

PORT AUTHORITY TRANS-HUDSON CORPORATION

MINUTES

Wednesday, September 10, 2003

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MINUTES of the Meeting of Port Authority Trans-Hudson Corporation held Wednesday, September 10, 2003, at 225 Park Avenue South, City, County and State of New York.

PRESENT:

NEW JERSEY

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

Joseph J. Seymour, President
 Ernesto L. Butcher, Vice-President
 Jeffrey S. Green, Counsel

Gwendolyn Archie
 Paul Bea
 Catherine M. Bergamini
 A. Paul Blanco
 Bruce D. Bohlen
 John D. Brill
 Timothy Castano
 Arthur J. Cifelli
 Steven J. Coleman
 Anthony G. Cracchiolo
 William R. DeCota
 John C. Denise
 Michael P. DePallo
 Charles D. DeRienzo
 Karen E. Eastman
 Michael G. Fabiano
 Linda C. Handel
 Jay Hector
 Paul Higgins
 Edward L. Jackson
 Howard G. Kadin
 Louis J. LaCapra
 Richard M. Larrabee
 Francis J. Lombardi
 Robert R. Lurie
 Charles F. McClafferty
 James E. McCoy
 Lynn A. Nerney
 Michael A. Petralia
 Kenneth P. Philmus
 Alan L. Reiss
 Edmond F. Schorno
 Douglas L. Smith
 Harry Spector
 Gregory J. Trevor
 Emery J. Ungrady
 Sheree Van Duyne
 Sean P. Walsh

Guest:

Noreen Giblin

NEW YORK

Hon. Charles A. Gargano, Vice-Chairman
 Hon. Bruce A. Blakeman
 Hon. David S. Mack
 Hon. Henry R. Silverman
 Hon. Anastasia M. Song

The public session was called to order by Chairman Coscia at 2:58 p.m. and ended at 3:06 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 July 31, 2003. 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 Construction

The Committee on Construction reported, for information, on matters discussed at its meeting on September 10, 2003, which included discussion of a project for the PATH railcar and signal system replacement program, 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.

Report of Committee on Operations

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

Moment of Silence

In observance of the second anniversary of the terrorist attacks on The World Trade Center, the Chairman requested a moment of silence in memory of the 84 Port Authority employees lost on that day, as well as for all those who perished as a result of the senseless acts of terrorism on September 11, 2001.

PATH – RAILCAR AND PHASE I SIGNAL SYSTEM REPLACEMENT PROGRAM – PROJECT AUTHORIZATION

It was recommended that the Board authorize 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 railcar fleet of the Port Authority Trans-Hudson rail system (PATH) and 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 and design, testing, evaluation and demonstration of modern signal system technologies.

PATH provides essential rail transportation services between and within New York and New Jersey. A critical component of the service is its fleet of railcars. PATH has, arguably, the oldest heavy rail transit railcar fleet in the country, with the majority of its fleet approximately 38 years old.

At its meeting of April 5, 2001, the Board authorized planning for a program for the replacement of the PATH railcars and signal system, including payments to professional service firms, staff costs, facility force work, administrative costs, and financial expense, at an estimated cost of \$17.8 million. This also included authorization for the President to enter into an agreement with a consultant chosen from a publicly advertised Request for Proposals to assist in planning the railcar and signal system replacement work at an estimated cost of \$7.9 million.

The new railcars are to replace several classes of cars (PA-1, PA-2 and PA-3) that have already received a major mid-life rehabilitation and now exceed their design life of 30 years. The new railcars are expected to improve passenger carrying capacity to help relieve overcrowding during peak periods; better support the restoration of PATH service to downtown Manhattan; comply with Americans with Disabilities Act requirements; and have the capability to be equipped to operate with new signal system technology in the future. In addition, both the new and/or rehabilitated railcars will incorporate the latest service-proven equipment and components, and provide increased maintainability and reliability and improved diagnostics of their systems.

The PATH signal system is approximately 34 years old, with some components being up to 90 years old. It is approaching the end of its design life of 35 to 40 years and requires replacement.

Authorization to award contracts for the PATH railcar program and for the Phase II Signal System Replacement Program covering the final design, construction and installation of a new signal system will be sought in the future.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Coscia, Gargano, Mack, Pocino, Sartor, Silverman, Sinagra, Song and Steiner voting in favor; none against:

RESOLVED, that a project for: (1) the purchase of 246 new railcars to replace the PA-1, PA-2 and PA-3 railcar fleet of the Port Authority Trans-Hudson rail system and 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 and design, testing, evaluation and demonstration of modern signal system technologies, implementation plans and headway and capacity reports; all at an estimated total project cost of \$809 million, including payments to contractors, allowances for extra work (if necessary), and net cost work, planning, engineering, administrative and financial expenses, and a project contingency (if necessary), be and it hereby is authorized; and it is further

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

PATH – JOURNAL SQUARE TRANSPORTATION CENTER – LEASE AGREEMENT – FASHION GALLERY, INC.

It was recommended that the Board authorize the President of Port Authority Trans-Hudson Corporation (PATH) to enter into: (1) a lease agreement with Fashion Gallery, Inc., doing business as Rainbow Shops (FGI), covering the letting of two retail spaces totaling approximately 2,235 rentable square feet at the Journal Square Transportation Center for use as a women's clothing store and a shoe store, for an approximate three-year, four-month term commencing on or about October 1, 2003, at an aggregate basic rental over the term of approximately \$117,000, together with percentage rental based on FGI's gross sales; and (2) a brokerage agreement with Winick Realty Group, LLC, providing for the payment of a brokerage commission of approximately \$4,900 in connection with the lease.

Payment of basic rental will begin approximately four months after the commencement of the letting. FGI will have two options to extend the letting, each for a five-year period at a specified rental rate, and will pay certain utility and trash removal costs, as set forth in the lease. PATH will have the right to terminate the lease on 30 days' notice without cause, in which case it shall be obligated to reimburse FGI for its unamortized initial capital investment in the premises up to \$60,000, calculated on a straight-line basis over the lease term.

Pursuant to the foregoing report, the following resolution was adopted with Directors Blakeman, Coscia, Gargano, Mack, Pocino, Sartor, Silverman, Sinagra, Song and Steiner voting in favor; none against:

RESOLVED, that the President be and he hereby is authorized, for and on behalf of Port Authority Trans-Hudson Corporation, to enter into: (1) an agreement with Fashion Gallery, Inc., covering the letting of two retail spaces at the Journal Square Transportation Center; and (2) a brokerage agreement with Winick Realty Group, Inc., in connection with the lease; in each case, substantially in accordance with the terms and conditions outlined to the Board, or on such other terms and conditions as the President deems appropriate, subject to the conditions set forth in the following delegation; and it is further

RESOLVED, that the Committee on Operations be and it hereby is authorized to approve the final terms and conditions of the foregoing agreements in the event that the rental payment terms and/or the term of the letting are not substantially in accordance with the terms outlined to the Board; and it is further

RESOLVED, that the form of the foregoing agreements shall be subject to the approval of Counsel or his authorized representative.

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 January 1, 2003 through March 31, 2003.

Allegheny Rail Products	Rail, Track	\$75,950	PUBLICLY BID
Fastenal Company	Hardware- PATH	\$308,710	GOVERNMENT CONTRACT
Mt. Hope Rock Products, Inc.	Railroad Ballast – PATH	\$84,075	PUBLICLY BID
Verrazano Exterminating Corp.	Pest Control – PATH	\$121,211	PUBLICLY BID

Tort Claim Settlements - 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 January 1, 2002 to March 31, 2002.

**TORT CLAIMS OF PORT AUTHORITY TRANS-HUDSON CORPORATION,
CLOSED**

NAME	AMOUNT COLLECTED
BISHOP SANZARI	<u>\$23,202.50</u>
TOTAL	\$23,202.50

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

Employee Claims

NAME	AMOUNT PAID
MARTINEZ DONNA	5,000.00
LOUIS GEORGE	11,250.00
LONG EDWARD T	4,500.00
SMITH KENNETH J	4,500.00
SPEARING ROBERT J	2,000.00
HOWE ROBERT J	2,500.00
SIMMONS WILLIAM	25,000.00
TOTAL	\$50,250.00

Patron Claims

NAME	AMOUNT PAID
CARPENTER HARRY	\$ 154.49
LEVINE TRACY	1,130.17
TOTAL	\$1,284.66

Whereupon, the meeting was adjourned.

Vice-President