

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES*

Wednesday, December 10, 2014

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* The actions set forth in these Minutes shall have no force and effect until the expiration of the statutorily required gubernatorial review period (currently expected to occur at Midnight on December 26, 2014), unless sooner approved by the Governors of both the State of New York and the State of New Jersey, or vetoed by either.

MINUTES of the Meeting of The Port Authority of New York and New Jersey held Wednesday, December 10, 2014 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. Raymond M. Pocino
 Hon. William P. Schuber
 Hon. David S. Steiner

Patrick J. Foye, Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Thomas E. Belfiore, First Deputy Chief Security Officer
 Thomas L. Bosco, Director, Aviation
 Ana M. Carvajalino, Assistant Director, Financial Forecasting, Management and Budget
 Rosemary Chiricolo, Deputy Director, Management and Budget
 Steven J. Coleman, Acting Director, Media Relations
 Nicole Crifo, Chief of Staff to the Deputy Executive Director
 Paul V. Crist, Assistant Director, Asset Management, Tunnels, Bridges and Terminals
 Stephanie E. Dawson, Acting Chief Operating Officer
 Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and Development
 John C. Denise, Audio Visual Supervisor, Marketing
 Claudia Dickey, Director, Security Business Resource Planning, Office of the Chief Security Officer
 Joseph P. Dunne, Chief Security Officer
 Diannae C. Ehler, Deputy Director, Tunnels, Bridges and Terminals
 Michael A. Fedorko, Director, Public Safety/Superintendent of Police
 Sean M. Fitzpatrick, Chief of Staff to the Chairman
 Michael B. Francois, Chief, Real Estate and Development
 Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
 Robert E. Galvin, Chief Technology Officer
 David P. Garten, Chief of Staff to the Vice Chairman
 Lash L. Green, Director, Office of Business Diversity and Civil Rights
 Linda C. Handel, Deputy Secretary
 Mary Lee Hannell, Chief, Human Capital
 Howard G. Kadin, Esq., Law
 Sherien N. Khella, Financial Advisor to the Chief Financial Officer
 Stephen Kingsberry, Director, Rail Transit
 Cristina M. Lado, Director, Government and Community Affairs, New Jersey
 Richard M. Larrabee, Director, Port Commerce
 John H. Ma, Chief of Staff to the Executive Director
 Stephen Marinko, Esq., Law
 Ronald Marsico, Assistant Director, Media Relations

NEW YORK

Hon. Scott H. Rechler, Vice-Chairman
 Hon. Kenneth Lipper
 Hon. Jeffrey H. Lynford
 Hon. Jeffrey A. Moerdler

Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
 Daniel G. McCarron, Comptroller
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 David J. McGrath, Acting Director, Marketing
 Carlene V. McIntyre, Assistant General Counsel
 Camille T. Moglia, Executive Business Manager, Office of the Chief Financial Officer
 Michael Nestor, Inspector General
 Steven A. Pasichow, Director, Office of Investigation, Office of the Inspector General
 Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
 Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
 Alan L. Reiss, Deputy Director, World Trade Center Construction
 Michael J. Shannon, Manager, Corporate Budgeting, Management and Budget
 Timothy G. Stickelman, Assistant General Counsel
 Robert A. Sudman, Director, Audit
 I. Midori Valdivia, Senior Advisor to the Executive Director
 Christopher M. Valens, Senior Public Information Officer, Media Relations
 Lillian D. Valenti, Chief Procurement and Contracting Officer
 Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Ian R. Van Praagh, Business Negotiations Manager, Capital Programs
 Cheryl A. Yetka, Treasurer
 Christopher R. Zeppie, Director, Office of Environmental and Energy Programs
 Peter J. Zipf, Chief Engineer

Guest:

Amy Herbold, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public
 Juan Cosme, President, Local 161
 Christina Dortin, Unite Here
 Antwan Harvey, Unite Here
 Richard Hughes, Twin Towers Alliance
 Hon. Gordon Johnson, Conference Leader, New Jersey General Assembly
 Josh Lasco, Vice President, Local 161
 Britney Smith, Unite Here
 Hon. Loretta Weinberg, Majority Leader, New Jersey Senate
 Neile Weissman, New York Cycle Club
 Peter Yuskas, Member of the Public

The public meeting was called to order by Chairman Degnan at 11:15 a.m. and ended at 1:00 p.m. The Board also met in executive session after the public session.

Action on Minutes

The Secretary submitted for approval Minutes of the meeting of November 19, 2014. 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 November 20, 2014. The Secretary reported further that the time for action by the Governors of New York and New Jersey expired at midnight on December 5, 2014.

Whereupon, the Board unanimously approved the Minutes of the meeting of November 19, 2014.

Report of Committee on Finance

The Committee on Finance reported, for information, on matters discussed in public and executive sessions at its meeting on December 3, 2014, which included discussion of the third quarter operational and financial performance results, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and matters related to the purchase, sale, or lease of real property where disclosure would affect the value thereof or the public interest, and the report was received.

The Committee on Finance also reported, for information, on matters discussed in executive session at its meeting on December 10, 2014, which included discussion of, and action upon, matters involving ongoing negotiations or reviews of contracts or proposals, and discussion of matters in which the release of information could impair a right to receive funds from the United States or other grantor, and the report was received.

Report of Audit Committee

The Audit Committee reported, for information, on matters discussed in executive session at its meeting on December 3, 2014, which included discussion of matters involving external or internal investigations or audits and matters involving public safety or law enforcement, and the report was received.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed in public session at its meeting on December 10, 2014, which included discussion of the implementation of energy conservation improvements at Port Authority tunnel and bridge facilities, and discussion of staff overtime results for the third quarter of 2014, 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 public and executive sessions at its meeting on December 10, 2014, which included discussion of certain contracts and agreements in connection with the continued development and operation of the World Trade Center site, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, 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 December 10, 2014, which included discussion of a project for the replacement of a portion of the Lincoln Tunnel New York Expressway bridge deck in Manhattan, 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 December 10, 2014, which included discussion of recusal guidelines, and the report was received.

PENDING
GUBERNATORIAL
REVIEW

2015 BUDGET

Consistent with longstanding Port Authority policy and in keeping with governance best practices, the proposed 2015 Budget is being presented to the Board for its consideration. The proposed 2015 Budget provides for capital and operating expenditures during calendar year 2015 necessary to achieve the Port Authority's goals and objectives.

The proposed 2015 Budget holds core operating expenses relatively flat for the ninth consecutive year, at 1.8 percent higher than the prior year's budget. This increase, which is below inflation levels, reflects continued cost containment efforts, while allowing investment in priority operating and maintenance needs, including cyclical maintenance dredging, a railcar inspection apprentice program and completion of the train control center for the Port Authority Trans-Hudson rail system (PATH), airfield maintenance requirements at our airports, long-term planning for our airport system, including consideration of neighborhood impacts, and a new "Quality of Commute" Program at the Port Authority Bus Terminal.

The proposed 2015 Budget also includes certain increased expenses associated with transitioning the World Trade Center (WTC) to an operational facility, with costs for building operations, maintenance, systems and site-wide management and security services. These incremental operational costs of \$108 million are completely offset by increased WTC site revenues of \$120 million in rental revenue from the growing tenant occupancy at the site, as well as expected public use of the site.

In addition to providing for operating expenses in the amount of \$2.9 billion, the proposed 2015 Budget also includes \$1.1 billion for debt service charged to operations, \$79 million for other expenditures and \$3.6 billion in capital expenditures.

The proposed 2015 capital spending amount was developed as part of a comprehensive planning process and risk-based prioritization that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements, and includes the following components:

- a capital investment of \$814 million in the agency's tunnels, bridges and terminals facilities, for state-of-good-repair work, roadway access, major rehabilitation to vital crossings, the construction of new bridge structures, and improvements to the quality of commute for customers of the Port Authority Bus Terminal;
- a capital budget of \$778 million for the aviation facilities, to advance infrastructure improvements, including the ongoing redevelopment of LaGuardia and Newark Liberty International (EWR) Airports and runway/taxiway projects that support reduction in flight delays and increase airfield capacity;
- a \$222 million investment in the PATH rail system's station and modernization program, capacity expansion, critical systems replacement, and planning for the extension of PATH train service to EWR;

- \$153 million to support port facilities, to increase efficiency through roadway improvements, enhance intermodal systems, and continue the development of the Port Jersey-Port Authority Marine Terminal and Greenville Yard-Port Authority Marine Terminal; and
- a capital budget of \$1.6 billion for the WTC site, to complete construction of projects at the site, including the WTC Transportation Hub and retail development.

The proposed 2015 Budget continues to assume uninterrupted payments from tenants at all facilities, as specified in their lease agreements. The proposed 2015 Budget also provides for direct assistance to the two States for transportation and economic development projects, consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

A provision also is included to reimburse the States of New York and New Jersey for up to \$295,000 of expenses incurred by each of the two States, including staff costs, in reviewing the 2015 Budget.

The Executive Director would implement the 2015 Budget in conjunction with his authority under the By-Laws and other applicable authorizations, and take action with respect to professional, technical, or advisory services, contracts for maintenance and services, construction, commodities (materials, equipment and supplies) and utilities purchases, leasing of equipment, the purchase of insurance, and other actions, including staffing, personnel benefit, classification, range and procedural adjustments.

The Executive Director would effectuate capital plan spending in conjunction with his authority under the By-Laws, and other applicable authorizations, consistent with the proposed 2015 Budget and capital program projections, primarily through the use of Port Authority debt obligations and the Consolidated Bond Reserve Fund. As such, it would be desirable to establish the maximum limit on Consolidated Bond Reserve Fund applications to be used for such purposes, in an amount not to exceed \$2 billion (after reimbursement for temporary applications.)

The Port Authority's facilities enhance the region's competitiveness and prosperity by providing transportation services that efficiently move people and goods within the region and facilitate access to the nation and the world. The Port Authority strives to better coordinate terminal, transportation and other facilities of commerce in the New York-New Jersey metropolitan region surrounding the Port of New York and New Jersey, and does so by identifying and meeting the critical transportation infrastructure needs that support bi-state commerce, as well as trade in both goods and services between the region and the rest of the nation and world.

The agency meets its responsibility primarily through planning, constructing, financing, and operating trade and transportation infrastructure. It does so within the context of objectives that include enhancing safety and security, implementing new technologies, maintaining and enhancing infrastructure, advancing the delivery of capital programs, increasing agency cost effectiveness, pursuing improvements in regional mobility, and advancing regional economic competitiveness.

The Executive Director's authority, pending final adoption and approval of the annual Budget each year, to make expenditures and undertake contractual commitments, also would be confirmed.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Moerdler, Pocino, Rechler, Schuber and Steiner voting in favor. 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 2015 Budget of The Port Authority of New York and New Jersey, as set forth below, be and the same hereby is approved and adopted, including authority for the Executive Director, pending final adoption of the annual Budget each year, to make expenditures and undertake contractual commitments:

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
Including Its Related Entities
2015 BUDGET
(In Thousands)

Item	Personal Services	Materials & Services	Total Expenditures
Audit	\$10,968	\$2,854	\$ 13,840
Aviation	182,220	632,565	814,785
Aircraft Rescue and Fire Fighting	65,555	6,339	71,894
Chief, Capital Planning, Execution & Asset Maintenance	1,345	118	1,463
Chief Financial Officer	873	2,870	3,743
Chief Operating Officer	3,596	2,462	6,058
Chief of Public & Government Affairs	220	38	258
Chief, Real Estate & Development	2,072	686	2,758
Chief Security Office	24,737	125,568	150,305
Public Safety	387,266	36,462	423,728
Comptroller's	12,223	882	13,105
Engineering	99,344	230,524	329,868
Capital Construction Contracts	-	932,981	932,981
Executive Directors Office	1,198	181	1,379
Deputy Executive Directors Office	1,077	188	1,265
Ferry Program	-	1,595	1,595
Government & Community Affairs	3,027	1,790	4,817
Human Resources (Incl. Medical Services)	18,234	7,909	26,143
Inspector General	13,305	9,758	23,063
Labor Relations	1,213	497	1,710
Law	18,408	23,925	42,333
Management and Budget	7,348	1,313	8,661
Marketing	3,720	5,761	9,481
Media Relations	1,831	539	2,370
Office of Business Diversity and Civil Rights	2,790	1,835	4,625
Office of Emergency Management	4,154	7,538	11,692
Office of Environmental & Energy Programs	2,897	1,840	4,737
Office of Financial Analysis	1,020	400	1,420
Office of the Secretary	3,762	2,488	6,250

Operations Services	69,059	14,264	83,323	(1)
Planning and Regional Development	3,407	1,030	4,437	
Port Commerce	28,589	48,206	76,795	
Procurement	13,440	3,445	16,885	(1)
Project Management Office	2,464	4,514	6,978	
Rail Transit	210,445	64,438	274,883	
Real Estate & Development	7,649	68,852	76,501	(1)
Technology Department	19,081	52,435	71,516	(1)
Corporate Enterprise Systems	-	26,441	26,441	
Treasury	5,771	53,737	59,508	
Tunnels, Bridges & Terminals	132,984	477,832	610,816	
WTC Construction	23,391	1,113,024	1,136,415	
WTC Redevelopment	6,621	371,508	378,129	
Other:				
Amounts in Connection with Operating Asset Obligations	-	21,468	21,468	
Bi-state Dredging Program	-	4,300	4,300	
Debt Service - Operations	-	1,149,118	1,149,118	
Debt Service - Capital	-	271,123	271,123	
Purchased Insurance-Operating & Capital	-	175,373	175,373	
Municipal Rents and Amounts in Lieu of Taxes	-	303,660	303,660	
Port Authority Insurance Captive Entity, LLC	-	5,560	5,560	
Capital Agency Infrastructure Improvement Provision	-	30,000	30,000	
Regional Programs - Operating	712	3,803	4,515	
Special Project Bonds & Agency Allocations	(2,494)	101,259	98,765	
Total Port Authority Budget	\$1,395,541	\$6,407,295	\$7,802,836	

(1) Net after charges to other departments.

; and it is further

RESOLVED, that, based upon a requisition of the Governor of the State of New York or the Governor of the State of New Jersey, or the duly authorized designee of each, the Port Authority shall pay to the State of New York or the State of New Jersey, or both, upon receipt of an appropriate expenditure plan from said State, an amount not in excess of \$295,000 to each said State to reimburse said State or States for expenses incurred by said State or States, including staff costs, in reviewing the annual Budget of the Port Authority and any amendments thereto; and it is further

RESOLVED, that the provision by the Executive Director of portions of the Port Authority's capital program from time to time, consistent with the 2015 Budget and capital program projections (including the continuing application of the Capital Fund on a temporary basis, subject to reimbursement), by application of moneys in the Consolidated Bond Reserve Fund to the Capital Fund for capital expenditures for the year 2015 in connection with the Port Authority's facilities, shall not, subject to statutory, contractual, and other commitments and financial policies of the Port Authority, exceed \$2 billion (after reimbursement for temporary applications).

**TUNNEL AND BRIDGE FACILITIES – ENERGY CONSERVATION IMPROVEMENTS
TO BE IMPLEMENTED ON A PERFORMANCE BASIS – PROGRAM
AUTHORIZATION – PHASE IV**

It was recommended that the Board authorize the Executive Director to take all actions necessary to implement the fourth phase of the Port Authority Multi-Facility Guaranteed Energy Savings Program (Program), under which the Port Authority would contract with an Energy Service Company (ESCO), Constellation Energy (Constellation), through an existing call-in contract issued pursuant to a publicly advertised Request for Proposals (RFP) process, at a total guaranteed maximum price of \$25.8 million, to implement certain energy conservation improvements at various Port Authority tunnel and bridge facilities. These improvements would yield guaranteed annual operating savings of approximately \$2.6 million per year and approximately \$52.8 million in gross savings to the Port Authority over a 20-year term.

The scope of work under this proposed authorization includes extensive lighting upgrades at the George Washington Bridge (GWB), including at difficult-to-access locations, such as the Upper and Lower Levels, Palisade Interstate Parkway Helix, and Trans-Manhattan Expressway of the GWB, high-mast parking lot lighting, and street lighting. In addition to the GWB, exterior lighting improvements would be implemented at the Holland Tunnel (HT), Lincoln Tunnel (LT), Outerbridge Crossing (OBX), and Goethals Bridge (GB). Interior lighting improvements and the replacement of inefficient and obsolete mechanical and base building systems also would be performed at the GB administration building, the OBX administration building, the HT New York ventilation buildings, and the LT New York and New Jersey ventilation buildings, including control systems upgrades, boilers, chillers, pumps, coils, fans, and air-handling unit replacements. Water conservation measures, steam system improvements, and building envelope improvements also would be implemented, as needed.

Approximately 35 percent of the lighting to be installed would be “smart” Light-Emitting Diode (LED) capable, which may allow for the future accommodation of sophisticated lighting controls and support of ancillary devices, such as closed-circuit television cameras.

The Program would utilize the Energy Performance Contracting model, through which Constellation would provide a turn-key solution, performing the audit, design, construction management and commissioning of improvements, while also assuming all technical and performance risks. Constellation also would be responsible for identifying and pursuing grants and incentives available to reduce the total cost of improvements. The cost of the projects would be more than offset by resultant savings.

Each improvement would have a specific monitoring and verification plan, whereby Constellation would verify its own performance, to determine actual achieved energy consumption reductions, as is prevailing practice when a contractor also would guarantee the savings. Contractually, the monitoring and verification would follow established industry protocol, to determine actual energy consumption reductions achieved, and the Port Authority would be permitted to audit the monitoring and verification findings at any time – either by itself or through a third party. Port Authority staff also would track savings through utility bill analysis.

Constellation would be compensated by the Port Authority through construction progress payments, based on the percentage completion of items identified in the project schedule, capped at the guaranteed maximum price provided in their accepted proposal. Constellation has established

baseline energy usage figures for the project sites, based on metering of facility equipment, evaluation of facility occupancy characteristics, and analysis of actual utility bills – normalized for weather and other factors – and those figures have been reviewed and approved by staff. Constellation would perform an annual process of monitoring and verifying energy consumption reductions against this baseline, to ensure that guaranteed savings are realized.

Constellation would be obligated contractually to pay the Port Authority for a shortfall of expected consumption reductions and their attributed financial value, based on mutually agreed-upon escalation rates for energy market prices, or to modify improvements to ensure proper performance, as agreed by, and at no additional cost to, the Port Authority. In the event a specific work order were implemented at a cost below the guaranteed maximum price, the sum of the variance between the actual cost and the guaranteed maximum price would be shared between Constellation and the Port Authority in a negotiated split, with Constellation's share not to exceed 25 percent. If the parties were unable to resolve any disputes concerning energy savings calculations, disputes would be submitted to a third-party professional engineering firm for resolution.

In March 2010, through a competitive RFP process, the Port Authority established call-in agreements through which ESCOs (including Constellation) performed audits of Port Authority and Port Authority Trans-Hudson Corporation (PATH) facilities and submitted proposals for energy conservation measures. After review of the proposals, work orders were issued for more detailed Investment Grade Audits, which resulted in the proposals for the energy upgrades at various Port Authority and PATH facilities.

At its meeting on February 9, 2012, the Board authorized the Program, and authorized the Executive Director, on behalf of the Port Authority, to contract with ESCOs Constellation Energy and Johnson Controls Inc. (JCI), through existing call-in contracts issued pursuant to a publicly advertised RFP process, at an aggregate maximum price of \$19.2 million, to implement certain energy conservation improvements at the Port Authority Bus Terminal/Lincoln Tunnel and the PATH Journal Square Transportation Center/Harrison Car Maintenance Facility. Those ESCO agreements extend through 2016, if the Port Authority exercises all available option periods.

At its meeting on September 20, 2012, the Board authorized the second phase of the Program, which authorized the Executive Director, on behalf of the Port Authority, to contract with an ESCO, Honeywell Building Solutions, through an existing call-in contact issued pursuant to a publicly advertised RFP process, at an aggregate maximum price of \$12.2 million, to implement certain energy conservation improvements at Newark Liberty International Airport and Stewart International Airport. That ESCO agreement extends through 2016, if the Port Authority exercises all available option periods.

At its meeting on June 25, 2014, the Board authorized the third phase of the Program, which authorized the Executive Director, on behalf of the Port Authority, to contract with an ESCO, JCI, through an existing call-in contact issued pursuant to a publicly advertised RFP process, at an aggregate maximum price of \$7.5 million, to implement certain energy conservation improvements at John F. Kennedy International Airport (JFK). That base ESCO agreement extends through 2016, if the Port Authority exercises all available option periods.

The proposed energy conservation improvements under the fourth phase would yield annual greenhouse gas emissions reductions of approximately 3,000 tons of carbon dioxide equivalent, valued from approximately \$180,000 to \$480,000 in avoided greenhouse gas offset purchases over

the 20-year average useful life of the improvements, based on the expected range of projected carbon offset prices. In addition, by replacing older equipment, like lighting, with higher-efficiency, longer-lived equipment, the Port Authority would reduce material usage and cost, which also would yield environmental benefits.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Moerdler, Pocino, Rechler, Schuber and Steiner voting in favor. 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 implement the fourth phase of the Port Authority Multi-Facility Guaranteed Energy Savings Program, under which the Port Authority would contract with Constellation Energy, through an existing call-in contract issued pursuant to a publicly advertised Request for Proposals process, at a total guaranteed maximum price of \$25.8 million, to implement certain energy conservation improvements at various Port Authority tunnel and bridge facilities, substantially in accordance with the terms outlined to the Board; 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.

PENDING
GUBERNATORIAL
REVIEW

LINCOLN TUNNEL – NEW YORK EXPRESSWAY BRIDGE – REPLACEMENT OF CONCRETE DECK BETWEEN WEST 31ST AND WEST 33RD STREETS – PROJECT AUTHORIZATION

It was recommended that the Board authorize: (1) a project to replace the Lincoln Tunnel New York Expressway (LT-NY Expressway) concrete bridge deck area between West 31st and West 33rd Streets in Manhattan and associated work, at an estimated total project cost of \$25.2 million; and (2) the Executive Director to: (a) enter into an agreement with Brookfield Properties Developer LLC (Developer) as the Port Authority's agent and authorized representative for the planning, design, and execution of the foregoing project, at an estimated total construction cost of \$20 million, which is included in the total project cost, and includes allowances for contingencies, railroad right-of-entry permit and track closure fees, a developer's fee, construction management, legal support, engineering support, surveyors, environmental monitoring, controlled inspections, insurance and administrative and financial expenses; (b) enter into right-of-entry agreements with various entities and municipalities, as necessary to effectuate the completion of the project; and (c) 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.

The LT-NY Expressway was constructed as part of the construction of the third tube of the Lincoln Tunnel in the 1950s. The span girder bridge, which is located directly over railroad tracks managed by Amtrak, was built under a 1954 easement agreement with the track's landowner. (Presently, this land is owned by Developer.)

Developer currently is decking over the train tracks to build a promenade plaza, which would cover portions of the LT-NY Expressway bridge from West 31st Street through West 33rd Street, as part of a larger development.

The roadway deck of the LT-NY Expressway bridge is now over 50 years old and has exceeded its useful life.

Stage III design for a new roadway deck replacement project was being performed by the Port Authority when uncertainties were identified regarding the coordination and staging of the Port Authority's work with the work being performed by Developer surrounding the Port Authority's roadway. It became apparent that contracting with Developer to replace the Port Authority's roadway would be the most cost effective and efficient means to accommodate the work, because it would relieve the Port Authority of responsibility for coordinating its design and construction work with Developer's project.

In July 2014, the Port Authority signed a non-binding letter of intent with Developer, under which Developer agreed to solicit bids from a minimum of three design/build contractors to replace the existing concrete deck on the LT-NY Expressway bridge. Developer would recommend awarding the contract for this work to the lowest qualified bidder.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Moerdler, Pocino, Rechler and Schuber voting in favor; Commissioner Steiner recused and did not participate in the consideration of, or vote on, this item. 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 to replace the Lincoln Tunnel New York Expressway bridge area between West 31st and West 33rd Streets in Manhattan and associated work, at an estimated total project cost of \$25.2 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 enter into an agreement with Brookfield Properties Developer LLC as the Port Authority's agent and authorized representative for the planning, design, and execution of the foregoing project, at an estimated total construction cost of \$20 million, which is included in the total project cost, and includes allowances for contingencies, railroad right-of-entry permit and track closure fees, a developer's fee, construction management, legal support, engineering support, surveyors, environmental monitoring, controlled inspections, insurance and administrative and financial expenses; 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 right-of-entry agreements with various entities and municipalities, as necessary to effectuate the completion of the foregoing project; 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 and agreements in connection with the foregoing project shall be subject to the approval of General Counsel or his authorized representative.

GUBERNATORIAL REVIEW

WORLD TRADE CENTER SITE – FLOOD RESILIENCY PROGRAMS – PRIORITY WATER INTRUSION PROTECTION – PHASE 2 PLANNING AND ADDITIONAL EXPERT PROFESSIONAL AND TECHNICAL SERVICES

It was recommended that the Board authorize: (1) additional planning work for the final design of various water intrusion protection system measures (Phase 2 Planning) for Port Authority and common infrastructure at the World Trade Center (WTC) site, in an estimated amount of \$10 million, bringing the total amount authorized for such planning efforts to \$20 million; and (2) the Executive Director to increase, by an estimated aggregate amount of \$14.4 million, inclusive of an allowance for contingency, the compensation under the existing expert professional and technical services contracts in connection with the Phase 2 Planning, consistent with the terms outlined to the Board. These flood resiliency programs would advance permanent improvements to the overall WTC site, and within the major WTC site projects under construction, in order to enhance future resiliency and mitigate facility impact from anticipated future severe weather events.

As Hurricane Sandy and its associated storm surge demonstrated, business and transportation assets in low-lying areas of lower Manhattan are at great risk for storm surge flooding. The high value and critical nature of Port Authority assets at the WTC site require a comprehensive flood mitigation plan, including multi-tiered protection measures to minimize the impact of future storms.

At its meeting of October 16, 2013, the Board authorized: (1) contract actions for initial planning and design work to evaluate and develop long-term flood resiliency projects at the WTC site, including the award of contracts and supplemental agreements for planning, engineering, and technical services, in a total estimated amount of \$10 million, consistent with the terms outlined to the Board; and (2) increases to certain existing construction trade contracts for the One WTC and WTC Vehicular Security Center and Tour Bus Parking Facility (WTC VSC) Projects, in a total estimated amount of \$21 million, for the installation of initial permanent flood mitigation measures, consistent with the terms outlined to the Board.

In November 2013, a comprehensive flood hazard mitigation plan was developed for the WTC site. This plan, which was later renamed, “WTC Water Intrusion Protection Plan,” includes a complete flood risk assessment and analysis, including thorough evaluations of site-wide and project-specific vulnerabilities, and flood mitigation strategies and improvement alternatives. The plan recommended the development of multi-tiered measures, composed of rings of protection at the WTC site.

At its meeting of April 23, 2014, the Board authorized a project for the design and construction of a bollard protection system prototype for flood protection of One WTC, at an estimated cost of \$25.1 million.

The proposed Phase 2 Planning work would support further development of priority water intrusion protection system measures at the WTC Transportation Hub, WTC VSC, WTC Vehicle Roadway Network and East Side Tour Bus Parking Facility, WTC Streets, Utilities and Related Infrastructure, and remaining portions of the bollard protection system, and would support the current construction schedule for these Port Authority facilities without delaying or impacting other ongoing work.

The scope of work under the proposed Phase 2 Planning would include the final design of the following flood/water intrusion protection measures: a removable vertical stanchion and flood log system for the WTC Memorial/Greenwich Street areas and street closures; all at-grade elements, such as utility covers and removable flood barriers; and at-grade and below-grade protection, such as pedestrian flood doors, flood panels, waterproofing and pumping systems.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor; Commissioner Moerdler recused and did not participate in the consideration of, or vote on, this item. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Board being present.

RESOLVED, that additional planning work for the final design of various water intrusion protection system measures (Phase 2 Planning) for Port Authority and common infrastructure at the World Trade Center site, in an estimated amount of \$10 million, bringing the total amount authorized for such planning efforts to \$20 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 increase, by an estimated aggregate amount of \$14.4 million inclusive of an allowance for contingency, the compensation under the existing expert professional and technical services contracts in connection with the Phase 2 Planning, consistent 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 take action with respect to contracts for professional and advisory services and such other contracts and agreements as may be necessary to effectuate the foregoing Phase 2 Planning, 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 and agreements in connection with the foregoing Phase 2 Planning shall be subject to the approval of General Counsel or his authorized representative.

**WORLD TRADE CENTER WEST BATHTUB VEHICULAR ACCESS PROJECT –
AUTHORIZATION TO AWARD A CONSTRUCTION TRADE CONTRACT FOR
FIRE PROTECTION**

It was recommended that the Board authorize the Executive Director to: (1) enter into a construction trade contract, through construction manager, Tishman Construction Corporation (Tishman), with Grinnell LLC d/b/a Simplex Grinnell to furnish and install a fire protection system for the World Trade Center West Bathtub Vehicular Access (WTC WBVA) Project, at an estimated total cost of \$4,344,192, inclusive of net cost work and an eight-percent allowance for extra work, (2) increase the compensation under the existing agreement with WSP Group to provide expert professional architectural and engineering services in support of the WTC WBVA Project, consistent with the terms outlined to the Board; and (3) increase the compensation under the existing agreement with Tishman to provide construction management services in support of the WTC WBVA Project, consistent with the terms outlined to the Board.

At its meeting of July 23, 2014, the Board authorized a project for the design and construction of the WTC WBVA and related infrastructure, at a total estimated project cost of \$412 million. The WTC WBVA Project, located within Parcel 1B of the WTC site, is composed of a vehicular roadway helix and associated infrastructure, and will provide subgrade access to the WTC site for authorized passenger cars, vans and emergency vehicles. It is the last component of the Vehicle Roadway Network at the WTC site. The WTC WBVA will include a below-grade common West Ramp to connect the East Bathtub service roadway with the permanent loading docks for One World Trade Center (One WTC), the Performing Arts Center (PAC) and the WTC retail development.

The scope of work under the proposed fire protection construction trade contract includes the furnishing and installation of a complete fire protection system, including wet sprinklers, dry pipe and fire standpipes. Work performed under this contract would conform with all applicable New York City building code requirements.

Timely award of the proposed contract is essential to ensuring that commitments to adjacent WTC site stakeholders are met, such as those necessary to meet the lease commitments to Condé Nast, including construction of a loading dock ramp connected to the basement level of One WTC, to be operational by December 2016.

The advancement of this contract would not include any funding for the construction of the future PAC building above the WBVA, nor would it express any intent or commitment on the part of the Port Authority to participate in the PAC's construction or operations.

At its meeting of October 22, 2009, the Board authorized an agreement with Tishman to perform construction management services to support the implementation of the WTC WBVA Project and several other related projects at the WTC site for a four-year term, including two one-year extension options, at a total estimated amount of \$47.3 million. On June 28, 2012, the Board authorized an increase in planning work for the design and construction of the WTC WBVA and structure to grade (Parcel 1B), at an estimated amount of \$17 million. That authorization included the award of an agreement to WSP Group, in the amount of \$12,361,222, inclusive of an eight-percent contingency allowance and contract option work, for engineering, administration and other costs related to final design and construction services for the WTC WBVA Project. The contract

with WSP Group includes provisions for architectural and engineering services for the demolition and removal of the North Temporary Access structure at the WTC site.

It is necessary to increase the amount authorized under the existing agreements with WSP Group and Tishman for professional architectural and engineering services and construction management services, respectively, to support the WTC WBVA Project, consistent with the terms outlined to the Board. The architectural and engineering services are required for coordination efforts associated with the PAC. The PAC will be located east of One WTC, above the WTC WBVA in the Parcel 1B quadrant. The footings, foundations and shear walls supporting the PAC are integral to the WTC WBVA foundations. The construction management services are required to accommodate the construction schedule of the WTC WBVA Project.

The Port Authority is pursuing reimbursement for work associated with the development of the WBVA area to grade in a manner that would accommodate the future construction of the PAC. Negotiations regarding such reimbursement are ongoing among the Port Authority, the PAC Foundation and agencies of the State of New York. In connection with the WTC WBVA Project, it is the Port Authority's intent to recover its costs associated with work that is the responsibility of, or that is being performed on behalf of, adjacent WTC site stakeholders.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Pocino, Rechler, Schuber and Steiner voting in favor; Commissioner Moerdler recused and did not participate in the consideration of, or vote on, this item. 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 an agreement, through construction manager, Tishman Construction Corporation, with Grinnell LLC d/b/a Simplex Grinnell to furnish and install a fire protection system for the World Trade Center West Bath tub Vehicular Access (WTC WBVA) Project, at an estimated total cost of \$4,344,192, inclusive of net cost work and an eight-percent allowance for extra work; and it is further

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to increase the compensation under the existing agreement with WSP Group to provide expert professional architectural and engineering services in support of the WTC WBVA Project, consistent 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 increase the compensation under the existing agreement with Tishman Construction Corporation to provide construction management services in support of the WTC WBVA Project, consistent with the terms outlined to the Board; 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.

**WORLD TRADE CENTER SITE – SITE-WIDE PROPERTY MANAGEMENT SERVICES
CONTRACT – AUTHORIZATION OF FUNDING**

It was recommended that the Board authorize the Executive Director to expend an amount of up to \$28.8 million for the period from January 1, 2015 through December 31, 2015, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) an amount of up to \$7.4 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$21.4 million for necessary service contracts, repairs, maintenance and materials, in each case, with payments for future periods to be subject to further authorization by the Board.

The Port Authority is responsible for the operation, maintenance and management of several major components of the WTC site, including the Vehicular Security Center, the Vehicle Roadway Network, the WTC Transportation Hub (excluding space managed by WTC Retail LLC and the Port Authority Trans-Hudson rail system (PATH) platform/track level), the PATH fare zone, the Central Chiller Plant and Hudson River Pump Station, the Primary Electrical Distribution Center, the West Concourse to Brookfield Place, the East and West Bathtub slurry walls, Liberty Street Park, and the WTC Hub Plaza. Property management services are necessary to commission, operate and maintain these components, particularly as these components continue to transition from construction to operations at different intervals. Future authorization of staffing costs and contracted services costs will continue to be sought annually, until such time as all assets to be covered under this contract have been turned over to operations, at which time staff will seek authorization for additional funds for the remainder of the C&W contract term.

At its meeting of May 29, 2013, the Board authorized the Executive Director to: (1) award a contract to C&W to provide long-term management, operation and maintenance of WTC site-wide properties, including public spaces at the site, and centralized infrastructure, for a seven-year term ending in May 2020, with three one-year renewal options; (2) pay to C&W a management fee, in a total amount of up to \$5.5 million (for an average cost of \$785,000 per year), for the seven-year base term of the agreement, with up to 20 percent of such amount to be subject to a performance review process; (3) pay an amount of up to \$4,752,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for C&W's management and oversight staff, operations and maintenance staff, and reimbursable expenses in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board; and (4) pay to C&W an amount of up to \$5,076,000, inclusive of an allowance of up to eight percent for extra work, if necessary, for service contracts in connection with the initial year of the contract, with payments for future years to be subject to further authorization by the Board.

At its meeting of May 28, 2014, the Board authorized the Executive Director to expend an amount of up to \$11.1 million for the period from July 1, 2014 through December 31, 2014, for the continued management, operation and maintenance of the WTC site through C&W, to provide for payments to C&W as follows: (1) an amount of up to \$3.7 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses for the six-month period; and (2) an amount of up to \$7.4 million, inclusive of an allowance of up to six percent for extra work, if necessary, for service contracts for the six-month period, in each case, with payments for future periods to be subject to further authorization by the Board.

WTC site-wide property management services are grouped into several major categories, including: cleaning, repairs and maintenance, security systems and equipment, utilities, grounds maintenance and administration. These services would be performed in accordance with Building Owners and Managers Association standards.

Many of the required services would be provided by sub-contractors retained by C&W, the Property Manager. Generally in such cases, the Property Manager would solicit sealed bids and/or proposals from at least three pre-qualified subcontractors for subcontract packages, and award work to the lowest responsible bidder or the most technically qualified bidder, subject to a procurement process approved by the Port Authority. Staff would review any contracts with the WTC Redevelopment Subcommittee that may be of particular interest and/or concern to the Subcommittee.

Pursuant to the foregoing report, the Board adopted the following resolution, with Commissioners Bagger, Degnan, Laufenberg, Lipper, Lynford, Moerdler, Pocino, Schuber and Steiner voting in favor; Commissioner Rechler recused and did not participate in the consideration of, or vote on, this item. 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 expend an amount of up to \$28.8 million for the period from January 1, 2015 through December 31, 2015, for the continued management, operation and maintenance of certain World Trade Center (WTC) site properties, including public spaces at the WTC site and centralized infrastructure, through the authorized site-wide property management contractor, Cushman & Wakefield, Inc. (C&W), to provide for payments to C&W as follows: (1) an amount of up to \$7.4 million for management and oversight staff, operations and maintenance staff, and reimbursable expenses; and (2) an amount of up to \$21.4 million for necessary service contracts, repairs, maintenance and materials, in each case, with payments for future years subject to further Board authorization; 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.

**JOHN F. KENNEDY INTERNATIONAL AIRPORT – JAPAN AIRLINES –
SETTLEMENT OF PORT AUTHORITY UNDER-BILLINGS FOR
ELECTRICITY USAGE**

It was recommended that the Board authorize the Executive Director to resolve a dispute with Japan Airlines Management Corporation (JAMC) by accepting payment from JAMC of a back-bill issued by the Port Authority for corrected past electricity usage at John F. Kennedy International Airport (JFK), in the amount of \$2,120,162.86. The net revenue to the Port Authority, after accounting for flight fee credits and taxes, would be \$1,385,623.37.

JAMC is the tenant and the operator of Building 151, one of the largest cargo services buildings at JFK, for its parent company, Japan Airlines Co. Ltd. On October 31, 2013, staff sent JAMC a certified report of findings from the Port Authority's metering services provider for the meter multiplier reconciliation, with corrected baseline usage based on corrected past electricity usage from August 2010 to August 2012 and back charges for adjusted billing.

JAMC initially disputed the bills and methodology. A demand letter was sent by the Port Authority, which asserted the Port Authority's right, under the lease with JAMC, to pursue up to six years in back-billing. Following extensive negotiations, in September 2014 a settlement was reached, under which JAMC agreed to pay the full two-year amount billed by the Port Authority, with half payable upon execution of the payback agreement and the remainder by April 2015.

Pursuant to the foregoing report, the Board adopted the following resolution in executive session, with Commissioners Bagger, Degnan, Laufenberg, Lynford, Moerdler, Pocino, Rechler, Schuber and Steiner voting in favor; Commissioner Lipper recused and did not participate in the consideration of, or vote on, this item. 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 resolve a dispute with Japan Airlines Management Corporation (JAMC) by accepting payment from JAMC of a back-bill issued by the Port Authority for corrected past electricity usage at John F. Kennedy International Airport and back charges for adjusted billing, in the amount of \$2,120,162.86; and it is further

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

TRIBUTE TO ROBERT SUDMAN

In recognition of his more than 35 years of dedicated and distinguished service to the Port Authority, we congratulate Bob Sudman on his upcoming retirement. Since joining the Port Authority in July 1979, Bob has been a strong leader and consummate professional, having served in numerous financial positions throughout his career, including Deputy and Acting Comptroller, prior to being appointed Director of the Audit Department in November 2010. Bob leads by example, and he holds himself and his staff to the highest standards of excellence in the management of the agency’s audit function. As Director of Audit, he has improved the effectiveness of internal controls to limit agency risk and protect agency assets. Bob’s friendly demeanor, which enables him to motivate those around him, will truly be missed. It is with sincere gratitude that we recognize and honor Bob Sudman today for his 35 years of dedicated public service to this agency and the region it serves.

PENDING
GUBERNATORIAL
REVIEW

TRIBUTE TO JOSEPH P. DUNNE

Following distinguished careers with the New York City Police Department and in the private sector, in November 2012, Joseph P. Dunne became the agency’s first Chief Security Officer. Chief Dunne is a man of honor and integrity, and his strong leadership skills have enabled him to spearhead the successful creation and operation of the agency’s first fully integrated Security Department.

Since joining the Port Authority, Chief Dunne has centralized the agency’s security structure, increased security efforts at Port Authority facilities, and formalized lines of responsibility, accountability, and operational control for security efforts throughout the agency’s line businesses, the World Trade Center site and the Port Authority Police Department. His efforts have strengthened the security of our critical infrastructure as well as our resilience and continuity of operations now and into the future.

It is with great appreciation that we applaud Chief Dunne, as he leaves Port Authority service, and thank him for his contribution to the safety and security of all Port Authority facilities, the travelling public and the region at large.

PENDING
GUBERNATORIAL
REVIEW

Whereupon, the meeting was adjourned.

Secretary

PENDING
GUBERNATORIAL
REVIEW