

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Thursday, September 22, 2005

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**MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Thursday, September 22, 2005,
at 225 Park Avenue South, City, County and State of New York.**

PRESENT:

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

Hon. Michael J. Chasanoff
 Hon. Christine A. Ferer
 Hon. David S. Mack
 Hon. Henry R. Silverman

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

Gwendolyn Archie
 Catherine M. Bergamini
 Kayla M. Bergeron
 A. Paul Blanco
 John D. Brill
 Gregory G. Burnham
 Timothy Castano
 Arthur J. Cifelli
 Steven J. Coleman
 James T. Connors
 Anthony G. Cracchiolo
 Audrey E. Dagnachew
 William R. DeCota
 Michael P. DePallo
 Pasquale DiFulco
 Francis A. DiMola
 Michael Dombrowski
 John J. Drobny
 Karen E. Eastman
 Marie M. Edwards
 Nancy J. Ertag-Brand
 Michael G. Fabiano
 James P. Fox
 Michael B. Francois
 Linda C. Handel
 Mary Lee Hannell
 Tina P. Hansen
 L. Jay Hector
 Alan H. Hicks
 Edward L. Jackson
 Howard G. Kadin
 Victoria C. Kelly
 Kevin J. Kirchman
 Louis J. LaCapra
 Richard M. Larrabee
 Shawn K. Laurenti
 Francis J. Lombardi

Robert F. Lurie
Norma Manigan
Stephen Marinko
James E. McCoy
Anne Marie C. Mulligan
Lynn A. Nerney
Steven P. Plate
Alan L. Reiss
Edmond F. Schorno
Kenneth W. Snapp
Gerald B. Stoughton
Ralph Tragale
Sheree R. Van Duyne
Peter J. Zipf

Guests

Jennifer Adams
Lee Ielpi
Joan Krevlin
Sally Yerkovich

The public session was called to order by Chairman Coscia at 1:34 p.m. and ended at 2:00 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 June 30, 2005. 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.

Report of Committee on Finance

The Committee on Finance reported, for information, and the report was received and is included with these minutes.

Report of Committee on Capital Programs/Port Planning

The Committee on Capital Programs/Port Planning reported, for information, on matters discussed in executive session at its meeting on September 22, 2005, which included discussion of matters which could affect the competitive economic position of the Port Authority, the Port District or businesses with which we deal, and the report was received.

Report of Committee on Construction

The Committee on Construction reported, for information, and the report was received and is included with these minutes.

Report on Committee on Operations

The Committee on Operations reported, for information, on matters discussed in executive session at its meeting on September 22, 2005, which included discussion of contract matters, in addition to matters filed with the Committee pursuant to Board action or separately reported to the Board of Directors at this meeting of the Board, and the report was received and is included with these minutes.

PATH – AGREEMENT WITH NEW YORK METROPOLITAN TRANSPORTATION AUTHORITY AND NEW YORK CITY TRANSIT FOR THE SALE AND ACCEPTANCE OF METROCARDSM AND PATH SINGLE-RIDE FARE MEDIA AND REPLENISHMENT OF THE SMARTLINKSM SMARTCARD AT ALL PATH STATIONS

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to: (1) enter into an agreement with the Metropolitan Transportation Authority (MTA) and New York City Transit (NYCT) for the back-office, operational and customer service support of value-based MetroCardSM and PATH single-ride ticket sales and use, SmartLinkSM smartcard replenishment, debit/credit operations (including fraud investigations), ticket vending machine revenue servicing, customer service, and revenue reconciliation and settlement of funds among the agencies, at an estimated cost to PATH of \$11,850,000 for a five-year term; and (2) at the discretion of the President, exercise a five-year option period to the agreement, at an estimated cost to PATH of \$13,150,000.

On December 13, 2001, the Board authorized a project for a Regional Fare Collection System (PATH Regional Fare Collection Project) in the amount of \$51 million. The Board also authorized the President to award an agreement to Cubic Transportation Systems, Inc. (Cubic) for the design, manufacture, delivery and installation of fare collection equipment and software, at an estimated cost of \$32 million.

On March 20, 2003, the Board authorized an additional \$16.9 million in funding for the Regional Fare Collection System Project, for a total estimated project cost of \$67.9 million. The Board also authorized an increase in the cost of the contract with Cubic for the system implementation, from \$32 million to \$39.3 million.

The PATH Regional Fare Collection Project includes the replacement and upgrade of the current PATH fare collection equipment to accept the NYCT value-based MetroCardSM, the PATH single-ride ticket and a new interoperable regional SmartLinkSM smartcard that could potentially be used by other transit agencies in the region. The system also has the capability of accepting the current PATH QuickCard fare media during the transitional period.

The project to date has been phased to allow for the early deployment of the faregates that accept both QuickCard and the value-based MetroCardSM for access to the PATH stations, while the back-end system functions and central computer system were being developed.

In support of this action, on October 23, 2003, the Board authorized the President to enter into an agreement with the MTA and its subsidiary, NYCT, to allow the use of the value-based MetroCardSM fare media on the PATH system at the temporary World Trade Center PATH Station, at an estimated cost of \$175,000. This cost was payable to NYCT to compensate it for one-time setup charges, and for its transaction fees, which cover customer service, information systems, financial and operational reporting, and operations staff support of the value-based MetroCardSM operation at the temporary World Trade Center Station. On August 4, 2004, the Board authorized the expansion and extension of this agreement and its terms, at an estimated cost of \$120,000, for the acceptance of MetroCardSM at all remaining PATH stations, until the

proposed more comprehensive agreement goes into effect. This new agreement would supercede the current agreement. The new agreement would allow for the sale and acceptance of the value-based MetroCardSM and PATH single-ride fare media at all PATH stations, the replenishment of rides on the new SmartLinkSM regional smartcard, credit/debit processing through NYCT banking arrangements and significant NYCT back-office operations required to support these functions and services.

Pursuant to the foregoing report, the following resolution was adopted with Directors Chasanoff, Coscia, Ferer, Pocino, Sartor, Silverman, Sinagra and Steiner voting in favor; none against; Commissioner Mack recused:

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation (PATH), to: (1) enter into an agreement with the Metropolitan Transportation Authority and New York City Transit for the back-office, operational and customer service support of value-based MetroCardSM and PATH single-ride ticket sales and use, SmartLinkSM smartcard replenishment, debit/credit operations (including fraud investigations), ticket vending machine revenue servicing, customer service, and revenue reconciliation and settlement of funds among the agencies, at an estimated cost to PATH of \$11,850,000 for a five-year term; and (2) at the discretion of the President, exercise a five-year option period to the foregoing agreement, at an estimated cost to PATH of \$13,150,000; and it is further

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

SETTLEMENT OF CLAIM – WILLIAM RUDELL 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 William Ruddell v. Port Authority Trans-Hudson Corporation, brought pursuant to the Federal Employers' Liability Act, in the total amount of \$234,955.48. Of this amount, \$199,900 would be paid to plaintiff for pain and suffering, out-of-pocket wage loss and future lost wages, \$20,064 is attributable to a waiver of the lien held by PATH for wage benefits, \$10,813.57 is attributable to a waiver of the lien held by PATH for medical bills, and \$4,177.91 is attributable to the Railroad Retirement Board (RRB) lien on this claim. The PATH liens would be deducted from the total settlement, and a separate check would be sent to the RRB in full payment of its lien. Plaintiff would provide PATH with a General Release, an acknowledgement that this settlement is not an admission of liability, and a Stipulation of Dismissal with Prejudice.

On March 14, 2001, plaintiff William Ruddell, a Conductor employed by PATH, injured his right knee while climbing down from Train Car 638 in the Harrison Yard. He alleges that his injury was caused by uneven ballast, a condition he contends was unreasonably dangerous. PATH was responsible for maintaining the area where the injury occurred in a reasonably safe condition, but PATH and its expert dispute plaintiff's claim that the ballast in the area was unsafe or out of the ordinary. Following the incident, plaintiff's supervisor failed to perform an inspection of the location; he opined in the accident report, however, that, based on what plaintiff told him, plaintiff did not commit an unsafe act or fail to follow safety rules or safe work practices.

Following the incident, Mr. Ruddell was sent to the Port Authority's Office of Medical Services (OMS). Thereafter, OMS monitored plaintiff's care, which involved two months of conservative treatment. This treatment was unsuccessful, and plaintiff underwent surgery to repair a complex meniscus tear, a partial anterior cruciate ligament tear, a Grade I to II chondromalacia of the patella and internal injuries to the surrounding area of his knee.

Both the PATH treating surgeon and OMS found that the plaintiff suffered a permanent disability as a result of this injury, and found him medically unfit to perform his duties as a PATH Conductor. As a result of this finding, plaintiff, who was 42 years old at the time of this incident, was retired on a Railroad Retirement Board Disability Pension.

Plaintiff initially demanded \$800,000 to settle this action. The judge assigned to this case recommended settlement in the amount of \$450,000, together with a waiver of all PATH liens. After three days of trial, the parties agreed upon the proposed settlement, subject to Board approval.

It was recommended that Counsel be authorized to finalize the settlement of this action for the total amount of \$234,955.48, inclusive of attorneys' fees, costs and disbursements.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Chasanoff, Coscia, Ferer, Mack, Pocino, Sartor, Silverman, Sinagra 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 a pending civil action entitled William Ruddell v. Port Authority Trans-Hudson Corporation in the total amount of \$234,955.48.

SETTLEMENT OF CLAIM – JOHN BOTTEGA and HOLLY BOTTEGA v. PORT AUTHORITY TRANS-HUDSON CORPORATION, ET AL.

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 action entitled John Bottega and Holly Bottega v. Port Authority Trans-Hudson Corporation and Modern Facilities, Inc., brought pursuant to the Federal Employers' Liability Act, in the amount of \$165,305.55. Of this amount, \$100,000 is attributable to pain and suffering and out-of-pocket wage losses, \$45,019.20 is attributable to a waiver of a lien held by PATH for wage benefits, and \$20,286.35 is attributable to a waiver of a lien held by PATH for medical bills. There are no Railroad Retirement Board liens with respect to this action. The PATH liens would be deducted from the total settlement, and the remaining amount of \$100,000 would be paid to plaintiffs and their attorney. Plaintiffs would provide a General Release and Stipulation of Discontinuance with Prejudice. In addition, a co-defendant, Modern Facilities Services, Inc. (Modern Facilities), has agreed to pay an additional \$25,000 to plaintiffs as part of the settlement.

On January 25, 2002, Plaintiff John Bottega, who was 56 years old at the time of the incident and employed by PATH, alleges that he injured his right knee when he slipped on grease in a corridor of the PATH Harrison Car Maintenance Facility. A representative of Modern Facilities, the cleaning contractor who was required to have a cleaning attendant on the shop floor from 6:00 a.m. to 2:30 p.m. that day, testified in a deposition that when he left the building that day, the floors were clean; however, it was not unusual for grease to accumulate on the floor after he left for the day.

Plaintiff tore a meniscus in his right knee and underwent surgery on February 11, 2002 to repair a large tear of the posterior horn and body of the medial meniscus; however, the meniscus was deemed non-repairable. Plaintiff returned to full duty in May 2002. In December 2004, plaintiff went out of work because of problems relating to his right knee, and his physician opined that plaintiff was suffering from osteoarthritis secondary to his surgery.

Plaintiffs initially demanded \$350,000 to settle this action, but through aggressive negotiation, and with the assistance of the Court, the parties agreed upon settlement in the amount of \$165,305.55, subject to Board approval.

Pursuant to the foregoing report, the following resolution was adopted in executive session with Directors Chasanoff, Coscia, Ferer, Mack, Pocino, Sartor, Silverman, Sinagra 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 action entitled John Bottega and Holly Bottega v. Port Authority Trans-Hudson Corporation, et al. in the amount of \$165,305.55.

CONTRACT AND PURCHASE ORDER AUTHORIZATION AND AMENDMENTS – QUARTERLY REPORT

REPORT: In accordance with Article XII, sections (f)(1) and (f)(2) of the By-Laws, the President reported, for information only, the following contracts were awarded or amended for the period of April 1, 2005 through June 30, 2005.

AWARDEE	DESCRIPTION	AUTHORIZATION	PROCUREMENT METHOD
Zimmerman Industries, Inc.	Concrete mixer	\$85,000	Publicly Bid/Low Bid
Kova Corporation	Digital Recording System – MERCOT	\$185,236	Government Contract
Gleason Paints	Latex & Quick Dry Enamel Paints	\$147,174	Publicly Bid/Low Bid
Permadur Industries, Inc.	Inspection, Maintenance and Repair of Cranes – PATH	\$150,202	Publicly Bid/Low Bid

Tort Claim Settlements – Quarterly Report

The President reported, for information only, that in accordance with the authority granted under Article XII, section (f)(4) of the By-Laws, the following claims were previously settled, and reported closed during the period April 1, 2005 to June 30, 2005.

TORT CLAIMS AGAINST PORT AUTHORITY TRANS-HUDSON CORPORATION, CLOSED**Employee Claims**

<u>NAME</u>	<u>AMOUNT PAID</u>
SIMEONE FRANCESCA EST	\$ 15,000.00
POSTEL DENNIS W	1,251.00
DZUBINA MICHAEL P	1,386.00
LUMFORD LARRY E	1,500.00
IPPOLITO FERNANDO	1,528.00
WHITE SHAWN	1,870.00
ROGERS TIMOTHY M	2,700.00
ZANNI UGO F	7,500.00
DOWLING MICHAEL P	10,000.00
RAMOS ANNE M	12,000.00
BERRIGAN DONALD	20,000.00
CLEARY KEVIN	20,000.00
HATFIELD ROBERT	25,000.00
CAMPOPIANO NICHOLAS	27,000.00
TOTAL	\$146,735.00

Patron Claims

<u>NAME</u>	<u>AMOUNT PAID</u>
RAMPELLO PAOLO	\$ 8,500.00
LEGLIEC MARK	750.00
HINES WILLIE MAC	100.00
TOTAL	\$9,350.00

FINAL CONTRACT PAYMENTS

The Comptroller's Department reported, for information only, that the contracts set forth hereafter have been completed satisfactorily by the contractors. Final payments have been made in the period of July 1, 2005 to July 31, 2005.

CONTRACT NUMBER	CONTRACT TITLE FACILITY AND CONTRACTOR	ORIGINAL AUTHORIZATION	TOTAL AUTHORIZED	TOTAL PAYMENTS
PAT578	PATH TUNNEL AND STATIONS - CHEMICAL GROUTING PORT AUTHORITY TRANS- HUDSON CORPORATION GEO GROUT, INC.	<u>250,000</u> (A) 250,000	<u>250,000</u> 250,000	<u>--0--</u> (E) 0
PAT624018A	DRAINAGE IMPROVEMENTS TO WESTSIDE AVENUE AND REHABILITATION OF TONNELE AVENUE RETAINING WALL JOURNAL SQUARE TRANSPORTATION CENTER GARDNER M. BISHOP, INC. AND JOSEPH M. SANZARI, INC., A JOINT VENTURE	4,375,000 (A) 257,875 (B) 400,000 (C) 463,200 (D) <u>--0--</u> 5,496,075	4,375,000 257,875 400,000 973,200 (F,G) <u>--0--</u> 6,006,075	4,375,000 250,000 259,679 822,500 <u>5,200</u> (H) 5,712,379

(A) Lump Sum.

(B) Classified Work.

(C) Net Cost - amount in the "Total Authorized" column represents the authorized estimated net cost amount.
However, the amount in the "Total Payments" column is the actual net cost amount paid.

(D) Extra Work.

(E) Although the contractor performed some work, it ceased to operate in 2001 and therefore a zero balance final payment was prepared to close out the contract.

(F) Increase in extra work in the amount of \$260,000 authorized on 7/21/2003.

(G) Increase in extra work in the amount of \$250,000 authorized on 10/3/2003.

(H) Increase in the contractor's compensation pursuant to the "Emergency Delays" clause, in the amount of \$5,200, as provided for in the contract.

Whereupon, the meeting was adjourned.

Vice-President