

ASSEMBLY, No. 657

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblywoman VALERIE VAINIERI HUTTLE

District 37 (Bergen)

Assemblyman JOHN F. MCKEON

District 27 (Essex and Morris)

Co-Sponsored by:

Assemblymen Benson, Johnson, Chiaravalloti and Karabinchak

SYNOPSIS

Provides transparency and accountability reforms at PANYNJ; modifies governance structure; provides legislative oversight of PANYNJ; and regulates capital planning process.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A657 VAINIERI HUTTLE, MCKEON

2

1 AN ACT concerning reforms to the Port Authority of New York and
2 New Jersey, amending R.S.32:1-5 and P.L.1991, c.395, 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. (New section) This act shall be known and may be cited as
9 the "Port Authority of New York and New Jersey Transparency and
10 Accountability Act."
11

12 2. R.S.32:1-5 is amended to read as follows:

13 ARTICLE IV.

14 Commissioners. The port authority shall consist of twelve
15 commissioners--six resident voters from the state of New York, at
16 least four of whom shall be resident voters of the city of New York,
17 and six resident voters from the state of New Jersey, at **[lest [least]]**
18 least four of whom shall be resident voters within the New Jersey
19 portion of the district, the New York members to be chosen by the
20 state of New York and the New Jersey members by the state of New
21 Jersey in the manner and for the terms fixed and determined from
22 time to time by the legislature of each state respectively, except as
23 herein provided.

24 Each commissioner may be removed or suspended from office as
25 provided by the law of the state from which he shall be appointed.
26 (cf: R.S.32:1-5)
27

28 3. (New section) Officers.

29 No commissioner, including the chairperson, shall serve as the
30 port authority's executive director, general counsel, chief financial
31 officer, chief ethics and compliance officer, inspector general, or
32 comptroller, or hold any other equivalent position while serving as
33 a commissioner.
34

35 4. (New section) Role and responsibilities of commissioners.

36 a. The commissioners shall promulgate a commissioner's oath
37 of office in consultation with the chief ethics and compliance
38 officer.

39 b. At the time that a commissioner of the port authority takes
40 and subscribes the commissioner's oath of office, or within 60 days
41 after the effective date of P.L. , c. (C.) (pending before the
42 Legislature as this bill) if the commissioner has already taken and
43 subscribed the commissioner's oath of office, the commissioner
44 shall execute a statement declaring that the commissioner
45 understands the commissioner's independence and fiduciary

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 obligation to perform duties and responsibilities to the best of the
2 commissioner's abilities, in good faith and with proper diligence
3 and care which an ordinarily prudent person in like position would
4 use under similar circumstances and may take into consideration the
5 views and policies of any elected officials or bodies and ultimately
6 apply independent judgment in the best interest of the port
7 authority, its mission, and the public, consistent with the enabling
8 compact, mission, and by-laws of the port authority and the
9 applicable laws of both states; and that the fiduciary duty to the port
10 authority is derived from and governed by its mission.

11 c. Individuals appointed to the board of commissioners shall
12 participate in training approved by the chief ethics and compliance
13 officer in consultation with the inspector general of the port
14 authority regarding their legal, fiduciary, financial, and ethical
15 responsibilities as directors of an authority within six months of
16 appointment to the authority. The commissioners shall participate in
17 continuing training as may be required to remain informed of best
18 practices, regulatory and statutory changes relating to the effective
19 oversight of the management and financial activities of public
20 authorities, and to adhere to the highest standards of responsible
21 governance.

22 d. (1) A commissioner shall not vote on or participate in any
23 board or committee discussions or decisions with respect to an item
24 if the commissioner, a member of the commissioner's immediate
25 family, or a business in which the commissioner has an interest has
26 a direct or indirect financial involvement that may reasonably be
27 expected to impair the commissioner's objectivity or independent
28 judgment or that may reasonably create the appearance of
29 impropriety. A commissioner shall report such a need for recusal to
30 the general counsel when it arises. The public shall be informed of
31 any recusals prior to any board action and the minutes shall clearly
32 reflect that recusal.

33 (2) For the purposes of this subsection, the terms:

34 "immediate family" shall mean: a spouse, parent, child, or
35 sibling; and

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

43 e. (1) Notwithstanding any other provision of law to the
44 contrary, the commissioners, officers, and employees of the port
45 authority shall file annual financial disclosure statements as
46 provided in this section.

1 (2) (a) The commissioners appointed by the Governor of the
2 state of New York shall file annual financial disclosure statements
3 pursuant to section 73-a of the public officers law.

4 (b) The commissioners appointed by the Governor of the state
5 of New Jersey shall file annual financial disclosure statements as
6 required by New Jersey State law or executive order.

7 (c) In addition to the financial disclosures required of the
8 commissioners, financial disclosures of employees shall, at a
9 minimum, be required of the executive director, the chief ethics and
10 compliance officer, the chief financial officer, the general counsel,
11 the comptroller, treasurer, and the inspector general, employees
12 who hold policy-making positions as determined by the general
13 counsel of the port authority, and employees whose base salary,
14 either in the current or previous year, exceeds \$150,000, which
15 amount shall be adjusted for inflation annually in accordance with
16 the consumer price index for all urban wage earners and clerical
17 workers (CPI-W) as calculated by the federal government. These
18 financial disclosures shall be updated not less than annually and
19 shall be made available on the port authority's website.

20 f. The board of commissioners shall:

21 (1) adopt a mission statement that the port authority's mission is
22 to meet the critical transportation infrastructure needs of the bi-state
23 region's people, businesses, and visitors by providing the highest
24 quality and most efficient transportation and port commerce
25 facilities and services to move people and goods within the region,
26 provide access to the nation and the world, and promote the region's
27 economic development;

28 (2) adopt a code of conduct applicable to commissioners,
29 employees, and vendors and other contractors with the port
30 authority based upon the recommendations of the chief ethics and
31 compliance officer that shall, at minimum, include the applicable
32 standards established by law in each state;

33 (3) establish a whistleblower access and assistance program
34 protecting employees from retaliation for disclosing information
35 concerning acts of wrongdoing, misconduct, malfeasance, or other
36 inappropriate conduct based upon the recommendations of the chief
37 ethics and compliance officer;

38 (4) establish a policy requiring all commissioners, officers, and
39 employees with decision-making authority to maintain records
40 regarding contact with lobbyists.

41 As used in this paragraph:

42 (a) "contact" means any conversation, in person or by
43 telephonic or other electronic means, or correspondence between
44 any lobbyist engaged in the act of lobbying and any person within
45 the port authority who can make or influence a decision on the
46 subject of the lobbying on the behalf of the port authority, and shall
47 include, at a minimum, all members of the board of commissioners
48 and all officers of the port authority;

1 (b) "lobbyist" shall have the same meaning as defined in the
2 laws, rules, or regulations of either state; and

3 (c) "lobbying" shall mean and include any attempt to influence:
4 the adoption or rejection of any rule or regulation having the force
5 and effect of law by the port authority; the outcome of any
6 proceeding by the port authority to establish, levy, or collect fees,
7 tolls, charges, or fares; and the authorization, approval or award of
8 any agreements, contracts, or purchase orders, including any
9 settlement of port authority claims, or any extension, amendment,
10 or modification of any existing agreement, contract, or order; and

11 (5) have an efficiency study of the port authority and its
12 operations conducted by an independent entity within three years of
13 the effective date of P.L. , c. (C.) (pending before the
14 Legislature as this bill) and thereafter upon the request of the
15 governors of New York and New Jersey, and if no request is made,
16 no later than three years after the most recent efficiency study was
17 conducted.

18

19 5. (New section) Committee.

20 a. The board of commissioners shall establish a committee
21 structure that shall include, but need not be limited to, the following
22 responsibilities:

23 (1) a governance responsibility to be assigned to a committee
24 comprised of not fewer than three commissioners, who shall
25 constitute a majority on the committee, and who shall possess the
26 necessary skills to undertake the governance duties and functions.
27 It shall be the responsibility of the members of this committee to:
28 keep the board informed of current best governance practices;
29 review corporate governance trends; update the port authority's
30 corporate governance principles; examine ethical and conflict of
31 interest issues; perform board self-evaluations; investigate term
32 limits, reappointments, and board responsibilities; develop by-laws
33 which include rules and procedures for the conduct of board
34 business; and advise the port authority on the skills and experiences
35 required of potential commissioners;

36 (2) an audit responsibility to be assigned to a committee
37 comprised of not fewer than three commissioners, who shall
38 constitute a majority on the committee, and who shall possess the
39 necessary skills to undertake the audit duties and functions. It shall
40 be the responsibility of the members of this committee to:
41 recommend to the board the hiring of an independent firm of
42 certified public accountants to audit the financial statements of the
43 port authority; establish the compensation to be paid to the
44 accounting firm; and provide direct oversight of the annual
45 independent financial audit performed by the accounting firm hired
46 for auditing purposes. Members of this committee shall be familiar
47 with corporate financial and accounting practices and shall be

1 financially literate about applicable financial laws, rules,
2 regulations, and standard industry practices; and

3 (3) a finance responsibility to be assigned to a committee
4 comprised of not fewer than three commissioners, who shall
5 constitute a majority on the committee, and who shall possess the
6 necessary skills to undertake the finance duties and functions. It
7 shall be the responsibility of the members of this committee to
8 oversee and approve the issuance of debt that the port authority or
9 its subsidiaries issue.

10 b. Every committee established by the board of commissioners
11 shall promulgate a written charter to be approved by the board.
12 Each charter promulgated in accordance with this section shall be
13 made available to the public and posted on the port authority's
14 website.

15

16 6. (New section) Whistleblower access and assistance
17 program.

18 a. The chief ethics and compliance officer shall recommend to
19 the board of commissioners a whistleblower access and assistance
20 program to be administered by the inspector general which shall
21 include, but not be limited to:

22 (1) establishing an email address and toll-free telephone,
23 facsimile, and text messaging lines available to employees;

24 (2) offering advice regarding employee rights under applicable
25 state and federal laws and advice and options available to all
26 persons; and

27 (3) offering an opportunity for employees to identify concerns
28 regarding any issue at the port authority.

29 Any communication between an employee and the inspector
30 general pursuant to this section shall be held strictly confidential by
31 the inspector general, unless the employee specifically waives in
32 writing the right to confidentiality, except that such confidentiality
33 shall not exempt the inspector general from disclosing such
34 information, where appropriate, to the board of commissioners
35 and/or any law enforcement authority.

36 b. The port authority shall not fire, discharge, demote, suspend,
37 threaten, harass, or discriminate against an employee because of the
38 employee's role as a whistleblower, insofar as the actions taken by
39 the employee are legal.

40 c. As used in this section:

41 (1) "Employees" means those persons employed at the port
42 authority, including but not limited to: full-time and part-time
43 employees, those employees on probation, and temporary
44 employees.

45 (2) "Whistleblower" means any employee of the port authority
46 who discloses information concerning acts of wrongdoing,
47 misconduct, malfeasance, or other inappropriate behavior by an
48 employee or board member of the port authority, including, but not

1 limited to, such acts concerning the port authority's investments,
2 travel, acquisition of real or personal property, the disposition of
3 real or personal property, or the procurement of goods and services.
4

5 7. (New section) Inspector general.

6 a. The inspector general shall be responsible for receiving and
7 investigating, where appropriate, all complaints regarding fraud,
8 waste, and abuse by commissioners, officers, and employees of the
9 port authority or third-parties doing business with the port
10 authority. The inspector general shall also be responsible for
11 conducting investigations upon the inspector general's own
12 initiative, as the inspector general shall deem appropriate.

13 b. The inspector general shall inform the board of
14 commissioners and the executive director of allegations received by
15 the inspector general and the progress of investigations related
16 thereto, unless special circumstances require confidentiality.

17 c. The inspector general shall determine with respect to
18 allegations received by the inspector general whether disciplinary
19 action or civil prosecution by the port authority is appropriate, and
20 whether the matter should be referred to an appropriate
21 governmental agency for further action.

22 d. The inspector general shall prepare and make available to
23 the public written reports of completed investigations, as
24 appropriate and to the extent permitted by law, subject to redactions
25 to protect a need for confidentiality. The release of all or portions
26 of reports may be deferred to protect the confidentiality of ongoing
27 investigations.

28 e. The inspector general shall have the power to:

29 (1) administer oaths or affirmations and examine witnesses
30 under oath;

31 (2) require the production of any books and papers deemed
32 relevant or material to any investigation, examination, or review;

33 (3) notwithstanding any law to the contrary, examine and copy
34 or remove documents or records of any kind prepared, maintained,
35 or held by the port authority and its subsidiaries;

36 (4) interview any officer or employee of the port authority or its
37 subsidiaries on any matter related to the performance of such officer
38 or employee's official duties. To the extent that the terms and
39 conditions of employment of any employee are established by
40 collective negotiations, any interview conducted pursuant to this
41 paragraph must be in accordance with any applicable provisions of
42 the current, or most recent, if expired, collective negotiations
43 agreement covering the terms and conditions of employment of the
44 employee;

45 (5) monitor the implementation by the port authority of any
46 recommendations made by the inspector general; and

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

- 1 8. (New section) Open meetings.
- 2 a. All meetings of the port authority shall be open to the public
3 and members of the news media, individually and collectively, for
4 the purpose of observing the full details of all phases of the
5 deliberation, policy-making, and decision-making of the board,
6 except for an executive session initiated upon a majority vote taken
7 in an open meeting pursuant to a motion. The board of
8 commissioners may exclude the public only from that portion of a
9 meeting at which the board of commissioners discusses any:
- 10 (1) matter in which the release of information would impair a
11 right to receive funds from the government of the United States;
- 12 (2) material the disclosure of which would constitute an
13 unwarranted invasion of individual or personal privacy;
- 14 (3) collective bargaining agreement, or the terms and conditions
15 which are proposed for inclusion in any collective bargaining
16 agreement, including the negotiation of the terms and conditions
17 thereof with employees or representatives of employees of the port
18 authority;
- 19 (4) matter involving the purchase, lease, or acquisition of real
20 property with port authority funds, the proposed acquisition of
21 securities, the sale or exchange of securities held by the port
22 authority, or the investment of port authority funds, if public
23 discussion of the matter would adversely affect the public interest;
- 24 (5) matter which would imperil the public safety if disclosed;
- 25 (6) pending or anticipated litigation or contract negotiation in
26 which the port authority is, or may become, a party, or matters
27 falling within the attorney-client privilege, to the extent that
28 confidentiality is required for the attorney to exercise the attorney's
29 ethical duties as a lawyer;
- 30 (7) contract negotiations disclosure of which would imperil the
31 port authority's position or an outcome in the best interest of the
32 authority, its mission, and the public;
- 33 (8) matter involving the employment, appointment, termination
34 of employment, terms and conditions of employment, evaluation of
35 the performance of, promotion or disciplining of any specific
36 prospective officer or employee or current officer or employee
37 employed or appointed by the port authority, unless all the
38 individual employees or appointees whose rights could be adversely
39 affected request in writing that the matter or matters be discussed at
40 a public meeting; or
- 41 (9) deliberation of the port authority occurring after a public
42 hearing that may result in the imposition of a specific civil penalty
43 upon the responding party or the suspension or loss of a license or
44 permit belonging to the responding party as a result of an act or
45 omission for which the responding party bears responsibility.
- 46 b. The port authority shall make meeting agendas available to
47 the public at least 72 hours before each meeting of the board and
48 each meeting of each committee. In addition, the port authority

1 shall send via electronic mail the agenda and public documents
2 pertaining to a board or committee meeting to the public
3 information office of each state's legislature at least 72 hours before
4 the meeting. Public notice of the time and place of a meeting shall
5 be provided to appropriate media outlets, shall be conspicuously
6 posted in one or more designated areas, and shall be conspicuously
7 posted via the port authority's official website at least five business
8 days before the meeting.

9 c. The port authority shall make available to the public
10 documents in the following manner: the agenda and public
11 documents pertaining to a board or committee meeting shall be
12 available for public inspection at an office of the port authority; and
13 the agenda and public documents pertaining to a board or
14 committee meeting shall be posted on the port authority's website.

15 d. At each public meeting of the board and at each public
16 meeting of each committee, the public shall be allotted at least 30
17 minutes to speak on any topic on the agenda. The board or
18 committee shall expand the comment time when necessary to
19 provide a reasonable opportunity for the public to comment. The
20 public speaking period shall take place prior to any board or
21 committee action.

22 e. The port authority shall keep reasonably comprehensible
23 minutes of all its meetings showing the time and place, the members
24 present, the subjects considered, the actions taken, and the vote of
25 each member. The minutes shall be available to the public within
26 two weeks from the date of the meeting to the extent that public
27 disclosure shall not be inconsistent with subsection a. of this
28 section. The minutes shall indicate for each item on the agenda the
29 vote or recusal of each board member in attendance at an open
30 meeting, or an executive session of the board or a committee of the
31 board. Each item on the agenda shall be voted on separately.

32

33 9. (New section) Barrier-free access.

34 The port authority shall make or cause to be made all reasonable
35 efforts to ensure that meetings are held in facilities that permit
36 barrier-free physical access to people with disabilities. If the board
37 determines to use video conferencing or similar technology to
38 conduct its meeting, it shall provide an opportunity for the public to
39 attend, listen, and observe such a meeting.

40

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

43 2. As used in this act:

44 a. "Board" means the Board of Commissioners of the Port
45 Authority of New York and New Jersey.

46 b. "Committee" or "committees" means any standing
47 committee established by the board tasked with, including, but not
48 limited to, the audit responsibility, governance responsibility, and

1 finance responsibility required to be established pursuant to P.L. ,
2 c. (C.) (pending before the Legislature as this bill).

3 c. "Meeting" means any gathering, whether corporeal or by
4 means of communication equipment, which is attended by, or open
5 to, the board, held with the intent, on the part of the board members
6 present, to discuss or act as a unit upon the specific public business
7 of the authority. "Meeting" does not mean a gathering (1) attended
8 by less than an effective majority of the board, or (2) attended by or
9 open to all the members of three or more similar public bodies at a
10 convention or similar gathering.

11 **【c.】** d. "News media" means persons representing major wire
12 services, television news services, radio news services, and
13 newspapers, whether located in the state of New York or New
14 Jersey or any other state.

15 e. "Public business" means matters which relate in any way,
16 directly or indirectly, to the performance of the functions of the Port
17 Authority of New York and New Jersey or the conduct of its
18 business.

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

20

21 11. Section 3 of P.L.1991, c.395 (C.32:1-6.3) is amended to read
22 as follows:

23 3. a. The board shall, within six months of the effective date
24 of P.L. , c. (C.) (pending before the Legislature as this
25 bill), adopt 【and promulgate】 appropriate rules and regulations
26 concerning proper notice to the public and the news media of its
27 meetings and the right of the public and the news media to be
28 present at meetings of the authority. The board may incorporate in
29 its rules and regulations conditions under which it may exclude the
30 public from a meeting or a portion thereof.

31 b. Any rules or regulations adopted hereunder shall become a
32 part of the minutes of the Port Authority of New York and New
33 Jersey and shall be subject to the approval of the Governor of New
34 Jersey and the Governor of New York.

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

36

37 12. (New section) ARTICLE VII-B

38 Needs assessment. The port authority shall require that a needs
39 assessment be conducted by an independent entity prior to any
40 increase in tolls for the use of any port authority bridge or tunnel, or
41 fares for the use of the port authority trans-Hudson corporation rail
42 system. The assessment shall be made publicly available in a
43 conspicuous location on the port authority's website and presented
44 by the independent entity to the board of commissioners at a public
45 meeting to be held at least 90 days prior to any meeting of the board
46 of commissioners to vote for any increase in the tolls for the use of
47 any port authority bridge or tunnel, or fares for the use of the port
48 authority trans-Hudson corporation rail system.

1 13. (New section) Public hearings.

2 Not less than 30 days and not more than 90 days prior to any
3 vote or action taken by the board of commissioners relating to any
4 increase in the tolls for the use of any port authority bridge or
5 tunnel, or fares for the use of the port authority trans-Hudson
6 corporation rail system, the port authority shall conduct at least six
7 public hearings in the manner prescribed as follows:

8 a. Locations for public hearings shall be selected in such a way
9 as to be geographically accessible to a majority of users of the
10 facility or facilities to be impacted by the toll or fare increase, as
11 determined by port authority data, provided that at least one hearing
12 shall be held in each state.

13 b. At least 72 hours before the first hearing held pursuant to
14 this section, the port authority shall make the following information
15 available to the public, including posting on the port authority's
16 official website:

17 (1) a written explanation of why the increase in tolls or fares is
18 necessary;

19 (2) the amount of revenue expected to be generated from the
20 increase in tolls or fares; and

21 (3) a detailed explanation of how the revenues raised from the
22 increase in tolls or fares is expected to be spent.

23 c. Each hearing shall be attended by at least two
24 commissioners from New York and two commissioners from New
25 Jersey in office at the time of the hearing.

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

30 e. The port authority shall ensure that each of the requirements
31 set forth in this section shall be complied with before placing on the
32 meeting agenda of the board of commissioners any item or matter
33 relating to an increase in tolls or fares.

34

35 14. (New section) a. The port authority, at the request of the
36 Assembly or Senate of the New York state legislature or the
37 General Assembly or Senate of the New Jersey state legislature,
38 shall be required to appear before a committee of the requesting
39 state legislative house, upon request by the presiding officer of that
40 state legislative house, to present testimony on any topic or subject
41 requested by the committee or to respond to questions by members
42 of the committee. The Assembly of the New York state legislature,
43 the Senate of the New York state legislature, the General Assembly
44 of the New Jersey state legislature, and the Senate of the New
45 Jersey state legislature shall each be entitled to two such requests
46 per calendar year.

47 b. Unless otherwise agreed to by the presiding officer of the
48 state legislative house requesting the appearance of the port

1 authority, the port authority shall, at a minimum, be represented by
2 the chair or vice-chair of the board, the executive director, the chief
3 financial officer, and any staff deemed necessary by the chair or
4 vice-chair of the board, the executive director, or the chief financial
5 officer to present testimony or respond to questions at any
6 appearance required pursuant to this section. The presiding officer
7 may request the appearance of any officer or employee of the port
8 authority. For purposes of this section, as applicable to New York
9 state “presiding officer” shall mean the speaker of the Assembly of
10 the New York state legislature or temporary president of the Senate
11 of the New York state legislature. For purposes of this section, as
12 applicable to the State of New Jersey “presiding officer” shall mean
13 the President of the Senate or the Speaker of the General Assembly
14 of the State of New Jersey.

15

16 15. (New section) Subsidiaries of the port authority.

17 a. The port authority shall provide notice to the governor of
18 each state, the majority leader of each house of the legislature of
19 each state, the Chair of the Senate Finance Committee of New
20 York, the Chair of the Senate Budget and Appropriations
21 Committee of New Jersey, the Chair of the Assembly Ways and
22 Means Committee of New York, and the Chair of the Assembly
23 Budget Committee of New Jersey that it will be creating a
24 subsidiary no less than 60 days prior to the formation of the
25 subsidiary.

26 b. The creation of a subsidiary corporation shall be approved
27 by the board of commissioners.

28 c. Within 60 days of the effective date of
29 P.L. , c. (C.) (pending before the Legislature as this bill),
30 and on or before the first day of January of each year annually
31 thereafter, any subsidiary corporation, in cooperation with the port
32 authority, shall provide to the governor and legislature of each state
33 a report on the subsidiary corporation. The report shall include for
34 each subsidiary:

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

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

40 (3) The complete bylaws and legal organization papers of the
41 subsidiary;

42 (4) A complete report of the purpose, operations, mission, and
43 projects of the subsidiary; and

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

46 d. Sixty days prior to the issuance of any debt by the subsidiary
47 corporation, or the port authority on behalf of the subsidiary
48 corporation, the port authority shall provide notice to the governor

1 of each state, the majority leader of each house of the legislature of
2 each state, the Chair of the Senate Finance Committee of New
3 York, the Chair of the Senate Budget and Appropriations
4 Committee of New Jersey, the Chair of the Assembly Ways and
5 Means Committee of New York, and the Chair of the Assembly
6 Budget Committee of New Jersey. For purposes of this section, as
7 applicable to New York state “majority leader” shall mean the
8 speaker of the Assembly of the New York State Legislature or
9 temporary president of the Senate of the New York State
10 Legislature. For purposes of this section, as applicable to the State
11 of New Jersey “majority leader” shall mean the President of the
12 Senate or the Speaker of the General Assembly of the State of New
13 Jersey.

14

15 16. (New section) ARTICLE VII-C

16 Annual reporting. The port authority shall publish a
17 comprehensive annual financial report, submitted annually to the
18 governors and state legislatures of New York and New Jersey and
19 made available on the port authority's website within 120 days after
20 the end of its fiscal year. The annual report shall include the
21 agency's financial statements, statistical and other regional data, and
22 a narrative of the agency's activities during the year of the report.
23 The annual report shall include:

24 a. an introductory section including:

25 (1) a letter of transmittal to the governors of New York and New
26 Jersey;

27 (2) information regarding the board of commissioners, port
28 authority officers and executive management;

29 (3) a letter to the board of commissioners from the executive
30 director of the port authority highlighting important developments;

31 (4) a description of major agency activities undertaken during
32 the prior year; and

33 (5) a letter to the board of commissioners from the chief
34 financial officer of the port authority with respect to the
35 consolidated financial statements of the port authority.

36 b. a financial section including:

37 (1) an independent auditor's report;

38 (2) management's discussion and analysis;

39 (3) financial statements;

40 (4) its financial reports certified by the chair and vice-chair of
41 the board, executive director, and chief financial officer of the port
42 authority, including (a) audited financials in accordance with
43 generally accepted accounting principles, known as GAAP, and the
44 accounting standards issued by the governmental accounting
45 standards board, known as GASB, (b) grant and subsidy programs,
46 (c) current ratings, if any, of its bonds issued by recognized bond
47 rating agencies and notice of changes in such ratings, and (d) long-
48 term liabilities, including leases and employee benefit plans;

1 (5) a schedule of its bonds and notes outstanding at the end of
2 its fiscal year, together with a statement of the amounts redeemed
3 and incurred during such fiscal year as part of a schedule of debt
4 issuance that includes the date of issuance, term, amount, interest
5 rate, and means of repayment including all refinancings, calls,
6 refundings, defeasements, and interest rate exchange or other such
7 agreements; and

8 (6) at a minimum a four-year financial plan, including (a) a
9 current and projected capital budget, and (b) an operating budget
10 report, including an actual versus estimated budget, with an analysis
11 and measurement of financial and operating performance.

12 c. a statistical section presenting additional information as
13 context for further understanding of the information in the financial
14 statements, note disclosures and schedules, including (1) financial
15 trends; (2) debt capacity; (3) operating and service data; (4)
16 information on port authority operating results; (5) information on
17 port authority capital program components; (6) information on port
18 authority facility traffic; and (7) selected statistical, demographic
19 and economic data on the New York-New Jersey metropolitan
20 region.

21 d. a corporate information section providing:

22 (1) a list of all real property of the port authority;

23 (2) a list and full description of real property and personal
24 property that has a sale price of over \$10,000 disposed of during the
25 period, including the price received by the port authority and the
26 name of the purchaser for all property sold by the port authority
27 during the period;

28 (3) a compensation schedule that shall include, by position, title
29 and name of the person holding such position or title, the salary,
30 compensation, allowance and/or benefits provided to any officer,
31 director, or employee in a decision making or managerial position
32 of such authority whose base salary is in excess of \$150,000;

33 (4) biographical information, not including confidential personal
34 information, for all directors and officers and employees for whom
35 salary reporting is required;

36 (5) a description of the authority and its board structure,
37 including (a) names of committees and committee members, (b)
38 lists of board meetings and attendance, (c) descriptions of major
39 authority units and subsidiaries, and (d) number of employees;

40 (6) its mission statement, charter, if any, and by-laws; and

41 (7) a description of any material pending litigation in which the
42 port authority is involved as a party during the reporting year.

43
44 17. (New section) Audits and financial statements.

45 a. The port authority shall prepare financial statements on an
46 annual basis, in accordance with generally accepted accounting
47 principles, known as GAAP, and the accounting standards issued by
48 the governmental accounting standards board, known as GASB.

1 b. The audit committee of the board of commissioners of the
2 port authority shall arrange for an independent firm of certified
3 public accountants to perform an audit of the financial statements of
4 the port authority each year, in accordance with generally accepted
5 accounting principles and standards referenced in subsection a. of
6 this section. Each independent firm of certified public accountants
7 that performs any audit required by P.L. , c. (C.) (pending
8 before the Legislature as this bill) shall timely report to the audit
9 committee of the port authority:

10 (1) all critical accounting policies and practices to be used; and
11 (2) other material written communications, that is not privileged
12 or confidential, between the independent firm of certified public
13 accountants and the management of the port authority, including the
14 management letter along with management's response or plan of
15 corrective action, material corrections identified, or schedule of
16 unadjusted differences.

17 c. Every financial statement prepared pursuant to this section
18 shall be approved by the board of commissioners. As a condition to
19 the issuance of the annual financial statements of the port authority,
20 the executive director and the chief financial officer of the port
21 authority shall be required to make a written certification to that
22 effect that, to the best of their knowledge and belief, the financial
23 and other information in the consolidated financial statements is
24 accurate in all material respects and has been reported in a manner
25 designed to present fairly the port authority's net assets, changes in
26 net assets, and cash flows, in accordance with generally accepted
27 accounting principles and standards referenced in subsection a. of
28 this section; and, that on the basis that the cost of internal controls
29 should not outweigh their benefits, the port authority has
30 established a comprehensive framework of internal controls to
31 protect its assets from loss, theft, or misuse, and to provide
32 reasonable (rather than absolute) assurance regarding the reliability
33 of financial reporting and the preparation of the consolidated
34 financial statements in accordance with generally accepted
35 accounting principles and standards referenced in subsection a. of
36 this section.

37 d. Notwithstanding any other provision of law to the contrary,
38 the port authority shall not contract with an independent firm of
39 certified public accountants for audit services to the authority if the
40 lead or coordinating audit partner having primary responsibility for
41 the audit, or the audit partner responsible for reviewing the audit,
42 has performed audit services for the two previous fiscal years of
43 such authority.

44 e. The port authority shall not contract with the independent
45 firm of certified public accountants performing the port authority's
46 audit for any non-audit services to such authority
47 contemporaneously with the audit, unless receiving previous written
48 approval by the audit committee including:

- 1 (1) bookkeeping or other services related to the accounting
- 2 records or financial statements of such authority;
- 3 (2) financial information systems design and implementation;
- 4 (3) appraisal or valuation services, fairness opinions, or
- 5 contribution-in-kind reports;
- 6 (4) actuarial services;
- 7 (5) internal audit outsourcing services;
- 8 (6) management functions or human services;
- 9 (7) broker or dealer, investment advisor, or investment banking
- 10 services; and

11 (8) legal services and expert services unrelated to the audit.

12 f. The port authority shall not contract with an independent

13 firm of certified public accountants for any audit service if the

14 executive director, comptroller, chief financial officer, treasurer, or

15 any other person serving in an equivalent position for the authority,

16 was employed by that independent firm of certified public

17 accountants and participated in any capacity in the audit of the

18 authority during the one year period preceding the date of the

19 initiation of the audit.

20

21 18. (New section) The port authority shall make accessible to

22 the public via its website an executive summary of its most recent

23 independent audit report unless such information is exempt from

24 disclosure pursuant to either state's freedom of information laws.

25

26 19. (New section) ARTICLE VII-D

27 Property disposition. Any sale of real property by the port

28 authority shall be undertaken and conducted pursuant to the

29 provisions of the existing laws governing the sale of real property

30 by the port authority in the state in which such real property is

31 located and by approval of the board of commissioners.

32 a. No disposition of real property, or any interest in real

33 property, shall be made unless an appraisal of the value of such real

34 property has been made by an independent appraiser and included

35 in the record of the transaction, and, provided further, that no

36 disposition of any other real property, which because of its unique

37 nature or the unique circumstances of the proposed transaction is

38 not readily valued by reference to an active market for similar real

39 property, shall be made without a similar appraisal.

40 b. Disposal of real property for less than fair market value. No

41 property owned, leased, or otherwise in the control of the port

42 authority may be sold, leased, or otherwise alienated for less than

43 its fair market value unless:

- 44 (1) the transferee is a government or other public entity, and the
- 45 terms and conditions of the transfer require that the ownership and
- 46 use of the real property will remain with the government or any
- 47 other public entity; or

1 (2) the purpose of the transfer is within the purpose, mission, or
2 governing statute of the port authority and a written determination
3 is made by the board of commissioners that there is no reasonable
4 alternative to the proposed below-market transfer that would
5 achieve the same purpose of such transfer, prior to board approval
6 of such a transfer.

7 c. The board shall adopt, within six months of the effective
8 date of P.L. , c. (C.) (pending before the Legislature as this
9 bill), appropriate rules and regulations concerning disposition,
10 acquisition, and transfer of real property or any interest in real
11 property by the port authority which shall, at a minimum, include a
12 requirement that the following information be made available to the
13 board of commissioners at the meeting where approval of such a
14 disposition, acquisition, or transfer is scheduled:

15 (1) a full description of the property;

16 (2) a description of the purpose of the disposition, acquisition,
17 or transfer;

18 (3) a statement of the value to be received from such a
19 disposition, acquisition, or transfer;

20 (4) the names of any private parties participating in the
21 disposition, acquisition, or transfer; and

22 (5) in the case of a property disposition for less than fair market
23 value, an explanation and a written determination by the board of
24 commissioners that there is no reasonable alternative to the
25 proposed below-market value that would achieve the same purpose
26 of such disposition.

27 d. Not less than 10 days in advance of any meeting of the board
28 of commissioners of the port authority at which the board of
29 commissioners is to consider an action to authorize the sale of real
30 property owned by the port authority, the executive director of the
31 port authority shall provide public notice of such proposed action
32 along with relevant material terms and provisions of such sale
33 including, but not limited to, the information made available
34 pursuant to subsection c. of this section, by posting on the port
35 authority's website.

36 e. The executive director may authorize or arrange for
37 contracts for the sale of personal property owned by the port
38 authority upon such terms and conditions as the executive director
39 may deem proper and execute the same on behalf of the port
40 authority where the value of such personal property is not in excess
41 of \$1,000,000; provided, however, that personal property valued at
42 more than \$250,000 shall not be sold by authority of the executive
43 director other than to the highest bidder after public advertisement.
44 Where the value of such personal property is in excess of
45 \$1,000,000, the sale of such property must be authorized by the
46 board of commissioners of the port authority upon such terms as the
47 board of commissioners may deem proper.

1 f. The port authority may retain brokers or third-party vendors
2 that facilitate online auctions, or assist in disposing of surplus real
3 and personal property of the port authority.
4

5 20. (New section) Debt issuance.

6 a. The issuance of any bonds, notes, or other instruments of
7 indebtedness by the port authority shall be undertaken in a manner
8 consistent with applicable laws governing the port authority and
9 covenants with the holders of the port authority's bonds, notes, or
10 other instruments of indebtedness.

11 b. At least 60 days prior to the end of its fiscal year, the port
12 authority shall submit to the governor, state comptroller, and
13 legislature of each state a statement of intent in regards to the
14 issuance of and overall amount of bonds, notes, or other debt
15 obligations anticipated, at the time the statement is submitted,
16 during the next fiscal year.
17

18 21. (New section) Capital plan.

19 a. The port authority shall adopt a 10-year capital plan that is
20 developed using a comprehensive planning process and risk-based
21 prioritization that considers asset condition, operational and revenue
22 impact, threat assessment, customer service, regional benefit, and
23 regulatory or statutory requirements. The capital plan shall be
24 dependent upon the availability of sufficient funding and other
25 resources to pursue the capital projects proposed for the 10-year
26 period. Performance progress and revisions to reflect changes in
27 programs, policies, and projects and the environment in which the
28 port authority operates shall be reviewed regularly by a committee
29 designated by the board of commissioners, and the capital plan shall
30 be revised periodically as necessary and appropriate, and shall be
31 reviewed with the board of commissioners annually. The port
32 authority shall publish an annual report on the status of the capital
33 program and such report shall be made publicly available on the
34 port authority's website. Prior to adoption of a capital plan, the port
35 authority shall make the proposed plan available for public review
36 and comments on its public website for at least four weeks prior to
37 approval, and all comments received by the port authority are to be
38 distributed to the board of commissioners for review prior to
39 consideration of the capital plan.

40 b. The port authority shall also provide that major capital
41 projects are monitored by independent engineering consultants.
42 The independent consultants shall prepare annual reports to be
43 provided to the board and made available to the public. The annual
44 reports prepared by independent consultants shall include, but not
45 be limited to, a comparison of actual and target performance
46 measures including, but not limited to, costs and construction
47 schedules, and a narrative explanation of any discrepancy thereof.
48 For the purposes of this section: "Major capital project" means an

1 undertaking or program for the acquisition, creation, or
2 development of any crossing, transportation facility, or commerce
3 facility or any part thereof, with an estimated total project cost in
4 excess of \$500,000,000.

5 c. No less than 60 days prior to any board adoption of a capital
6 plan, as described in subsection a. of this section, or any major
7 revision of the last adopted capital plan, the port authority shall: (1)
8 notify the Assembly and Senate of the New York state legislature
9 and the General Assembly and Senate of the New Jersey state
10 legislature of its intention to adopt a capital plan, or any major
11 revision of the last adopted capital plan; (2) submit to the Assembly
12 and Senate of the New York state legislature and the General
13 Assembly and Senate of the New Jersey state legislature the
14 proposed capital plan, or any proposal constituting a major revision
15 of the last adopted capital plan, for review by each state legislature;
16 and (3) make the proposed capital plan, including any proposal
17 constituting a major revision of the last adopted capital plan,
18 publicly available on the port authority website.

19 d. Within 60 days of the notice provided in subsection c. of this
20 section, the port authority shall conduct a public hearing about the
21 capital plan or any major revision thereof in New York state and in
22 the State of New Jersey.

23 e. The port authority shall conduct a status update public
24 hearing in New York state and in the State of New Jersey at least
25 once every three years after the adoption of the capital plan by the
26 port authority. Such public hearing shall be known as “capital status
27 update hearing” and at such hearing the port authority shall provide
28 in detail a written description of the status of all capital plan
29 projects and the costs and the expected costs of those projects. At
30 such public hearing, the port authority shall provide a financing
31 plan that identifies the source of funding for each project. The port
32 authority shall provide an analysis that compares actual and target
33 performance measures, and a detailed written explanation of any
34 discrepancy thereof at the public hearing.

35

36 22. (New section) Operating budget.

37 The port authority shall prepare a detailed annual operating
38 budget beginning with the fiscal year commencing after the
39 effective date of P.L. , c. (C.) (pending before the
40 Legislature as this bill). A preliminary annual operating budget
41 shall be made publicly available on the port authority's website in
42 July of every fiscal year and a final annual operating budget shall be
43 made publicly available in February of each fiscal year.

44

45 23. Severability clause. If any clause, sentence, paragraph,
46 subdivision, section or part of P.L. , c. (C.) (pending before
47 the Legislature as this bill) shall be adjudged by any court of
48 competent jurisdiction to be invalid, such judgment shall not affect,

1 impair, or invalidate the remainder thereof, but shall be confined in
2 its operation to the clause, sentence, paragraph, subdivision, section
3 or part thereof directly involved in the controversy in which such
4 judgment shall have been rendered. It is hereby declared to be the
5 intent of the legislature that P.L. , c. (C.) (pending before
6 the Legislature as this bill) would have been enacted even if such
7 invalid provisions had not been included herein.

8
9 24. This act shall take effect upon the enactment into law by the
10 State of New York of legislation having an identical effect, but if
11 the State of New York shall have already enacted such legislation,
12 then this act shall take effect immediately.

13 14 15 STATEMENT

16
17 This bill is to be known as the "Port Authority of New York and
18 New Jersey Transparency and Accountability Act."

19 20 *Officers*

21 The bill prohibits the Port Authority of New York and New
22 Jersey (port authority) commissioners from serving as the port
23 authority's executive director, general counsel, chief financial
24 officer, chief ethics and compliance officer, inspector general,
25 comptroller, or any other equivalent position.

26 27 *Roles and responsibilities of the commissioners*

28 The board of commissioners (board) is required to promulgate a
29 commissioner's oath of office in consultation with the chief ethics
30 and compliance officer. Commissioners are required to take a
31 fiduciary oath, file annual financial disclosure statements,
32 participate in ethics training approved by the chief ethics and
33 compliance officer. A commissioner is required to report a need for
34 recusal to the general counsel when it arises.

35 In addition to commissioners, the executive director, chief ethics
36 and compliance officer, chief financial officer, general counsel,
37 comptroller, treasurer, inspector general, employees who hold
38 policy-making positions, and employees whose base salaries exceed
39 \$150,000 are required to file annual financial disclosure statements.
40 Financial disclosures required under the bill are to be made
41 available on the port authority's website.

42 The bill requires the board to adopt a mission statement that the
43 port authority's mission is to meet the critical transportation needs
44 of the bi-state region's people, businesses, and visitors by providing
45 the highest quality and most efficient transportation and port
46 commerce facilities and services to move people and goods within
47 the region, provide access to the nation and the world, and promote
48 the region's economic development.

1 The bill requires the board to: adopt a code of conduct applicable
2 to commissioners, employees, and vendors and other contractors
3 with the port authority based upon the recommendations of the chief
4 ethics and compliance officer that, at minimum, includes the
5 applicable standards established by law in each state; establish a
6 whistleblower program to protect employees from retaliation for
7 disclosing information concerning acts of wrongdoing, misconduct,
8 malfeasance, or other inappropriate conduct; establish a policy
9 requiring all commissioners, officers, and employees with decision-
10 making authority to maintain records regarding interaction with
11 lobbyists; and have efficiency studies of the port authority and its
12 operations conducted by an independent entity.

13

14 *Committees*

15 The bill requires the board to establish a committee structure that
16 is to include, but is not limited to, committees overseeing
17 governance responsibility, audit responsibility, and finance
18 responsibility. The bill requires each committee established by the
19 board to promulgate a written charter, to be approved by the board,
20 which is to be made available to the public and posted on the port
21 authority's website.

22

23 *Whistleblower access and assistance program*

24 The chief ethics and compliance officer is required to
25 recommend to the board a whistleblower access and assistance
26 program to be administered by the inspector general for the
27 protection of employees from retaliation for disclosing information
28 concerning acts of wrongdoing, misconduct, malfeasance, or other
29 inappropriate conduct.

30

31 *Inspector general*

32 The bill provides that the inspector general is responsible for
33 receiving and investigating, where appropriate, all complaints
34 regarding fraud, waste, and abuse by commissioners, officers, and
35 employees of the port authority or third-parties doing business with
36 the port authority. The inspector general is to determine with
37 respect to allegations received by the inspector general whether
38 disciplinary action or civil prosecution by the port authority is
39 appropriate, and whether the matter should be referred to an
40 appropriate governmental agency for further action. The inspector
41 general is required to prepare and make available to the public
42 written reports of completed investigations, as appropriate and to
43 the extent permitted by law, subject to redaction to protect
44 confidentiality. The release of all or portions of reports may be
45 deferred to protect the confidentiality of ongoing investigations.

1 *Open meetings*

2 The bill provides that all meetings of the port authority are to be
3 open to the public and members of the news media unless a
4 majority of the commissioners votes that a portion of the meeting
5 may be conducted in executive session. The port authority may
6 exclude the public if the discussion concerns certain matters
7 enumerate in the bill.

8 In addition, the port authority is required to make available to the
9 public all meeting agendas at least 72 hours before each meeting of
10 the board and each meeting of each committee. Public notice of the
11 time and place of a meeting is to be provided to appropriate media
12 outlets, conspicuously posted in one or more designated areas, and
13 conspicuously posted via the port authority's official website at
14 least five business days before the meeting.

15 The bill also requires the board to make all reasonable efforts to
16 ensure that meetings are held in facilities that permit barrier-free
17 physical access to people with disabilities. If the board determines
18 to use video-conferencing or similar technology to conduct its
19 meetings, it is to provide an opportunity for the public to attend,
20 listen, and observe the meeting.

21 The bill requires that the public be given at least 30 minutes, or
22 longer when necessary, to speak on any topic on the agenda prior to
23 the board taking action.

24 The bill requires the port authority to keep reasonably
25 comprehensible minutes of all its meetings showing the time and
26 place, the members present, the subjects considered, the actions
27 taken, and the vote or recusal of each member. Minutes of each
28 meeting are to be available to the public within two weeks from the
29 date of the meeting. Each item on an agenda is to be voted on
30 separately.

31 Within six months of the effective date of the bill, the board is
32 required to adopt rules and regulations concerning the proper notice
33 to the public and news media of board meetings and the right of the
34 public and news media to be present at board meetings.

35

36 *Toll or fare increases*

37 The board is required to have a needs assessment conducted by
38 an independent entity prior to any increase in tolls for the use of any
39 port authority bridge or tunnel or fares for the use of the port
40 authority trans-Hudson corporation (PATH) rail system. The
41 assessment is to be made publicly available in a conspicuous
42 location on the port authority's website and presented by the
43 independent entity to the board at a public meeting to be held at
44 least 90 days prior to any meeting of the board to vote for any
45 increase in the tolls for the use of any port authority bridge or
46 tunnel or fares for the use of the PATH rail system.

47 The bill also requires the port authority to hold at least six public
48 hearings not less than 30 days and not more than 90 days prior to

1 any vote or action taken by the board relating to any increase in the
2 tolls for the use of any port authority bridge or tunnel, or fares for
3 the use of the PATH rail system. The locations for public hearings
4 are to be selected in such a way as to be geographically accessible
5 to a majority of users of the facility or facilities to be impacted by
6 the toll or fare increase, as determined by port authority data,
7 provided that at least one hearing is held in each state.

8 In addition, at least 72 hours before the first hearing on a toll or
9 fare increase, the port authority is required to make available to the
10 public: the amount of revenue expected to be generated from the
11 increase in tolls or fares; a detailed explanation of how the revenue
12 raised from the increase in tolls or fares is expected to be spent; and
13 a written explanation of why the increase in tolls or fares is
14 necessary.

15 The port authority is required to ensure that the requirements for
16 toll or fare increases are complied with before placing any item or
17 matter relating to an increase in tolls or fares on a meeting agenda.

18

19 *Appearing before legislative committees*

20 The port authority, at the request of the presiding officer of each
21 house of the state legislature of New York or New Jersey, is
22 required to appear before a committee of the requesting state
23 legislature to present testimony on any topic or subject requested by
24 the committee or to respond to questions by members of the
25 committee. Each house of each state legislature is entitled to
26 request two appearances by the port authority per calendar year.

27

28 *Subsidiaries*

29 No less than 60 days prior to the formation of a subsidiary, the
30 port authority is required to provide notice to the governor of each
31 state and certain members of each state's legislatures. The creation
32 of a subsidiary corporation is subject to approval by the board.

33 Within 60 days of the effective date of the bill, and on or before
34 the first day of January of each year annually thereafter, any
35 subsidiary corporation, in cooperation with the port authority, is
36 required to provide to the governor and legislature of each state a
37 report on the subsidiary corporation containing information required
38 under the bill.

39 Sixty days prior to the issuance of any debt by the subsidiary, or
40 the port authority on behalf of the subsidiary, the port authority is
41 required to provide notice to the same individuals required to
42 receive notice for the formation of a subsidiary.

43

44 *Annual reporting*

45 The port authority is required to publish a comprehensive annual
46 financial report, submitted annually to the governors and state
47 legislatures of New York and New Jersey and made available on the
48 port authority's website within 120 days after the end of its fiscal

1 year. The annual report is required to include the agency's financial
2 statements, statistical and other regional data, and a narrative of the
3 agency's activities during the year of the report.

4

5 *Audits and financial statements*

6 The bill requires the port authority to prepare financial
7 statements on an annual basis, in accordance with generally
8 accepted accounting principles and the accounting standards issued
9 by the governmental accounting standards board. The audit
10 committee is required to arrange for an independent firm of
11 certified public accountants to perform an audit of the financial
12 statements each year. The bill requires the executive director and
13 chief financial officer to make written certifications of the accuracy
14 of the financial statements. The bill provides safeguards to ensure
15 that the firm conducting the audit is independent.

16 The port authority is required to make accessible to the public
17 via its website an executive summary of its most recent independent
18 audit report unless the information is exempt from disclosure
19 pursuant to either state's freedom of information laws.

20

21 *Property disposition*

22 The bill provides certain requirements for the disposition of
23 property owned by the port authority. Any sale of real property is
24 to be undertaken and conducted pursuant to the provisions of the
25 existing laws governing the sale of real property in the state in
26 which the real property is located and by approval of the board.

27 The port authority is not permitted to dispose of real property
28 unless an appraisal of the value of the real property has been made
29 by an independent appraiser and the appraisal is included in the
30 record of the transaction.

31 The port authority is not permitted to sell, lease, or otherwise
32 alienate property for less than fair market value unless: the
33 transferee is a government entity or other public entity and the
34 terms and conditions of the transfer require that the ownership and
35 use of the real property will remain with the government or any
36 other public entity; or the purpose of the transfer is within the
37 purpose, mission, or governing statute of the port authority and a
38 written determination is made by the board that there is no
39 reasonable alternative to the proposed below-market transfer that
40 would achieve the same purpose, prior to board approval of the
41 transfer.

42 The bill requires the board to adopt rules and regulations
43 concerning disposition, acquisition, and transfer of real property or
44 any interest in real property which, at a minimum, includes a
45 requirement that certain information be made available to the board
46 at the meeting where approval is scheduled.

47 Not less than 10 days in advance of any meeting of the board at
48 which the board is to consider an action to authorize the sale of real

1 property, the executive director is required to provide public notice
2 of the proposed action along with relevant material terms and
3 provisions of the sale by posting the information on the port
4 authority's website.

5 The executive director may authorize or arrange for contracts for
6 the sale of personal property owned by the port authority upon
7 terms and conditions as the executive director deems proper and
8 execute the contract on behalf of the port authority where the value
9 of the personal property is not in excess of \$1,000,000; provided,
10 however, that personal property valued at more than \$250,000 is not
11 to be sold under the authority of the executive director other than to
12 the highest bidder after public advertisement. Where the value of
13 the personal property is in excess of \$1,000,000, the sale of the
14 property is dependent on authorization by the board.

15

16 *Debt issuance*

17 The issuance of any debt by the port authority is required to be
18 undertaken in a manner consistent with applicable laws governing
19 the port authority and covenants with the holders of the port
20 authority's bonds, notes, or other instruments of indebtedness. At
21 least 60 days prior to the end of its fiscal year, the port authority is
22 required to submit to the governor, state comptroller, and legislature
23 of each state a statement of intent in regards to the issuance of and
24 overall amount of bonds, notes, or other debt obligations anticipated
25 during the next fiscal year.

26

27 *Capital plan and operating budget*

28 The bill requires the port authority to adopt a 10-year capital
29 plan that is developed using a comprehensive planning process and
30 risk-based prioritization that considers asset condition, operational
31 and revenue impact, threat assessment, customer service, regional
32 benefit, and regulatory or statutory requirements. Performance
33 progress and revisions to reflect changes in programs, policies, and
34 projects and the environment in which the port authority operates is
35 required to be reviewed regularly by a committee designated by the
36 board, and the capital plan may be revised periodically as necessary
37 and appropriate, and is required to be reviewed with the board
38 annually. The bill requires the port authority to publish an annual
39 report on the status of the capital program and the report is to be
40 made publicly available on the port authority's website. Prior to
41 adoption of a capital plan, the port authority is also required to
42 make the proposed plan available for public review and comments
43 on its public website for at least four weeks prior to approval, and
44 all comments received by the port authority are to be distributed to
45 the board for review prior to consideration of the capital plan.

46 The port authority is required to provide that major capital
47 projects are monitored by independent engineering consultants.

1 The independent consultants are to prepare annual reports which
2 will be provided to the board and made available to the public.

3 The port authority is required, no less than 60 days prior to any
4 board adoption of a capital plan, or any major revision of a capital
5 plan, to: provide notice to both houses of each state legislature of
6 the intention to adopt or revise a capital plan; submit the proposed
7 capital plan or major revision to both houses of each state
8 legislature; and make the proposed capital plan or major revision
9 publicly available on the port authority's website. Within 60 days
10 of the notice, the port authority is required to conduct a public
11 hearing about the capital plan, or major revision thereof, in New
12 York and New Jersey.

13 The bill requires the port authority to conduct a status update
14 public hearing in New York and New Jersey at least once every
15 three years after the adoption of the capital plan.

16 The bill requires the port authority to prepare a detailed annual
17 operating budget beginning with the fiscal year commencing after
18 the effective date the bill. A preliminary annual operating budget is
19 to be made publicly available on the port authority's website in July
20 of every fiscal year and a final annual operating budget is to be
21 made publicly available in February of each fiscal year.