

NEW YORK AND NEW JERSEY RAILROAD CORPORATION

MINUTES OF SPECIAL BOARD MEETING

Friday, June 2, 2000

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New York and New Jersey Railroad Corporation – Freight Rail Connection to the
Chemical Coast Line – Project Authorization and Planning Authorization

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MINUTES of a Special Meeting of the New York and New Jersey Railroad Corporation held Friday, June 2, 2000, at One World Trade Center, City, County and State of New York.

PRESENT:

NEW JERSEY

Hon. Lewis M. Eisenberg, Chairman
 Hon. Kathleen A. Donovan
 Hon. William J. Martini
 Hon. Alan G. Philibosian
 Hon. Anthony J. Sartor
 Hon. James Weinstein

Robert E. Boyle, President
 Jeffrey S. Green, Vice-President and Secretary

Kayla M. Bergeron
 Daniel D. Bergstein
 Bruce D. Bohlen
 Lillian C. Borrone
 Gregory G. Burnham
 William J. Cahill
 Anthony G. Cracchiolo
 William DeCota
 Karen E. Eastman
 Michael Glassner
 Marylee Hannell
 Louis J. LaCapra
 Francis J. Lombardi
 Stephen Marinko
 Charles F. McClafferty
 Allen M. Morrison
 Catherine F. Pavelec
 Kenneth P. Philmus
 Alan L. Reiss
 Paul D. Segalini
 Ronald H. Shiftan
 Christopher O. Ward
 Margaret R. Zoch

Guests

Kevin Corbit
 John Donnelly
 Maura Gallucci
 Devon Graf
 Jay Hector

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. David S. Mack
 Hon. Bradford J. Race, Jr.

The public meeting was called to order by the Chairman at 10:00 a.m. and ended at 10:03 a.m. The Board met in executive session prior to the public meeting.

The Directors unanimously consented to a suspension of the provisions of the By-Laws relating to written notice for the meeting.

NEW YORK AND NEW JERSEY RAILROAD CORPORATION – FREIGHT RAIL CONNECTION TO THE CHEMICAL COAST LINE – PROJECT AUTHORIZATION AND PLANNING AUTHORIZATION

It was recommended that the Board of Directors of the New York and New Jersey Railroad Corporation (Corporation) authorize, subject to any appropriate authorizations and certifications, including those necessary for the issuance of Port Authority Consolidated Bonds, a project estimated at \$35 million for planning, design, and construction of a new freight rail connector between the Staten Island Railroad (SIRR) and the CSX and Norfolk Southern (formerly Conrail) Chemical Coast Line in Elizabeth, New Jersey (the north connector). In addition, it was recommended that the Board of Directors authorize expenditure of up to \$5 million for planning and design of a second connector between the two lines (the south connector). The President of the Corporation would also be authorized to enter into a professional services agreement with Hardesty & Hanover, LLP, in the estimated amount of \$1.9 million, for preliminary engineering, development of contract documents, and construction related services for the north connector.

On June 6, 1996, the Board of Commissioners of The Port Authority of New York and New Jersey authorized the Executive Director to form a new Port Authority subsidiary corporation as a terminal railroad to effectuate rail freight projects and to provide freight rail service between Staten Island, New York, and New Jersey, including:

1. obtaining authority from the Federal Surface Transportation Board to operate a freight railroad;
2. entering into agreements with the New York City Economic Development Corporation (NYCEDC) and the New Jersey Department of Transportation (NJDOT) to lease certain railroad property, operate the Arthur Kill Lift Bridge and provide service over the former SIRR; and
3. selecting a private rail operator to manage and operate such service.

Since then, it has been determined that CSX and Norfolk Southern (CSX/NS) are to operate the line and extensive discussions have also been held with the NJDOT, Union County, New Jersey, and the NYCEDC. After analysis of the proposed rail operation through Union County, it was concluded that the north connector to the former Conrail Chemical Coast Line should be constructed and the southern connector should be developed through the design phase. The segment of the original SIRR main line between the Arthur Kill and Cranford, New Jersey, would be operated only for local freight service.

The north connector project would establish a new connection to the Chemical Coast Line, a heavily used industrial track running roughly north-south primarily serving the chemical industry, intermodal facilities in Elizabeth and the Port Authority's New Jersey Marine Terminals. It connects directly with all major CSX/NS routes linking the region with inland markets. The project would facilitate the movement of long and heavy intermodal trains from the Howland Hook Marine Terminal in Staten Island, New York, and avoid

operations through residential areas and at-grade street crossings in Union County, New Jersey. In addition, planning and design would be begun for a south connector. These connections would increase safety, improve operating efficiency, and mitigate potential impacts on local neighborhoods. They would also reduce future maintenance costs for the SIRR Cranford line and potentially provide operating synergies and flexibility by linking the Howland Hook Marine Terminal in New York with the Port Authority's New Jersey Marine Terminals and ExpressRail.

The SIRR right-of-way currently extends westward from the vicinity of the Howland Hook Marine Terminal in Staten Island, New York, crossing the Arthur Kill on a lift bridge and continuing on an elevated structure over the Chemical Coast Line and the New Jersey Turnpike. The right-of-way then extends westward approximately five miles, to a junction with CSX/NS (Conrail) in Cranford, Union County, New Jersey. Portions of the line west of the New Jersey Turnpike are at ground level, including eight at-grade crossings of local streets, with gates and/or flashing lights.

The proposed north and south connectors to the Chemical Coast Line are expected to require approximately two years and eight months and three years and four months, respectively, to complete from early action items through design and construction. If, during that time, the State of New Jersey and Union County decide to move forward with a project to rehabilitate the SIRR line to Cranford, it may be possible to begin an interim rail service before these connections are complete. CSX/NS have already indicated their approval and support of the project.

Pursuant to the foregoing report, the following resolution was adopted with Directors Donovan, Eisenberg, Gargano, Mack, Martini, Philiposian, Race, Sartor and Weinstein voting in favor; none against:

RESOLVED, that, subject to any appropriate authorizations and certifications including those necessary for the issuance of Port Authority Consolidated Bonds, the above-described project for planning, design, and construction, of a new north freight rail connector between the Staten Island Railroad (SIRR) and the CSX and Norfolk Southern (formerly Conrail) Chemical Coast Line in Elizabeth, New Jersey, at a total estimated project cost of \$35 million, including payments to contractors, allowances for extra work (if necessary) and net cost work, payment to consultants, planning, engineering, administrative and financial expenses, and a project contingency (if necessary) be and it hereby is authorized; and it is further

RESOLVED, that \$5 million be and it hereby is authorized for the design of a new southern connector between the SIRR and the Chemical Coast Line; and it is further

RESOLVED, that the President be and he hereby is authorized, for and on behalf of the New York and New Jersey Railroad Corporation

(Corporation), to: (a) award a professional services agreement with the firm of Hardesty & Hanover, LLP, in the estimated amount of \$1.9 million, including contingency and project change allowance, for preliminary engineering, development of contract documents, and construction-related services for the north connector; and to enter into other agreements with professional service firms for engineering services related to connections to the Chemical Coast Line; (b) take action with respect to purchase and construction contracts and contracts for professional and advisory services related to the foregoing as he deems in the best interest of the Corporation; (c) execute contracts and supplemental agreements with such bidders or contractors as he deems in the best interest of the Corporation, and to order extra work (if necessary) and net cost work in connection with each contract, including supplemental agreements thereto; and (d) enter into such other agreements as may be necessary to effectuate the above-described; 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 Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Assistant Secretary