that such exposure caused Mr. DeStefano to develop non-small cell carcinoma of the lung, which metastasized to the brain, resulting in his death. At the time of his death, Mr. DeStefano was 55 years of age and had retired from PATH service.

Medical experts retained by PATH opined that Mr. DeStefano died of metastatic lung cancer, as a result of chronic cigarette smoking. Plaintiff's medical expert concluded that Mr. DeStefano died of lung cancer as a result of his exposure to occupational contaminants. Plaintiff also retained a Certified Industrial Hygienist who highlighted studies that linked exposure to contaminants and lung cancer. Both reports indicated that cigarette smokers are at a higher risk of developing lung cancer if exposed to such contaminants. An economist retained by plaintiff estimated Mr. DeStefano's pecuniary loss at $1,101,994, which includes $401,660 in lost wages and $700,334 for services lost, based on projected life expectancy at time of death.

Plaintiff initially demanded $1.8 million to settle this action, but through aggressive negotiation and with the assistance of the Court, the parties agreed upon the settlement as above described, subject to Board approval.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Blakeman, Coscia, Gargano, Genova, Pocino, Sartor, Sinagra, Silverman and Steiner voting in favor; none against:

RESOLVED, that Counsel be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation, to finalize the settlement of the pending civil action entitled Helen DeStefano, Individually and as Administratrix of the Estate of Philip DeStefano, Deceased v. Port Authority Trans-Hudson Corporation for a total amount of $260,000, inclusive of attorneys' fees, costs and disbursements.

Whereupon, the meeting was adjourned.

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Vice-President