

# 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, Assemblywoman Pinkin  
and Assemblyman 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.