

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON OPERATIONS
MINUTES OF SPECIAL MEETING**

Thursday, June 28, 2012

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MINUTES OF SPECIAL MEETING**

225 Park Avenue South

New York, NY

Thursday, June 28, 2012

PRESENT:

Hon. David Samson, Chair
Hon. Virginia S. Bauer
Hon. H. Sidney Holmes III
Hon. David S. Steiner
Committee Members

Hon. Jeffrey H. Lynford
Hon. Jeffrey A. Moerdler
Hon. Scott H. Rechler
Hon. Rossana Rosado
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

Heavyn-Leigh American, Associate Board Management and Support Specialist, Office of the Secretary
Steven J. Coleman, Deputy Director, Media Relations
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
Michael P. DePallo, Director, Rail Transit
Michael P. Dombrowski, Cinematographer, Public Affairs
John J. Drobny, Director, Security Projects, Office of the Chief Operating Officer
Michael G. Fabiano, Chief Financial Officer
Michael A. Fedorko, Director, Public Safety/Superintendent of Police
Michael B. Francois, Chief, Real Estate and Development
Ann M. Georgas, Manager, Legal Management Division, Law
Linda C. Handel, Deputy Secretary
Mary Lee Hannell, Director, Human Resources

* Certain Commissioners voted as *pro tem* members of the Committee on certain items included in these Minutes, on an as-needed basis.

Andrew T. Hawthorne, Director, Marketing
Anthony Hayes, Manager, Media Planning, Media Relations
Mark D. Hoffer, Director, New Port Initiatives, Port Commerce
Howard G. Kadin, Esq., Law
Kirby King, Director, Technology Services
Louis J. LaCapra, Chief Administrative Officer
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
Diana Lopez, Senior Advisor, Port Commerce
John H. Ma, Chief of Staff to the Executive Director
Lisa MacSpadden, Director, Media Relations
Stephen Marinko, Esq., Law
Daniel G. McCarron, Comptroller
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Christopher J. Mohr, Executive Business Manager, Office of the Secretary
Mark F. Muriello, Assistant Director, Operations Specialist, Tunnels Bridges and
Terminals
Patrick B. O'Reilly, Senior Advisor to the Chairman
Jeffrey P. Pearce, Deputy Director, Aviation
Hunter Pendarvis, Public Information Officer, Media Relations
Jared Pilosio, Staff External Relations Representative, Government and Community
Affairs
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center
Construction
Richard J. Rebisz, Senior External Relations Representative, Government and
Community Affairs
Alan L. Reiss, Deputy Director, World Trade Center Construction
Paul J. Richman, Director, Federal Affairs, Government and Community Affairs
Shane J. Robinson, Staff External Affairs Representative, Government and Community
Affairs
Ken Shih, Manager, Interagency Agreements, World Trade Center Redevelopment
Brian W. Simon, Director, Government and Community Affairs, New York
Timothy G. Stickelman, Assistant General Counsel
Gerald B. Stoughton, Director, Financial Analysis
Robert A. Sudman, Director, Audit
Kevin J. Tomafsky, Staff Senior External Relations Representative, Government and
Community Affairs
David B. Tweedy, Chief, Capital Programs
I. Midori Valdivia, Principal Financial Analyst, Executive Director's Office
Christopher M. Valens, Public Information Officer, Media Relations
Lillian D. Valenti, Director, Procurement
Sheree Van Duyn, Manager, Policies and Protocol, Office of the Secretary
David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy
Executive Director
Peter J. Zipf, Chief Engineer

Guest:

Nicole Crifo, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

Speakers:

Murray Bodin, Member of the Public

Michael Burke, Member of the Public

Margaret Donovan, Twin Towers Alliance

Richard Hughes, Twin Towers Alliance

In view of the fact that there would be an insufficient number of affirmative votes cast to constitute a quorum with respect to certain matters to be considered 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 these items for and on behalf of the Board.

The meeting was called to order in public session by Chairman Samson at 1:18 p.m. and ended at 1:42 p.m. The Committee met in executive session prior to the public session. Commissioner Steiner was not present for the vote in the public session.

UNDERWRITING SERVICES FOR FINANCING THE WORLD TRADE CENTER REDEVELOPMENT

It was recommended that the Board authorize the Executive Director, the Chief Financial Officer or the Treasurer to enter into agreements with Bank of America Merrill Lynch, Barclays Capital, Inc., Citigroup Global Markets Inc., and RBC Capital Markets, LLC (collectively, the Underwriters), to provide underwriting services supporting the Port Authority's capital markets program to finance the Port Authority's World Trade Center redevelopment costs over the next three to five years. At the time of each debt issuance, one or more of these four firms would be selected to serve as the lead book-running underwriter, and the remaining firms would serve in the syndicate as co-managers.

In response to an April 2012 publicly advertised request for proposals for the aforesaid underwriting services, 24 proposals were received. Following a review of all proposals, nine firms were interviewed. Staff recommended the selection of Bank of America Merrill Lynch, Barclays Capital, Inc., Citigroup Global Markets Inc., and RBC Capital Markets, LLC, on the basis of the quality of their proposals, including proposed cost to the Port Authority for the underwriting services to be provided.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, adopted the following resolution, with Commissioners Lynford, Moerdler and Schuber voting in favor; Commissioners Bauer, Holmes and Samson 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 Committee being present.

RESOLVED, that the Executive Director, the Chief Financial Officer or the Treasurer be and each hereby is authorized, for and on behalf of the Port Authority, to enter into agreements with Bank of America Merrill Lynch, Barclays Capital, Inc., Citigroup Global Markets Inc., and RBC Capital Markets, LLC, to provide underwriting services supporting the Port Authority's capital markets program to finance the Port Authority's World Trade Center redevelopment costs over the next three to five years; and it is further

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

ONE WORLD TRADE CENTER (WTC) – IMPLEMENTATION OF CERTAIN DESIGN AND CONSTRUCTION WORK UNDER EXISTING CONTRACTS FOR ONE WTC AND ON BEHALF OF VARIOUS WTC SITE PROJECTS

It was recommended that the Board authorize: (1) an aggregate increase of \$44,624,947 in the amount of 40 construction trade contracts for work performed for One World Trade Center (One WTC) and other World Trade Center (WTC) site projects, including permanent power relocation and tenant modifications, as outlined below, inclusive of construction management services provided by Tishman Construction Corporation to support this work; (2) an aggregate increase of \$2,548,200 in the amount of eight design consultant contracts for work performed for other WTC site projects and for tenant modifications; (3) World Trade Center Tower 1 LLC to allocate these additional funds, on an as-needed basis, as required among the various WTC stakeholders involved, including increases in design and construction trade contracts; and (4) the establishment of a general allowance under 25 One WTC construction trade contracts, which would be composed of the combination of previously established allowances that would not be required for their original purpose, with such general allowance to be used for work as needed for One WTC.

Due to uncertainty regarding the construction schedule for Tower 2, and in order to maintain schedules for the public projects at the WTC site, the Board, at its October 22, 2009 meeting, authorized certain actions to, among other things, effectuate an alternative power supply design. Initially, the Power Distribution Center (PDC) was to be located in Tower 2, completely fit out and constructed as part of the WTC Transportation Hub (Hub) Project. It became evident, however, that power would not be provided in time to commission One WTC for tenant occupancy or to power other WTC site projects. The PDC therefore was redesigned and relocated into One WTC. This redesign led to changes to the mechanical, electrical, and plumbing systems of One WTC, as well as to other WTC site projects.

In addition, other WTC site stakeholders have requested One WTC design and construction work, within the building envelope, on their behalf. To accommodate these design changes, revised and additional scope of work to the existing trade contracts is required in order to coordinate the necessary work.

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 on-site to implement the work on behalf of adjacent projects.

The Durst Organization (Durst), the Port Authority's partner in a joint venture with respect to the construction, financing, leasing, management and operation of One WTC, has been involved with the design team to implement changes requested by tenants, to attract new tenants and to ensure that building management is effective and efficient. The overall cost for both the design and construction of the requested changes would be accepted by Durst and the Port Authority prior to implementation. These modifications would be funded through the authorized One WTC Marketing and Leasing Budget.

Expenditures under this authorization would be covered under the budgets pursuant to which this work is being performed, including those for WTC Redevelopment, the WTC Hub, the WTC retail development, the East Basement Tour Bus Parking Facility, the Vehicular Security Center, the Performing Arts Center, the WTC Memorial and Memorial Museum, the

Central Chiller Plant and the WTC Property Management Facility. Expenditures associated with the WTC Memorial would be allocated against the Port Authority's \$150 million commitment to the Memorial Project, of which approximately \$146.7 million has been committed to date.

This proposed authorization would help to maintain the current construction schedule at the WTC site.

The affected construction trade contracts are as follows:

Contractor	Scope of Work	Amount
4 Star Contracting	Plaza Waterproofing	\$200,000
Airflex Industrial Incorporated	Ornamental Metal	\$108,000
American Architectural Incorporated	Ornamental Metal	\$2,340,131
APG International	Dichroic Glass	\$538,047
Asbestolith Manufacturing Corporation	Fluid Applied Flooring	\$400,000
Atlantic Hoisting & Scaffolding, LLC	Hoisting	\$779,580
Atlantic Hoisting & Scaffolding, LLC	Common Scaffolding	\$800,000
Bauerschmidt & Sons, Inc.	Millwork	\$600,000
Belt Painting	Steel Painting	\$750,000
Benson Industries, LLC	Curtain Wall	\$3,150,000
Cardoza Plumbing Corporation	BG Plumbing	\$732,918
Component Assembly Systems	Carpentry	\$1,343,098
Curtis Partition Corporation	Carpentry	\$300,000
DCM Erectors Inc.	Structural Steel	\$4,670,000
Firecom JV	Fire Alarm	\$294,624
Five Star Electric	Above-ground Electric	\$10,243,669
FW Sims Incorporated	Below-ground HAC	\$799,192
FW Sims Incorporated	Above-ground HAC	\$2,233,251
Heritage Mechanical	Below-ground Ventilation	\$102,100
Hillside Ironworks, Inc.	Above-ground Misc. Iron	\$1,700,000
Hillside Ironworks, Inc.	Below-ground Misc. Iron	\$250,000
Ingersoll Rand Security Technologies	Security	\$815,528
Island International	Spray-on Fireproofing	\$2,207,972
The Jobin Organization, Inc.	Roofing and Waterproofing	\$1,025,000
Long Island Fireproof Door	Doors and Hardware	\$106,463
Megrant Corporation	Heating and Air Conditioning	\$100,000
Northbrook Contracting Corp.	Temporary Roads	\$600,000
Paladin	Glazing	\$50,000
Port Morris Tile & Marble Corporation	Stone and Tile	\$800,000
Rad and D'Aprile, Inc.	Below-ground Masonry	\$100,000
Rad and D'Aprile, Inc.	Above-ground Masonry	\$350,000
Rael Automatic Sprinkler	Below-ground Fire Protection	\$32,157
Rael Automatic Sprinkler	Above-ground Fire Protection	\$268,927
R&S Flooring	Resilient Flooring	\$200,000
Signs and Decal Corporation	Signage	\$100,000
Spectrum Painting	Painting	\$60,000
TAC- Schneider Electric Buildings America, Inc.	Building Management System	\$440,604
ThyssenKrupp Elevator	Elevators and Escalators	\$110,573
WDF, Incorporated	Above-ground Plumbing	\$365,698
Wolkow Braker Roofing Corporation	Below-ground Waterproofing	\$500,000
Total		\$40,567,532

Increase to Tishman Construction Corporation

General Conditions:	\$3,511,261
Fee:	\$ 546,154

The affected design consultant contracts are as follows:

Consultant	Amount
Claude Engle	\$35,000
Ducibella, Venter & Santore	\$125,000
Jaros, Baum & Bolles	\$760,000
Pentagram Design	\$78,000
Skidmore, Owings & Merrill	\$1,016,000
WSP Cantor Seinuk	\$402,000
Weidlinger Associates Incorporated	\$131,000
Code Consultants Incorporated	\$1,200
Total	\$2,548,200

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, adopted the following resolution, with Commissioners Holmes, Lynford and Schuber voting in favor; Commissioners Bauer and Samson 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 Committee being present.

RESOLVED, that an aggregate increase of \$44,624,947 in the amount of 40 construction trade contracts for work performed for One World Trade Center and other World Trade Center (WTC) site projects, including permanent power relocation and tenant modifications, as outlined above, inclusive of construction management services provided by Tishman Construction Corporation, be and it hereby is authorized; and it is further

RESOLVED, that an aggregate increase of \$2,548,200 in the amount of eight design consultant contracts for work performed for other WTC site projects and for tenant modifications, as outlined above, 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 other WTC site projects, 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 establishment of a general allowance under 25 One WTC construction trade contracts, which would be composed of the combination of previously established allowances that would not be required for their original purpose, with such general allowance to be used for work as needed for One WTC, be and it hereby is authorized; 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.

CONFIDENTIAL ITEM

The Commissioners also authorized a transaction in executive session, which shall not be made available for public inspection.

**PORT AUTHORITY BUS TERMINAL – DISCOVERY RETAIL CAFÉS, LLC – LEASE
LBT-734 – NEW LEASE**

It was recommended that the Board authorize the Executive Director to enter into a lease agreement with Discovery Retail Cafés, LLC (Discovery) for the letting of approximately 2,774 square feet of retail space on the ground floor of the North Wing of the Port Authority Bus Terminal (PABT) for a term of three years and seven months.

Discovery would use the premises for the operation of a “Cake Boss” store, which specializes in the sale of coffee, baked goods and related items. Discovery would make the necessary improvements, in an estimated amount of \$2 million, to the currently vacant space, in order to prepare the premises for initial occupancy, and perform certain base-building work on behalf of the Port Authority, including constructing a demising wall and connecting the space with all utility services. The rent commencement date under the new lease would be the 35th day after the earlier of the commencement of operations by Discovery in or at the leased premises or 180 days from the delivery of the premises by the Port Authority. The aggregate fixed rent over the term of the lease would be approximately \$4.3 million. In addition, Discovery would pay percentage rent of gross receipts above specific thresholds.

Discovery would be responsible for all operational, maintenance and repair costs associated with the leased premises. The Port Authority would have the right to terminate the lease, without cause, on 30 days’ notice. In the event the Port Authority exercised this right, without cause, the Port Authority would reimburse Discovery for its unamortized investment in the premises, in an amount not to exceed \$2 million.

Consistent with the terms of the Retail Management Agreement for the North and South Wings of the PABT authorized by the Board at its May 18, 2010 meeting, the Port Authority would pay a commission to 20X Square Associates, LLC, in the amount of approximately \$39,134, and also would pay a commission of \$156,536 to Zelnik & Company, Discovery’s broker.

Pursuant to the foregoing report, the Committee on Operations, acting for and on behalf of the Board pursuant to delegated authority, adopted the following resolution, with Commissioners Bauer, Holmes and Rubin voting in favor; Commissioner Samson 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 Committee being present.

RESOLVED, that the Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to enter into a lease agreement with Discovery Retail Cafés LLC for the letting of approximately 2,774 square feet of retail space on the ground floor of the North Wing of the Port Authority Bus Terminal, substantially in accordance 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 enter into any other contracts and

agreements necessary or appropriate in connection with the foregoing; 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