

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

Wednesday, April 24, 2013

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MINUTES OF SPECIAL MEETING**

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

PRESENT:

Hon. David S. Steiner
Hon. Richard H. Bagger, *pro tem*
Hon. Jeffrey H. Lynford, *pro tem*
Committee Members

Hon. David Samson, Chairman
Hon. Scott H. Rechler, Vice-Chairman
Hon. Jeffrey A. Moerdler
Hon. James P. Rubin
Hon. Anthony J. Sartor
Hon. William P. Schuber
Commissioners

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

Susan M. Baer, Director, Aviation
Matthew Bell, Special Assistant to the Deputy Executive Director
James E. Blackmore, Program Director, Tunnels, Bridges and Terminals
Steven J. Coleman, Deputy Director, Media Relations
Philippe Danielides, Senior Advisor to the Chairman
Stephanie E. Dawson, Acting Chief Operating Officer
Michael B. DeGidio, Program Director, Chief Security Office
Gerard A. Del Tufo, Assistant Director of Development and Operations, Real Estate and
Development
John C. Denise, Audio Visual Supervisor, Marketing
Claudia Dickey, Assistant Director, Public Safety
Gretchen P. DiMarco, Special Assistant to the Deputy Executive Director
Daniel D. Duffy, Senior Business Manager, Office of the Secretary
Joseph P. Dunne, Chief Security Officer
Michael A. Fedorko, Director, Public Safety/Superintendent of Police
Michael B. Francois, Chief, Real Estate and Development
Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
Lash L. Green, Director, Office of Business Diversity and Civil Rights
Linda C. Handel, Deputy Secretary
Mary Lee Hannell, Chief, Human Capital
Andrew T. Hawthorne, Director, Marketing

Anthony Hayes, Manager, Media Planning, Media Relations
Mark Hoffer, Director, New Port Initiatives, Port Commerce Department
Howard G. Kadin, Esq., Law
Stephen Kingsberry, Director, Rail Transit
Cristina M. Lado, Director, Government and Community Affairs, New Jersey
Richard M. Larrabee, Director, Port Commerce
John J. Liantonio, Senior External Relations Client Manager, Government and Community Affairs
John H. Ma, Chief of Staff to the Executive Director
Lisa MacSpadden, Director, Media Relations
Stephen Marinko, Esq., Law
Ronald Marsico, Assistant Director, Media Relations
Michael G. Massiah, Director, Management and Budget
Daniel G. McCarron, Comptroller
Elizabeth M. McCarthy, Chief Financial Officer
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Christopher J. Mohr, Executive Business Manager, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Joann S. Papageorgis, Program Director, Tunnels, Bridges and Terminals
Jared Pilosio, Staff External Relations Representative, Government and Community Affairs
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
Daniel Portuese, Senior Project Manager, Chief Security Office
Alan L. Reiss, Deputy Director, World Trade Center Construction
Juan Carlos Rojas, Senior External Relations Representative, Government and Community Affairs
Jessica D. Russ, Associate Board Management and Support Specialist, Office of the Secretary
Cruz C. Russell, Strategic Advisor, Government and Community Affairs
John F. Ryan, Acting Chief, Public Safety
Brian W. Simon, Director, Government and Community Affairs, New York
Laurie Spencer, Special Purchases Project Manager, Procurement
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Albert A. Terriego, Manager of Program Planning & Analysis, Chief Security Office
Ralph Tragale, Assistant Director, Public Affairs, Aviation
David B. Tweedy, Chief, Capital Programs
I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
Christopher M. Valens, Senior Public Information Officer, Media Relations
Lillian D. Valenti, Director, Procurement
Michael L. Valletta, Assistant Director, Capital Construction Programs, Tunnels Bridges and Terminals
Sheree R. Van Duyne, Manager, Policies and Protocol, Office of the Secretary
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director
William J. Young, Senior External Relations Client Manager, Tunnels, Bridges and Terminals
Peter J. Zipf, Chief Engineer

Guests:

Nicole Crifo, Senior Counsel, Authorities Unit, Office of the Governor of New Jersey
John J. Drobny, Former Director, Security Projects, Office of the Chief Operating Officer
Regina Egea, Director, Authorities Unit, Office of the Governor of New Jersey
MaryAnn Liberatore
Jeanine M. Thompson, Assistant Secretary for Transportation, State of New York

Speakers:

Richard T. Anderson, New York Building Congress
Phillip Beachem, President, New Jersey Alliance for Action
Murray Bodin, Member of the Public
Joseph Curto, New York Shipping Association
Margaret Donovan, Twin Towers Alliance
Michael Frost, Member of the Public
Richard Hughes, Twin Towers Alliance
Jerry Keenan, New Jersey Alliance for Action
Patricia A. Lewis, Member of the Public
Assefash Makonnen, Transportation Alternatives
John Nardi, New York Shipping Association
Deborah O'Brien, Member of the Public
Michael A. O'Brien, Police Officer, Port Authority
Jackson Scott, Member of the Public
Anthony Stramaglia, Member of the Public
Neile Weissman, Member of the Public

In view of the fact that, as a result of prospective recusals, there would not be a sufficient number of Commissioners present to consider certain items on the agenda at today's Board meeting, the Secretary 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 items 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. Commissioners Rubin and Sartor were present for a portion of the meeting.

ONE WORLD TRADE CENTER – IMPLEMENTATION OF CERTAIN DESIGN AND CONSTRUCTION WORK UNDER EXISTING CONTRACTS

It was recommended that the Board authorize: (1) an aggregate increase of approximately \$33.7 million in the amount of certain construction trade contracts for work performed for One World Trade Center (One WTC) tenant modifications, core-and-shell work and building operations, inclusive of construction management services provided by Tishman Construction Corporation to support this work, consistent with the terms outlined to the Board; (2) an aggregate increase of approximately \$2.9 million in the amount of several design consultant contracts for work performed for One WTC tenant modifications, core-and-shell work and building operations, consistent with the terms outlined to the Board; and (3) World Trade Center Tower 1 LLC to allocate the foregoing additional funds, on an as-needed basis, as required among the various WTC stakeholders involved, including increases in design and construction trade contracts, all of which are within the previously authorized project budgets.

The Port Authority has been working to make One WTC more marketable, to attract new tenants and make modifications as requested by current tenants and the Port Authority's joint venture partner with respect to the construction, financing, leasing, management and operation of One WTC. Among the work items requested were: modifications for the kitchen exhaust system; security revisions at the B2 mailroom/message center; fireproofing revisions at the plenums, to reduce long-term maintenance needs; heating and air-conditioner modifications to B2 mailroom and interim loading docks; and the exercise of the escalator and elevator maintenance contract option. This work would be funded through the authorized WTC Redevelopment Tower 1 Marketing and Leasing Budget.

Utilizing existing One WTC design and construction contractors to carry out these changes would be the most cost-effective and schedule-conscious means to perform this work, because the contractors already are onsite to implement the work.

This proposed authorization would help to maintain the current construction schedule at the WTC site, and it is consistent with the findings of the Navigant Consulting, Inc./Rothschild Phase II Report.

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 Commissioners Bagger, Lynford and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that an aggregate increase of approximately \$33.7 million in the amount of certain construction trade contracts for work performed for One World Trade Center (WTC) tenant modifications, core-and-shell work and building operations, inclusive of construction management services provided by Tishman Construction Corporation, consistent with the terms outlined to the Board, be and it hereby is authorized; and it is further

RESOLVED, that an aggregate increase of approximately \$2.9 million in the amount of several design consultant contracts for work performed for One WTC tenant modifications, core-and-shell work and building operations, consistent with the terms outlined to the Board, be and it hereby is authorized; and it is further

RESOLVED, that World Trade Center Tower 1 LLC be and it hereby is authorized to allocate the aforementioned additional funds to effectuate the foregoing in connection with the work on One WTC, on an as-needed basis, as required among the various WTC site stakeholders involved, including increases in the amounts of design and construction trade contracts; 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.

**DOWNTOWN RESTORATION PROGRAM – AUTHORIZATION OF ADDITIONAL
WORLD TRADE CENTER CONTRACT ACTIONS AND EXPENSES TO
SUPPORT POST-HURRICANE SANDY RECOVERY WORK**

It was recommended that the Board authorize: (1) the expenditure of an additional estimated amount of \$50.1 million for certain contract actions and expenses expected to be required through May 31, 2013 to effectuate ongoing repair and replacement of facilities and equipment at the World Trade Center (WTC) site that were damaged or destroyed as a result of Hurricane Sandy and its associated storm surge, resulting in a cumulative total authorization of approximately \$235.2 million for the response, recovery and restoration efforts at the WTC site; and (2) the Executive Director to take all actions necessary to effectuate the foregoing, consistent with the terms outlined to the Board.

During the week of October 28, 2012, Hurricane Sandy and its associated storm surge caused significant flooding and devastating damage in Lower Manhattan and throughout the New York-New Jersey region. The storm resulted in severe flooding throughout the WTC site, particularly affecting the WTC Transportation Hub, Vehicular Security Center, WTC Memorial Museum, and One WTC, among other WTC projects in construction. Although the de-watering of the WTC site was substantially completed in early November and pre-storm levels of construction activity resumed throughout the WTC site by the end of November 2012, Hurricane Sandy recovery activities are ongoing, to assess and evaluate damaged areas and equipment for future repair or replacement. Through two separate actions at its meeting of February 6, 2013, and one at its meeting of March 20, 2013, the Board ratified and authorized certain actions required for Hurricane Sandy response, recovery and restoration work at the WTC site through April 30, 2013, in a total amount of up to \$185.1 million.

Although comprehensive damage assessments and project impact evaluations related to Hurricane Sandy will be ongoing throughout 2013, staff is ordering various contractors to repair or replace damaged and destroyed equipment and infrastructure, including the purchase or repurchase of major long-lead items, such as electrical switchgear and substation equipment, vertical circulation equipment, and mechanical fans, air handling units and controls. Increases in contract amounts also are needed to provide for construction management, program management, design support, and other professional services to support the repair/replacement and re-installation work.

Consistent with previous discussions with the Board throughout 2013, as additional information is made available by contractors, further project evaluations and implementation decisions regarding Hurricane Sandy's impact are being made. It is anticipated that there will be further requests for increases to contract amounts for actions that will be attributable to Hurricane Sandy recovery, including further equipment replacement and installation costs, construction general conditions costs and potential acceleration costs, on an ongoing basis.

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 Commissioners Bagger, Lynford and Steiner voting in favor. General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that the expenditure of an additional estimated amount of \$50.1 million for certain additional actions and expenses expected to be required through May 31, 2013, to effectuate the repair and replacement of facilities and equipment at the World Trade Center site that were damaged or destroyed by Hurricane Sandy and its associated storm surge, be and it hereby is authorized, 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 all actions necessary to facilitate the foregoing, 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.

Whereupon, the meeting was adjourned.

Secretary