

**ASSEMBLY, No. 3417**

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**STATE OF NEW JERSEY**

**216th LEGISLATURE**

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INTRODUCED JUNE 16, 2014

**Sponsored by:**

**Assemblywoman VALERIE VAINIERI HUTTLE**

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**Assemblywoman AMY H. HANDLIN**

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**District 38 (Bergen and Passaic)**

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**District 33 (Hudson)**

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**SYNOPSIS**

Increases transparency and accountability at PANYNJ.

**CURRENT VERSION OF TEXT**

As introduced.

(Sponsorship Updated As Of: 11/14/2014)

1 AN ACT concerning oversight of the Port Authority of New York  
2 and New Jersey, amending various parts of the statutory law, and  
3 supplementing Title 32 of the Revised Statutes.

4  
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*  
6 *of New Jersey:*

7  
8 1. Section 2 of P.L.1991, c.395 (C.32:1-6.2) is amended to read  
9 as follows:

10 2. As used in **[this act]** P.L.1991, c.395 (C.32:1-6.1 et seq.):

11 **[a.]** "Board" means the Board of Commissioners of the Port  
12 Authority of New York and New Jersey.

13 "Committee" or "committees" means any standing committee  
14 established by the board including, but not limited to, the audit  
15 committee, the governance committee, and the finance committee  
16 required to be established pursuant to section 4 of P.L. , c. (C. )  
17 (pending before the Legislature as this bill).

18 **[b.]** "Meeting" means any gathering, whether corporeal or by  
19 means of communication equipment, which is attended by, or open  
20 to, the board, held with the intent, on the part of the board members  
21 present, to discuss or act as a unit upon the specific public business  
22 of the authority. "Meeting" does not mean a gathering (1) attended  
23 by less than an effective majority of the board, or (2) attended by or  
24 open to all the members of three or more similar public bodies at a  
25 convention or similar gathering.

26 **[c.]** "News media" means persons representing major wire  
27 services, television news services, radio news services, and  
28 newspapers, whether located in the States of New York or New  
29 Jersey or any other state.

30 "Public business" means matters which relate in any way,  
31 directly or indirectly, to the performance of the functions of the Port  
32 Authority of New York and New Jersey or the conduct of its  
33 business.

34 (cf: P.L.1991, c.395, s.2)

35  
36 2. Section 3 of P.L.1991, c.395 (C.32:1-6.3) is amended to read  
37 as follows:

38 3. a. Notwithstanding the provision of any other law to the  
39 contrary, all meetings of the board are declared to be public  
40 meetings and shall be open to the public and members of the news  
41 media, individually and collectively, for the purpose of observing  
42 the full details of all phases of the deliberation, policy-making, and  
43 decision-making of the board.

44 b. The board shall adopt [and promulgate] , within six months  
45 of the effective date of P.L. ,c. (C. ) (pending before the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 Legislature as this bill), appropriate rules and regulations  
2 concerning proper notice to the public and the news media of its  
3 meetings and the right of the public and the news media to be  
4 present at meetings of the authority. The rules and regulations  
5 adopted pursuant to this section shall provide for the same notice  
6 and right of the public and news media to be present, as well as any  
7 other rights and duties as are provided in sections 17 and 18 of  
8 P.L. , c. (C. ) (pending before the Legislature as this bill).

9 The board may incorporate in its rules and regulations conditions  
10 under which it may exclude the public from a meeting or a portion  
11 thereof.

12 c. Any rules or regulations adopted hereunder shall become a  
13 part of the minutes of the Port Authority of New York and New  
14 Jersey and shall be subject to the approval of the Governor of New  
15 Jersey and the Governor of New York.

16 d. The port authority shall make or cause to be made all  
17 reasonable efforts to ensure that meetings are held in facilities that  
18 permit barrier-free physical access to people with disabilities. If the  
19 board determines to use videoconferencing or similar technology to  
20 conduct its meetings, it shall provide an opportunity for the public  
21 to attend, listen, and observe at any site at which a commissioner  
22 participates.

23 (cf: P.L.1991, c.395, s.3)

24

25 3. R.S.32:1-8 is amended to read as follows:

26 ARTICLE VII.

27 The port authority shall have **[such]** additional powers and  
28 duties as may hereafter be delegated to or imposed upon it from  
29 time to time by the action of the legislature of either state concurred  
30 in by the legislature of the other. Unless and until otherwise  
31 provided, it shall make an annual report to the legislature of both  
32 states pursuant to section 8 of P.L. , c. (C. ) (pending before  
33 the Legislature as this bill), setting forth in detail the operations and  
34 transactions conducted by it pursuant to this agreement and any  
35 legislation thereunder. The port authority shall not pledge the credit  
36 of either state except by and with the authority of the legislature  
37 thereof.

38 (cf: R.S.32:1-8)

39

40 4. (New section) a. Commissioners shall:

41 (1) Execute direct oversight of the authority's chief executive  
42 and other management in the effective and ethical management of  
43 the authority;

44 (2) Understand, review, and monitor the implementation of  
45 fundamental financial and management controls and operational  
46 decisions of the authority;

1 (3) Establish policies regarding the payment of salary,  
2 compensation, and reimbursements to, and establish rules for the  
3 time and attendance of, the chief executive and management;

4 (4) Adopt a code of ethics applicable to each officer, director,  
5 and employee that, at a minimum, includes the applicable standards  
6 established in the ethics law of both states;

7 (5) Establish written policies and procedures on personnel  
8 including policies protecting employees from retaliation for  
9 disclosing information concerning acts of wrongdoing, misconduct,  
10 malfeasance, or other inappropriate behavior by an employee or  
11 board member of the authority, investments, travel, the acquisition  
12 of real property and the disposition of real and personal property  
13 and the procurement of goods and services; and

14 (6) Adopt a defense and indemnification policy and disclose such  
15 plan to any and all prospective board members.

16 b. (1) The commissioners shall perform each of their duties as  
17 board members, including but not limited to those imposed by this  
18 section, in good faith and with that degree of diligence, care, and  
19 skill which an ordinarily prudent person in like position would use  
20 under similar circumstances, and may take into consideration the  
21 views and policies of any elected official or body, or other person  
22 and ultimately apply independent judgment in the best interest of  
23 the port authority, its mission, and the public.

24 (2) At the time that a commissioner takes and subscribes the  
25 commissioner's oath of office, or within 60 days after the effective  
26 date of P.L. , c. (C. ) (pending before the Legislature as this  
27 bill) if the commissioner has already taken and subscribed the  
28 commissioner's oath of office, the commissioner shall execute an  
29 acknowledgement, in a form developed by the port authority, in  
30 which the commissioner shall, at a minimum:

31 (a) acknowledge that the commissioner understands that a  
32 commissioner has a fiduciary obligation to perform duties and  
33 responsibilities to the best of the commissioner's abilities, in good  
34 faith and with proper diligence and care, consistent with the  
35 enabling compact, mission, and by-laws of the port authority and  
36 the applicable laws of both states; and that the fiduciary duty to the  
37 port authority is derived from and governed by its mission;

38 (b) acknowledge that the commissioner understands the  
39 commissioner's duty of loyalty and care to the port authority and  
40 commitment to the port authority's mission and the public interest;  
41 and the commissioner's obligation to act in the best interests of the  
42 port authority and the people whom the port authority serves;

43 (c) agree that a commissioner has an obligation to become  
44 knowledgeable about the mission, purpose, functions,  
45 responsibilities, and statutory duties of the port authority and, when  
46 necessary, to make reasonable inquiry of management and others  
47 with knowledge and expertise so as to inform the commissioner's  
48 decisions;

1 (d) agree to exercise independent judgment on all matters before  
2 the board;

3 (e) agree not to divulge confidential discussions and confidential  
4 matters that come before the board for consideration or action;

5 (f) agree to disclose to the board any conflicts, or the appearance  
6 of a conflict, of a personal, financial, ethical, or professional nature  
7 that could inhibit the commissioner from performing the  
8 commissioner's duties in good faith and with due diligence and  
9 care; and

10 (g) certify that the commissioner does not have any interest,  
11 financial or otherwise, direct or indirect, or engage in any business  
12 or transaction or professional activity or incur any obligation of any  
13 nature, which is in substantial conflict with the proper discharge of  
14 the commissioner's duties in the public interest.

15 c. Individuals appointed to the board of commissioners shall  
16 participate in training approved by the port authority's Inspector  
17 General regarding their legal, fiduciary, financial, and ethical  
18 responsibilities as directors of an authority within six months of  
19 appointment to the authority. Board members shall participate in  
20 continuing training as may be required to remain informed of best  
21 practices, regulatory and statutory changes relating to the effective  
22 oversight of the management and financial activities of public  
23 authorities, and to adhere to the highest standards of responsible  
24 governance.

25 d. No board member, including the chairperson, shall serve as  
26 the port authority's chief executive officer, executive director, chief  
27 financial officer, comptroller, or hold any other equivalent position  
28 while serving as a member of the board.

29 e. The board of commissioners shall establish an audit  
30 committee to be comprised of not less than three independent  
31 members, who shall constitute a majority on the committee, and  
32 who shall possess the necessary skills to understand the duties and  
33 functions of the audit committee; provided, however, that in the  
34 event that a board has less than three independent members, the  
35 board may appoint non-independent members to the audit  
36 committee, provided that the independent members shall constitute  
37 a majority of the members of the audit committee. Members of the  
38 audit committee shall be familiar with corporate financial and  
39 accounting practices. The committee shall recommend to the board  
40 the hiring of a certified independent accounting firm to audit the  
41 port authority, establish the compensation to be paid to the  
42 accounting firm, and provide direct oversight of the performance of  
43 the independent audit performed by the accounting firm hired for  
44 these purposes.

45 f. (1) The board of commissioners shall establish a governance  
46 committee to be comprised of not less than three independent  
47 members, who shall constitute a majority on the committee, and  
48 who shall possess the necessary skills to understand the duties and

1 functions of the governance committee; provided, however, that in  
2 the event that the board has less than three independent members,  
3 the board may appoint non-independent members to the governance  
4 committee, provided that the independent members shall constitute  
5 a majority of the members of the governance committee. It shall be  
6 the responsibility of the members of the governance committee to:  
7 keep the board informed of current best governance practices;  
8 review corporate governance trends; recommend updates to the  
9 authority's corporate governance principles; advise the port  
10 authority on the skills and experiences required of potential board  
11 members; examine ethical and conflict of interest issues; perform  
12 board self-evaluations; and to recommend by-laws which include  
13 rules and procedures for the conduct of board business.

14 (2) The governance committee shall examine, at least annually,  
15 the working and professional relationship between employees  
16 appointed by the Governor of New York and those appointed by the  
17 Governor of New Jersey to ensure maximum communication,  
18 coordination, and cooperation among and between such employees.  
19 The committee shall report its findings and recommendations to the  
20 full board at the first board meeting of each calendar year.

21 g. The board of commissioners shall establish a finance  
22 committee to be comprised of not less than three independent  
23 members, who shall constitute a majority on the committee, and  
24 who shall possess the necessary skills to understand the duties and  
25 functions of the committee; provided, however, that in the event  
26 that a board has less than three independent members, the board  
27 may appoint non-independent members to the finance committee,  
28 provided that the independent members shall constitute a majority  
29 of the members of the finance committee. It shall be the  
30 responsibility of the members of the finance committee to review  
31 proposals for the issuance of debt by the authority and its  
32 subsidiaries and to make recommendations.

33 h. For the purposes of this section, an independent member is  
34 one who:

35 (1) is not, and in the past two years has not been, employed by  
36 the authority or an affiliate in an executive capacity;

37 (2) is not, and in the past two years has not been, employed by an  
38 entity that received remuneration valued at more than \$15,000 for  
39 goods and services provided to the port authority or received any  
40 other form of financial assistance valued at more than \$15,000 from  
41 the port authority;

42 (3) is not a relative of an executive officer or employee in an  
43 executive position of the port authority or an affiliate; and

44 (4) is not, and in the past two years has not been, a lobbyist  
45 registered under a state or local law and paid by a client to influence  
46 the management decisions, contract awards, rate determinations, or  
47 any other similar actions of the port authority or an affiliate.

1 i. Notwithstanding the provisions of any general, special, or  
2 local law, municipal charter, or ordinance to the contrary, the board  
3 shall not directly or indirectly, including through any subsidiary,  
4 extend or maintain credit, arrange for the extension of credit, or  
5 renew an extension of credit, in the form of a personal loan to or for  
6 any officer, board member, or employee, or equivalent thereof, of  
7 the port authority.

8  
9 5. (New section) The port authority shall require an efficiency  
10 study be conducted by an outside, independent efficiency expert to  
11 identify waste or abuse involving the authority. The initial study  
12 shall be completed within 12 months of the effective date of P.L. ,  
13 c. (C. ) (pending before the Legislature as this bill) and made  
14 public at the first public meeting of the board of commissioners  
15 following the completion of the initial study. Subsequent studies  
16 shall be completed and made available to the public every two years  
17 thereafter. A copy of each study conducted shall be submitted to the  
18 port authority's office of inspector general.

19  
20 6. (New section) The port authority shall require that a needs  
21 assessment be conducted by an independent entity prior to any  
22 increase in fees, tolls, charges, or fares. The assessment shall be  
23 presented by the independent entity to the board of commissioners  
24 at a public meeting to be held at least 120 days prior to any meeting  
25 of the commissioners to vote to increase any fees, tolls, charges, or  
26 fares.

27  
28 7. (New section) a. For the purposes of this section, unless a  
29 different meaning is required by the context:

30 "Contracting officer" means the officer or employee of the port  
31 authority who shall be appointed by resolution of the board of the  
32 port authority to be responsible for the disposition of property.

33 "Dispose" or "Disposal" means transfer of title or any other  
34 beneficial interest in personal or real property in accordance with  
35 this section.

36 "Property" means personal property in excess of \$5,000 in value,  
37 real property, and any inchoate or other interest in such property, to  
38 the extent that such interest may be conveyed to another person for  
39 any purpose, excluding an interest securing a loan or other financial  
40 obligation of another party.

41 b. In addition to the powers and duties set forth in R.S.32:1-8,  
42 the port authority shall have the following powers, duties, and  
43 responsibilities set forth in this section with respect to the disposal  
44 of property:

45 (1) The port authority shall adopt by resolution comprehensive  
46 guidelines which shall:

1 (a) detail the port authority's operative policy and instructions  
2 regarding the use, awarding, monitoring, and reporting of contracts  
3 for the disposal of property; and

4 (b) designate a contracting officer who shall be responsible for  
5 the port authority's compliance with, and enforcement of, the  
6 guidelines.

7 The guidelines shall be consistent with, and shall require the port  
8 authority's contracting activities to comply with this section, the  
9 port authority's enabling legislation, and any other applicable law  
10 for the disposal of property, except that the guidelines may be  
11 stricter than the provisions of this section, the port authority's  
12 enabling legislation, and any other applicable law for the disposal  
13 of property if the port authority determines that additional  
14 safeguards are necessary to assure the integrity of its disposition  
15 activities. Guidelines approved by the port authority shall be  
16 annually reviewed and approved by the board of commissioners of  
17 the port authority. On or before the 31st day of March in each year,  
18 the port authority shall file with the state comptroller of each state a  
19 copy of the guidelines most recently reviewed and approved by the  
20 port authority, including the name of the port authority's designated  
21 contracting officer. At the time of filing the guidelines with the  
22 state comptroller, the port authority shall also post the guidelines on  
23 the port authority's internet website. Guidelines posted on the port  
24 authority's internet website shall be maintained on the website at  
25 least until the procurement guidelines for the following year are  
26 posted on the website.

27 (2) The port authority shall:

28 (a) maintain adequate inventory controls and accountability  
29 systems for all property under its control;

30 (b) periodically inventory such property to determine which  
31 property shall be disposed of;

32 (c) produce a written report of property in accordance with  
33 paragraph (3) of this subsection;

34 (d) transfer or dispose of property as promptly as possible in  
35 accordance with subsection c. of this section.

36 (3) (a) The port authority shall publish, not less frequently than  
37 annually, a report listing all real property of the port authority. The  
38 report shall include a list and full description of all real and  
39 personal property disposed of during the period. The report shall  
40 contain the price received by the port authority and the name of the  
41 purchaser for all property sold by the port authority during the  
42 period.

43 (b) The port authority shall deliver copies of the report to the  
44 governor, state comptroller, and the legislature of each state.

45 c. (1) Except as otherwise provided in this section, the  
46 contracting officer designated by the port authority shall have  
47 supervision and direction over the disposition of property of the  
48 authority.



1       (2) The custody and control of the property of the port authority,  
2 pending its disposition, and the disposal of property shall be  
3 performed by the port authority.

4       (3) Subject to subsection b. of this section, the port authority  
5 may dispose of property for not less than the fair market value of  
6 property by sale, exchange, or transfer, for cash, credit, or other  
7 property, with or without warranty, and upon other terms and  
8 conditions as the contracting officer deems proper, and it may  
9 execute documents for the transfer of title or other interest in  
10 property and take other action as its deems necessary or proper to  
11 dispose of property under the provisions of this section. Provided,  
12 however, that no disposition of real property, or any interest in real  
13 property, shall be made unless an appraisal of the value of the  
14 property has been made by an independent appraiser and included  
15 in the record of the transaction, and, provided further, that no  
16 disposition of any other property, which because of its unique  
17 nature or the unique circumstances of the proposed transaction is  
18 not readily valued by reference to an active market for similar  
19 property, shall be made without a similar appraisal.

20       (4) A deed, bill of sale, lease, or other instrument executed by or  
21 on behalf of the port authority, purporting to transfer title or any  
22 other interest in property of the port authority under this section  
23 shall be conclusive evidence of compliance with the provisions of  
24 this section insofar as concerns title or other interest of any bona  
25 fide grantee or transferee who has given valuable consideration for  
26 title or other interest and has not received actual or constructive  
27 notice of lack of that compliance prior to the closing.

28       (5) (a) All disposals or contracts for disposal of property of the  
29 port authority made or authorized by the contracting officer shall be  
30 made after publicly advertising for bids except as provided in  
31 subparagraph (c) of this paragraph.

32       (b) whenever public advertising for bids is required under  
33 subparagraph (a) of this paragraph:

34       (i) the advertisement for bid shall be made at such time prior to  
35 the disposal or contract, through methods, and on terms and  
36 conditions as shall permit full and free competition consistent with  
37 the value and nature of the property;

38       (ii) all bids shall be publicly disclosed at the time and place  
39 stated in the advertisement; and

40       (iii) the award shall be made with reasonable promptness by  
41 notice to the responsible bidder whose bid, conforming to the  
42 invitation for bids, will be most advantageous to the port authority,  
43 price and other factors considered; provided, that all bids may be  
44 rejected when it is in the public interest to do so.

45       (c) Disposals and contracts for disposal of property may be  
46 negotiated or made by public auction without regard to  
47 subparagraphs (a) and (b) of this paragraph but subject to obtaining  
48 such competition as is feasible under the circumstances, if:

- 1 (i) the personal property involved has qualities separate from the
- 2 utilitarian purpose of the property, such as artistic quality, antiquity,
- 3 historical significance, rarity, or other quality of similar effect, that
- 4 would tend to increase its value, or if the personal property is to be
- 5 sold in a quantity that, if it were disposed of under subparagraph (a)
- 6 and (b) of this paragraph, would adversely affect the state or local
- 7 market for the property, and the estimated fair market value of the
- 8 property and other satisfactory terms of disposal can be obtained by
- 9 negotiation;
- 10 (ii) the fair market value of the property does not exceed
- 11 \$15,000;
- 12 (iii) bid prices after advertising therefor are not reasonable,
- 13 either as to all or some part of the property, or have not been
- 14 independently arrived at in open competition;
- 15 (iv) the disposal will be to the state or any political subdivision,
- 16 and the estimated fair market value of the property and other
- 17 satisfactory terms of disposal are obtained by negotiation;
- 18 (v) under those circumstances permitted by subsubparagraph (vi)
- 19 of this subparagraph; or
- 20 (vi) the action is otherwise authorized by law.
- 21 (d) (i) An explanatory statement shall be prepared of the
- 22 circumstances of each disposal by negotiation of:
- 23 (A) any personal property which has an estimated fair market
- 24 value in excess of \$15,000;
- 25 (B) any real property that has an estimated fair market value in
- 26 excess of \$100,000, except that any real property disposed of by
- 27 lease or exchange shall only be subject to subclause (C) and (D) of
- 28 this subsubparagraph;
- 29 (C) any real property disposed of by lease, if the estimated
- 30 annual rent over the term of the lease is in excess of \$15,000;
- 31 (D) any real property or real and related personal property
- 32 disposed of by exchange, regardless of value, or any property any
- 33 part of the consideration for which is real property.
- 34 (ii) Each statement shall be transmitted to the persons entitled to
- 35 receive copies of the report required under subsection b. of this
- 36 section not less than 90 days in advance of disposal, and a copy
- 37 thereof shall be preserved in the files of the port authority.
- 38 (6) (a) No asset owned, leased, or otherwise in the control of the
- 39 port authority may be sold, leased, or otherwise alienated for less
- 40 than its fair market value except, if;
- 41 (i) the transferee is a government or other public entity, and the
- 42 terms and conditions of the transfer require that the ownership and
- 43 use of the asset will remain with the government or any other public
- 44 entity;
- 45 (ii) the purpose of the transfer is within the purpose, mission, or
- 46 governing statute of the port authority; or
- 47 (iii) in the event the port authority seeks to transfer an asset for
- 48 less than its fair market value to other than a governmental entity,

1 which disposal would not be consistent with the port authority's  
2 mission, purpose, or governing statutes, the port authority shall  
3 provide written notification thereof to the governor of each state,  
4 and the proposed transfer shall be subject to denial by either  
5 governor. Denial by the governor shall take the form of a signed  
6 certification by the governor. The governor shall take any action  
7 within 60 days of receiving notification of the proposed transfer. If  
8 no such certification is performed within 60 days of notification of  
9 the proposed transfer to the governor, the authority may effectuate  
10 the transfer.

11 (b) In the event a below fair market value asset transfer is  
12 proposed, the following information shall be provided to the board  
13 of commissioners and the public:

14 (i) a full description of the asset;

15 (ii) an appraisal of the fair market value of the asset and any  
16 other information establishing the fair market value sought by the  
17 board;

18 (iii) a description of the purpose of the transfer, and a reasonable  
19 statement of the kind and amount of the benefit to the public  
20 resulting from the transfer, including but not limited to the kind,  
21 number, location, wages or salaries of jobs created or preserved as  
22 required by the transfer, the benefits, if any, to the communities in  
23 which the asset is situated as are required by the transfer;

24 (iv) a statement of the value to be received compared to the fair  
25 market value;

26 (v) the names of any private parties participating in the transfer,  
27 and if different than the statement required by subsubparagraph (iv)  
28 of this subparagraph, a statement of the value to the private party;  
29 and

30 (vi) the names of other private parties who have made an offer  
31 for the asset, the value offered, and the purpose for which the asset  
32 was sought to be used.

33 (c) Before approving the disposal of any property for less than  
34 fair market value, the board of commissioners shall consider the  
35 information described in subparagraph (b) of this paragraph and  
36 make a written determination that there is no reasonable alternative  
37 to the proposed below-market transfer that would achieve the same  
38 purpose of the transfer.

39

40 8. (New section) a. The port authority shall submit to the  
41 governor, the state comptroller, and the legislature of each state,  
42 within 90 days after the end of the port authority's fiscal year, a  
43 complete and detailed report or reports setting forth:

44 (1) The port authority's operations and accomplishments;

45 (2) Financial reports certified by the Chair and Vice-chair of the  
46 board and the executive director, deputy executive director, and  
47 chief financial officer of the port authority, including:

1 (a) audited financials in accordance with generally accepted  
2 accounting principles, known as GAAP, and the accounting  
3 standards issued by the Governmental Accounting Standards Board,  
4 known as GASB,

5 (b) grant and subsidy programs,

6 (c) operating and financial risks,

7 (d) current ratings, if any, of its bonds issued by recognized bond  
8 rating agencies, and notice of changes in such ratings, and

9 (e) long-term liabilities, including leases and employee benefit  
10 plans;

11 (3) A schedule of port authority bonds and notes outstanding at  
12 the end of the port authority's fiscal year, together with a statement  
13 of the amounts redeemed and incurred during such fiscal year as  
14 part of a schedule of debt issuance that includes the date of  
15 issuance, term, amount, interest rate, and means of repayment.  
16 Additionally, the debt schedule shall include all refinancings, calls,  
17 refundings, defeasements, and interest rate exchanges or other such  
18 agreements, and for any debt issued during the reporting year, the  
19 schedule shall also include a detailed list of costs of issuance for  
20 such debt;

21 (4) A compensation schedule that shall include, by position,  
22 title, and name of the person holding that position or title, the  
23 salary, compensation, allowance and benefits, or both, provided to  
24 any officer, director, or employee in a decision making or  
25 managerial position of the port authority whose salary is in excess  
26 of \$100,000;

27 (5) Biographical information, not including confidential  
28 personal information, for all directors and officers and employees  
29 for whom salary reporting is required;

30 (6) The projects undertaken by the port authority during the past  
31 year;

32 (7) A listing and description, in addition to the report required  
33 by subparagraph (c) of paragraph (2) of subsection b. of section 7 of  
34 P.L. c. (C. ) (pending before the Legislature as this bill), of  
35 all real property of the port authority having an estimated fair  
36 market value in excess of \$15,000 that the authority acquires or  
37 disposes of during that period. The report shall contain the price  
38 received or paid by the port authority and the name of the purchaser  
39 or seller for all such property sold or bought by the port authority  
40 during such period;

41 (8) The port authority's code of ethics;

42 (9) An assessment of the effectiveness of the port authority's  
43 internal control structure and procedures;

44 (10) A description of the port authority and its board structure,  
45 including

46 (a) names of committees and committee members,

47 (b) lists of board meetings and attendance,

48 (c) descriptions of major authority units, subsidiaries, and

- 1 (d) number of employees;
- 2 (11) The port authority's charter, if any, and by-laws;
- 3 (12) A listing of material changes in operations and programs
- 4 during the reporting year;
- 5 (13) At a minimum, a four-year financial plan, including:
- 6 (a) a current and projected capital budget, and
- 7 (b) an operating budget report, including an actual versus
- 8 estimated budget, with an analysis and measurement of financial
- 9 and operating performance;
- 10 (14) The port authority's board performance evaluations;
- 11 provided, however, that the evaluations shall not be subject to
- 12 disclosure under the freedom of information laws of each state;
- 13 (15) A description of the total amounts of assets, services, or
- 14 both assets and services bought or sold without competitive
- 15 bidding, including:
- 16 (a) the nature of those assets and services,
- 17 (b) the names of the counterparties, and
- 18 (c) where the contract price for assets purchased exceeds fair
- 19 market value, or where the contract price for assets sold is less than
- 20 fair market value, a detailed explanation of the justification for
- 21 making the purchase or sale without competitive bidding, and a
- 22 certification by the chief executive officer and chief financial
- 23 officer of the port authority that they have reviewed the terms of
- 24 such purchase or sale and determined that it complies with
- 25 applicable law and procurement guidelines; and
- 26 (16) A description of any material pending litigation in which
- 27 the port authority is involved as a party during the reporting year.
- 28 b. The port authority shall make accessible to the public, via its
- 29 official or shared internet web site, documentation pertaining to its
- 30 mission, current activities, most recent annual financial reports,
- 31 current year budget, and its most recent independent audit report
- 32 unless this information is exempt from disclosure pursuant to either
- 33 state's freedom of information laws.
- 34 c. Every financial report submitted under this section shall be
- 35 approved by the board and shall be certified in writing by the chair
- 36 and vice chair of the board, the executive director, the deputy
- 37 executive director, and the chief financial officer of the port
- 38 authority that based on the officer's knowledge:
- 39 (1) the information provided therein is accurate, correct, and
- 40 does not contain any untrue statement of material fact;
- 41 (2) does not omit any material fact which, if omitted, would
- 42 cause the financial statements to be misleading in light of the
- 43 circumstances under which the statements are made; and
- 44 (3) fairly presents in all material respects the financial condition
- 45 and results of operations of the port authority as of, and for, the
- 46 periods presented in the financial statements.

- 1       9. (New section) a. The port authority shall submit to the  
2 governor, the state comptroller, and legislature of each state,  
3 together with the report described in section 8 of P.L. , c. (C. )  
4 (pending before the Legislature as this bill), a copy of the annual  
5 independent audit report, performed by a certified public accounting  
6 firm in accordance with generally accepted auditing standards, and  
7 management letter and any other external examination of the books  
8 and accounts of the port authority.
- 9       b. Each certified independent public accounting firm that  
10 performs any audit required by this section shall timely report to the  
11 audit committee of the port authority:
  - 12       (1) All critical accounting policies and practices to be used;
  - 13       (2) All alternative treatments of financial information within  
14 generally accepted accounting principles that have been discussed  
15 with management officials of the port authority, ramifications of the  
16 use of alternative disclosures and treatments, and the treatment  
17 preferred by the certified independent public accounting firm; and
  - 18       (3) Other material written communications between the certified  
19 independent public accounting firm and the management of the port  
20 authority, including as the management letter along with  
21 management's response or plan of corrective action, material  
22 corrections identified, or schedule of unadjusted differences, where  
23 applicable.
- 24       c. Notwithstanding any other provision of law to the contrary,  
25 the certified independent public accounting firm providing the port  
26 authority's annual independent audit will be prohibited in providing  
27 services to the port authority if the lead or coordinating audit  
28 partner, having primary responsibility for the audit, or the audit  
29 partner responsible for reviewing the audit, has performed audit  
30 services for that issuer in each of the five previous fiscal years of  
31 the port authority.
- 32       d. The certified independent public accounting firm performing  
33 the port authority's audit shall be prohibited from performing any  
34 non-audit services to the port authority contemporaneously with the  
35 audit, unless receiving previous written approval by the audit  
36 committee including:
  - 37       (1) Bookkeeping or other services related to the accounting  
38 records or financial statements of the port authority;
  - 39       (2) Financial information systems design and implementation;
  - 40       (3) Appraisal or valuation services, fairness opinions, or  
41 contribution-in-kind reports;
  - 42       (4) Actuarial services;
  - 43       (5) Internal audit outsourcing services;
  - 44       (6) Management functions or human services;
  - 45       (7) Broker or dealer, investment advisor, or investment banking  
46 services; and
  - 47       (8) Legal services and expert services unrelated to the audit.

1 e. It shall be prohibited for any certified independent public  
2 accounting firm to perform for the port authority any audit service  
3 if the chief executive officer, comptroller, chief financial officer,  
4 chief accounting officer, or any other person serving in an  
5 equivalent position for the port authority, was employed by that  
6 certified independent public accounting firm and participated in any  
7 capacity in the audit of the port authority during the one year period  
8 preceding the date of the initiation of the audit.

9 f. Notwithstanding any provision of law to the contrary, the port  
10 authority may exempt information from disclosure or report, if the  
11 counsel of the port authority deems that the information is covered  
12 by either state's freedom of information laws.

13

14 10. (New section) a. For the purposes of this section:

15 "Attorney General" means the Attorney General of the State of  
16 New York and the Attorney General of the State of New Jersey.

17 "Employees" means those persons employed at the port  
18 authority, including but not limited to: full-time and part-time  
19 employees, those employees on probation, and temporary  
20 employees.

21 "Inspector General" means the Inspector General of the Port  
22 Authority.

23 "Whistleblower" means any employee of the port authority who  
24 discloses information concerning acts of wrongdoing, misconduct,  
25 malfeasance, or other inappropriate behavior by an employee or  
26 board member of the port authority, concerning the port authority's  
27 investments, travel, acquisition of real or personal property, the  
28 disposition of real or personal property, and the procurement of  
29 goods and services.

30 b. The inspector general, after consultation with the Attorney  
31 General of both states shall develop a whistleblower access and  
32 assistance program which shall include, but not be limited to:

33 (1) Evaluating and commenting on whistleblower programs and  
34 policies by board commissioners pursuant to paragraph (5) of  
35 subsection a. of section 4 of P.L. , c. (C. ) (pending before  
36 the Legislature as this bill);

37 (2) Establishing toll-free telephone and facsimile lines available  
38 to employees;

39 (3) Offering advice regarding employee rights under applicable  
40 state and federal laws and advice and options available to all  
41 persons; and

42 (4) Offering an opportunity for employees to identify concerns  
43 regarding any issue at the port authority.

44 c. Any communications between an employee and the inspector  
45 general pursuant to this section shall be held strictly confidential by  
46 the inspector general, unless the employee specifically waives in  
47 writing the right to confidentiality, except that this confidentiality

1 shall not exempt the inspector general from disclosing information,  
2 where appropriate, to any law enforcement authority.

3 d. The port authority shall not fire, discharge, demote, suspend,  
4 threaten, harass, or discriminate against an employee because of the  
5 employee's role as a whistleblower, insofar as the actions taken by  
6 the employee are legal.

7  
8 11. (New section) a. For the purposes of this section:

9 "Lobbyist" has the same meaning as defined in the laws, rules, or  
10 regulations of either state.

11 "Lobbying" means and includes any attempt to influence:

12 (1) The adoption or rejection of any rule or regulation having the  
13 force and effect of law by the port authority;

14 (2) The outcome of any proceeding by the port authority to  
15 establish, levy, or collect fees, tolls, charges, or fares; and

16 (3) The authorization, approval, or award of any agreements,  
17 contracts, or purchase orders, including any settlement of port  
18 authority claims; or any extension, amendment, or modification of  
19 any existing agreement, contract, or order.

20 "Contact" means any conversation, in person or by telephonic or  
21 other electronic means, or correspondence between any lobbyist  
22 engaged in the act of lobbying and any person within the port  
23 authority who can make or influence a decision on the subject of the  
24 lobbying on behalf of the port authority, and shall include, at a  
25 minimum, all members of the board of commissioners and all  
26 officers of the port authority.

27 b. The port authority shall maintain a record of all lobbying  
28 contacts made with the port authority.

29 c. Every board member, officer or employee of the port  
30 authority who is contacted by a lobbyist shall make a  
31 contemporaneous record of the contact containing the day and time  
32 of the contact, the identity of the lobbyist, and a general summary  
33 of the substance of the contact.

34 d. The port authority shall adopt a policy implementing the  
35 requirements of this section within 180 days of the effective date of  
36 P.L. , c. (C. ) (pending before the Legislature as this bill).  
37 The policy shall appoint an officer to whom all records shall be  
38 delivered. The officer shall maintain records for not less than seven  
39 years in a filing system designed to organize records in a manner so  
40 as to make records useful to determine whether the decisions of the  
41 authority were influenced by lobbying contacts.

42  
43 12. (New section) a. (1) There is hereby established the Office  
44 of the Inspector General in the port authority. The head of the  
45 office shall be the Inspector General who shall be appointed by, and  
46 report to, the board of commissioners of the port authority.



1 (2) The Inspector General shall hold office at the discretion of  
2 the board of commissioners and until the inspector general's  
3 successor is appointed and has qualified.

4 (3) The Inspector General may appoint one or more deputy  
5 inspectors general to serve at the Inspector General's pleasure, who  
6 shall be responsible for conducting audits and investigations in the  
7 port authority.

8 b. The Inspector General shall have the following duties and  
9 responsibilities:

10 (1) Receive and investigate complaints from any source, or upon  
11 the Inspector General's own initiative, concerning allegations of  
12 corruption, fraud, criminal activity, conflicts of interest, or abuse in  
13 the port authority or its subsidiaries;

14 (2) Inform the board of commissioners and executive director of  
15 allegations and the progress of investigations related thereto, unless  
16 special circumstances require confidentiality;

17 (3) Determine with respect to allegations whether disciplinary  
18 action, civil or criminal prosecution, or further investigation by an  
19 appropriate federal, state, or local agency is warranted, and to assist  
20 in these investigations;

21 (4) Prepare and release to the public written reports of  
22 investigations, as appropriate and to the extent permitted by law,  
23 subject to redaction to protect the confidentiality of witnesses. The  
24 release of all or portions of reports may be deferred to protect the  
25 confidentiality of ongoing investigations;

26 (5) Review and examine periodically the policies and procedures  
27 of the port authority with regard to the prevention and detection of  
28 corruption, fraud, criminal activity, conflicts of interest, or abuse;

29 (6) Recommend remedial action to prevent or eliminate  
30 corruption, fraud, criminal activity, conflicts of interest, or abuse;

31 (7) Establish programs for training port authority officers and  
32 employees regarding the prevention and elimination of corruption,  
33 fraud, criminal activity, conflicts of interest, or abuse.

34 c. The Inspector General shall have the power to:

35 (1) Subpoena and enforce the attendance of witnesses;

36 (2) Administer oaths or affirmations and examine witnesses  
37 under oath;

38 (3) Require the production of any books and papers deemed  
39 relevant or material to any investigation, examination, or review;

40 (4) Notwithstanding any law to the contrary, examine and copy  
41 or remove documents or records of any kind prepared, maintained,  
42 or held by the port authority and its subsidiaries;

43 (5) Require any officer or employee of the port authority or its  
44 subsidiaries to answer questions concerning any matter related to  
45 the performance of the officer or employee's official duties. No  
46 statement or other evidence derived therefrom may be used against  
47 the officer or employee in any subsequent criminal prosecution  
48 other than for perjury or contempt arising from the testimony. The

1 refusal of any officer or employee to answer questions shall be  
2 cause for removal from office or employment or other appropriate  
3 penalty;

4 (6) Monitor the implementation by the port authority of any  
5 recommendations made by the Inspector General; and

6 (7) Perform any other functions that are necessary or appropriate  
7 to fulfill the duties and responsibilities of office.

8 d. Every officer or employee in the port authority and its  
9 subsidiaries shall report promptly to the Inspector General any  
10 information concerning corruption, fraud, criminal activity,  
11 conflicts of interest, or abuse by another port authority officer or  
12 employee relating to the officer or employee's office or  
13 employment, or by a person having business dealings with the port  
14 authority relating to those dealings. The knowing failure of any  
15 officer or employee to so report shall be cause for removal from  
16 office or employment or other appropriate penalty. Any officer or  
17 employee who acts pursuant to this section by reporting to the  
18 Inspector General improper governmental action shall not be  
19 subject to dismissal, discipline or other adverse personnel action.  
20

21 13. (New section) At least 60 days prior to the end of its fiscal  
22 year, the port authority shall submit to the governor, state  
23 comptroller, and legislature of each state a statement of intent to  
24 guide the port authority's issuance and overall amount of bonds,  
25 notes, or other debt obligations it may issue during the upcoming  
26 fiscal year.  
27

28 14. (New section) a. Notwithstanding any law to the contrary,  
29 the port authority shall not have the power to organize any  
30 subsidiary corporation unless the legislature of both states shall  
31 have enacted a law granting the authority the power for the  
32 organization of a specific corporation, provided, however, that the  
33 port authority may organize a subsidiary corporation pursuant to the  
34 following requirements:

35 (1) The purpose for which the subsidiary corporation shall be  
36 organized shall be for a project or projects which the port authority  
37 has the power to pursue pursuant to its corporate purposes;

38 (2) The primary reason for which the subsidiary corporation shall  
39 be organized shall be to limit the potential liability impact of the  
40 subsidiary's project or projects on the port authority or because  
41 state or federal law requires that the purpose of a subsidiary be  
42 undertaken through a specific corporate structure; and

43 (3) The subsidiary corporation shall make the reports and other  
44 disclosures as are required by the port authority, unless the  
45 subsidiary corporation's operations and finances are consolidated  
46 with those of the port authority.

47 b. In such cases where the port authority is granted the power  
48 to organize a subsidiary corporation pursuant to subsection a. of this

1 section, the authority shall file, no less than 60 days prior to the  
2 formation of the subsidiary, notice to the governor, the comptroller,  
3 and the legislature of each state that it will be creating a subsidiary.

4 c. Subsidiary corporations formed under subsection a. of this  
5 section shall not have the authority to issue bonds, notes, or other  
6 debts, provided, however, that subsidiary corporations may issue  
7 notes or other debt to the port authority. No debt issued by the  
8 subsidiary to the authority shall in total exceed, at any time, a  
9 principal amount of \$500,000 or, during the nine months after the  
10 formation of the subsidiary, \$1,000,000.

11 d. The certificate of incorporation or other document filed to  
12 organize a subsidiary corporation under this section shall state that  
13 the port authority is the person organizing the corporation.

14 e. On or before the first day of January 2015 and annually on  
15 such day thereafter, any subsidiary corporation, in cooperation with  
16 the port authority, shall provide to the governor and legislature of  
17 each state a report on the subsidiary corporation. The report shall  
18 include for each subsidiary:

19 (1) The complete legal name, address, and contact information of  
20 the subsidiary;

21 (2) The structure of the organization of the subsidiary, including  
22 the names and titles of each of its members, directors, and officers,  
23 as well as a chart of its organizational structure;

24 (3) The complete bylaws and legal organization papers of the  
25 subsidiary;

26 (4) A complete report of the purpose, operations, mission, and  
27 projects of the subsidiary, including a statement of justification as  
28 to why the subsidiary is necessary to continue its operations for the  
29 public benefit for the people of both states; and

30 (5) Any other information the subsidiary corporation deems  
31 important to include in the report.

32

33 15. (New section) Notwithstanding any other provisions of law  
34 to the contrary, the commissioners, officers, and employees of the  
35 port authority shall file annual financial disclosure statements as  
36 provided in this section.

37 a. (1) The commissioners appointed by the governor from the  
38 State of New York shall file annual financial disclosure statements  
39 pursuant to section seventy-three-A of the Public Officers Law.

40 (2) Employees of the port authority who hold policy-making  
41 positions, as determined by the port authority, or whose annual  
42 salary equals or exceeds the salary rate of SG-24 as set forth in  
43 paragraph A of subdivision one of section 130 of the Civil Service  
44 Law of the State of New York as of April 1 of the year in which an  
45 annual financial disclosure statement shall be filed, shall file annual  
46 financial disclosure statements pursuant to section seventy-three-A  
47 of the Public Officers Law.

1 (3) Any person who is required to file annual disclosure  
2 statements pursuant to this subsection shall be subject to the  
3 provisions, including the enforcement provisions, of section  
4 seventy-three-A of the Public Officers Law.

5 b. The commissioners appointed by the Governor of the State of  
6 New Jersey shall file annual financial disclosure statements as  
7 required by New Jersey State law or Executive Order.

8  
9 16. (New section) a. (1) Not less than 30 days and not more  
10 than 90 days prior to any vote or action taken by the board of  
11 commissioners relating to any increase in the tolls for the use of any  
12 port authority bridge or tunnel, or fares for the use of the Port  
13 Authority Trans-Hudson Corporation rail system, the port authority  
14 shall conduct at least six public hearings in the manner prescribed  
15 pursuant to this section:

16 (2) Locations for public hearings shall be selected in such a way  
17 as to be geographically accessible to a majority of users of the  
18 facility or facilities to be impacted by the toll or fare increase, as  
19 determined by port authority data, provided that at least one hearing  
20 shall be held in each state.

21 b. At least 72 hours before the first hearing held pursuant to  
22 this section, the port authority shall make available to the public by  
23 conspicuously posting, at a minimum, the following information in  
24 one or more designated areas and on the port authority's official  
25 internet website:

26 (1) the amount of revenue expected to be generated from the  
27 increase in tolls or fares;

28 (2) a detailed explanation of how the revenues raised from the  
29 increase in tolls or fares is expected to be spent; and

30 (3) a written explanation of why the increase in tolls or fares is  
31 necessary.

32 c. Each hearing shall be attended by at least three  
33 commissioners from New York and three commissioners from New  
34 Jersey in office at the time of the hearing.

35 d. The port authority shall hold no more than one public  
36 hearing in a single day, and at least one-half of the public hearings  
37 shall be scheduled to begin after 6:30 p.m., Eastern Standard Time,  
38 on a weekday.

39 e. The port authority shall ensure that each of the requirements  
40 set forth in this section and in section 18 of P.L. , c. (C. )  
41 pending before the Legislature as this bill) shall be complied with  
42 before placing on the meeting agenda of the board of  
43 commissioners, any item or matter relating to an increase in tolls,  
44 fees, or other charges.

45  
46 17. (New section) a. (1) All meetings of the port authority shall  
47 be open to the public at all times.

- 1       (2) Upon a majority vote of its total membership, taken in an  
2 open meeting pursuant to a motion indentifying the general area or  
3 areas of the subject or subjects to be considered, the board of  
4 commissioners may exclude the public only from that portion of a  
5 meeting at which the board of commissioners discusses any:
- 6       (a) matter in which the release of information would impair a  
7 right to receive funds from the Government of the United States;
- 8       (b) material the disclosure of which constitute an unwarranted  
9 invasion of individual or personal privacy;
- 10       (c) collective bargaining agreement, or the terms and conditions  
11 which are proposed for inclusion in any collective bargaining  
12 agreement, including the negotiation of the terms and conditions  
13 thereof with employees or representatives of employees of the port  
14 authority;
- 15       (d) matter involving the purchase, lease, or acquisition of real  
16 property with port authority funds, the proposed acquisition of  
17 securities, the sale or exchange of securities held by the port  
18 authority, or investment of port authority funds, if it could  
19 adversely affect the public interest if discussion of the matter was  
20 disclosed;
- 21       (e) matter which would imperil the public safety if disclosed;
- 22       (f) pending or anticipated litigation or contract negotiation in  
23 which the port authority is, or may become, a party, or matters  
24 falling within the attorney-client privilege, to the extent that  
25 confidentiality is required in order for the attorney to exercise the  
26 attorney's ethical duties as a lawyer;
- 27       (g) matter involving the employment, appointment, termination  
28 of employment, terms and conditions of employment, evaluation of  
29 the performance of, promotion, or disciplining of any specific  
30 prospective officer or employee or current officer or employee  
31 employed or appointed by the port authority, unless all the  
32 individual employees or appointees whose rights could be adversely  
33 affected request in writing that the matter or matters be discussed at  
34 a public meeting; or
- 35       (h) deliberation of the port authority occurring after a public  
36 hearing that may result in the imposition of a specific civil penalty  
37 upon the responding party or the suspension or loss of a license or  
38 permit belonging to the responding party as a result of an act or  
39 omission for which the responding party bears responsibility.
- 40       b. The port authority shall keep reasonably comprehensible  
41 minutes of all its meetings showing the time and place, the members  
42 present, the subjects considered, the actions taken, the vote of each  
43 member which shall be promptly available to the public pursuant to  
44 subsection c. of this section to the extent that making these matters  
45 public shall not be inconsistent with subsection a. of this section.
- 46       c. Minutes of each meeting shall be available to the public  
47 within two weeks from the date of the meeting.

1 d. The minutes shall indicate for each item on the agenda, the  
2 vote of each board member in attendance at an open meeting or an  
3 executive session of the board or a committee of the board. Each  
4 item on the agenda shall be voted on separately.

5  
6 18. (New section) a. At each public meeting of the board and at  
7 each public meeting of each committee, the public shall be allotted  
8 a period of time, not less than 60 minutes, to speak on any topic on  
9 the agenda. The public speaking period shall take place prior to any  
10 board or committee action.

11 b. The authority shall make available to the public meeting  
12 agendas at least 72 hours before each meeting of the board and each  
13 meeting of each committee. Public notice of the time and place of a  
14 meeting shall be provided to appropriate media outlets, shall be  
15 conspicuously posted in one or more designated areas at least 72  
16 hours before such meeting, and shall be conspicuously posted via  
17 the port authority's official internet website at least five business  
18 days before the meeting.

19 The port authority shall make available to the public documents  
20 in the following manner: (1) the agenda and public documents  
21 pertaining to a board or committee meeting shall be available for  
22 public inspection at an office of the port authority; and (2) the  
23 agenda and public documents pertaining to a board or committee  
24 meeting shall be posted on the port authority's official internet  
25 website. In addition, the port authority shall send via electronic  
26 mail, the agenda and public documents pertaining to a board or  
27 committee meeting to each member of the New York State and New  
28 Jersey State legislatures.

29  
30 19. (New section) a. For the purposes of this section:

31 "Immediate family" shall mean a spouse, domestic partner,  
32 partner in a civil union, son, daughter, grandson, granddaughter,  
33 father, mother, grandfather, grandmother, great-grandfather, great-  
34 grandmother, brother, sister, nephew, niece, uncle, or aunt.  
35 Relatives by adoption, half-blood, marriage, or remarriage shall be  
36 treated as relatives of the whole kinship.

37 "Interest" shall mean: if the business organization is a  
38 partnership, the board member or the board member's immediate  
39 family is a partner or owner of 10 percent or more of the assets of  
40 the partnership; or if the business organization is a corporation, the  
41 board member or the board member's immediate family owns or  
42 controls 10 percent or more of the stock of the corporation, or  
43 serves as a director or officer of the corporation.

44 b. A board member shall not vote on, or participate in any  
45 board or committee discussions with respect to, any agenda item if  
46 the board member, a member of the board member's immediate  
47 family, or a business organization in which the board member has  
48 an interest, has a direct or indirect financial involvement that may

1 reasonably be expected to impair the board member's objectivity or  
2 independence of judgment or to create the appearance of  
3 impropriety. The board member shall be recused from any  
4 discussions or voting on the agenda item. A board member shall  
5 clearly indicate the board member's recusal from voting on an  
6 agenda item and the minutes shall clearly reflect that recusal.

7

8 20. (New section) a. For the purposes of this section:

9 "GAAP" means the generally accepted accounting principles  
10 established by the Governmental Accounting Standards Board.

11 "Major capital project" means an undertaking or program for the  
12 acquisition, creation, or development of any crossing, transportation  
13 facility, terminal facility, or commerce facility or any part thereof,  
14 with an estimated total project cost in excess of \$500,000,000.

15 b. The port authority shall prepare a detailed annual operating  
16 budget beginning with the fiscal year commencing after the  
17 effective date of P.L. , c. (C. ) (pending before the  
18 Legislature as this bill).

19 (1) The initial annual operating budget shall be made publicly  
20 available, including on the port authority's internet website, in July  
21 of every fiscal year, and a final annual operating budget, which  
22 shall take into account public comment, shall be made available in  
23 February of each fiscal year.

24 (2) It shall be the policy of the port authority that its annual  
25 operating budget be balanced in accordance with GAAP principles,  
26 provided, however, special circumstances may permit that deficits  
27 be covered with accrued reserves or other resources.

28 c. The port authority shall prepare a long-range capital strategy  
29 plan and shall revise the long-range plan every four years beginning  
30 with the fiscal year commencing after the effective date of P.L. ,  
31 c. (C. ) (pending before the Legislature as this bill)

32 (1) The capital strategy plan shall specify the projects to be  
33 initiated and the expected cost of those projects. The commitment  
34 plans shall include a financing plan that identifies the source of  
35 funding for each project.

36 (2) Quarterly reports shall be prepared by the port authority and  
37 made publicly available with the status of each project in the capital  
38 strategy plan. These reports shall compare actual and target  
39 performance measures, including but not limited to costs and  
40 construction schedules, and a narrative explanation of any  
41 discrepancy thereof.

42 (3) The port authority shall also provide that major capital  
43 projects are monitored by independent engineering consultants.  
44 The independent consultants shall prepare quarterly reports to be  
45 provided to the board and to the public. The quarterly reports  
46 prepared by independent consultants shall include, but not be  
47 limited to, a comparison of actual and target performance measures

1 including, but not limited to, costs and construction schedules, and  
2 a narrative explanation of any discrepancy thereof.

3  
4 21. a. The port authority, at the request of either house of the  
5 state legislature, shall be required to appear before a committee of  
6 the requesting state legislature to present testimony on any topic or  
7 subject requested by the committee or to respond to questions by  
8 members of the committee.

9 b. The port authority shall, at a minimum, be represented by  
10 the chair or vice-chair of the board, the executive director or deputy  
11 executive director, the chief financial officer, and any staff deemed  
12 necessary by the chair or vice-chair of the board, the executive  
13 director or deputy executive director, or the chief financial officer  
14 to present testimony or respond to questions at any appearance  
15 required pursuant to this section. The committee may request the  
16 appearance of any officer or employee of the port authority.

17  
18 22. This act shall take effect upon the enactment into law by the  
19 State of New York of legislation having an identical effect with this  
20 act, but if the State of New York shall have already enacted such  
21 legislation, this act shall take effect immediately.

## 22 23 24 STATEMENT

25  
26 This bill enacts certain reforms to ensure the proper functioning  
27 of the Port Authority of New York and New Jersey ("Port  
28 Authority") as an open, transparent, and accountable interstate  
29 authority. The Port Authority's operations include Newark Liberty,  
30 LaGuardia, Kennedy, Stewart, Atlantic City, and Teterboro airports;  
31 the Port of New York and New Jersey; the PATH mass transit  
32 system; the World Trade Center; and numerous bridges and tunnels,  
33 including the George Washington Bridge and the Lincoln and  
34 Holland tunnels.

### 35 36 *Board Responsibilities*

37 The bill requires the Port Authority's board of commissioners to:  
38 provide direct oversight of the authority's chief executive and  
39 senior management; oversee the implementation of financial and  
40 management controls and operational decisions; establish policies  
41 concerning the compensation of officers and employees; adopt a  
42 code of ethics; establish policies protecting employees who disclose  
43 information concerning acts of wrongdoing; and adopt a defense  
44 and indemnification policy. The bill also requires the Port  
45 Authority to establish audit, governance, and finance committees.  
46 The governance committee is to examine professional relationships  
47 between those appointed by the Governor of New York and those



1 appointed by the Governor of New Jersey to ensure maximum  
2 communication, coordination, and cooperation.

3

4 *Fiduciary Oath*

5 The bill requires every member of the Port Authority board to  
6 perform each of their duties as a board member in good faith and  
7 with that degree of diligence, care, and skill which an ordinarily  
8 prudent person in similar position would exercise under similar  
9 circumstances. At the time that the board member takes and  
10 subscribes the oath of office, the board member is to execute an  
11 acknowledgement of the board member's role, fiduciary duty, duty  
12 of loyalty and care to the organization, and commitment to the  
13 authority's mission and the public interest.

14

15 *Efficiency Study*

16 Every two years, the Port Authority is required to have an  
17 efficiency study conducted by an outside, independent efficiency  
18 expert to identify waste or abuse involving the Port Authority.

19

20 *Disposal of Property*

21 The bill establishes various requirements concerning the disposal  
22 of property by the Port Authority. The Port Authority is required to  
23 designate a contracting officer to be responsible for complying with  
24 the provisions established in the bill, and is required to maintain  
25 adequate inventory controls and accountability systems for its  
26 property, periodically inventory its property, and dispose of  
27 property promptly. In addition, the Port Authority is required to  
28 produce an annual list, including descriptions, of all real property.  
29 Before disposing or contracting for the disposal of property, the bill  
30 requires the Port Authority to publicly advertise for bids. The  
31 provisions concerning the disposal of property limit the Port  
32 Authority's ability to dispose of property for less than the  
33 property's fair market value.

34

35 *Reporting Requirements*

36 The bill requires the Port Authority to provide, within 90 days of  
37 the end of its fiscal year, a complete and detailed report setting  
38 forth: the Port Authority's operations and accomplishments;  
39 certified financial reports; charter and by-laws; a schedule of  
40 outstanding bonds and notes, a statement of the amounts redeemed  
41 and incurred during the fiscal year as part of a schedule of debt  
42 issuance, and a detailed list of costs of issuance for such debt;  
43 biographical information and titles of commissioners and senior  
44 management, including compensation and benefits paid to  
45 commissioners and to senior staff; the projects undertaken during  
46 the past year; the Port Authority's code of ethics; an assessment of  
47 the effectiveness of the Port Authority's internal control structure  
48 and procedures; a description of the Port Authority and its board

1 structure; a listing of all real property having an estimated fair  
2 market value of \$15,000 or more that the authority acquired or  
3 disposed of; a description of the total amounts of assets and services  
4 bought or sold without competitive bidding; a listing of material  
5 changes in operations and programs; at a minimum, a four-year  
6 financial plan; board performance evaluations; and a list of any  
7 pending litigation to which the Port Authority is involved as a party.

8  
9 *Annual Audit*

10 The Port Authority is required to submit to the governor, the  
11 state comptroller, and legislature of each state, a copy of an annual  
12 independent audit report, performed by a certified public accounting  
13 firm in accordance with generally accepted auditing standards, and  
14 management letter and any other external examination of the books  
15 and accounts of the authority. The bill also establishes various  
16 restrictions on what other services the auditing firm is allowed to  
17 provide to the Port Authority.

18  
19 *Lobbying Restrictions*

20 The Port Authority is required to maintain a record of all  
21 lobbying contacts made with the Port Authority. Every board  
22 member, officer, or employee of the Port Authority who is  
23 contacted by a lobbyist is required to make a contemporaneous  
24 record of the contact containing the day and time of the contact, the  
25 identity of the lobbyist, and a general summary of the substance of  
26 the contact. For the purposes of the bill, "lobbying" includes any  
27 attempt to influence: the adoption or rejection of any rule or  
28 regulation having the force and effect of law by the Port Authority;  
29 the authorization, approval, or award of any agreements, contracts,  
30 or purchase orders, including any settlement of Port Authority  
31 claims; or any extension, amendment, or modification of any  
32 existing agreement, contract, or order; and the outcome of any  
33 proceeding by the Port Authority to establish, levy, or collect fees,  
34 tolls, charges, or fares.

35  
36 *Role of Inspector General*

37 The bill creates an Office of the Inspector General. The  
38 Inspector General is to be appointed by, and report to, the board of  
39 commissioners of the Port Authority. The Inspector General may  
40 appoint one or more deputy inspectors general to serve at the  
41 Inspector General's pleasure, who shall be responsible for  
42 conducting audits and investigations in the Port Authority. The  
43 Inspector General has the duty and responsibility to: (1) receive and  
44 investigate complaints from any source concerning allegations of  
45 corruption, fraud, criminal activity, conflicts of interest, or abuse;  
46 (2) inform the board of commissioners and executive director of  
47 allegations and the progress of investigations related thereto, unless  
48 special circumstances require confidentiality; (3) determine with

1 respect to allegations whether disciplinary action, civil or criminal  
2 prosecution, or further investigation by an appropriate federal, state,  
3 or local agency is warranted, and to assist in these investigations;  
4 (4) prepare and release to the public written reports of  
5 investigations; (5) review and examine periodically the policies and  
6 procedures of the Port Authority with regard to the prevention and  
7 detection of corruption, fraud, criminal activity, conflicts of  
8 interest, or abuse; (6) recommend remedial action to prevent or  
9 eliminate corruption, fraud, criminal activity, conflicts of interest,  
10 or abuse; and (7) establish programs for training Port Authority  
11 officers and employees regarding the prevention and elimination of  
12 corruption, fraud, criminal activity, conflicts of interest, or abuse.

13 The Inspector General shall have the power to: subpoena and  
14 enforce the attendance of witnesses; administer oaths or  
15 affirmations and examine witnesses under oath; require the  
16 production of any books and papers; examine and copy or remove  
17 documents or records of any kind prepared, maintained, or held by  
18 the Port Authority and its subsidiaries; require any officer or  
19 employee of the Port Authority or its subsidiaries to answer  
20 questions concerning any matter related to the performance of the  
21 officer or employee's official duties; monitor the implementation by  
22 the Port Authority of any recommendations made by the Inspector  
23 General; and perform any other functions that are necessary or  
24 appropriate to fulfill the duties and responsibilities of that office.

25 The bill also requires every officer or employee in the Port  
26 Authority and its subsidiaries to report promptly to the Inspector  
27 General any information concerning corruption, fraud, criminal  
28 activity, conflicts of interest, or abuse by another Port Authority  
29 officer or employee relating to the officer or employee's office or  
30 employment, or by a person having business dealings with the Port  
31 Authority relating to those dealings. The knowing failure of any  
32 officer or employee to so report shall be cause for removal from  
33 office or employment or other appropriate penalty.

34

### 35 *Whistleblower Protections*

36 The bill requires the Port Authority Inspector General, after  
37 consultation with the Attorneys General of both states, to develop a  
38 whistleblower access and assistance program which shall include,  
39 but not be limited to: evaluating and commenting on whistleblower  
40 programs and policies; establishing toll-free telephone and  
41 facsimile lines available to employees; offering advice regarding  
42 employee rights under applicable state and federal laws and advice  
43 and options available to all persons; and offering an opportunity for  
44 employees to identify concerns regarding any issue at the port  
45 authority. The Port Authority is prohibited from firing, demoting,  
46 suspending, threatening, harassing, or discriminating against an  
47 employee because of the employee's role as a whistleblower,  
48 insofar as the actions taken by the employee are legal.

1     *Subsidiary Corporations*

2         With certain exceptions, this bill limits the ability of the Port  
3     Authority to organize additional subsidiary corporations unless the  
4     legislatures of both states shall have enacted a law granting the  
5     power for the organization of a specific corporation. A subsidiary  
6     corporation may be organized if the purpose for which the  
7     subsidiary corporation is to be organized is for a project or projects  
8     which the Port Authority has the power to pursue pursuant to its  
9     corporate purposes; the primary reason for the subsidiary  
10    corporation is to limit the potential liability impact of the  
11    subsidiary's project or projects on the Port Authority or because  
12    state or federal law requires that the purpose of a subsidiary be  
13    undertaken through a specific corporate structure; and the  
14    subsidiary corporation makes the reports and other disclosures as  
15    are required by the Port Authority.

16

17    *Financial Disclosure Statements*

18         The bill requires the Port Authority commissioners appointed by  
19    the governor from the State of New York to file annual financial  
20    disclosure statements pursuant to the Public Officers Law of New  
21    York. Employees of the Port Authority who hold policy-making  
22    positions, as determined by the Port Authority, or whose annual  
23    salary equals or exceeds the salary rate of SG-24 as set forth in the  
24    Civil Service Law of New York, are also required to file annual  
25    financial disclosure statements pursuant to the Public Officers Law  
26    of New York. The commissioners appointed by the Governor of the  
27    State of New Jersey are required to file annual financial disclosure  
28    statements as required by New Jersey State law or Executive Order.

29

30    *Needs Assessment*

31         The Port Authority is required to have a needs assessment  
32    conducted by an independent entity prior to any increase in fees,  
33    tolls, charges, or fares. The assessment is to be presented by the  
34    independent entity to the board of commissioners at a public  
35    meeting to be held at least 120 days prior to any meeting of the  
36    commissioners to vote to increase any fees, tolls, charges, or fares.

37

38    *Hearings Before Toll or Fare Increase*

39         Under the bill, the Port Authority is required to hold at least six  
40    public hearings not less than 30 days and not more than 90 days  
41    prior to any vote or action taken by the board of commissioners  
42    relating to any increase in the tolls for the use of any Port Authority  
43    bridge or tunnel, or fares for the use of the Port Authority Trans-  
44    Hudson Corporation rail system. The locations for public hearings  
45    are to be selected in such a way as to be geographically accessible  
46    to a majority of users of the facility or facilities to be impacted by  
47    the toll or fare increase, as determined by Port Authority data,  
48    provided that at least one hearing shall be held in each state.

1 In addition, at least 72 hours before the first hearing, the Port  
2 Authority is required to make available to the public: the amount of  
3 revenue expected to be generated from the increase in tolls or fares;  
4 a detailed explanation of how the revenue raised from the increase  
5 in tolls or fares is expected to be spent; and a written explanation of  
6 why the increase in tolls or fares is necessary.

7 Each public hearing is to be attended by at least three  
8 commissioners from the State of New York and three  
9 commissioners from the State of New Jersey and no more than one  
10 public hearing may be held in a single day. At least one-half of the  
11 public hearings are to be scheduled to begin after 6:30 p.m., Eastern  
12 Standard Time, on a weekday. The public is to be allotted a period  
13 of time, not less than 60 minutes, to speak at each hearing.

14 The Port Authority is to ensure that each of these requirements  
15 are complied with before placing on the meeting agenda of the  
16 board of commissioners, any item or matter relating to an increase  
17 in tolls, fees, or other charges.

18

19 *Open Public Meetings*

20 The bill provides that all meetings of the Port Authority are to be  
21 open to the public at all times unless a majority of the commissions  
22 votes that a portion of the meeting may be conducted in closed  
23 session. The Port Authority may only exclude the public if the  
24 discussion concerns: a matter in which the release of information  
25 would impair a right to receive funds from the government of the  
26 United States; material the disclosure of which constitutes an  
27 unwarranted invasion of individual or personal privacy; a collective  
28 bargaining agreement; a matter involving the purchase, lease, or  
29 acquisition of real property with Port Authority funds, the proposed  
30 acquisition of securities, or sale or exchange of securities held by  
31 the Port Authority, or investment of Port Authority funds, if it could  
32 adversely affect the public interest if discussion of the matters were  
33 disclosed; matters which will imperil the public safety if disclosed;  
34 pending or anticipated litigation or contract negotiation in which the  
35 Port Authority is, or may become, a party, or matters falling within  
36 the attorney-client privilege, to the extent that confidentiality is  
37 required in order for the attorney to exercise the attorney's ethical  
38 duties as a lawyer; a matter involving the employment,  
39 appointment, termination of employment, terms and conditions of  
40 employment, evaluation of the performance of, promotion, or  
41 disciplining of any specific prospective officer or employee or  
42 current officer or employee employed or appointed by the Port  
43 Authority; or deliberations of the Port Authority occurring after a  
44 public hearing that may result in the imposition of a specific civil  
45 penalty upon the responding party or the suspension or loss of a  
46 license or permit belonging to the responding party as a result of an  
47 act or omission for which the responding party bears responsibility.

1 The Port Authority is required to keep reasonably  
2 comprehensible minutes of all its meetings showing the time and  
3 place, the members present, the subjects considered, the actions  
4 taken, the vote of each member which shall be promptly available to  
5 the public. Minutes of each meeting are to be available to the  
6 public within two weeks from the date of the meeting.

7 The minutes are to indicate for each item on the agenda, the vote  
8 of each board member in attendance at an open meeting or an  
9 executive session of the board or a committee of the board. Each  
10 item on the agenda is to be voted on separately.

11 Finally, the board is to make or cause to be made all reasonable  
12 efforts to ensure that meetings are held in facilities that permit  
13 barrier-free physical access to people with disabilities. If the board  
14 determines to use videoconferencing or similar technology to  
15 conduct its meetings, it shall provide an opportunity for the public  
16 to attend, listen.

17

18 *Public Participation at Meetings/Notice Provisions*

19 The bill requires that the public be given not less than 60 minutes  
20 to speak at each public meeting of the Port Authority.

21 In addition, the Port Authority is required to make available to  
22 the public meeting agendas at least 72 hours before each meeting of  
23 the board and each meeting of each committee. Public notice of the  
24 time and place of a meeting is to be provided to appropriate media  
25 outlets, conspicuously posted in one or more designated areas at  
26 least 72 hours before such meeting, and conspicuously posted via  
27 the port authority's official internet website at least five business  
28 days before the meeting.

29

30 *Recusals*

31 The bill prohibits a board member from voting on, or  
32 participating in any board or committee discussions with respect to,  
33 any agenda item if the board member, a member of the board  
34 member's immediate family, or a business organization in which  
35 the board member has an interest, has a direct or indirect financial  
36 involvement that may reasonably be expected to impair the board  
37 member's objectivity or independence of judgment or to create the  
38 appearance of impropriety. The board member is to be recused  
39 from any discussions or voting on the agenda item. A board  
40 member is to clearly indicate the board member's recusal from  
41 voting on an agenda item and the minutes are to clearly reflect that  
42 recusal.

43

44 *Operating Budget/Capital Strategy Plan*

45 The Port Authority is required to prepare a detailed annual  
46 operating budget. It is to be the policy of the Port Authority that its  
47 annual operating budget be balanced in accordance with generally-  
48 accepted accounting principles, provided, however, special

1 circumstances may permit that deficits be covered with accrued  
2 reserves or other resources.

3 The Port Authority is also required to prepare a long-range  
4 capital strategy plan and revise the long-range plan every four  
5 years. The capital strategy plan is to specify the projects to be  
6 initiated and the expected cost of those projects. The plans are also  
7 to include a financing plan that identifies the source of funding for  
8 each project. The Port Authority is required to prepare quarterly  
9 reports with the status of each project in the capital strategy plan.

10 The Port Authority is required to provide that major capital  
11 projects are monitored by independent engineering consultants. A  
12 major capital project is defined to mean certain projects with a cost  
13 in excess of \$500,000,000.

14

15 *Appearing Before Legislatures*

16 Finally, the Port Authority, at the request of either house of the  
17 state legislature of New York or New Jersey, is required to appear  
18 before a committee of the requesting state legislature to present  
19 testimony on any topic or subject requested by the committee or to  
20 respond to questions by members of the committee.

21

22 The bill takes effect when New Jersey and New York have  
23 enacted substantively identical legislation.