

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, August 5, 2010

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**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday,
August 5, 2010 at 225 Park Avenue South, City, County and State of New York**

PRESENT:

NEW JERSEY

Hon. Anthony R. Coscia, Chairman
 Hon. Virginia S. Bauer
 Hon. Raymond M. Pocino
 Hon. David S. Steiner
 Hon. Anthony J. Sartor

Christopher O. Ward, President
 Ernesto L. Butcher, Vice-President
 Darrell B. Buchbinder, Counsel

Susan M. Baer
 William Baroni, Jr.
 A. Paul Blanco
 Ana M. Carvajalino
 Rosemary Chiricolo
 Steven J. Coleman
 John C. Denise
 Michael P. DePallo
 Gretchen P. DiMarco
 Francis A. DiMola
 John J. Drobny
 Karen E. Eastman
 Michael G. Fabiano
 Michael A. Fedorko
 Michael B. Francois
 Jennifer Friedberg
 Cedrick T. Fulton
 Richard Gladstone
 Lash L. Green
 Glenn P. Guzi
 Linda C. Handel
 Jay Hector
 Mark D. Hoffer
 Kara E. Hughes
 Howard G. Kadin
 John P. Kelly
 Louis J. LaCapra
 Cristina M. Lado
 Richard M. Larrabee
 Francis J. Lombardi
 Stephen Marinko
 Ronald Marsico
 James E. McCoy
 Sanjay S. Mody

NEW YORK

Hon. Stanley E. Grayson, Vice-Chairman
 Hon. H. Sidney Holmes III
 Hon. Jeffrey A. Moerdler

Anne Marie C. Mulligan
Steven P. Plate
Desiree Ramos
Alan L. Reiss
Stephen H. Sigmund
Timothy G. Stickelman
Gerald B. Stoughton
Ralph Tragale
David B. Tweedy
Lillian D. Valenti
Robert E. Van Etten
Andrew S. Warshaw
David M. Wildstein
Peter J. Zipf

Guest:

Johanna Jones

Speakers:

Murray Bodin
Greg Mgrditchian
Susan Storey

The public meeting was called to order by Chairman Coscia at 2:11 p.m. and ended at 2:42 p.m. The Board met in executive session prior to the public session, and on July 7, 2010. Director Silverman was present for today's executive session.

Action on Minutes

The Vice-President submitted for approval Minutes of the meeting of May 18, 2010. He reported that copies of these Minutes were delivered to the Governors of New York (in electronic form) and New Jersey (in paper form) on May 19, 2010. He reported further that the time for action by the Governors of New York and New Jersey expired at midnight on June 3, 2010.

Whereupon, the Board of Directors unanimously approved the Minutes of the meeting of May 18, 2010.

Report of Committee on Operations

The Committee on Operations reported, for information, on matters discussed and action taken in public and executive sessions at its meeting on August 5, 2010, which included discussion of an item that authorizes the purchase of additional railcars under the PATH rail vehicle procurement contract; and discussion of matters related to collective bargaining or negotiations, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, on matters discussed in public and executive sessions at its meeting on August 5, 2010, which included an update on the status of the PATH Railcar Replacement Program, and discussion of matters involving ongoing negotiations or reviews of contracts or proposals, and the report was received.

PATH – RAIL VEHICLE PROCUREMENT CONTRACT – EXERCISE OF OPTION TO PURCHASE ADDITIONAL RAILCARS

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to exercise a negotiated option, in accordance with the terms and conditions of the PATH rail vehicle procurement contract with Kawasaki Rail Car, Inc. (the Contract), to purchase ten “A-car” type railcars, at an estimated cost of \$15 million.

At its September 10, 2003 meeting, the Board authorized a project, at an estimated cost of \$809 million for: (1) the purchase of 246 new railcars to replace the PA-1, PA-2 and PA-3 PATH railcar fleet and the disposition of the replaced railcars; (2) the rehabilitation or replacement of the current class of 94 PA-4 railcars; (3) the renovation of the Harrison Car Maintenance Facility and maintenance equipment to support the new and/or rehabilitated railcars; and (4) Phase I of the Signal System Replacement Program, which includes preliminary engineering, design, testing, evaluation, and demonstration of modern signal system technologies.

On March 31, 2005, the Board authorized the award of the Contract to Kawasaki Rail Car, Inc. for the design, manufacture, testing and delivery of 340 new PA-5 railcars, at an estimated contract amount of \$499 million, exclusive of any extra or net cost work. The Contract provided for an option to purchase additional railcars, subject to further Board approval.

As of August 2, 2010, PATH has received 170 of the 340 new PA-5 railcars. Of the new railcars received, 151 railcars have been accepted and are available for revenue service. PATH anticipates an additional 70 railcars to be delivered this year, with the remaining 100 to be delivered in 2011.

Authorization to exercise the option for an additional ten “A-type” railcars is being sought at this time. The “A-type” railcars have a full-width engineer’s cab that is used to drive/pull a train set and offer greater operational flexibility, because they are essential to operate a train set. These additional ten railcars would enhance the flexibility of train operations and maximize peak-period capacity to meet future demands. The exercise of this option at this time would provide for significant cost savings, because production lines to manufacture and test railcars are fully developed and in place, and purchasing the ten railcars now would provide for a continuous production flow.

Pursuant to the foregoing report, the following resolution was adopted with Directors Bauer, Coscia, Grayson, Holmes, Moerdler, Pocino, Sartor and Steiner voting in favor; one against:

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to exercise a negotiated option, in accordance with the terms and conditions of the PATH rail vehicle procurement contract with Kawasaki Rail Car, Inc., to purchase an additional ten “A-Type” railcars, at an estimated cost of \$15 million; and it is further

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

Whereupon, the meeting was adjourned.

Vice-President