

SENATE, No. 389

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator LORETTA WEINBERG

District 37 (Bergen)

Senator THOMAS H. KEAN, JR.

District 21 (Morris, Somerset and Union)

Co-Sponsored by:

Senators Cruz-Perez, Greenstein and Ruiz

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.



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 a. The officers of the port authority shall be a chairperson, a vice
30 chairperson, a chief executive officer, a general counsel, a chief
31 financial officer, a chief ethics and compliance officer, an inspector
32 general, a treasurer, a comptroller, and a secretary. Beginning upon
33 the next hiring of a chief executive officer, the positions of
34 chairperson and vice chairperson shall be for a term of one year
35 among commissioners appointed by New York and New Jersey,
36 with a chairperson elected first from among those commissioners
37 appointed by the Governor of New Jersey and a vice chairperson
38 elected first from among those commissioners appointed by the
39 Governor of New York, after which, the positions of chairperson
40 and vice chairperson shall be for a term of two years, and the next
41 chairperson shall be elected from among those appointed by the
42 Governor of New York and the next vice chairperson shall be
43 elected from among those appointed by the Governor of New Jersey
44 and thereafter the positions of chairperson and vice chairperson
45 shall rotate every two years in the same order as established herein

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 provided that the failure of the board of commissioners to elect a
2 new chairperson and vice chairperson shall not prevent the rotation
3 of the positions of chairperson and vice chairperson to the next
4 succeeding state.

5 b. No commissioner, including the chairperson, shall serve as
6 the port authority's chief executive officer, general counsel, chief
7 financial officer, chief ethics and compliance officer, inspector
8 general, or comptroller, or hold any other equivalent position while
9 serving as a commissioner.

10

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

12 a. The commissioners shall promulgate a commissioner's oath
13 of office in consultation with the chief ethics and compliance
14 officer.

15 b. At the time that a commissioner of the port authority takes
16 and subscribes the commissioner's oath of office, or within 60 days
17 after the effective date of P.L. , c. (C.) (pending before the
18 Legislature as this bill) if the commissioner has already taken and
19 subscribed the commissioner's oath of office, the commissioner
20 shall execute a statement declaring that the commissioner
21 understands the commissioner's independence and fiduciary
22 obligation to perform duties and responsibilities to the best of the
23 commissioner's abilities, in good faith and with proper diligence
24 and care which an ordinarily prudent person in like position would
25 use under similar circumstances and may take into consideration the
26 views and policies of any elected officials or bodies and ultimately
27 apply independent judgment in the best interest of the port
28 authority, its mission, and the public, consistent with the enabling
29 compact, mission, and by-laws of the port authority and the
30 applicable laws of both states; and that the fiduciary duty to the port
31 authority is derived from and governed by its mission.

32 c. Individuals appointed to the board of commissioners shall
33 participate in training approved by the chief ethics and compliance
34 officer in consultation with the inspector general of the port
35 authority regarding their legal, fiduciary, financial, and ethical
36 responsibilities as directors of an authority within six months of
37 appointment to the authority. The commissioners shall participate in
38 continuing training as may be required to remain informed of best
39 practices, regulatory and statutory changes relating to the effective
40 oversight of the management and financial activities of public
41 authorities, and to adhere to the highest standards of responsible
42 governance.

43 d. (1) A commissioner shall not vote on or participate in any
44 board or committee discussions or decisions with respect to an item
45 if the commissioner, a member of the commissioner's immediate
46 family, or a business in which the commissioner has an interest has
47 a direct or indirect financial involvement that may reasonably be
48 expected to impair the commissioner's objectivity or independent

1 judgment or that may reasonably create the appearance of
2 impropriety. A commissioner shall report such a need for recusal to
3 the general counsel when it arises. The public shall be informed of
4 any recusals prior to any board action and the minutes shall clearly
5 reflect that recusal.

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

7 "immediate family" shall mean: a spouse, parent, child, or
8 sibling; and

9 "interest" shall mean: if the business organization is a
10 partnership, the board member or the board member's immediate
11 family is a partner or owner of 10 percent or more of the assets of
12 the partnership, or if the business organization is a corporation, the
13 board member or the board member's immediate family owns or
14 controls 10 percent or more of the stock of the corporation, or
15 serves as a director or officer of the corporation.

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

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

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

26 (c) In addition to the financial disclosures required of the
27 commissioners, financial disclosures of employees shall, at a
28 minimum, be required of the chief executive officer, the chief ethics
29 and compliance officer, the chief financial officer, the general
30 counsel, the comptroller, treasurer, and the inspector general,
31 employees who hold policy-making positions as determined by the
32 general counsel of the port authority, and employees whose base
33 salary, either in the current or previous year, exceeds \$150,000,
34 which amount shall be adjusted for inflation annually in accordance
35 with the consumer price index for all urban wage earners and
36 clerical workers (CPI-W) as calculated by the federal government.
37 These financial disclosures shall be updated not less than annually
38 and shall be made available on the port authority's website.

39 f. The board of commissioners shall:

40 (1) adopt a mission statement that the port authority's mission is
41 to meet the critical transportation infrastructure needs of the bi-state
42 region's people, businesses, and visitors by providing the highest
43 quality and most efficient transportation and port commerce
44 facilities and services to move people and goods within the region,
45 provide access to the nation and the world, and promote the region's
46 economic development;

47 (2) adopt a code of conduct applicable to commissioners,
48 employees, and vendors and other contractors with the port

1 authority based upon the recommendations of the chief ethics and
2 compliance officer that shall, at minimum, include the applicable
3 standards established by law in each state;

4 (3) establish a whistleblower access and assistance program
5 protecting employees from retaliation for disclosing information
6 concerning acts of wrongdoing, misconduct, malfeasance, or other
7 inappropriate conduct based upon the recommendations of the chief
8 ethics and compliance officer;

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

12 As used in this paragraph:

13 (a) "contact" means any conversation, in person or by
14 telephonic or other electronic means, or correspondence between
15 any lobbyist engaged in the act of lobbying and any person within
16 the port authority who can make or influence a decision on the
17 subject of the lobbying on the behalf of the port authority, and shall
18 include, at a minimum, all members of the board of commissioners
19 and all officers of the port authority;

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

22 (c) "lobbying" shall mean and include any attempt to influence:
23 the adoption or rejection of any rule or regulation having the force
24 and effect of law by the port authority; the outcome of any
25 proceeding by the port authority to establish, levy, or collect fees,
26 tolls, charges, or fares; and the authorization, approval or award of
27 any agreements, contracts, or purchase orders, including any
28 settlement of port authority claims, or any extension, amendment,
29 or modification of any existing agreement, contract, or order; and

30 (5) have an efficiency study of the port authority and its
31 operations conducted by an independent entity within three years of
32 the effective date of P.L. , c. (C.) (pending before the
33 Legislature as this bill) and thereafter upon the request of the
34 governors of New York and New Jersey, and if no request is made,
35 no later than three years after the most recent efficiency study was
36 conducted.

37

38 5. (New section) Committee.

39 a. The board of commissioners shall establish a committee
40 structure that shall include, but need not be limited to, the following
41 responsibilities:

42 (1) a governance responsibility to be assigned to a committee
43 comprised of not fewer than three commissioners, who shall
44 constitute a majority on the committee, and who shall possess the
45 necessary skills to undertake the governance duties and functions.
46 It shall be the responsibility of the members of this committee to:
47 keep the board informed of current best governance practices;
48 review corporate governance trends; update the port authority's

1 corporate governance principles; examine ethical and conflict of
2 interest issues; perform board self-evaluations; investigate term
3 limits, reappointments, and board responsibilities; develop by-laws
4 which include rules and procedures for the conduct of board
5 business; and advise the port authority on the skills and experiences
6 required of potential commissioners;

7 (2) an audit responsibility to be assigned to a committee
8 comprised of not fewer than three commissioners, who shall
9 constitute a majority on the committee, and who shall possess the
10 necessary skills to undertake the audit duties and functions. It shall
11 be the responsibility of the members of this committee to:
12 recommend to the board the hiring of an independent firm of
13 certified public accountants to audit the financial statements of the
14 port authority; establish the compensation to be paid to the
15 accounting firm; and provide direct oversight of the annual
16 independent financial audit performed by the accounting firm hired
17 for auditing purposes. Members of this committee shall be familiar
18 with corporate financial and accounting practices and shall be
19 financially literate about applicable financial laws, rules,
20 regulations, and standard industry practices; and

21 (3) a finance responsibility to be assigned to a committee
22 comprised of not fewer than three commissioners, who shall
23 constitute a majority on the committee, and who shall possess the
24 necessary skills to undertake the finance duties and functions. It
25 shall be the responsibility of the members of this committee to
26 oversee and approve the issuance of debt that the port authority or
27 its subsidiaries issue.

28 b. Every committee established by the board of commissioners
29 shall promulgate a written charter to be approved by the board.
30 Each charter promulgated in accordance with this section shall be
31 made available to the public and posted on the port authority's
32 website.

33
34 6. (New section) Whistleblower access and assistance program.

35 a. The chief ethics and compliance officer shall recommend to
36 the board of commissioners a whistleblower access and assistance
37 program to be administered by the inspector general which shall
38 include, but not be limited to:

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

41 (2) offering advice regarding employee rights under applicable
42 state and federal laws and advice and options available to all
43 persons; and

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

46 Any communication between an employee and the inspector
47 general pursuant to this section shall be held strictly confidential by
48 the inspector general, unless the employee specifically waives in

1 writing the right to confidentiality, except that such confidentiality
2 shall not exempt the inspector general from disclosing such
3 information, where appropriate, to the board of commissioners
4 and/or any law enforcement authority.

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

9 c. As used in this section:

10 (1) "Employees" means those persons employed at the port
11 authority, including but not limited to: full-time and part-time
12 employees, those employees on probation, and temporary
13 employees.

14 (2) "Whistleblower" means any employee of the port authority
15 who discloses information concerning acts of wrongdoing,
16 misconduct, malfeasance, or other inappropriate behavior by an
17 employee or board member of the port authority, including, but not
18 limited to, such acts concerning the port authority's investments,
19 travel, acquisition of real or personal property, the disposition of
20 real or personal property, or the procurement of goods and services.

21

22 7. (New section) Inspector general.

23 a. The inspector general shall be responsible for receiving and
24 investigating, where appropriate, all complaints regarding fraud,
25 waste, and abuse by commissioners, officers, and employees of the
26 port authority or third-parties doing business with the port
27 authority. The inspector general shall also be responsible for
28 conducting investigations upon the inspector general's own
29 initiative, as the inspector general shall deem appropriate.

30 b. The inspector general shall inform the board of
31 commissioners and the chief executive officer of allegations
32 received by the inspector general and the progress of investigations
33 related thereto, unless special circumstances require confidentiality.

34 c. The inspector general shall determine with respect to
35 allegations received by the inspector general whether disciplinary
36 action or civil prosecution by the port authority is appropriate, and
37 whether the matter should be referred to an appropriate
38 governmental agency for further action.

39 d. The inspector general shall prepare and make available to
40 the public written reports of completed investigations, as
41 appropriate and to the extent permitted by law, subject to redactions
42 to protect a need for confidentiality. The release of all or portions
43 of reports may be deferred to protect the confidentiality of ongoing
44 investigations.

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

46 (1) administer oaths or affirmations and examine witnesses
47 under oath;

- 1 (2) require the production of any books and papers deemed
- 2 relevant or material to any investigation, examination, or review;
- 3 (3) notwithstanding any law to the contrary, examine and copy
- 4 or remove documents or records of any kind prepared, maintained,
- 5 or held by the port authority and its subsidiaries;
- 6 (4) interview any officer or employee of the port authority or its
- 7 subsidiaries on any matter related to the performance of such officer
- 8 or employee's official duties. To the extent that the terms and
- 9 conditions of employment of any employee are established by
- 10 collective negotiations, any interview conducted pursuant to this
- 11 paragraph must be in accordance with any applicable provisions of
- 12 the current, or most recent, if expired, collective negotiations
- 13 agreement covering the terms and conditions of employment of the
- 14 employee;
- 15 (5) monitor the implementation by the port authority of any
- 16 recommendations made by the inspector general; and
- 17 (6) perform any other functions that are necessary or appropriate
- 18 to fulfill the duties and responsibilities of office.
- 19
- 20 8. (New section) Open meetings.
- 21 a. All meetings of the port authority shall be open to the public
- 22 and members of the news media, individually and collectively, for
- 23 the purpose of observing the full details of all phases of the
- 24 deliberation, policy-making, and decision-making of the board,
- 25 except for an executive session initiated upon a majority vote taken
- 26 in an open meeting pursuant to a motion. The board of
- 27 commissioners may exclude the public only from that portion of a
- 28 meeting at which the board of commissioners discusses any:
- 29 (1) matter in which the release of information would impair a
- 30 right to receive funds from the government of the United States;
- 31 (2) material the disclosure of which would constitute an
- 32 unwarranted invasion of individual or personal privacy;
- 33 (3) collective bargaining agreement, or the terms and conditions
- 34 which are proposed for inclusion in any collective bargaining
- 35 agreement, including the negotiation of the terms and conditions
- 36 thereof with employees or representatives of employees of the port
- 37 authority;
- 38 (4) matter involving the purchase, lease, or acquisition of real
- 39 property with port authority funds, the proposed acquisition of
- 40 securities, the sale or exchange of securities held by the port
- 41 authority, or the investment of port authority funds, if public
- 42 discussion of the matter would adversely affect the public interest;
- 43 (5) matter which would imperil the public safety if disclosed;
- 44 (6) pending or anticipated litigation or contract negotiation in
- 45 which the port authority is, or may become, a party, or matters
- 46 falling within the attorney-client privilege, to the extent that
- 47 confidentiality is required for the attorney to exercise the attorney's
- 48 ethical duties as a lawyer;

- 1 (7) contract negotiations disclosure of which would imperil the
2 port authority's position or an outcome in the best interest of the
3 authority, its mission, and the public;
- 4 (8) matter involving the employment, appointment, termination
5 of employment, terms and conditions of employment, evaluation of
6 the performance of, promotion or disciplining of any specific
7 prospective officer or employee or current officer or employee
8 employed or appointed by the port authority, unless all the
9 individual employees or appointees whose rights could be adversely
10 affected request in writing that the matter or matters be discussed at
11 a public meeting; or
- 12 (9) deliberation of the port authority occurring after a public
13 hearing that may result in the imposition of a specific civil penalty
14 upon the responding party or the suspension or loss of a license or
15 permit belonging to the responding party as a result of an act or
16 omission for which the responding party bears responsibility.
- 17 b. The port authority shall make meeting agendas available to
18 the public at least 72 hours before each meeting of the board and
19 each meeting of each committee. In addition, the port authority
20 shall send via electronic mail the agenda and public documents
21 pertaining to a board or committee meeting to the public
22 information office of each state's legislature at least 72 hours before
23 the meeting. Public notice of the time and place of a meeting shall
24 be provided to appropriate media outlets, shall be conspicuously
25 posted in one or more designated areas, and shall be conspicuously
26 posted via the port authority's official website at least five business
27 days before the meeting.
- 28 c. The port authority shall make available to the public
29 documents in the following manner: the agenda and public
30 documents pertaining to a board or committee meeting shall be
31 available for public inspection at an office of the port authority; and
32 the agenda and public documents pertaining to a board or
33 committee meeting shall be posted on the port authority's website.
- 34 d. At each public meeting of the board and at each public
35 meeting of each committee, the public shall be allotted at least 30
36 minutes to speak on any topic on the agenda. The board or
37 committee shall expand the comment time when necessary to
38 provide a reasonable opportunity for the public to comment. The
39 public speaking period shall take place prior to any board or
40 committee action.
- 41 e. The port authority shall keep reasonably comprehensible
42 minutes of all its meetings showing the time and place, the members
43 present, the subjects considered, the actions taken, and the vote of
44 each member. The minutes shall be available to the public within
45 two weeks from the date of the meeting to the extent that public
46 disclosure shall not be inconsistent with subsection a. of this
47 section. The minutes shall indicate for each item on the agenda the
48 vote or recusal of each board member in attendance at an open

1 meeting, or an executive session of the board or a committee of the
2 board. Each item on the agenda shall be voted on separately.

3
4 9. (New section) Barrier-free access.

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

11
12 10. Section 2 of P.L.1991, c.395 (C.32:1-6.2) is amended to read
13 as follows:

14 2. As used in this act:

15 a. "Board" means the Board of Commissioners of the Port
16 Authority of New York and New Jersey.

17 b. "Committee" or "committees" means any standing
18 committee established by the board tasked with, including, but not
19 limited to, the audit responsibility, governance responsibility, and
20 finance responsibility required to be established pursuant to P.L. ,
21 c. (C.) (pending before the Legislature as this bill).

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

30 **[c.]** d. "News media" means persons representing major wire
31 services, television news services, radio news services, and
32 newspapers, whether located in the state of New York or New
33 Jersey or any other state.

34 e. "Public business" means matters which relate in any way,
35 directly or indirectly, to the performance of the functions of the Port
36 Authority of New York and New Jersey or the conduct of its
37 business.

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

39
40 11. Section 3 of P.L.1991, c.395 (C.32:1-6.3) is amended to read
41 as follows:

42 3. a. The board shall, within six months of the effective date of
43 P.L. , c. (C.) (pending before the Legislature as this bill),
44 adopt [and promulgate] appropriate rules and regulations
45 concerning proper notice to the public and the news media of its
46 meetings and the right of the public and the news media to be
47 present at meetings of the authority. The board may incorporate in

1 its rules and regulations conditions under which it may exclude the
2 public from a meeting or a portion thereof.

3 b. Any rules or regulations adopted hereunder shall become a
4 part of the minutes of the Port Authority of New York and New
5 Jersey and shall be subject to the approval of the Governor of New
6 Jersey and the Governor of New York.
7 (cf: P.L.1991, c.395, s.3)

8

9 12. (New section) ARTICLE VII-B

10 Needs assessment. The port authority shall require that a needs
11 assessment be conducted by an independent entity prior to any
12 increase in tolls for the use of any port authority bridge or tunnel, or
13 fares for the use of the port authority trans-Hudson corporation rail
14 system. The assessment shall be made publicly available in a
15 conspicuous location on the port authority's website and presented
16 by the independent entity to the board of commissioners at a public
17 meeting to be held at least 90 days prior to any meeting of the board
18 of commissioners to vote for any increase in the tolls for the use of
19 any port authority bridge or tunnel, or fares for the use of the port
20 authority trans-Hudson corporation rail system.

21

22 13. (New section) Public hearings.

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

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

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

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

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

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

44 c. Each hearing shall be attended by at least two
45 commissioners from New York and two commissioners from New
46 Jersey in office at the time of the hearing.

47 d. The port authority shall hold no more than one public
48 hearing in a single day, and at least one-half of the public hearings

1 shall be scheduled to begin after 6:30 p.m., Eastern Standard Time,
2 on a weekday.

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

7
8 14. (New section) a. The port authority, at the request of the
9 Assembly or Senate of the New York state legislature or the
10 General Assembly or Senate of the New Jersey state legislature,
11 shall be required to appear before a committee of the requesting
12 state legislative house, upon request by the presiding officer of that
13 state legislative house, to present testimony on any topic or subject
14 requested by the committee or to respond to questions by members
15 of the committee. The Assembly of the New York state legislature,
16 the Senate of the New York state legislature, the General Assembly
17 of the New Jersey state legislature, and the Senate of the New
18 Jersey state legislature shall each be entitled to two such requests
19 per calendar year.

20 b. Unless otherwise agreed to by the presiding officer of the
21 state legislative house requesting the appearance of the port
22 authority, the port authority shall, at a minimum, be represented by
23 the chair or vice-chair of the board, chief executive officer, the
24 chief financial officer, and any staff deemed necessary by the chair
25 or vice-chair of the board, chief executive officer, or the chief
26 financial officer to present testimony or respond to questions at any
27 appearance required pursuant to this section. The presiding officer
28 may request the appearance of any officer or employee of the port
29 authority. For purposes of this section, as applicable to New York
30 state “presiding officer” shall mean the speaker of the Assembly of
31 the New York state legislature or temporary president of the Senate
32 of the New York state legislature. For purposes of this section, as
33 applicable to the State of New Jersey “presiding officer” shall mean
34 the President of the Senate or the Speaker of the General Assembly
35 of the State of New Jersey.

36
37 15. (New section) Subsidiaries of the port authority.

38 a. The port authority shall provide notice to the governor of
39 each state, the majority leader of each house of the legislature of
40 each state, the Chair of the Senate Finance Committee of New
41 York, the Chair of the Senate Budget and Appropriations
42 Committee of New Jersey, the Chair of the Assembly Ways and
43 Means Committee of New York, and the Chair of the Assembly
44 Budget Committee of New Jersey that it will be creating a
45 subsidiary no less than 60 days prior to the formation of the
46 subsidiary.

47 b. The creation of a subsidiary corporation shall be approved
48 by the board of commissioners.

1 c. Within 60 days of the effective date of P.L. , c. (C.)
2 (pending before the Legislature as this bill), and on or before the
3 first day of January of each year annually thereafter, any subsidiary
4 corporation, in cooperation with the port authority, shall provide to
5 the governor and legislature of each state a report on the subsidiary
6 corporation. The report shall include for each subsidiary:

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

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

12 (3) The complete bylaws and legal organization papers of the
13 subsidiary;

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

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

18 d. Sixty days prior to the issuance of any debt by the subsidiary
19 corporation, or the port authority on behalf of the subsidiary
20 corporation, the port authority shall provide notice to the governor
21 of each state, the majority leader of each house of the legislature of
22 each state, the Chair of the Senate Finance Committee of New
23 York, the Chair of the Senate Budget and Appropriations
24 Committee of New Jersey, the Chair of the Assembly Ways and
25 Means Committee of New York, and the Chair of the Assembly
26 Budget Committee of New Jersey. For purposes of this section, as
27 applicable to New York state “majority leader” shall mean the
28 speaker of the Assembly of the New York State Legislature or
29 temporary president of the Senate of the New York State
30 Legislature. For purposes of this section, as applicable to the State
31 of New Jersey “majority leader” shall mean the President of the
32 Senate or the Speaker of the General Assembly of the State of New
33 Jersey.
34

35 16. (New section) ARTICLE VII-C

36 Annual reporting. The port authority shall publish a
37 comprehensive annual financial report, submitted annually to the
38 governors and state legislatures of New York and New Jersey and
39 made available on the port authority's website within 120 days after
40 the end of its fiscal year. The annual report shall include the
41 agency's financial statements, statistical and other regional data, and
42 a narrative of the agency's activities during the year of the report.
43 The annual report shall include:

44 a. an introductory section including:

45 (1) a letter of transmittal to the governors of New York and New
46 Jersey;

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

- 1 (3) a letter to the board of commissioners from the chief
2 executive officer of the port authority highlighting important
3 developments;
- 4 (4) a description of major agency activities undertaken during
5 the prior year; and
- 6 (5) a letter to the board of commissioners from the chief
7 financial officer of the port authority with respect to the
8 consolidated financial statements of the port authority.
- 9 b. a financial section including:
 - 10 (1) an independent auditor's report;
 - 11 (2) management's discussion and analysis;
 - 12 (3) financial statements;
 - 13 (4) its financial reports certified by the chair and vice-chair of
14 the board, chief executive officer, and chief financial officer of the
15 port authority, including (a) audited financials in accordance with
16 generally accepted accounting principles, known as GAAP, and the
17 accounting standards issued by the governmental accounting
18 standards board, known as GASB, (b) grant and subsidy programs,
19 (c) current ratings, if any, of its bonds issued by recognized bond
20 rating agencies and notice of changes in such ratings, and (d) long-
21 term liabilities, including leases and employee benefit plans;
 - 22 (5) a schedule of its bonds and notes outstanding at the end of
23 its fiscal year, together with a statement of the amounts redeemed
24 and incurred during such fiscal year as part of a schedule of debt
25 issuance that includes the date of issuance, term, amount, interest
26 rate, and means of repayment including all refinancings, calls,
27 refundings, defeasements, and interest rate exchange or other such
28 agreements; and
 - 29 (6) at a minimum a four-year financial plan, including (a) a
30 current and projected capital budget, and (b) an operating budget
31 report, including an actual versus estimated budget, with an analysis
32 and measurement of financial and operating performance.
- 33 c. a statistical section presenting additional information as
34 context for further understanding of the information in the financial
35 statements, note disclosures and schedules, including (1) financial
36 trends; (2) debt capacity; (3) operating and service data; (4)
37 information on port authority operating results; (5) information on
38 port authority capital program components; (6) information on port
39 authority facility traffic; and (7) selected statistical, demographic
40 and economic data on the New York-New Jersey metropolitan
41 region.
- 42 d. a corporate information section providing:
 - 43 (1) a list of all real property of the port authority;
 - 44 (2) a list and full description of real property and personal
45 property that has a sale price of over \$10,000 disposed of during the
46 period, including the price received by the port authority and the
47 name of the purchaser for all property sold by the port authority
48 during the period;

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

6 (4) biographical information, not including confidential personal
7 information, for all directors and officers and employees for whom
8 salary reporting is required;

9 (5) a description of the authority and its board structure,
10 including (a) names of committees and committee members, (b)
11 lists of board meetings and attendance, (c) descriptions of major
12 authority units and subsidiaries, and (d) number of employees;

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

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

16
17 17. (New section) Audits and financial statements.

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

22 b. The audit committee of the board of commissioners of the
23 port authority shall arrange for an independent firm of certified
24 public accountants to perform an audit of the financial statements of
25 the port authority each year, in accordance with generally accepted
26 accounting principles and standards referenced in subsection a. of
27 this section. Each independent firm of certified public accountants
28 that performs any audit required by P.L. , c. (C.) (pending
29 before the Legislature as this bill) shall timely report to the audit
30 committee of the port authority:

31 (1) all critical accounting policies and practices to be used; and

32 (2) other material written communications, that is not privileged
33 or confidential, between the independent firm of certified public
34 accountants and the management of the port authority, including the
35 management letter along with management's response or plan of
36 corrective action, material corrections identified, or schedule of
37 unadjusted differences.

38 c. Every financial statement prepared pursuant to this section
39 shall be approved by the board of commissioners. As a condition to
40 the issuance of the annual financial statements of the port authority,
41 the chief executive officer and the chief financial officer of the port
42 authority shall be required to make a written certification to that
43 effect that, to the best of their knowledge and belief, the financial
44 and other information in the consolidated financial statements is
45 accurate in all material respects and has been reported in a manner
46 designed to present fairly the port authority's net assets, changes in
47 net assets, and cash flows, in accordance with generally accepted
48 accounting principles and standards referenced in subsection a. of

1 this section; and, that on the basis that the cost of internal controls
2 should not outweigh their benefits, the port authority has
3 established a comprehensive framework of internal controls to
4 protect its assets from loss, theft, or misuse, and to provide
5 reasonable (rather than absolute) assurance regarding the reliability
6 of financial reporting and the preparation of the consolidated
7 financial statements in accordance with generally accepted
8 accounting principles and standards referenced in subsection a. of
9 this section.

10 d. Notwithstanding any other provision of law to the contrary,
11 the port authority shall not contract with an independent firm of
12 certified public accountants for audit services to the authority if the
13 lead or coordinating audit partner having primary responsibility for
14 the audit, or the audit partner responsible for reviewing the audit,
15 has performed audit services for the two previous fiscal years of
16 such authority.

17 e. The port authority shall not contract with the independent
18 firm of certified public accountants performing the port authority's
19 audit for any non-audit services to such authority
20 contemporaneously with the audit, unless receiving previous written
21 approval by the audit committee including:

- 22 (1) bookkeeping or other services related to the accounting
23 records or financial statements of such authority;
24 (2) financial information systems design and implementation;
25 (3) appraisal or valuation services, fairness opinions, or
26 contribution-in-kind reports;
27 (4) actuarial services;
28 (5) internal audit outsourcing services;
29 (6) management functions or human services;
30 (7) broker or dealer, investment advisor, or investment banking
31 services; and
32 (8) legal services and expert services unrelated to the audit.

33 f. The port authority shall not contract with an independent
34 firm of certified public accountants for any audit service if the chief
35 executive officer, comptroller, chief financial officer, treasurer, or
36 any other person serving in an equivalent position for the authority,
37 was employed by that independent firm of certified public
38 accountants and participated in any capacity in the audit of the
39 authority during the one year period preceding the date of the
40 initiation of the audit.

41
42 18. (New section) The port authority shall make accessible to
43 the public via its website an executive summary of its most recent
44 independent audit report unless such information is exempt from
45 disclosure pursuant to either state's freedom of information laws.

1 19. (New section) ARTICLE VII-D

2 Property disposition. Any sale of real property by the port
3 authority shall be undertaken and conducted pursuant to the
4 provisions of the existing laws governing the sale of real property
5 by the port authority in the state in which such real property is
6 located and by approval of the board of commissioners.

7 a. No disposition of real property, or any interest in real
8 property, shall be made unless an appraisal of the value of such real
9 property has been made by an independent appraiser and included
10 in the record of the transaction, and, provided further, that no
11 disposition of any other real property, which because of its unique
12 nature or the unique circumstances of the proposed transaction is
13 not readily valued by reference to an active market for similar real
14 property, shall be made without a similar appraisal.

15 b. Disposal of real property for less than fair market value. No
16 property owned, leased, or otherwise in the control of the port
17 authority may be sold, leased, or otherwise alienated for less than
18 its fair market value unless:

19 (1) the transferee is a government or other public entity, and the
20 terms and conditions of the transfer require that the ownership and
21 use of the real property will remain with the government or any
22 other public entity; or

23 (2) the purpose of the transfer is within the purpose, mission, or
24 governing statute of the port authority and a written determination
25 is made by the board of commissioners that there is no reasonable
26 alternative to the proposed below-market transfer that would
27 achieve the same purpose of such transfer, prior to board approval
28 of such a transfer.

29 c. The board shall adopt, within six months of the effective
30 date of P.L. , c. (C.) (pending before the Legislature as this
31 bill), appropriate rules and regulations concerning disposition,
32 acquisition, and transfer of real property or any interest in real
33 property by the port authority which shall, at a minimum, include a
34 requirement that the following information be made available to the
35 board of commissioners at the meeting where approval of such a
36 disposition, acquisition, or transfer is scheduled:

37 (1) a full description of the property;

38 (2) a description of the purpose of the disposition, acquisition,
39 or transfer;

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

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

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

1 d. Not less than 10 days in advance of any meeting of the board
2 of commissioners of the port authority at which the board of
3 commissioners is to consider an action to authorize the sale of real
4 property owned by the port authority, the chief executive officer of
5 the port authority shall provide public notice of such proposed
6 action along with relevant material terms and provisions of such
7 sale including, but not limited to, the information made available
8 pursuant to subsection c. of this section, by posting on the port
9 authority's website.

10 e. The chief executive officer may authorize or arrange for
11 contracts for the sale of personal property owned by the port
12 authority upon such terms and conditions as the chief executive
13 officer may deem proper and execute the same on behalf of the port
14 authority where the value of such personal property is not in excess
15 of \$1,000,000; provided, however, that personal property valued at
16 more than \$250,000 shall not be sold by authority of the chief
17 executive officer other than to the highest bidder after public
18 advertisement. Where the value of such personal property is in
19 excess of \$1,000,000, the sale of such property must be authorized
20 by the board of commissioners of the port authority upon such
21 terms as the board of commissioners may deem proper.

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

25
26 20. (New section) Debt issuance.

27 a. The issuance of any bonds, notes, or other instruments of
28 indebtedness by the port authority shall be undertaken in a manner
29 consistent with applicable laws governing the port authority and
30 covenants with the holders of the port authority's bonds, notes, or
31 other instruments of indebtedness.

32 b. At least 60 days prior to the end of its fiscal year, the port
33 authority shall submit to the governor, state comptroller, and
34 legislature of each state a statement of intent in regards to the
35 issuance of and overall amount of bonds, notes, or other debt
36 obligations anticipated, at the time the statement is submitted,
37 during the next fiscal year.

38
39 21. (New section) Capital plan.

40 a. The port authority shall adopt a 10-year capital plan that is
41 developed using a comprehensive planning process and risk-based
42 prioritization that considers asset condition, operational and revenue
43 impact, threat assessment, customer service, regional benefit, and
44 regulatory or statutory requirements. The capital plan shall be
45 dependent upon the availability of sufficient funding and other
46 resources to pursue the capital projects proposed for the 10-year
47 period. Performance progress and revisions to reflect changes in
48 programs, policies, and projects and the environment in which the

1 port authority operates shall be reviewed regularly by a committee
2 designated by the board of commissioners, and the capital plan shall
3 be revised periodically as necessary and appropriate, and shall be
4 reviewed with the board of commissioners annually. The port
5 authority shall publish an annual report on the status of the capital
6 program and such report shall be made publicly available on the
7 port authority's website. Prior to adoption of a capital plan, the port
8 authority shall make the proposed plan available for public review
9 and comments on its public website for at least four weeks prior to
10 approval, and all comments received by the port authority are to be
11 distributed to the board of commissioners for review prior to
12 consideration of the capital plan.

13 b. The port authority shall also provide that major capital
14 projects are monitored by independent engineering consultants.
15 The independent consultants shall prepare annual reports to be
16 provided to the board and made available to the public. The annual
17 reports prepared by independent consultants shall include, but not
18 be limited to, a comparison of actual and target performance
19 measures including, but not limited to, costs and construction
20 schedules, and a narrative explanation of any discrepancy thereof.
21 For the purposes of this section: "Major capital project" means an
22 undertaking or program for the acquisition, creation, or
23 development of any crossing, transportation facility, or commerce
24 facility or any part thereof, with an estimated total project cost in
25 excess of \$500,000,000.

26 c. No less than 60 days prior to any board adoption of a capital
27 plan, as described in subsection a. of this section, or any major
28 revision of the last adopted capital plan, the port authority shall: (1)
29 notify the Assembly and Senate of the New York state legislature
30 and the General Assembly and Senate of the New Jersey state
31 legislature of its intention to adopt a capital plan, or any major
32 revision of the last adopted capital plan; (2) submit to the Assembly
33 and Senate of the New York state legislature and the General
34 Assembly and Senate of the New Jersey state legislature the
35 proposed capital plan, or any proposal constituting a major revision
36 of the last adopted capital plan, for review by each state legislature;
37 and (3) make the proposed capital plan, including any proposal
38 constituting a major revision of the last adopted capital plan,
39 publicly available on the port authority website.

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

44 e. The port authority shall conduct a status update public
45 hearing in New York state and in the State of New Jersey at least
46 once every three years after the adoption of the capital plan by the
47 port authority. Such public hearing shall be known as "capital status
48 update hearing" and at such hearing the port authority shall provide

1 in detail a written description of the status of all capital plan
2 projects and the costs and the expected costs of those projects. At
3 such public hearing, the port authority shall provide a financing
4 plan that identifies the source of funding for each project. The port
5 authority shall provide an analysis that compares actual and target
6 performance measures, and a detailed written explanation of any
7 discrepancy thereof at the public hearing.

8
9 22. (New section) Operating budget.

10 The port authority shall prepare a detailed annual operating
11 budget beginning with the fiscal year commencing after the
12 effective date of P.L. , c. (C.) (pending before the
13 Legislature as this bill). A preliminary annual operating budget
14 shall be made publicly available on the port authority's website in
15 July of every fiscal year and a final annual operating budget shall be
16 made publicly available in February of each fiscal year.

17
18 23. (New section) The Governor of the State of New York and
19 the Governor of the State of New Jersey shall each appoint one
20 senior transportation policy official of the Governor's choice to
21 serve as a policy liaison to the port authority. The policy liaisons
22 shall participate fully in any deliberations or discussions on setting
23 policy priorities of the port authority and on the development of any
24 port authority capital plan. The policy liaisons shall monitor the
25 progress of all ongoing capital projects and any transfer or sale of
26 port authority assets. The policy liaisons shall be granted full and
27 contemporaneous access to all internal and deliberative documents,
28 materials, and original and unaltered data used or produced by
29 employees or commissioners of the port authority. The policy
30 liaisons shall not have authority over personnel actions or the day-
31 to-day operations of the port authority.

32
33 24. Severability clause. If any clause, sentence, paragraph,
34 subdivision, section or part of P.L. , c. (C.) (pending before
35 the Legislature as this bill) shall be adjudged by any court of
36 competent jurisdiction to be invalid, such judgment shall not affect,
37 impair, or invalidate the remainder thereof, but shall be confined in
38 its operation to the clause, sentence, paragraph, subdivision, section
39 or part thereof directly involved in the controversy in which such
40 judgment shall have been rendered. It is hereby declared to be the
41 intent of the legislature that P.L. , c. (C.) (pending before
42 the Legislature as this bill) would have been enacted even if such
43 invalid provisions had not been included herein.

44
45 25. This act shall take effect upon the enactment into law by the
46 State of New York of legislation having an identical effect, but if
47 the State of New York shall have already enacted such legislation,
48 then this act shall take effect immediately, except that section 3 of

1 this act shall only take effect on the day that a chief executive
2 officer is hired, provided that a process occurs by which: (1) the
3 executive director announces their resignation upon the hiring of a
4 chief executive officer, (2) that a nationwide search for a
5 professional chief executive officer occurs following the
6 announcement of the pending resignation of the executive director,
7 and (3) once a chief executive officer is identified, the employment
8 of the executive director is terminated on the same day as the date
9 of hire for the chief executive officer, and further provided that any
10 references in this bill to the chief executive officer shall apply to the
11 executive director until the hiring of a chief executive officer.

12

13

14

STATEMENT

15

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

18

Officers

19

20 The bill lists the officers of the Port Authority of New York and
21 New Jersey (port authority) as the chairperson, vice chairperson, chief
22 executive officer, general counsel, chief financial officer, chief ethics
23 and compliance officer, inspector general, treasurer, comptroller, and
24 secretary. Commissioners are not permitted to serve as the chief
25 executive officer, general counsel, chief financial officer, chief ethics
26 and compliance officer, inspector general, comptroller, or any other
27 equivalent position.

28

Rotating chairperson and vice chairperson

29

30 Under the bill, the first chairperson and vice chairperson after the
31 hiring of a chief executive officer, serve a one-year term with the first
32 chairperson being a New Jersey appointee and first vice chairperson
33 being a New York appointee. Thereafter, the chairperson and vice
34 chairperson, respectively, are selected from the opposite state of the
35 previous chairperson and vice chairperson and serve for two-year
36 terms.

37

Roles and responsibilities of the commissioners

38

39 The board of commissioners (board) is required to promulgate a
40 commissioner's oath of office in consultation with the chief ethics
41 and compliance officer. Commissioners are required to take a
42 fiduciary oath, file annual financial disclosure statements,
43 participate in ethics training approved by the chief ethics and
44 compliance officer. A commissioner is required to report a need for
45 recusal to the general counsel when it arises.

46

47 In addition to commissioners, the chief executive officer, chief
48 ethics and compliance officer, chief financial officer, general
counsel, comptroller, treasurer, inspector general, employees who

1 hold policy-making positions, and employees whose base salaries
2 exceed \$150,000 are required to file annual financial disclosure
3 statements. Financial disclosures required under the bill are to be
4 made available on the port authority's website.

5 The bill requires the board to adopt a mission statement that the
6 port authority's mission is to meet the critical transportation needs
7 of the bi-state region's people, businesses, and visitors by providing
8 the highest quality and most efficient transportation and port
9 commerce facilities and services to move people and goods within
10 the region, provide access to the nation and the world, and promote
11 the region's economic development.

12 The bill requires the board to: adopt a code of conduct applicable
13 to commissioners, employees, and vendors and other contractors
14 with the agency based upon the recommendations of the chief ethics
15 and compliance officer that, at minimum, includes the applicable
16 standards established by law in each state; establish a whistleblower
17 program to protect employees from retaliation for disclosing
18 information concerning acts of wrongdoing, misconduct,
19 malfeasance, or other inappropriate conduct; establish a policy
20 requiring all commissioners, officers, and employees with decision-
21 making authority to maintain records regarding interaction with
22 lobbyists; and have efficiency studies of the port authority and its
23 operations conducted by an independent entity.

24

25 *Committees*

26 The bill requires the board to establish a committee structure that
27 is to include, but is not limited to, committees overseeing
28 governance responsibility, audit responsibility, and finance
29 responsibility. The bill requires each committee established by the
30 board to promulgate a written charter, to be approved by the board,
31 which is to be made available to the public and posted on the port
32 authority's website.

33

34 *Whistleblower access and assistance program*

35 The chief ethics and compliance officer is required to
36 recommend to the board a whistleblower access and assistance
37 program to be administered by the inspector general for the
38 protection of employees from retaliation for disclosing information
39 concerning acts of wrongdoing, misconduct, malfeasance, or other
40 inappropriate conduct.

41

42 *Inspector general*

43 The bill provides that the inspector general is responsible for
44 receiving and investigating, where appropriate, all complaints
45 regarding fraud, waste, and abuse by commissioners, officers, and
46 employees of the port authority or third-parties doing business with
47 the port authority. The inspector general is to determine with
48 respect to allegations received by the inspector general whether

1 disciplinary action or civil prosecution by the port authority is
2 appropriate, and whether the matter should be referred to an
3 appropriate governmental agency for further action. The inspector
4 general is required to prepare and make available to the public
5 written reports of completed investigations, as appropriate and to
6 the extent permitted by law, subject to redaction to protect the
7 confidentiality of witnesses. The release of all or portions of
8 reports may be deferred to protect the confidentiality of ongoing
9 investigations.

10
11 *Open meetings*

12 The bill provides that all meetings of the port authority are to be
13 open to the public and members of the news media unless a
14 majority of the commissioners votes that a portion of the meeting
15 may be conducted in executive session. The port authority may
16 exclude the public if the discussion concerns certain matters
17 enumerate in the bill.

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

25 The bill also requires the board to make all reasonable efforts to
26 ensure that meetings are held in facilities that permit barrier-free
27 physical access to people with disabilities. If the board determines
28 to use video-conferencing or similar technology to conduct its
29 meetings, it shall provide an opportunity for the public to attend,
30 listen, and observe the meeting.

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

34 The bill requires the port authority to keep reasonably
35 comprehensible minutes of all its meetings showing the time and
36 place, the members present, the subjects considered, the actions
37 taken, and the vote or recusal of each member. Minutes of each
38 meeting are to be available to the public within two weeks from the
39 date of the meeting. Each item on an agenda is to be voted on
40 separately.

41 Within six months of the effective date of the bill, the board is
42 required to adopt rules and regulations concerning the proper notice
43 to the public and news media of board meetings and the right of the
44 public and news media to be present at board meetings.

45
46 *Toll or fare increases*

47 The board is required to have a needs assessment conducted by
48 an independent entity prior to any increase in tolls for the use of any

1 port authority bridge or tunnel or fares for the use of the port
2 authority trans-Hudson corporation (PATH) rail system. The
3 assessment is to be presented by the independent entity to the board
4 at a public meeting to be held at least 90 days prior to any meeting
5 of the board to vote for any increase in the tolls for the use of any
6 port authority bridge or tunnel or fares for the use of the PATH rail
7 system.

8 The bill also requires the port authority to hold at least six public
9 hearings not less than 30 days and not more than 90 days prior to
10 any vote or action taken by the board relating to any increase in the
11 tolls for the use of any port authority bridge or tunnel, or fares for
12 the use of the PATH rail system. The locations for public hearings
13 are to be selected in such a way as to be geographically accessible
14 to a majority of users of the facility or facilities to be impacted by
15 the toll or fare increase, as determined by port authority data,
16 provided that at least one hearing is held in each state.

17 In addition, at least 72 hours before the first hearing on a toll or
18 fare increase, the port authority is required to make available to the
19 public: the amount of revenue expected to be generated from the
20 increase in tolls or fares; a detailed explanation of how the revenue
21 raised from the increase in tolls or fares is expected to be spent; and
22 a written explanation of why the increase in tolls or fares is
23 necessary.

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

27

28 *Appearing before legislative committees*

29 The port authority, at the request of the presiding officer of each
30 house of the state legislature of New York or New Jersey, is
31 required to appear before a committee of the requesting state
32 legislature to present testimony on any topic or subject requested by
33 the committee or to respond to questions by members of the
34 committee. Each house of each state legislature is entitled to
35 request two appearances by the port authority per calendar year.

36

37 *Subsidiaries*

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

42 Within 60 days of the effective date of the bill, and on or before
43 the first day of January of each year annually thereafter, any
44 subsidiary corporation, in cooperation with the port authority, is
45 required to provide to the governor and legislature of each state a
46 report on the subsidiary corporation containing information required
47 under the bill.

1 Sixty days prior to the issuance of any debt by the subsidiary, or
2 the port authority on behalf of the subsidiary, the port authority is
3 required to provide notice to the same individuals required to
4 receive notice for the formation of a subsidiary.

5
6 *Annual reporting*

7 The port authority is required to publish a comprehensive annual
8 financial report, submitted annually to the governors and state
9 legislatures of New York and New Jersey and made available on the
10 port authority's website within 120 days after the end of its fiscal
11 year. The annual report is required to include the agency's financial
12 statements, statistical and other regional data, and a narrative of the
13 agency's activities during the year of the report.

14
15 *Audits and financial statements*

16 The bill requires the port authority to prepare financial
17 statements on an annual basis, in accordance with generally
18 accepted accounting principles and the accounting standards issued
19 by the governmental accounting standards board. The audit
20 committee is required to arrange for an independent firm of
21 certified public accountants to perform an audit of the financial
22 statements each year. The bill requires the chief executive officer
23 and chief financial officer to make written certifications of the
24 accuracy of the financial statements. The bill provides safeguards
25 to ensure that the firm conducting the audit is independent.

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

30
31 *Property disposition*

32 The bill provides certain requirements for the disposition of
33 property owned by the port authority. Any sale of real property is
34 to be undertaken and conducted pursuant to the provisions of the
35 existing laws governing the sale of real property in the state in
36 which the real property is located and by approval of the board.

37 The port authority is not permitted to dispose of real property
38 unless an appraisal of the value of the real property has been made
39 by an independent appraiser and the appraisal is included in the
40 record of the transaction.

41 The port authority is not permitted to sell, lease, or otherwise
42 alienate property for less than fair market value unless: the
43 transferee is a government entity or other public entity and the
44 terms and conditions of the transfer require that the ownership and
45 use of the real property will remain with the government or any
46 other public entity; or the purpose of the transfer is within the
47 purpose, mission, or governing statute of the port authority and a
48 written determination is made by the board that there is no

1 reasonable alternative to the proposed below-market transfer that
2 would achieve the same purpose, prior to board approval of the
3 transfer.

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

9 Not less than 10 days in advance of any meeting of the board at
10 which the board is to consider an action to authorize the sale of real
11 property, the chief executive officer is required to provide public
12 notice of the proposed action along with relevant material terms and
13 provisions of the sale by posting the information on the port
14 authority's website.

15 The chief executive officer may authorize or arrange for
16 contracts for the sale of personal property owned by the port
17 authority upon terms and conditions as the chief executive officer
18 deems proper and execute the contract on behalf of the port
19 authority where the value of the personal property is not in excess
20 of \$1,000,000; provided, however, that personal property valued at
21 more than \$250,000 is not to be sold under the authority of the chief
22 executive officer other than to the highest bidder after public
23 advertisement. Where the value of the personal property is in
24 excess of \$1,000,000, the sale of the property is dependent on
25 authorization by the board.

26

27 *Debt issuance*

28 The issuance of any debt by the port authority is required to be
29 undertaken in a manner consistent with applicable laws governing
30 the port authority and covenants with the holders of the port
31 authority's bonds, notes, or other instruments of indebtedness. At
32 least 60 days prior to the end of its fiscal year, the port authority is
33 required to submit to the governor, state comptroller, and legislature
34 of each state a statement of intent in regards to the issuance of and
35 overall amount of bonds, notes, or other debt obligations anticipated
36 during the next fiscal year.

37

38 *Capital plan and operating budget*

39 The bill requires the port authority to adopt a 10-year capital
40 plan that is developed using a comprehensive planning process and
41 risk-based prioritization that considers asset condition, operational
42 and revenue impact, threat assessment, customer service, regional
43 benefit, and regulatory or statutory requirements. Performance
44 progress and revisions to reflect changes in programs, policies, and
45 projects and the environment in which the port authority operates is
46 required to be reviewed regularly by a committee designated by the
47 board, and the capital plan may be revised periodically as necessary
48 and appropriate, and is required to be reviewed with the board

1 annually. The bill requires the port authority to publish an annual
2 report on the status of the capital program and the report is to be
3 made publicly available on the port authority's website. Prior to
4 adoption of a capital plan, the port authority is also required to
5 make the proposed plan available for public review and comments
6 on its public website for at least two weeks prior to approval, and
7 all comments received by the port authority are to be distributed to
8 the board for review prior to consideration of the capital plan.

9 The port authority is required to provide that major capital
10 projects are monitored by independent engineering consultants.
11 The independent consultants are to prepare annual reports which
12 will be provided to the board and made available to the public.

13 The port authority is required to provide 60 days notice to both
14 houses of each state legislature of the intention to adopt or revise a
15 capital plan. Within 60 days of the notice, the port authority is
16 required to conduct a public hearing about the capital plan, or major
17 revision thereof, in New York and New Jersey.

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

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

27

28 *Policy liaisons*

29 Under the bill, the Governors from each state appoint one senior
30 transportation policy official to serve as a policy liaison to the port
31 authority. The liaisons are to participate fully in any deliberations or
32 discussions on setting policy priorities of the port authority and on the
33 development of the capital plan. The policy liaisons are to monitor the
34 progress of all ongoing capital projects and any transfer or sale of port
35 authority assets. The port authority is required to grant the policy
36 liaisons full and contemporaneous access to all internal and
37 deliberative documents, materials, and original and unaltered data used
38 or produced by port authority employees or commissioners. The
39 policy liaisons do not have authority over personnel actions or the day-
40 to-day operations of the port authority.