S T A T E O F N E W Y O R K

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2015-2016 Regular Sessions

I N A S S E M B L Y

June 18, 2015

Introduced by M. of A. BRENNAN, HEASTIE, CUSICK, TITONE, COOK, ROSENTHAL, ROBINSON, KAVANAGH, ABINANTI, WEPRIN, BRONSON, ROZIC, OTIS, AUBRY, BUCHWALD, TITUS, MILLER, GUNTHER, RODRIGUEZ, QUART, LINARES, MALLIOTAKIS -- Multi-Sponsored by -- M. of A. ABBATE, ARROYO, BARRETT, BENEDETTO, BICHOTTE, BLAKE, BRAUNSTEIN, BRINDISI, BROOK-KRASNY, CAHILL, CLARK, COLTON, CRESPO, CYMBROWITZ, DAVILA, DenDEKKER, DILAN, DINOWITZ, ENGLEBRIGHT, FAHY, FARRELL, GALEF, GANTT, GJONAJ, GLICK, GOTTFRIED, HIKIND, HOOPER, JAFFEE, JEAN-PIERRE, JOYNER, KAMINSKY, KIM, LAVINE, LENTOL, LIFTON, LUPARDO, MAGEE, MAGNARELLI, MARKEY, MAYER, McDONALD, MORELLE, MOSLEY, MOYA, NOLAN, O'DONNELL, ORTIZ, PAULIN, PEOPLES-STOKES, PERRY, PERSAUD, PICHARDO, PRETLOW, RAMOS, RICHARDSON, RIVERA, ROBERTS, RUSSELL, RYAN, SANTABARBARA, SCHIMEL, SCHIMMINGER, SEAWRIGHT, SEPULVEDA, SILVER, SIMON, SIMOTAS, SKARTADOS, SKOUFIS, SOLAGES, STECK, STIRPE, THIELE, WEINSTEIN, WOERNER, WRIGHT, ZEBROWSKI -- (at request of the Governor) -- read once and referred to the Committee on Ways and Means

AN ACT to amend chapter 154 of the laws of 1921 relating to the port authority of New York and New Jersey, in relation to port authority organization, open meetings, public hearings, financial reporting and handling of property

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Short title. This act shall be known and may be cited as the "port authority of New York and New Jersey transparency and accountability act of 2015".

S 2. Article 4 of section 1 of chapter 154 of the laws of 1921 relating to the port authority of New York and New Jersey, as amended by chapter 419 of the laws of 1930, is amended to read as follows:

ARTICLE IV

1. COMMISSIONERS. The port authority shall consist of twelve commissioners, six resident voters from the state of New York, at least four

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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of whom shall be resident voters of the city of New York, and six resident voters from the state of New Jersey, at least four of whom shall be resident voters within the New Jersey portion of the district, the New York members to be chosen by the state of New York and the New Jersey members by the state of New Jersey in the manner and for the terms fixed and determined from time to time by the legislature of each state respectively, except as herein provided. Each commissioner may be removed or suspended from office as provided by the law of the state from which he shall be appointed.

2. OFFICERS. A. THE OFFICERS OF THE PORT AUTHORITY SHALL BE A CHAIRPERSON, A VICE CHAIRPERSON, A CHIEF EXECUTIVE OFFICER, A GENERAL COUNSEL, A CHIEF FINANCIAL OFFICER, A CHIEF ETHICS AND COMPLIANCE OFFICER, AN INSPECTOR GENERAL, A TREASURER, A COMPTROLLER, AND A SECRETARY. BEGINNING UPON THE NEXT HIRING OF A CHIEF EXECUTIVE OFFICER BUT NO LATER THAN A YEAR FROM THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF 2015 THAT AMENDED THIS ARTICLE, THE POSITIONS OF CHAIRPERSON AND VICE CHAIRPERSON SHALL BE ROTATED FOR A TERM OF TWO YEARS AMONG COMMISSIONERS APPOINTED BY NEW YORK AND NEW JERSEY, WITH A CHAIRPERSON ELECTED FIRST FROM AMONG THOSE COMMISSIONERS APPOINTED BY THE GOVERNOR OF NEW YORK AND A VICE CHAIRPERSON ELECTED FIRST FROM AMONG THOSE COMMISSIONERS APPOINTED BY THE GOVERNOR OF NEW JERSEY, AFTER WHICH THE NEXT CHAIRPERSON SHALL BE ELECTED FROM AMONG THOSE APPOINTED BY THE GOVERNOR OF NEW JERSEY AND THE NEXT VICE CHAIRPERSON SHALL BE ELECTED FROM AMONG THOSE APPOINTED BY THE GOVERNOR OF NEW YORK AND THEREAFTER THE POSITIONS OF CHAIRPERSON AND VICE CHAIRPERSON SHALL ROTATE EVERY TWO YEARS IN THE SAME ORDER AS ESTABLISHED HEREIN PROVIDED THAT THE FAILURE OF THE BOARD OF COMMISSIONERS TO ELECT A NEW CHAIRPERSON AND VICE CHAIRPERSON SHALL NOT PREVENT THE ROTATION OF THE POSITIONS OF CHAIRPERSON AND VICE CHAIRPERSON TO THE NEXT SUCCEEDING STATE.

B. NO COMMISSIONER, INCLUDING THE CHAIRPERSON, SHALL SERVE AS THE PORT AUTHORITY'S CHIEF EXECUTIVE OFFICER, GENERAL COUNSEL, CHIEF FINANCIAL OFFICER, CHIEF ETHICS AND COMPLIANCE OFFICER, INSPECTOR GENERAL, OR COMPTROLLER, OR HOLD ANY OTHER EQUIVALENT POSITION WHILE SERVING AS A COMMISSIONER.

3. ROLE AND RESPONSIBILITIES OF COMMISSIONERS. A. THE COMMISSIONERS SHALL PROMULGATE A COMMISSIONER'S OATH OF OFFICE IN CONSULTATION WITH THE CHIEF ETHICS AND COMPLIANCE OFFICER.

B. AT THE TIME THAT A COMMISSIONER OF THE PORT AUTHORITY TAKES AND SUBSCRIBES THE COMMISSIONER'S OATH OF OFFICE, OR WITHIN SIXTY DAYS AFTER THE EFFECTIVE DATE OF THIS SUBDIVISION IF THE COMMISSIONER HAS ALREADY TAKEN AND SUBSCRIBED THE COMMISSIONER'S OATH OF OFFICE, THE COMMISSIONER SHALL EXECUTE A STATEMENT DECLARING THAT THE COMMISSIONER UNDERSTANDS THE COMMISSIONER'S INDEPENDENCE AND FIDUCIARY OBLIGATION TO PERFORM DUTIES AND RESPONSIBILITIES TO THE BEST OF THE COMMISSIONER'S ABILITIES, IN GOOD FAITH AND WITH PROPER DILIGENCE AND CARE WHICH AN ORDINARILY PRUDENT PERSON IN LIKE POSITION WOULD USE UNDER SIMILAR CIRCUMSTANCES AND MAY TAKE INTO CONSIDERATION THE VIEWS AND POLICIES OF ANY ELECTED OFFICIALS OR BODIES AND ULTIMATELY APPLY INDEPENDENT JUDGMENT IN THE BEST INTEREST OF THE PORT AUTHORITY, ITS MISSION, AND THE PUBLIC, CONSISTENT WITH THE ENABLING COMPACT, MISSION, AND BY-LAWS OF THE PORT AUTHORITY AND THE APPLICABLE LAWS OF BOTH STATES; AND THAT THE FIDUCIARY DUTY TO THE PORT AUTHORITY IS DERIVED FROM AND GOVERNED BY ITS MISSION.

C. INDIVIDUALS APPOINTED TO THE BOARD OF COMMISSIONERS SHALL PARTICIPATE IN TRAINING APPROVED BY THE CHIEF ETHICS AND COMPLIANCE OFFICER IN CONSULTATION WITH THE INSPECTOR GENERAL OF THE PORT AUTHORITY REGARDING THEIR LEGAL, FIDUCIARY, FINANCIAL AND ETHICAL RESPONSIBILITIES AS DIREC-

TORS OF AN AUTHORITY WITHIN SIX MONTHS OF APPOINTMENT TO THE AUTHORITY. THE COMMISSIONERS SHALL PARTICIPATE IN CONTINUING TRAINING AS MAY BE REQUIRED TO REMAIN INFORMED OF BEST PRACTICES, REGULATORY AND STATUTORY CHANGES RELATING TO THE EFFECTIVE OVERSIGHT OF THE MANAGEMENT AND FINANCIAL ACTIVITIES OF PUBLIC AUTHORITIES AND TO ADHERE TO THE HIGHEST STANDARDS OF RESPONSIBLE GOVERNANCE.

D. (1) A COMMISSIONER SHALL NOT VOTE ON OR PARTICIPATE IN ANY BOARD OR COMMITTEE DISCUSSIONS OR DECISIONS WITH RESPECT TO AN ITEM IF THE COMMISSIONER, A MEMBER OF THE COMMISSIONER'S IMMEDIATE FAMILY, OR A BUSINESS IN WHICH THE COMMISSIONER HAS AN INTEREST HAS A DIRECT OR INDIRECT FINANCIAL INVOLVEMENT THAT MAY REASONABLY BE EXPECTED TO IMPAIR THE COMMISSIONER'S OBJECTIVITY OR INDEPENDENT JUDGMENT OR THAT MAY REASONABLY CREATE THE APPEARANCE OF IMPROPRIETY. A COMMISSIONER SHALL REPORT SUCH A NEED FOR RECUSAL TO THE GENERAL COUNSEL WHEN IT ARISES. THE PUBLIC SHALL BE INFORMED OF ANY RECUSALS PRIOR TO ANY BOARD ACTION AND THE MINUTES SHALL CLEARLY REFLECT THAT RECUSAL.

(2) FOR THE PURPOSES OF THIS SUBDIVISION, THE TERMS:

(I) "IMMEDIATE FAMILY" SHALL MEAN: A SPOUSE, PARENT, CHILD, OR SIBLING; AND

(II) "INTEREST" SHALL MEAN: (A) IF THE BUSINESS ORGANIZATION IS A PARTNERSHIP, THE BOARD MEMBER OR THE BOARD MEMBER'S IMMEDIATE FAMILY IS A PARTNER OR OWNER OF TEN PERCENT OR MORE OF THE ASSETS OF THE PARTNERSHIP, OR (B) IF THE BUSINESS ORGANIZATION IS A CORPORATION, THE BOARD MEMBER OR THE BOARD MEMBER'S IMMEDIATE FAMILY OWNS OR CONTROLS TEN PERCENT OR MORE OF THE STOCK OF THE CORPORATION, OR SERVES AS A DIRECTOR OR OFFICER OF THE CORPORATION.

E. (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE COMMISSIONERS, OFFICERS, AND EMPLOYEES OF THE PORT AUTHORITY SHALL FILE ANNUAL FINANCIAL DISCLOSURE STATEMENTS AS PROVIDED IN THIS SECTION.

(2)(I) THE COMMISSIONERS APPOINTED BY THE GOVERNOR OF THE STATE OF NEW YORK SHALL FILE ANNUAL FINANCIAL DISCLOSURE STATEMENTS PURSUANT TO SECTION 73-A OF THE PUBLIC OFFICERS LAW.

(II) THE COMMISSIONERS APPOINTED BY THE GOVERNOR OF THE STATE OF NEW JERSEY SHALL FILE ANNUAL FINANCIAL DISCLOSURE STATEMENTS AS REQUIRED BY NEW JERSEY STATE LAW OR EXECUTIVE ORDER.

(III) IN ADDITION TO THE FINANCIAL DISCLOSURES REQUIRED OF THE COMMISSIONERS, FINANCIAL DISCLOSURES OF EMPLOYEES SHALL, AT A MINIMUM, BE REQUIRED OF THE CHIEF EXECUTIVE OFFICER, THE CHIEF ETHICS AND COMPLIANCE OFFICER, THE CHIEF FINANCIAL OFFICER, THE GENERAL COUNSEL, THE COMPTROLLER, TREASURER, AND THE INSPECTOR GENERAL, EMPLOYEES WHO HOLD POLICY-MAKING POSITIONS AS DETERMINED BY THE GENERAL COUNSEL OF THE PORT AUTHORITY, AND EMPLOYEES WHOSE BASE SALARY, EITHER IN THE CURRENT OR PREVIOUS YEAR, EXCEEDS $150,000, WHICH AMOUNT SHALL BE ADJUSTED FOR INFLATION ANNUALLY IN ACCORDANCE WITH THE CONSUMER PRICE INDEX FOR ALL URBAN WAGE EARNERS AND CLERICAL WORKERS (CPI-W) AS CALCULATED BY THE FEDERAL GOVERNMENT. THESE FINANCIAL DISCLOSURES SHALL BE UPDATED NOT LESS THAN ANNUALLY AND SHALL BE MADE AVAILABLE ON THE PORT AUTHORITY'S WEBSITE.

F. THE BOARD OF COMMISSIONERS SHALL:

(1) ADOPT A MISSION STATEMENT THAT THE PORT AUTHORITY'S MISSION IS TO MEET THE CRITICAL TRANSPORTATION INFRASTRUCTURE NEEDS OF THE BI-STATE REGION'S PEOPLE, BUSINESSES, AND VISITORS BY PROVIDING THE HIGHEST QUALITY AND MOST EFFICIENT TRANSPORTATION AND PORT COMMERCE FACILITIES AND SERVICES TO MOVE PEOPLE AND GOODS WITHIN THE REGION, PROVIDE ACCESS TO THE NATION AND THE WORLD, AND PROMOTE THE REGION'S ECONOMIC DEVELOPMENT;

(2) ADOPT A CODE OF CONDUCT APPLICABLE TO COMMISSIONERS, EMPLOYEES, AND VENDORS AND OTHER CONTRACTORS WITH THE PORT AUTHORITY BASED UPON THE RECOMMENDATIONS OF THE CHIEF ETHICS AND COMPLIANCE OFFICER THAT SHALL, AT MINIMUM, INCLUDE THE APPLICABLE STANDARDS ESTABLISHED BY LAW IN EACH STATE;

(3) ESTABLISH A WHISTLEBLOWER ACCESS AND ASSISTANCE PROGRAM PROTECTING EMPLOYEES FROM RETALIATION FOR DISCLOSING INFORMATION CONCERNING ACTS OF WRONGDOING, MISCONDUCT, MALFEASANCE, OR OTHER INAPPROPRIATE CONDUCT BASED UPON THE RECOMMENDATIONS OF THE CHIEF ETHICS AND COMPLIANCE OFFICER;

(4) ESTABLISH A POLICY REQUIRING ALL COMMISSIONERS, OFFICERS, AND EMPLOYEES WITH DECISION-MAKING AUTHORITY TO MAINTAIN RECORDS REGARDING CONTACT WITH LOBBYISTS. AS USED IN THIS SUBSECTION: (I) "CONTACT" MEANS ANY CONVERSATION, IN PERSON OR BY TELEPHONIC OR OTHER ELECTRONIC MEANS, OR CORRESPONDENCE BETWEEN ANY LOBBYIST ENGAGED IN THE ACT OF LOBBYING AND ANY PERSON WITHIN THE PORT AUTHORITY WHO CAN MAKE OR INFLUENCE A DECISION ON THE SUBJECT OF THE LOBBYING ON THE BEHALF OF THE PORT AUTHORITY, AND SHALL INCLUDE, AT A MINIMUM, ALL MEMBERS OF THE BOARD OF COMMISSIONERS AND ALL OFFICERS OF THE PORT AUTHORITY, (II) "LOBBYIST" SHALL HAVE THE SAME MEANING AS DEFINED IN THE LAWS OR, RULES OR REGULATIONS OF EITHER STATE, AND (III) "LOBBYING" SHALL MEAN AND INCLUDE ANY ATTEMPT TO INFLUENCE: (A) THE ADOPTION OR REJECTION OF ANY RULE OR REGULATION HAVING THE FORCE AND EFFECT OF LAW BY THE PORT AUTHORITY, (B) THE OUTCOME OF ANY PROCEEDING BY THE PORT AUTHORITY TO ESTABLISH, LEVY OR COLLECT FEES, TOLLS, CHARGES OR FARES, AND (C) THE AUTHORIZATION, APPROVAL OR AWARD OF ANY AGREEMENTS, CONTRACTS OR PURCHASE ORDERS, INCLUDING ANY SETTLEMENT OF PORT AUTHORITY CLAIMS, OR ANY EXTENSION, AMENDMENT OR MODIFICATION OF ANY EXISTING AGREEMENT, CONTRACT OR ORDER; AND

(5) HAVE AN EFFICIENCY STUDY OF THE PORT AUTHORITY AND ITS OPERATIONS CONDUCTED BY AN INDEPENDENT ENTITY WITHIN THREE YEARS OF THE EFFECTIVE DATE OF THIS SECTION AND THEREAFTER UPON THE REQUEST OF THE GOVERNORS OF NEW YORK AND NEW JERSEY, AND IF NO REQUEST IS MADE, NO LATER THAN THREE YEARS AFTER THE MOST RECENT EFFICIENCY STUDY WAS CONDUCTED.

4. COMMITTEE. A. THE BOARD OF COMMISSIONERS SHALL ESTABLISH A COMMITTEE STRUCTURE THAT SHALL INCLUDE, BUT NEED NOT BE LIMITED TO, THE FOLLOWING RESPONSIBILITIES:

(1) A GOVERNANCE RESPONSIBILITY TO BE ASSIGNED TO A COMMITTEE COMPRISED OF NOT FEWER THAN THREE COMMISSIONERS, WHO SHALL CONSTITUTE A MAJORITY ON THE COMMITTEE, AND WHO SHALL POSSESS THE NECESSARY SKILLS TO UNDERTAKE THE GOVERNANCE DUTIES AND FUNCTIONS. IT SHALL BE THE RESPONSIBILITY OF THE MEMBERS OF THIS COMMITTEE TO: KEEP THE BOARD INFORMED OF CURRENT BEST GOVERNANCE PRACTICES; REVIEW CORPORATE GOVERNANCE TRENDS; UPDATE THE PORT AUTHORITY'S CORPORATE GOVERNANCE PRINCIPLES; EXAMINE ETHICAL AND CONFLICT OF INTEREST ISSUES; PERFORM BOARD SELF-EVALUATIONS; INVESTIGATE TERM LIMITS, REAPPOINTMENTS, AND BOARD RESPONSIBILITIES; DEVELOP BY-LAWS WHICH INCLUDE RULES AND PROCEDURES FOR THE CONDUCT OF BOARD BUSINESS; AND ADVISE THE PORT AUTHORITY ON THE SKILLS AND EXPERIENCES REQUIRED OF POTENTIAL COMMISSIONERS;

(2) AN AUDIT RESPONSIBILITY TO BE ASSIGNED TO A COMMITTEE COMPRISED OF NOT FEWER THAN THREE COMMISSIONERS, WHO SHALL CONSTITUTE A MAJORITY ON THE COMMITTEE, AND WHO SHALL POSSESS THE NECESSARY SKILLS TO UNDERTAKE THE AUDIT DUTIES AND FUNCTIONS. IT SHALL BE THE RESPONSIBILITY OF THE MEMBERS OF THIS COMMITTEE TO: RECOMMEND TO THE BOARD THE HIRING OF AN INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS TO AUDIT THE FINANCIAL STATEMENTS OF THE PORT AUTHORITY; ESTABLISH THE COMPENSATION TO BE PAID

TO THE ACCOUNTING FIRM; AND PROVIDE DIRECT OVERSIGHT OF THE ANNUAL INDEPENDENT FINANCIAL AUDIT PERFORMED BY THE ACCOUNTING FIRM HIRED FOR AUDITING PURPOSES. MEMBERS OF THIS COMMITTEE SHALL BE FAMILIAR WITH CORPORATE FINANCIAL AND ACCOUNTING PRACTICES AND SHALL BE FINANCIALLY LITERATE ABOUT APPLICABLE FINANCIAL LAWS, RULES, REGULATIONS, AND STANDARD INDUSTRY PRACTICES; AND

(3) A FINANCE RESPONSIBILITY TO BE ASSIGNED TO A COMMITTEE COMPRISED OF NOT FEWER THAN THREE COMMISSIONERS, WHO SHALL CONSTITUTE A MAJORITY ON THE COMMITTEE, AND WHO SHALL POSSESS THE NECESSARY SKILLS TO UNDERTAKE THE FINANCE DUTIES AND FUNCTIONS. IT SHALL BE THE RESPONSIBILITY OF THE MEMBERS OF THIS COMMITTEE TO OVERSEE AND APPROVE THE ISSUANCE OF DEBT THAT THE PORT AUTHORITY OR ITS SUBSIDIARIES ISSUE.

B. EVERY COMMITTEE ESTABLISHED BY THE BOARD OF COMMISSIONERS SHALL PROMULGATE A WRITTEN CHARTER TO BE APPROVED BY THE BOARD. EACH CHARTER PROMULGATED IN ACCORDANCE WITH THIS SUBDIVISION SHALL BE MADE AVAILABLE TO THE PUBLIC AND POSTED ON THE PORT AUTHORITY'S WEBSITE.

5. WHISTLEBLOWER ACCESS AND ASSISTANCE PROGRAM. A. THE CHIEF ETHICS AND COMPLIANCE OFFICER SHALL RECOMMEND TO THE BOARD OF COMMISSIONERS A WHISTLEBLOWER ACCESS AND ASSISTANCE PROGRAM TO BE ADMINISTERED BY THE INSPECTOR GENERAL WHICH SHALL INCLUDE, BUT NOT BE LIMITED TO:

(1) ESTABLISHING TOLL-FREE TELEPHONE AND FACSIMILE LINES AVAILABLE TO EMPLOYEES;

(2) OFFERING ADVICE REGARDING EMPLOYEE RIGHTS UNDER APPLICABLE STATE AND FEDERAL LAWS AND ADVICE AND OPTIONS AVAILABLE TO ALL PERSONS; AND

(3) OFFERING AN OPPORTUNITY FOR EMPLOYEES TO IDENTIFY CONCERNS REGARDING ANY ISSUE AT THE PORT AUTHORITY. ANY COMMUNICATION BETWEEN AN EMPLOYEE AND THE INSPECTOR GENERAL PURSUANT TO THIS SECTION SHALL BE HELD STRICTLY CONFIDENTIAL BY THE INSPECTOR GENERAL, UNLESS THE EMPLOYEE SPECIFICALLY WAIVES IN WRITING THE RIGHT TO CONFIDENTIALITY, EXCEPT THAT SUCH CONFIDENTIALITY SHALL NOT EXEMPT THE INSPECTOR GENERAL FROM DISCLOSING SUCH INFORMATION, WHERE APPROPRIATE, TO THE BOARD OF COMMISSIONERS AND/OR ANY LAW ENFORCEMENT AUTHORITY.

B. THE PORT AUTHORITY SHALL NOT FIRE, DISCHARGE, DEMOTE, SUSPEND, THREATEN, HARASS, OR DISCRIMINATE AGAINST AN EMPLOYEE BECAUSE OF THE EMPLOYEE'S ROLE AS A WHISTLEBLOWER, INSOFAR AS THE ACTIONS TAKEN BY THE EMPLOYEE ARE LEGAL.

C. AS USED IN THIS SUBDIVISION:

(1) "EMPLOYEES" MEANS THOSE PERSONS EMPLOYED AT THE PORT AUTHORITY, INCLUDING BUT NOT LIMITED TO: FULL-TIME AND PART-TIME EMPLOYEES, THOSE EMPLOYEES ON PROBATION, AND TEMPORARY EMPLOYEES.

(2) "WHISTLEBLOWER" MEANS ANY EMPLOYEE OF THE PORT AUTHORITY WHO DISCLOSES INFORMATION CONCERNING ACTS OF WRONGDOING, MISCONDUCT, MALFEASANCE, OR OTHER INAPPROPRIATE BEHAVIOR BY AN EMPLOYEE OR BOARD MEMBER OF THE PORT AUTHORITY, CONCERNING THE PORT AUTHORITY'S INVESTMENTS, TRAVEL, ACQUISITION OF REAL OR PERSONAL PROPERTY, THE DISPOSITION OF REAL OR PERSONAL PROPERTY, OR THE PROCUREMENT OF GOODS AND SERVICES.

6. INSPECTOR GENERAL. A. THE INSPECTOR GENERAL SHALL BE RESPONSIBLE FOR RECEIVING AND INVESTIGATING, WHERE APPROPRIATE, ALL COMPLAINTS REGARDING FRAUD, WASTE, AND ABUSE BY COMMISSIONERS, OFFICERS, AND EMPLOYEES OF THE PORT AUTHORITY OR THIRD-PARTIES DOING BUSINESS WITH THE PORT AUTHORITY. THE INSPECTOR GENERAL SHALL ALSO BE RESPONSIBLE FOR CONDUCTING INVESTIGATIONS UPON THE INSPECTOR GENERAL'S OWN INITIATIVE, AS THE INSPECTOR GENERAL SHALL DEEM APPROPRIATE.

B. THE INSPECTOR GENERAL SHALL INFORM THE BOARD OF COMMISSIONERS AND THE CHIEF EXECUTIVE OFFICER OF ALLEGATIONS RECEIVED BY THE INSPECTOR

GENERAL AND THE PROGRESS OF INVESTIGATIONS RELATED THERETO, UNLESS SPECIAL CIRCUMSTANCES REQUIRE CONFIDENTIALITY;

C. THE INSPECTOR GENERAL SHALL DETERMINE WITH RESPECT TO ALLEGATIONS RECEIVED BY THE INSPECTOR GENERAL WHETHER DISCIPLINARY ACTION OR CIVIL PROSECUTION BY THE PORT AUTHORITY IS APPROPRIATE, AND WHETHER THE MATTER SHOULD BE REFERRED TO AN APPROPRIATE GOVERNMENTAL AGENCY FOR FURTHER ACTION;

D. THE INSPECTOR GENERAL SHALL PREPARE AND MAKE AVAILABLE TO THE PUBLIC WRITTEN REPORTS OF COMPLETED INVESTIGATIONS, AS APPROPRIATE AND TO THE EXTENT PERMITTED BY LAW, SUBJECT TO REDACTIONS TO PROTECT A NEED FOR CONFIDENTIALITY. THE RELEASE OF ALL OR PORTIONS OF REPORTS MAY BE DEFERRED TO PROTECT THE CONFIDENTIALITY OF ONGOING INVESTIGATIONS.

E. THE INSPECTOR GENERAL SHALL HAVE THE POWER TO:

(1) ADMINISTER OATHS OR AFFIRMATIONS AND EXAMINE WITNESSES UNDER OATH;

(2) REQUIRE THE PRODUCTION OF ANY BOOKS AND PAPERS DEEMED RELEVANT OR MATERIAL TO ANY INVESTIGATION, EXAMINATION OR REVIEW;

(3) NOTWITHSTANDING ANY LAW TO THE CONTRARY, EXAMINE AND COPY OR REMOVE DOCUMENTS OR RECORDS OF ANY KIND PREPARED, MAINTAINED OR HELD BY THE PORT AUTHORITY AND ITS SUBSIDIARIES;

(4) INTERVIEW ANY OFFICER OR EMPLOYEE OF THE PORT AUTHORITY OR ITS SUBSIDIARIES ON ANY MATTER RELATED TO THE PERFORMANCE OF SUCH OFFICER OR EMPLOYEE'S OFFICIAL DUTIES. TO THE EXTENT THAT ANY PORTION OF THIS PARAGRAPH IS INCONSISTENT WITH ANY CURRENT CONTRACTUAL OBLIGATIONS OF THE PORT AUTHORITY, THIS PARAGRAPH SHALL NOT BE APPLICABLE TO THOSE OBLIGATIONS UNTIL THE EARLIEST EXPIRATION OF THOSE TERMS UNDER THE CONTRACT;

(5) MONITOR THE IMPLEMENTATION BY THE PORT AUTHORITY OF ANY RECOMMENDATIONS MADE BY THE INSPECTOR GENERAL; AND

(6) PERFORM ANY OTHER FUNCTIONS THAT ARE NECESSARY OR APPROPRIATE TO FULFILL THE DUTIES AND RESPONSIBILITIES OF OFFICE.

7. OPEN MEETINGS. A. ALL MEETINGS OF THE PORT AUTHORITY SHALL BE OPEN TO THE PUBLIC AND MEMBERS OF THE NEWS MEDIA, INDIVIDUALLY AND COLLECTIVELY, FOR THE PURPOSE OF OBSERVING THE FULL DETAILS OF ALL PHASES OF THE DELIBERATION, POLICY-MAKING, AND DECISION-MAKING OF THE BOARD, EXCEPT FOR AN EXECUTIVE SESSION INITIATED UPON A MAJORITY VOTE TAKEN IN AN OPEN MEETING PURSUANT TO A MOTION. THE BOARD OF COMMISSIONERS MAY EXCLUDE THE PUBLIC ONLY FROM THAT PORTION OF A MEETING AT WHICH THE BOARD OF COMMISSIONERS DISCUSSES ANY:

(1) MATTER IN WHICH THE RELEASE OF INFORMATION WOULD IMPAIR A RIGHT TO RECEIVE FUNDS FROM GOVERNMENT OF THE UNITED STATES;

(2) MATERIAL THE DISCLOSURE OF WHICH WOULD CONSTITUTE AN UNWARRANTED INVASION OF INDIVIDUAL OR PERSONAL PRIVACY;

(3) COLLECTIVE BARGAINING AGREEMENT, OR THE TERMS AND CONDITIONS WHICH ARE PROPOSED FOR INCLUSION IN ANY COLLECTIVE BARGAINING AGREEMENT, INCLUDING THE NEGOTIATION OF THE TERMS AND CONDITIONS THEREOF WITH EMPLOYEES OR REPRESENTATIVES OF EMPLOYEES OF THE PORT AUTHORITY;

(4) MATTER INVOLVING THE PURCHASE, LEASE, OR ACQUISITION OF REAL PROPERTY WITH PORT AUTHORITY FUNDS, THE PROPOSED ACQUISITION OF SECURITIES, THE SALE OR EXCHANGE OF SECURITIES HELD BY THE PORT AUTHORITY, OR THE INVESTMENT OF PORT AUTHORITY FUNDS, IF PUBLIC DISCUSSION OF THE MATTER WOULD ADVERSELY AFFECT THE PUBLIC INTEREST;

(5) MATTER WHICH WOULD IMPERIL THE PUBLIC SAFETY IF DISCLOSED;

(6) PENDING OR ANTICIPATED LITIGATION OR CONTRACT NEGOTIATION IN WHICH THE PORT AUTHORITY IS, OR MAY BECOME, A PARTY, OR MATTERS FALLING WITHIN THE ATTORNEY-CLIENT PRIVILEGE, TO THE EXTENT THAT CONFIDENTIALITY IS REQUIRED FOR THE ATTORNEY TO EXERCISE THE ATTORNEY'S ETHICAL DUTIES AS A LAWYER;

(7) CONTRACT NEGOTIATIONS DISCLOSURE OF WHICH WOULD IMPERIL THE PORT AUTHORITY'S POSITION OR AN OUTCOME IN THE BEST INTEREST OF THE AUTHORITY, ITS MISSION, AND THE PUBLIC;

(8) MATTER INVOLVING THE EMPLOYMENT, APPOINTMENT, TERMINATION OF EMPLOYMENT, TERMS AND CONDITIONS OF EMPLOYMENT, EVALUATION OF THE PERFORMANCE OF, PROMOTION OR DISCIPLINING OF ANY SPECIFIC PROSPECTIVE OFFICER OR EMPLOYEE OR CURRENT OFFICER OR EMPLOYEE EMPLOYED OR APPOINTED BY THE PORT AUTHORITY, UNLESS ALL THE INDIVIDUAL EMPLOYEES OR APPOINTEES WHOSE RIGHTS COULD BE ADVERSELY AFFECTED REQUEST IN WRITING THAT THE MATTER OR MATTERS BE DISCUSSED AT A PUBLIC MEETING; OR

(9) DELIBERATION OF THE PORT AUTHORITY OCCURRING AFTER A PUBLIC HEARING THAT MAY RESULT IN THE IMPOSITION OF A SPECIFIC CIVIL PENALTY UPON THE RESPONDING PARTY OR THE SUSPENSION OR LOSS OF A LICENSE OR PERMIT BELONGING TO THE RESPONDING PARTY AS A RESULT OF AN ACT OF OMISSION FOR WHICH THE RESPONDING PARTY BEARS RESPONSIBILITY.

B. THE PORT AUTHORITY SHALL MAKE MEETING AGENDAS AVAILABLE TO THE PUBLIC AT LEAST 72 HOURS BEFORE EACH MEETING OF THE BOARD AND EACH MEETING OF EACH COMMITTEE. IN ADDITION, THE PORT AUTHORITY SHALL SEND VIA ELECTRONIC MAIL THE AGENDA AND PUBLIC DOCUMENTS PERTAINING TO A BOARD OR COMMITTEE MEETING TO THE PUBLIC INFORMATION OFFICE OF EACH STATE'S LEGISLATURE AT LEAST 72 HOURS BEFORE THE MEETING. PUBLIC NOTICE OF THE TIME AND PLACE OF A MEETING SHALL BE PROVIDED TO APPROPRIATE MEDIA OUTLETS, SHALL BE CONSPICUOUSLY POSTED IN ONE OR MORE DESIGNATED AREAS, AND SHALL BE CONSPICUOUSLY POSTED VIA THE PORT AUTHORITY'S OFFICIAL WEBSITE AT LEAST FIVE BUSINESS DAYS BEFORE THE MEETING.

C. THE PORT AUTHORITY SHALL MAKE AVAILABLE TO THE PUBLIC DOCUMENTS IN THE FOLLOWING MANNER: THE AGENDA AND PUBLIC DOCUMENTS PERTAINING TO A BOARD OR COMMITTEE MEETING SHALL BE AVAILABLE FOR PUBLIC INSPECTION AT AN OFFICE OF THE PORT AUTHORITY; AND THE AGENDA AND PUBLIC DOCUMENTS PERTAINING TO A BOARD OR COMMITTEE MEETING SHALL BE POSTED ON THE PORT AUTHORITY'S WEBSITE.

D. AT EACH PUBLIC MEETING OF THE BOARD AND AT EACH PUBLIC MEETING OF EACH COMMITTEE, THE PUBLIC SHALL BE ALLOTTED AT LEAST 30 MINUTES TO SPEAK ON ANY TOPIC ON THE AGENDA. THE BOARD OR COMMITTEE SHALL EXPAND THE COMMENT TIME WHEN NECESSARY TO PROVIDE A REASONABLE OPPORTUNITY FOR THE PUBLIC TO COMMENT. THE PUBLIC SPEAKING PERIOD SHALL TAKE PLACE PRIOR TO ANY BOARD OR COMMITTEE ACTION.

E. THE PORT AUTHORITY SHALL KEEP REASONABLY COMPREHENSIBLE MINUTES OF ALL ITS MEETINGS SHOWING THE TIME AND PLACE, THE MEMBERS PRESENT, THE SUBJECTS CONSIDERED, THE ACTIONS TAKEN, AND THE VOTE OF EACH MEMBER. THE MINUTES SHALL BE AVAILABLE TO THE PUBLIC WITHIN TWO WEEKS FROM THE DATE OF THE MEETING TO THE EXTENT THAT PUBLIC DISCLOSURE SHALL NOT BE INCONSISTENT WITH PARAGRAPH A OF THIS SUBDIVISION. THE MINUTES SHALL INDICATE FOR EACH ITEM ON THE AGENDA THE VOTE OR RECUSAL OF EACH BOARD MEMBER IN ATTENDANCE AT AN OPEN MEETING, OR AN EXECUTIVE SESSION OF THE BOARD OR A COMMITTEE OF THE BOARD. EACH ITEM ON THE AGENDA SHALL BE VOTED ON SEPARATELY.

8. BARRIER-FREE ACCESS. THE PORT AUTHORITY SHALL MAKE OR CAUSE TO BE MADE ALL REASONABLE EFFORTS TO ENSURE THAT MEETINGS ARE HELD IN FACILITIES THAT PERMIT BARRIER-FREE PHYSICAL ACCESS TO PEOPLE WITH DISABILITIES. IF THE BOARD DETERMINES TO USE VIDEO CONFERENCING OR SIMILAR TECHNOLOGY TO CONDUCT ITS MEETING, IT SHALL PROVIDE AN OPPORTUNITY FOR THE PUBLIC TO ATTEND, LISTEN AND OBSERVE SUCH A MEETING.

S 3. Subdivisions 2 and 3 of article 15-A of section 1 of chapter 154 of the laws of 1921 relating to the port authority of New York and New

Jersey, as added by chapter 275 of the laws of 1992, are amended to read as follows:

2. As used in this act:

a. "Board" means the board of commissioners of the Port Authority of New York and New Jersey.

b. "COMMITTEE" OR "COMMITTEES" MEANS ANY STANDING COMMITTEE ESTABLISHED BY THE BOARD TASKED WITH, INCLUDING, BUT NOT LIMITED TO, THE AUDIT RESPONSIBILITY, GOVERNANCE RESPONSIBILITY AND FINANCE RESPONSIBILITY REQUIRED TO BE ESTABLISHED PURSUANT TO THIS ACT.

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

[c.] D. "NEWS MEDIA" MEANS PERSONS REPRESENTING MAJOR WIRE SERVICES, TELEVISION NEWS SERVICES, RADIO NEWS SERVICES AND NEWSPAPERS, WHETHER LOCATED IN THE STATE OF NEW YORK OR NEW JERSEY OR ANY OTHER STATE.

E. "Public business" mean matters which relate in any way, directly or indirectly, to the performance of the functions of the port authority of New York and New Jersey or the conduct of its business.

3. A. The board shall, WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF 2015 THAT AMENDED THIS SUBDIVISION, adopt [and promulgate] appropriate rules and regulations concerning PROPER NOTICE TO THE PUBLIC AND THE NEWS MEDIA OF ITS MEETINGS AND the right of the public AND THE NEWS MEDIA to be present at meetings of the authority. The board may incorporate in its rules and regulations conditions under which it may exclude the public from a meeting or a portion thereof.

B. Any rules or regulations adopted hereunder shall become a part of the minutes of the port authority of New York and New Jersey and shall be subject to the approval of the governor or New Jersey and the governor of New York.

S 4. Chapter 154 of the laws of 1921 relating to the port authority of New York and New Jersey is amended by adding three new articles 7-B, 7-C and 7-D to read as follows:

ARTICLE VII-B

1. NEEDS ASSESSMENT. THE PORT AUTHORITY SHALL REQUIRE THAT A NEEDS ASSESSMENT BE CONDUCTED BY AN INDEPENDENT ENTITY PRIOR TO ANY INCREASE IN TOLLS FOR THE USE OF ANY PORT AUTHORITY BRIDGE OR TUNNEL, OR FARES FOR THE USE OF THE PORT AUTHORITY TRANS-HUDSON CORPORATION RAIL SYSTEM. THE ASSESSMENT SHALL BE PRESENTED BY THE INDEPENDENT ENTITY TO THE BOARD OF COMMISSIONERS AT A PUBLIC MEETING TO BE HELD AT LEAST NINETY DAYS PRIOR TO ANY MEETING OF THE BOARD OF COMMISSIONERS TO VOTE TO ANY INCREASE IN THE TOLLS FOR THE USE OF ANY PORT AUTHORITY BRIDGE OR TUNNEL, OR FARES FOR THE USE OF THE PORT AUTHORITY TRANS-HUDSON CORPORATION RAIL SYSTEM.

2. PUBLIC HEARINGS. NOT LESS THAN 30 DAYS AND NOT MORE THAN 90 DAYS PRIOR TO ANY VOTE OR ACTION TAKEN BY THE BOARD OF COMMISSIONERS RELATING TO ANY INCREASE IN THE TOLLS FOR THE USE OF ANY PORT AUTHORITY BRIDGE OR TUNNEL, OR FARES FOR THE USE OF THE PORT AUTHORITY TRANS-HUDSON CORPORATION RAIL SYSTEM, THE PORT AUTHORITY SHALL CONDUCT AT LEAST SIX PUBLIC HEARINGS IN THE MANNER PRESCRIBED AS FOLLOWS:

A. LOCATIONS FOR PUBLIC HEARINGS SHALL BE SELECTED IN SUCH A WAY AS TO BE GEOGRAPHICALLY ACCESSIBLE TO A MAJORITY OF USERS OF THE FACILITY OR

FACILITIES TO BE IMPACTED BY THE TOLL OR FARE INCREASE, AS DETERMINED BY PORT AUTHORITY DATA, PROVIDED THAT AT LEAST ONE HEARING SHALL BE HELD IN EACH STATE.

B. AT LEAST 72 HOURS BEFORE THE FIRST HEARING HELD PURSUANT TO THIS SECTION, THE PORT AUTHORITY SHALL MAKE THE FOLLOWING INFORMATION AVAILABLE TO THE PUBLIC, INCLUDING POSTING ON THE PORT AUTHORITY'S OFFICIAL WEBSITE:

(1) A WRITTEN EXPLANATION OF WHY THE INCREASE IN TOLLS OR FARES IS NECESSARY;

(2) THE AMOUNT OF REVENUE EXPECTED TO BE GENERATED FROM THE INCREASE IN TOLLS OR FARES; AND

(3) A DETAILED EXPLANATION OF HOW THE REVENUES RAISED FROM THE INCREASE IN TOLLS OR FARES IS EXPECTED TO BE SPENT.

C. EACH HEARING SHALL BE ATTENDED BY AT LEAST TWO COMMISSIONERS FROM NEW YORK AND TWO COMMISSIONERS FROM NEW JERSEY IN OFFICE AT THE TIME OF THE HEARING.

D. THE PORT AUTHORITY SHALL HOLD NO MORE THAN ONE PUBLIC HEARING IN A SINGLE DAY, AND AT LEAST ONE-HALF OF THE PUBLIC HEARINGS SHALL BE SCHEDULED TO BEGIN AFTER 6:30 P.M., EASTERN STANDARD TIME, ON A WEEKDAY.

E. THE PORT AUTHORITY SHALL ENSURE THAT EACH OF THE REQUIREMENTS SET FORTH IN THIS SUBDIVISION SHALL BE COMPLIED WITH BEFORE PLACING ON THE MEETING AGENDA OF THE BOARD OF COMMISSIONERS ANY ITEM OR MATTER RELATING TO AN INCREASE IN TOLLS OR FARES.

3. SUBSIDIARIES OF THE PORT AUTHORITY. A. THE PORT AUTHORITY SHALL PROVIDE NOTICE TO THE GOVERNOR OF EACH STATE, THE MAJORITY LEADER OF EACH HOUSE OF THE LEGISLATURE OF EACH STATE, THE CHAIR OF THE FINANCE COMMITTEE OF NEW YORK, THE CHAIR OF THE SENATE BUDGET AND APPROPRIATIONS COMMITTEE OF NEW JERSEY, THE CHAIR OF ASSEMBLY WAYS AND MEANS COMMITTEE OF NEW YORK, AND THE CHAIR OF THE BUDGET COMMITTEE OF NEW JERSEY THAT IT WILL BE CREATING A SUBSIDIARY NO LESS THAN 60 DAYS PRIOR TO THE FORMATION OF THE SUBSIDIARY.

B. THE CREATION OF A SUBSIDIARY CORPORATION SHALL BE APPROVED BY THE BOARD OF COMMISSIONERS.

C. ON OR BEFORE THE FIRST DAY OF JANUARY, TWO THOUSAND SIXTEEN, AND ANNUALLY THEREAFTER, ANY SUBSIDIARY CORPORATION, IN COOPERATION WITH THE PORT AUTHORITY, SHALL PROVIDE TO THE GOVERNOR AND LEGISLATURE OF EACH STATE A REPORT ON THE SUBSIDIARY CORPORATION. SUCH REPORT SHALL INCLUDE FOR EACH SUBSIDIARY:

(1) THE COMPLETE LEGAL NAME, ADDRESS AND CONTACT INFORMATION OF THE SUBSIDIARY;

(2) THE STRUCTURE OF THE ORGANIZATION OF THE SUBSIDIARY, INCLUDING THE NAMES AND TITLES OF EACH OF ITS MEMBERS, DIRECTORS AND OFFICERS, AS WELL AS A CHART OF ITS ORGANIZATIONAL STRUCTURE;

(3) THE COMPLETE BY-LAWS AND LEGAL ORGANIZATION PAPERS OF THE SUBSIDIARY;

(4) A COMPLETE REPORT OF THE PURPOSE, OPERATIONS, MISSION AND PROJECTS OF THE SUBSIDIARY; AND

(5) ANY OTHER INFORMATION THE SUBSIDIARY CORPORATION DEEMS IMPORTANT TO INCLUDE IN SUCH REPORT.

ARTICLE VII-C

1. ANNUAL REPORTING. THE PORT AUTHORITY SHALL PUBLISH A COMPREHENSIVE ANNUAL FINANCIAL REPORT, SUBMITTED ANNUALLY TO THE GOVERNORS AND STATE LEGISLATURES OF NEW YORK AND NEW JERSEY AND MADE AVAILABLE ON THE PORT AUTHORITY'S WEBSITE WITHIN 120 DAYS AFTER THE END OF ITS FISCAL YEAR.

THE ANNUAL REPORT SHALL INCLUDE THE AGENCY'S FINANCIAL STATEMENTS, STATISTICAL AND OTHER REGIONAL DATA, AND A NARRATIVE OF THE AGENCY'S ACTIVITIES DURING THE YEAR OF THE REPORT. THE ANNUAL REPORT SHALL INCLUDE:

A. AN INTRODUCTORY SECTION INCLUDING: (1) A LETTER OF TRANSMITTAL TO THE GOVERNORS OF NEW YORK AND NEW JERSEY; (2) INFORMATION REGARDING THE BOARD OF COMMISSIONERS, PORT AUTHORITY OFFICERS AND EXECUTIVE MANAGEMENT; (3) A LETTER TO THE BOARD OF COMMISSIONERS FROM THE CHIEF EXECUTIVE OFFICER OF THE PORT AUTHORITY HIGHLIGHTING IMPORTANT DEVELOPMENTS; (4) A DESCRIPTION OF MAJOR AGENCY ACTIVITIES UNDERTAKEN DURING THE PRIOR YEAR; AND (5) A LETTER TO THE BOARD OF COMMISSIONERS FROM THE CHIEF FINANCIAL OFFICER OF THE PORT AUTHORITY WITH RESPECT TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE PORT AUTHORITY.

B. A FINANCIAL SECTION INCLUDING: (1) AN INDEPENDENT AUDITOR'S REPORT; (2) MANAGEMENT'S DISCUSSION AND ANALYSIS; (3) FINANCIAL STATEMENTS; (4) ITS FINANCIAL REPORTS CERTIFIED BY THE CHAIR AND VICE-CHAIR OF THE BOARD, CHIEF EXECUTIVE OFFICER, AND CHIEF FINANCIAL OFFICER OF THE PORT AUTHORITY, INCLUDING (A) AUDITED FINANCIALS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, KNOWN AS GAAP, AND THE ACCOUNTING STANDARDS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, KNOWN AS GASB, (B) GRANT AND SUBSIDY PROGRAMS, (C) CURRENT RATINGS, IF ANY, OF ITS BONDS ISSUED BY RECOGNIZED BOND RATING AGENCIES AND NOTICE OF CHANGES IN SUCH RATINGS, AND (D) LONG-TERM LIABILITIES, INCLUDING LEASES AND EMPLOYEE BENEFIT PLANS; (5) A SCHEDULE OF ITS BONDS AND NOTES OUTSTANDING AT THE END OF ITS FISCAL YEAR, TOGETHER WITH A STATEMENT OF THE AMOUNTS REDEEMED AND INCURRED DURING SUCH FISCAL YEAR AS PART OF A SCHEDULE OF DEBT ISSUANCE THAT INCLUDES THE DATE OF ISSUANCE, TERM, AMOUNT, INTEREST RATE AND MEANS OF REPAYMENT INCLUDING ALL REFINANCINGS, CALLS, REFUNDINGS, DEFEASEMENTS AND INTEREST RATE EXCHANGE OR OTHER SUCH AGREEMENTS; AND (6) AT A MINIMUM A FOUR-YEAR FINANCIAL PLAN, INCLUDING (A) A CURRENT AND PROJECTED CAPITAL BUDGET, AND (B) AN OPERATING BUDGET REPORT, INCLUDING AN ACTUAL VERSUS ESTIMATED BUDGET, WITH AN ANALYSIS AND MEASUREMENT OF FINANCIAL AND OPERATING PERFORMANCE.

C. A STATISTICAL SECTION PRESENTING ADDITIONAL INFORMATION AS CONTEXT FOR FURTHER UNDERSTANDING OF THE INFORMATION IN THE FINANCIAL STATEMENTS, NOTE DISCLOSURES AND SCHEDULES, INCLUDING (1) FINANCIAL TRENDS; (2) DEBT CAPACITY; (3) OPERATING AND SERVICE DATA; (4) INFORMATION ON PORT AUTHORITY OPERATING RESULTS; (5) INFORMATION ON PORT AUTHORITY CAPITAL PROGRAM COMPONENTS; (6) INFORMATION ON PORT AUTHORITY FACILITY TRAFFIC; AND (7) SELECTED STATISTICAL, DEMOGRAPHIC AND ECONOMIC DATA ON THE NEW YORK-NEW JERSEY METROPOLITAN REGION.

D. A CORPORATE INFORMATION SECTION PROVIDING: (1) A LIST OF ALL REAL PROPERTY OF THE PORT AUTHORITY; (2) A LIST AND FULL DESCRIPTION OF REAL PROPERTY AND PERSONAL PROPERTY THAT HAS A SALE PRICE OF OVER $10,000 DISPOSED OF DURING THE PERIOD, INCLUDING THE PRICE RECEIVED BY THE PORT AUTHORITY AND THE NAME OF THE PURCHASER FOR ALL PROPERTY SOLD BY THE PORT AUTHORITY DURING THE PERIOD; (3) A COMPENSATION SCHEDULE THAT SHALL INCLUDE, BY POSITION, TITLE AND NAME OF THE PERSON HOLDING SUCH POSITION OR TITLE, THE SALARY, COMPENSATION, ALLOWANCE AND/OR BENEFITS PROVIDED TO ANY OFFICER, DIRECTOR OR EMPLOYEE IN A DECISION MAKING OR MANAGERIAL POSITION OF SUCH AUTHORITY WHOSE BASE SALARY IS IN EXCESS OF $150,000; (4) BIOGRAPHICAL INFORMATION, NOT INCLUDING CONFIDENTIAL PERSONAL INFORMATION, FOR ALL DIRECTORS AND OFFICERS AND EMPLOYEES FOR WHOM SALARY REPORTING IS REQUIRED; (5) A DESCRIPTION OF THE AUTHORITY AND ITS BOARD STRUCTURE, INCLUDING (A) NAMES OF COMMITTEES AND COMMITTEE MEMBERS, (B) LISTS OF BOARD MEETINGS AND ATTENDANCE, (C) DESCRIPTIONS OF MAJOR

AUTHORITY UNITS, SUBSIDIARIES, AND (D) NUMBER OF EMPLOYEES; (6) ITS MISSION STATEMENT, CHARTER, IF ANY, AND BY-LAWS; AND (7) A DESCRIPTION OF ANY MATERIAL PENDING LITIGATION IN WHICH THE PORT AUTHORITY IS INVOLVED AS A PARTY DURING THE REPORTING YEAR.

2. AUDITS AND FINANCIAL STATEMENTS. A. THE PORT AUTHORITY SHALL PREPARE FINANCIAL STATEMENTS ON AN ANNUAL BASIS, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, KNOWN AS GAAP, AND THE ACCOUNTING STANDARDS ISSUED BY THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD, KNOWN AS GASB.

B. THE AUDIT COMMITTEE OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY SHALL ARRANGE FOR AN INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS TO PERFORM AN AUDIT OF THE FINANCIAL STATEMENTS OF THE PORT AUTHORITY EACH YEAR, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STANDARDS REFERENCED IN PARAGRAPH A OF THIS SUBDIVISION. EACH INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS THAT PERFORMS ANY AUDIT REQUIRED BY THIS ARTICLE SHALL TIMELY REPORT TO THE AUDIT COMMITTEE OF THE PORT AUTHORITY: (1) ALL CRITICAL ACCOUNTING POLICIES AND PRACTICES TO BE USED; AND (2) OTHER MATERIAL WRITTEN COMMUNICATIONS, THAT IS NOT PRIVILEGED OR CONFIDENTIAL, BETWEEN THE INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS AND THE MANAGEMENT OF THE PORT AUTHORITY, INCLUDING THE MANAGEMENT LETTER ALONG WITH MANAGEMENT'S RESPONSE OR PLAN OF CORRECTIVE ACTION, MATERIAL CORRECTIONS IDENTIFIED OR SCHEDULE OF UNADJUSTED DIFFERENCES.

C. EVERY FINANCIAL STATEMENT PREPARED PURSUANT TO THIS SUBDIVISION SHALL BE APPROVED BY THE BOARD OF COMMISSIONERS. AS A CONDITION TO THE ISSUANCE OF THE ANNUAL FINANCIAL STATEMENTS OF THE PORT AUTHORITY, THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FINANCIAL OFFICER OF THE PORT AUTHORITY SHALL BE REQUIRED TO MAKE A WRITTEN CERTIFICATION TO THAT EFFECT THAT, TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THE FINANCIAL AND OTHER INFORMATION IN THE CONSOLIDATED FINANCIAL STATEMENTS IS ACCURATE IN ALL MATERIAL RESPECTS AND HAS BEEN REPORTED IN A MANNER DESIGNED TO PRESENT FAIRLY THE PORT AUTHORITY'S NET ASSETS, CHANGES IN NET ASSETS, AND CASH FLOWS, IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STANDARDS REFERENCED IN PARAGRAPH A OF THIS SUBDIVISION; AND, THAT ON THE BASIS THAT THE COST OF INTERNAL CONTROLS SHOULD NOT OUTWEIGH THEIR BENEFITS, THE PORT AUTHORITY HAS ESTABLISHED A COMPREHENSIVE FRAMEWORK OF INTERNAL CONTROLS TO PROTECT ITS ASSETS FROM LOSS, THEFT, OR MISUSE, AND TO PROVIDE REASONABLE (RATHER THAN ABSOLUTE) ASSURANCE REGARDING THE RELIABILITY OF FINANCIAL REPORTING AND THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES AND STANDARDS REFERENCED IN PARAGRAPH A OF THIS SUBDIVISION.

D. NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE PORT AUTHORITY SHALL NOT CONTRACT WITH AN INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS FOR AUDIT SERVICES TO THE AUTHORITY IF THE LEAD OR COORDINATING AUDIT PARTNER HAVING PRIMARY RESPONSIBILITY FOR THE AUDIT, OR THE AUDIT PARTNER RESPONSIBLE FOR REVIEWING THE AUDIT, HAS PERFORMED AUDIT SERVICES FOR THE TWO PREVIOUS FISCAL YEARS OF SUCH AUTHORITY.

E. THE PORT AUTHORITY SHALL NOT CONTRACT WITH THE INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS PERFORMING THE PORT AUTHORITY'S AUDIT FOR ANY NON-AUDIT SERVICES TO SUCH AUTHORITY CONTEMPORANEOUSLY WITH THE AUDIT, UNLESS RECEIVING PREVIOUS WRITTEN APPROVAL BY THE AUDIT COMMITTEE INCLUDING: (1) BOOKKEEPING OR OTHER SERVICES RELATED TO THE ACCOUNTING RECORDS OR FINANCIAL STATEMENTS OF SUCH AUTHORITY; (2) FINANCIAL INFORMATION SYSTEMS DESIGN AND IMPLEMENTATION; (3) APPRAISAL OR VALUATION SERVICES, FAIRNESS OPINIONS, OR CONTRIBUTION-IN-KIND REPORTS; (4) ACTU-

ARIAL SERVICES; (5) INTERNAL AUDIT OUTSOURCING SERVICES; (6) MANAGEMENT FUNCTIONS OR HUMAN SERVICES; (7) BROKER OR DEALER, INVESTMENT ADVISOR, OR INVESTMENT BANKING SERVICES; AND (8) LEGAL SERVICES AND EXPERT SERVICES UNRELATED TO THE AUDIT.

F. THE PORT AUTHORITY SHALL NOT CONTRACT WITH AN INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS FOR ANY AUDIT SERVICE IF THE CHIEF EXECUTIVE OFFICER, COMPTROLLER, CHIEF FINANCIAL OFFICER, TREASURER, OR ANY OTHER PERSON SERVING IN AN EQUIVALENT POSITION FOR THE AUTHORITY, WAS EMPLOYED BY THAT INDEPENDENT FIRM OF CERTIFIED PUBLIC ACCOUNTANTS AND PARTICIPATED IN ANY CAPACITY IN THE AUDIT OF THE AUTHORITY DURING THE ONE YEAR PERIOD PRECEDING THE DATE OF THE INITIATION OF THE AUDIT.

3. THE PORT AUTHORITY SHALL MAKE ACCESSIBLE TO THE PUBLIC VIA ITS WEBSITE AN EXECUTIVE SUMMARY OF ITS MOST RECENT INDEPENDENT AUDIT REPORT UNLESS SUCH INFORMATION IS EXEMPT FROM DISCLOSURE PURSUANT TO EITHER STATE'S FREEDOM OF INFORMATION LAWS.

ARTICLE VII-D

1. PROPERTY DISPOSITION. ANY SALE OF REAL PROPERTY BY THE PORT AUTHORITY SHALL BE UNDERTAKEN AND CONDUCTED PURSUANT TO THE PROVISIONS OF THE EXISTING LAWS GOVERNING THE SALE OF REAL PROPERTY BY THE PORT AUTHORITY IN THE STATE IN WHICH SUCH REAL PROPERTY IS LOCATED AND BY APPROVAL OF THE BOARD OF COMMISSIONERS.

A. NO DISPOSITION OF REAL PROPERTY, OR ANY INTEREST IN REAL PROPERTY, SHALL BE MADE UNLESS AN APPRAISAL OF THE VALUE OF SUCH REAL PROPERTY HAS BEEN MADE BY AN INDEPENDENT APPRAISER AND INCLUDED IN THE RECORD OF THE TRANSACTION, AND, PROVIDED FURTHER, THAT NO DISPOSITION OF ANY OTHER REAL PROPERTY, WHICH BECAUSE OF ITS UNIQUE NATURE OR THE UNIQUE CIRCUMSTANCES OF THE PROPOSED TRANSACTION IS NOT READILY VALUED BY REFERENCE TO AN ACTIVE MARKET FOR SIMILAR REAL PROPERTY, SHALL BE MADE WITHOUT A SIMILAR APPRAISAL.

B. DISPOSAL OF REAL PROPERTY FOR LESS THAN FAIR MARKET VALUE. NO PROPERTY OWNED, LEASED, OR OTHERWISE IN THE CONTROL OF THE PORT AUTHORITY MAY BE SOLD, LEASED, OR OTHERWISE ALIENATED FOR LESS THAN ITS FAIR MARKET VALUE UNLESS:

(I) THE TRANSFEREE IS A GOVERNMENT OR OTHER PUBLIC ENTITY, AND THE TERMS AND CONDITIONS OF THE TRANSFER REQUIRE THAT THE OWNERSHIP AND USE OF THE REAL PROPERTY WILL REMAIN WITH THE GOVERNMENT OR ANY OTHER PUBLIC ENTITY; OR

(II) THE PURPOSE OF THE TRANSFER IS WITHIN THE PURPOSE, MISSION, OR GOVERNING STATUTE OF THE PORT AUTHORITY AND A WRITTEN DETERMINATION IS MADE BY THE BOARD OF COMMISSIONERS THAT THERE IS NO REASONABLE ALTERNATIVE TO THE PROPOSED BELOW-MARKET TRANSFER THAT WOULD ACHIEVE THE SAME PURPOSE OF SUCH TRANSFER, PRIOR TO BOARD APPROVAL OF SUCH A TRANSFER.

C. THE BOARD SHALL ADOPT, WITHIN SIX MONTHS OF THE EFFECTIVE DATE OF THIS ARTICLE, APPROPRIATE RULES AND REGULATIONS CONCERNING DISPOSITION, ACQUISITION, AND TRANSFER OF REAL PROPERTY OR ANY INTEREST IN REAL PROPERTY BY THE PORT AUTHORITY WHICH SHALL, AT A MINIMUM, INCLUDE A REQUIREMENT THAT THE FOLLOWING INFORMATION BE MADE AVAILABLE TO THE BOARD OF COMMISSIONERS AT THE MEETING WHERE APPROVAL OF SUCH A DISPOSITION, ACQUISITION OR TRANSFER IS SCHEDULED:

(I) A FULL DESCRIPTION OF THE PROPERTY;

(II) A DESCRIPTION OF THE PURPOSE OF THE DISPOSITION, ACQUISITION, OR TRANSFER;

(III) A STATEMENT OF THE VALUE TO BE RECEIVED FROM SUCH A DISPOSITION, ACQUISITION, OR TRANSFER;

(IV) THE NAMES OF ANY PRIVATE PARTIES PARTICIPATING IN THE DISPOSITION, ACQUISITION, OR TRANSFER; AND

(V) IN THE CASE OF A PROPERTY DISPOSITION FOR LESS THAN FAIR MARKET VALUE, AN EXPLANATION AND A WRITTEN DETERMINATION BY THE BOARD OF COMMISSIONERS THAT THERE IS NO REASONABLE ALTERNATIVE TO THE PROPOSED BELOW-MARKET VALUE THAT WOULD ACHIEVE THE SAME PURPOSE OF SUCH DISPOSITION.

D. NOT LESS THAN TEN DAYS IN ADVANCE OF ANY MEETING OF THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY AT WHICH THE BOARD OF COMMISSIONERS IS TO CONSIDER AN ACTION TO AUTHORIZE THE SALE OF REAL PROPERTY OWNED BY THE PORT AUTHORITY, THE CHIEF EXECUTIVE OFFICER OF THE PORT AUTHORITY SHALL PROVIDE PUBLIC NOTICE OF SUCH PROPOSED ACTION ALONG WITH RELEVANT MATERIAL TERMS AND PROVISIONS OF SUCH SALE INCLUDING, BUT NOT LIMITED TO, THE INFORMATION MADE AVAILABLE PURSUANT TO PARAGRAPH C OF THIS SUBDIVISION, BY POSTING ON THE PORT AUTHORITY'S WEBSITE.

E. THE CHIEF EXECUTIVE OFFICER MAY AUTHORIZE OR ARRANGE FOR CONTRACTS FOR THE SALE OF PERSONAL PROPERTY OWNED BY THE PORT AUTHORITY OR ARRANGE FOR CONTRACTS FOR THE SALE OF PERSONAL PROPERTY OWNED BY THE PORT AUTHORITY UPON SUCH TERMS AND CONDITIONS AS THE CHIEF EXECUTIVE OFFICER MAY DEEM PROPER AND EXECUTE THE SAME ON BEHALF OF THE PORT AUTHORITY WHERE THE VALUE OF SUCH PERSONAL PROPERTY IS NOT IN EXCESS OF ONE MILLION DOLLARS; PROVIDED, HOWEVER, THAT PERSONAL PROPERTY VALUED AT MORE THAN $250,000 SHALL NOT BE SOLD BY AUTHORITY OF THE CHIEF EXECUTIVE OFFICER OTHER THAN TO THE HIGHEST BIDDER AFTER PUBLIC ADVERTISEMENT. WHERE THE VALUE OF SUCH PERSONAL PROPERTY IS IN EXCESS OF $1,000,000, THE SALE OF SUCH PROPERTY MUST BE AUTHORIZED BY THE BOARD OF COMMISSIONERS OF THE PORT AUTHORITY UPON SUCH TERMS AS THE BOARD OF COMMISSIONERS MAY DEEM PROPER.

F. THE PORT AUTHORITY MAY RETAIN BROKERS OR THIRD-PARTY VENDORS THAT FACILITATE ONLINE AUCTIONS, OR ASSIST IN DISPOSING OF SURPLUS REAL AND PERSONAL PROPERTY OF THE PORT AUTHORITY.

2. DEBT ISSUANCE. A. THE ISSUANCE OF ANY BONDS, NOTES OR OTHER INSTRUMENTS OF INDEBTEDNESS BY THE PORT AUTHORITY SHALL BE UNDERTAKEN IN A MANNER CONSISTENT WITH APPLICABLE LAWS GOVERNING THE PORT AUTHORITY AND COVENANTS WITH THE HOLDERS OF THE PORT AUTHORITY'S BONDS, NOTES OR OTHER INSTRUMENTS OF INDEBTEDNESS.

B. AT LEAST SIXTY DAYS PRIOR TO THE END OF ITS FISCAL YEAR, THE PORT AUTHORITY SHALL SUBMIT TO THE GOVERNOR, STATE COMPTROLLER, AND LEGISLATURE OF EACH STATE A STATEMENT OF INTENT IN REGARDS TO THE ISSUANCE OF AND OVERALL AMOUNT OF BONDS, NOTES, OR OTHER DEBT OBLIGATIONS ANTICIPATED, AT THE TIME THE STATEMENT IS SUBMITTED, DURING THE NEXT FISCAL YEAR.

3. CAPITAL PLAN. THE PORT AUTHORITY SHALL ADOPT A TEN-YEAR CAPITAL PLAN THAT IS DEVELOPED USING A COMPREHENSIVE PLANNING PROCESS AND RISK-BASED PRIORITIZATION THAT CONSIDERS ASSET CONDITION, OPERATIONAL AND REVENUE IMPACT, THREAT ASSESSMENT, CUSTOMER SERVICE, REGIONAL BENEFIT, AND REGULATORY OR STATUTORY REQUIREMENTS. THE CAPITAL PLAN SHALL BE DEPENDENT UPON THE AVAILABILITY OF SUFFICIENT FUNDING AND OTHER RESOURCES TO PURSUE THE CAPITAL PROJECTS PROPOSED FOR THE TEN-YEAR PERIOD. PERFORMANCE PROGRESS AND REVISIONS TO REFLECT CHANGES IN PROGRAMS, POLICIES AND PROJECTS AND THE ENVIRONMENT IN WHICH THE PORT AUTHORITY OPERATES SHALL BE REVIEWED REGULARLY BY A COMMITTEE DESIGNATED BY THE BOARD OF COMMISSIONERS, AND THE CAPITAL PLAN SHALL BE REVISED PERIODICALLY AS NECESSARY AND APPROPRIATE, AND SHALL BE REVIEWED WITH THE BOARD OF COMMISSIONERS ANNUALLY. THE PORT AUTHORITY SHALL PUBLISH AN ANNUAL REPORT ON THE STATUS OF THE CAPITAL PROGRAM AND SUCH REPORT SHALL

BE MADE PUBLICLY AVAILABLE ON THE PORT AUTHORITY'S WEBSITE. PRIOR TO ADOPTION OF A CAPITAL PLAN, THE PORT AUTHORITY SHALL MAKE SUCH PROPOSED PLAN AVAILABLE FOR PUBLIC REVIEW AND COMMENTS ON ITS PUBLIC WEBSITE FOR AT LEAST TWO WEEKS PRIOR TO APPROVAL, AND ALL COMMENTS RECEIVED ARE TO BE DISTRIBUTED TO THE BOARD OF COMMISSIONERS FOR REVIEW PRIOR TO CONSIDERATION OF THE CAPITAL PLAN.

4. OPERATING BUDGET. THE PORT AUTHORITY SHALL PREPARE A DETAILED ANNUAL OPERATING BUDGET BEGINNING WITH THE FISCAL YEAR COMMENCING AFTER THE EFFECTIVE DATE OF THE CHAPTER OF THE LAWS OF 2015 WHICH ADDED THIS ARTICLE. A PRELIMINARY ANNUAL OPERATING BUDGET SHALL BE MADE PUBLICLY AVAILABLE ON THE PORT AUTHORITY'S WEBSITE IN JULY OF EVERY FISCAL YEAR AND A FINAL ANNUAL OPERATING BUDGET SHALL BE MADE PUBLICLY AVAILABLE IN FEBRUARY OF EACH FISCAL YEAR.

S 5. Severability clause. If any clause, sentence, paragraph, subdivision, section or part of this act shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly involved in the controversy in which such judgment shall have been rendered. It is hereby declared to be the intent of the legislature that this act would have been enacted even if such invalid provisions had not been included herein.

S 6. This act shall take effect upon the enactment into law by the state of New Jersey of legislation having an identical effect with this act, but if the state of New Jersey shall have already enacted such legislation this act shall take effect immediately. The chairperson of the port authority shall notify the legislative bill drafting commission upon the enactment into law of such legislation by both such states in order that the commission may maintain an accurate and timely effective data base of the official text of the laws of the state of New York in furtherance of effecting the provisions of section 44 of the legislative law and section 70-b of the public officers law.