

#0617-02: AUTHORIZATION TO APPLY FOR FEDERAL FUNDING AND FINANCING – PORTAL NORTH BRIDGE PROJECT

Phase 1A of the Gateway Program, the Portal North Bridge Project (“Project”), will replace the current, functionally obsolete Portal Bridge – a 107-year-old two-track, railroad swing bridge spanning the Hackensack River between Secaucus and Kearny, New Jersey – with a new, high-level, two-track fixed span bridge. The new structure is expected to significantly improve service reliability by replacing the existing movable span, which interrupts operations and is prone to mechanical failures, and is the current cause of frequent delays.

In July 2016, Phase 1 of the Program, which includes the Project as well as the Hudson Tunnel Project, was accepted into the Project Development phase of the Federal Transit Administration’s Capital Investment Grant Program, an anticipated source of significant federal grant funds. Additionally, in January 2017, the Gateway Program Development Corporation (“GDC”) entered into an Emerging Projects Agreement (“Agreement”) with the United States Department of Transportation (“USDOT”). The Agreement established a framework for the provision of heightened technical assistance by USDOT’s Build America Bureau in support of GDC’s expected application for up to \$6 billion in federal financing for Phase 1.

A full funding and financing plan for the Project is being developed. As part of the local share, the Gateway Program Development Corporation (“GDC”) would apply for low-cost federal financing for an estimated amount of approximately \$284 million through loans obtained by GDC from USDOT’s Railroad Rehabilitation and Improvement Financing (“RRIF”) Program or Transportation Infrastructure Finance and Innovation Act (“TIFIA”) Program. The Port Authority of New York and New Jersey (“Port Authority”) is expected to provide payments to GDC of amounts equal to the scheduled annual debt service on a federal loan with a principal of \$284 million, when due without acceleration, and up to \$18 million for any fees, costs or expenses associated with any low-interest federal loans.

It is expected that GDC will submit a draft application for a RRIF and/or TIFIA loan in Summer 2017. The final loan agreement and any associated obligations would be subject to future board authorization.

It is also expected that GDC would apply for any other federal funding or financing programs for which the Project may be eligible. Any future agreements as a result of these applications would be subject to future authorization by the Board.

Pursuant to the foregoing report, the following resolution was adopted, with Trustees Bagger, Cohen and Coscia voting in favor. Trustee Ray was recused.

RESOLVED, that the Chair of the Board or other Officer of the Gateway Program Development Corporation (“GDC”) is hereby authorized, for and on behalf of GDC, to take all actions as may be necessary to advance GDC’s application for federal loans in

support of the Portal North Bridge Project (“Project”), and incur the related loan application fees and related expenses, and it is further

RESOLVED, that the Chair of the Board or other Officer of the Gateway Program Development Corporation is hereby authorized, for and on behalf of GDC, to take all actions as may be necessary to apply for any other federal funding and financing programs for which the Project may be eligible.