

PROGRAM BILL # 10

Legislative Bill Drafting Commission
12032-04-5

S. _____
Senate

IN SENATE--Introduced by Sen

--read twice and ordered printed,
and when printed to be committed
to the Committee on

----- A.
Assembly

IN ASSEMBLY--Introduced by M. of A.

with M. of A. as co-sponsors

--read once and referred to the
Committee on

PORTAUTH

(Relates to the organization, open meetings, public hearings, financial reporting and disposition of property of the Port Authority of New York and New Jersey)

Port Auth. transparenc./account.

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:

IN SENATE

Senate introducer's signature

The senators whose names are circled below wish to join me in the sponsorship of this proposal

s15 Addabbo	s49 Farley	s63 Kennedy	s40 Murphy	s10 Sanders
s46 Amedore	s17 Felder	s34 Klein	s54 Nozzolio	s23 Savino
s11 Avella	s02 Flanagan	s28 Krueger	s58 O'Mara	s41 Serino
s42 Bonacic	s55 Funke	s24 Lanza	s62 Ortt	s29 Serrano
s04 Boyle	s59 Gallivan	s39 Larkin	s60 Panepinto	s51 Seward
s44 Ereslin	s12 Gianaris	s37 Latimer	s21 Parker	s09 Skelos
s38 Carlucci	s22 Golden	s01 LaValle	s13 Feralta	s26 Squadron
s14 Comrie	s47 Griffo	s52 Libous	s30 Perkins	s16 Stavisky
s03 Croci	s20 Hamilton	s45 Little	s61 Ranzenhofer	s35 Stewart-
s50 DeFrancisco	s06 Hannon	s05 Marcellino	s48 Ritchie	Cousins
s32 Diaz	s36 Hassell-	s43 Marchione	s33 Rivera	s53 Valesky
s18 Dilan	Thompson	s07 Martins	s56 Robach	s08 Venditto
s31 Espallat	s27 Hoylman	s25 Montgomery	s19 Sampson	s57 Young

IN ASSEMBLY

Assembly introducer's signature

The Members of the Assembly whose names are circled below wish to join me in the multi-sponsorship of this proposal:

a049 Abbate	a053 Davila	a077 Joyner	a133 Nojaj	a140 Schimminger
a092 Abinanti	a034 DenDekker	a020 Kaminsky	a037 Nolan	a076 Seawright
a084 Arroyo	a054 Dilan	a094 Katz	a130 Oaks	a087 Sepulveda
a035 Aubry	a081 Dinowitz	a074 Kavanagh	a069 O'Donnell	a065 Silver
a120 Barclay	a147 DiPietro	a142 Kearns	a051 Ortiz	a027 Simanowitz
a106 Barrett	a115 Duprey	a040 Kim	a091 Otis	a052 Simon
a060 Barron	a004 Englebright	a131 Kolb	a132 Palmesano	a036 Simotas
a082 Benedetto	a109 Fahy	a105 Lalor	a002 Palumbo	a104 Skartados
a042 Bichotte	a071 Farrell	a013 Lavine	a088 Paulin	a099 Skoufis
a079 Blake	a126 Pinch	a134 Lawrence	a141 Peoples-	a022 Solages
a117 Blankenbush	a008 Pitzpatrick	a050 Lentol	Stokes	a114 Stec
a062 Borelli	a124 Friend	a125 Lifton	a058 Perry	a110 Steck
a098 Brabenec	a095 Galef	a072 Linares	a059 Persaud	a127 Stirpe
a026 Braunstein	a137 Gantt	a102 Lopez	a086 Pichardo	a112 Tedisco
a044 Brennan	a007 Garbarino	a123 Lupardo	a089 Pretlow	a101 Tenney
a119 Brindisi	a148 Giglio	a010 Lupinacci	a073 Quart	a001 Thiele
a138 Bronson	a080 Gjonaj	a121 Magee	a019 Ra	a061 Titone
a046 Brook-Krasny	a066 Glick	a129 Magnarelli	a012 Raja	a031 Titus
a093 Buchwald	a023 Goldfeder	a064 Malliotakis	a006 Ramos	a055 Walker
a118 Butler	a150 Goodell	a030 Markey	a043 Richardson	a146 Walter
a103 Cahill	a075 Gottfried	a090 Mayer	a078 Rivera	a141 Weinstein
a145 Ceretto	a005 Graf	a108 McDonald	a128 Roberts	a024 Weprin
a033 Clark	a100 Gunther	a014 McDonough	a056 Robinson	a113 Woerner
a047 Colton	a139 Hawley	a017 McKeVitt	a068 Rodriguez	a143 Wozniak
a032 Cook	a083 Heastie	a107 McLaughlin	a067 Rosenthal	a070 Wright
a144 Corwin	a028 Hevesi	a038 Miller	a025 Rozic	a096 Zebrowski
a085 Crespo	a048 Hiking	a015 Montesano	a116 Russell	a029
a122 Crouch	a018 Hooper	a136 Morelle	a149 Ryan	
a021 Curran	a097 Jaffee	a057 Mosley	a009 Saladino	
a063 Cusick	a011 Jean-Pierre	a039 Moya	a111 Santabarbara	
a045 Cymbrowitz	a135 Johns	a003 Murray	a016 Schimel	

1) Single House Bill (introduced and printed separately in either or both houses). Uni-Bill (introduced simultaneously in both houses and printed as one bill. Senate and Assembly introducer sign the same copy of the bill).

2) Circle names of co-sponsors and return to introduction clerk with 2 signed copies of bill and 4 copies of memorandum in support (single house); or 4 signed copies of bill and 8 copies of memorandum in support (uni-bill).

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

4 § 2. Article 4 of section 1 of chapter 154 of the laws of 1921 relat-
5 ing to the port authority of New York and New Jersey, as amended by
6 chapter 419 of the laws of 1930, is amended to read as follows:

7 ARTICLE IV

8 1. Commissioners. The port authority shall consist of twelve commis-
9 sioners, six resident voters from the state of New York, at least four
10 of whom shall be resident voters of the city of New York, and six resi-
11 dent voters from the state of New Jersey, at least four of whom shall be
12 resident voters within the New Jersey portion of the district, the New
13 York members to be chosen by the state of New York and the New Jersey
14 members by the state of New Jersey in the manner and for the terms fixed
15 and determined from time to time by the legislature of each state
16 respectively, except as herein provided. Each commissioner may be
17 removed or suspended from office as provided by the law of the state
18 from which he shall be appointed.

19 2. Officers. a. The officers of the port authority shall be a chair-
20 person, a vice chairperson, a chief executive officer, a general coun-
21 sel, a chief financial officer, a chief ethics and compliance officer,
22 an inspector general, a treasurer, a comptroller, and a secretary.
23 Beginning upon the next hiring of a chief executive officer but no later
24 than a year from the effective date of the chapter of the laws of 2015
25 that amended this article, the positions of chairperson and vice chair-
26 person shall be rotated for a term of two years among commissioners
27 appointed by New York and New Jersey, with a chairperson elected first
28 from among those commissioners appointed by the governor of New York and

1 a vice chairperson elected first from among those commissioners
2 appointed by the governor of New Jersey, after which the next chair-
3 person shall be elected from among those appointed by the governor of
4 New Jersey and the next vice chairperson shall be elected from among
5 those appointed by the governor of New York and thereafter the positions
6 of chairperson and vice chairperson shall rotate every two years in the
7 same order as established herein provided that the failure of the board
8 of commissioners to elect a new chairperson and vice chairperson shall
9 not prevent the rotation of the positions of chairperson and vice chair-
10 person to the next succeeding state.

11 b. No commissioner, including the chairperson, shall serve as the port
12 authority's chief executive officer, general counsel, chief financial
13 officer, chief ethics and compliance officer, inspector general, or
14 comptroller, or hold any other equivalent position while serving as a
15 commissioner.

16 3. Role and responsibilities of commissioners. a. The commissioners
17 shall promulgate a commissioner's oath of office in consultation with
18 the chief ethics and compliance officer.

19 b. At the time that a commissioner of the port authority takes and
20 subscribes the commissioner's oath of office, or within sixty days after
21 the effective date of this subdivision if the commissioner has already
22 taken and subscribed the commissioner's oath of office, the commissioner
23 shall execute a statement declaring that the commissioner understands
24 the commissioner's independence and fiduciary obligation to perform
25 duties and responsibilities to the best of the commissioner's abilities,
26 in good faith and with proper diligence and care which an ordinarily
27 prudent person in like position would use under similar circumstances
28 and may take into consideration the views and policies of any elected

1 officials or bodies and ultimately apply independent judgment in the
2 best interest of the port authority, its mission, and the public,
3 consistent with the enabling compact, mission, and by-laws of the port
4 authority and the applicable laws of both states; and that the fiduciary
5 duty to the port authority is derived from and governed by its mission.

6 c. Individuals appointed to the board of commissioners shall partic-
7 ipate in training approved by the chief ethics and compliance officer in
8 consultation with the inspector general of the port authority regarding
9 their legal, fiduciary, financial and ethical responsibilities as direc-
10 tors of an authority within six months of appointment to the authority.
11 The commissioners shall participate in continuing training as may be
12 required to remain informed of best practices, regulatory and statutory
13 changes relating to the effective oversight of the management and finan-
14 cial activities of public authorities and to adhere to the highest stan-
15 dards of responsible governance.

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

26 (2) For the purposes of this subdivision, the terms:

27 (i) "immediate family" shall mean: a spouse, parent, child, or
28 sibling; and

1 (ii) "interest" shall mean: (A) if the business organization is a
2 partnership, the board member or the board member's immediate family is
3 a partner or owner of ten percent or more of the assets of the partner-
4 ship, or (B) if the business organization is a corporation, the board
5 member or the board member's immediate family owns or controls ten
6 percent or more of the stock of the corporation, or serves as a director
7 or officer of the corporation.

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

11 (2)(i) The commissioners appointed by the governor of the state of New
12 York shall file annual financial disclosure statements pursuant to
13 section 73-a of the public officers law.

14 (ii) The commissioners appointed by the governor of the state of New
15 Jersey shall file annual financial disclosure statements as required by
16 New Jersey state law or executive order.

17 (iii) In addition to the financial disclosures required of the commis-
18 sioners, financial disclosures of employees shall, at a minimum, be
19 required of the chief executive officer, the chief ethics and compliance
20 officer, the chief financial officer, the general counsel, the comp-
21 troller, treasurer, and the inspector general, employees who hold poli-
22 cy-making positions as determined by the general counsel of the port
23 authority, and employees whose base salary, either in the current or
24 previous year, exceeds \$150,000, which amount shall be adjusted for
25 inflation annually in accordance with the consumer price index for all
26 urban wage earners and clerical workers (CPI-W) as calculated by the
27 federal government. These financial disclosures shall be updated not

1 less than annually and shall be made available on the port authority's
2 website.

3 f. The board of commissioners shall:

4 (1) adopt a mission statement that the port authority's mission is to
5 meet the critical transportation infrastructure needs of the bi-state
6 region's people, businesses, and visitors by providing the highest qual-
7 ity and most efficient transportation and port commerce facilities and
8 services to move people and goods within the region, provide access to
9 the nation and the world, and promote the region's economic development;

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

15 (3) establish a whistleblower access and assistance program protecting
16 employees from retaliation for disclosing information concerning acts of
17 wrongdoing, misconduct, malfeasance, or other inappropriate conduct
18 based upon the recommendations of the chief ethics and compliance offi-
19 cer;

20 (4) establish a policy requiring all commissioners, officers, and
21 employees with decision-making authority to maintain records regarding
22 contact with lobbyists. As used in this subsection: (i) "contact" means
23 any conversation, in person or by telephonic or other electronic means,
24 or correspondence between any lobbyist engaged in the act of lobbying
25 and any person within the port authority who can make or influence a
26 decision on the subject of the lobbying on the behalf of the port
27 authority, and shall include, at a minimum, all members of the board of
28 commissioners and all officers of the port authority, (ii) "lobbyist"

1 shall have the same meaning as defined in the laws or, rules or regu-
2 lations of either state, and (iii) "lobbying" shall mean and include any
3 attempt to influence: (a) the adoption or rejection of any rule or regu-
4 lation having the force and effect of law by the port authority, (b) the
5 outcome of any proceeding by the port authority to establish, levy or
6 collect fees, tolls, charges or fares, and (c) the authorization,
7 approval or award of any agreements, contracts or purchase orders,
8 including any settlement of port authority claims, or any extension,
9 amendment or modification of any existing agreement, contract or order;
10 and

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

16 4. Committee. a. The board of commissioners shall establish a commit-
17 tee structure that shall include, but need not be limited to, the
18 following responsibilities:

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

1 board business; and advise the port authority on the skills and experi-
2 ences required of potential commissioners;

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

16 (3) a finance responsibility to be assigned to a committee comprised
17 of not fewer than three commissioners, who shall constitute a majority
18 on the committee, and who shall possess the necessary skills to under-
19 take the finance duties and functions. It shall be the responsibility of
20 the members of this committee to oversee and approve the issuance of
21 debt that the port authority or its subsidiaries issue.

22 b. Every committee established by the board of commissioners shall
23 promulgate a written charter to be approved by the board. Each charter
24 promulgated in accordance with this subdivision shall be made available
25 to the public and posted on the port authority's website.

26 5. Whistleblower access and assistance program. a. The chief ethics
27 and compliance officer shall recommend to the board of commissioners a

1 whistleblower access and assistance program to be administered by the
2 inspector general which shall include, but not be limited to:

3 (1) establishing toll-free telephone and facsimile lines available to
4 employees;

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

7 (3) offering an opportunity for employees to identify concerns regard-
8 ing any issue at the port authority. Any communication between an
9 employee and the inspector general pursuant to this section shall be
10 held strictly confidential by the inspector general, unless the employee
11 specifically waives in writing the right to confidentiality, except that
12 such confidentiality shall not exempt the inspector general from
13 disclosing such information, where appropriate, to the board of commis-
14 sioners and/or any law enforcement authority.

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

19 c. As used in this subdivision:

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

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

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

8 b. The inspector general shall inform the board of commissioners and
9 the chief executive officer of allegations received by the inspector
10 general and the progress of investigations related thereto, unless
11 special circumstances require confidentiality;

12 c. The inspector general shall determine with respect to allegations
13 received by the inspector general whether disciplinary action or civil
14 prosecution by the port authority is appropriate, and whether the matter
15 should be referred to an appropriate governmental agency for further
16 action;

17 d. The inspector general shall prepare and make available to the
18 public written reports of completed investigations, as appropriate and
19 to the extent permitted by law, subject to redactions to protect a need
20 for confidentiality. The release of all or portions of reports may be
21 deferred to protect the confidentiality of ongoing investigations.

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

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

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

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

1 (4) interview any officer or employee of the port authority or its
2 subsidiaries on any matter related to the performance of such officer or
3 employee's official duties. To the extent that any portion of this para-
4 graph is inconsistent with any current contractual obligations of the
5 port authority, this paragraph shall not be applicable to those obli-
6 gations until the earliest expiration of those terms under the contract;

7 (5) monitor the implementation by the port authority of any recommen-
8 dations made by the inspector general; and

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

11 7. Open meetings. a. All meetings of the port authority shall be open
12 to the public and members of the news media, individually and collec-
13 tively, for the purpose of observing the full details of all phases of
14 the deliberation, policy-making, and decision-making of the board,
15 except for an executive session initiated upon a majority vote taken in
16 an open meeting pursuant to a motion. The board of commissioners may
17 exclude the public only from that portion of a meeting at which the
18 board of commissioners discusses any:

19 (1) matter in which the release of information would impair a right to
20 receive funds from government of the United States;

21 (2) material the disclosure of which would constitute an unwarranted
22 invasion of individual or personal privacy;

23 (3) collective bargaining agreement, or the terms and conditions which
24 are proposed for inclusion in any collective bargaining agreement,
25 including the negotiation of the terms and conditions thereof with
26 employees or representatives of employees of the port authority;

27 (4) matter involving the purchase, lease, or acquisition of real prop-
28 erty with port authority funds, the proposed acquisition of securities,

1 the sale or exchange of securities held by the port authority, or the
2 investment of port authority funds, if public discussion of the matter
3 would adversely affect the public interest;

4 (5) matter which would imperil the public safety if disclosed;

5 (6) pending or anticipated litigation or contract negotiation in which
6 the port authority is, or may become, a party, or matters falling within
7 the attorney-client privilege, to the extent that confidentiality is
8 required for the attorney to exercise the attorney's ethical duties as a
9 lawyer;

10 (7) contract negotiations disclosure of which would imperil the port
11 authority's position or an outcome in the best interest of the authori-
12 ty, its mission, and the public;

13 (8) matter involving the employment, appointment, termination of
14 employment, terms and conditions of employment, evaluation of the
15 performance of, promotion or disciplining of any specific prospective
16 officer or employee or current officer or employee employed or appointed
17 by the port authority, unless all the individual employees or appointees
18 whose rights could be adversely affected request in writing that the
19 matter or matters be discussed at a public meeting; or

20 (9) deliberation of the port authority occurring after a public hear-
21 ing that may result in the imposition of a specific civil penalty upon
22 the responding party or the suspension or loss of a license or permit
23 belonging to the responding party as a result of an act of omission for
24 which the responding party bears responsibility.

25 b. The port authority shall make meeting agendas available to the
26 public at least 72 hours before each meeting of the board and each meet-
27 ing of each committee. In addition, the port authority shall send via
28 electronic mail the agenda and public documents pertaining to a board or

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

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

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

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

1 8. Barrier-free access. The port authority shall make or cause to be
2 made all reasonable efforts to ensure that meetings are held in facili-
3 ties that permit barrier-free physical access to people with disabili-
4 ties. If the board determines to use video conferencing or similar tech-
5 nology to conduct its meeting, it shall provide an opportunity for the
6 public to attend, listen and observe such a meeting.

7 § 3. Subdivisions 2 and 3 of article 15-A of section 1 of chapter 154
8 of the laws of 1921 relating to the port authority of New York and New
9 Jersey, as added by chapter 275 of the laws of 1992, are amended to read
10 as follows:

11 2. As used in this act:

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

14 b. "Committee" or "committees" means any standing committee estab-
15 lished by the board tasked with, including, but not limited to, the
16 audit responsibility, governance responsibility and finance responsibil-
17 ity required to be established pursuant to this act.

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

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

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

4 3. a. The board shall, within six months of the effective date of the
5 chapter of the laws of 2015 that amended this subdivision, adopt [and
6 promulgate] appropriate rules and regulations concerning proper notice
7 to the public and the news media of its meetings and the right of the
8 public and the news media to be present at meetings of the authority.
9 The board may incorporate in its rules and regulations conditions under
10 which it may exclude the public from a meeting or a portion thereof.

11 b. Any rules or regulations adopted hereunder shall become a part of
12 the minutes of the port authority of New York and New Jersey and shall
13 be subject to the approval of the governor or New Jersey and the gover-
14 nor of New York.

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

18 ARTICLE VII-B

19 1. Needs assessment. The port authority shall require that a needs
20 assessment be conducted by an independent entity prior to any increase
21 in tolls for the use of any port authority bridge or tunnel, or fares
22 for the use of the port authority trans-Hudson corporation rail system.
23 The assessment shall be presented by the independent entity to the board
24 of commissioners at a public meeting to be held at least ninety days
25 prior to any meeting of the board of commissioners to vote to any
26 increase in the tolls for the use of any port authority bridge or
27 tunnel, or fares for the use of the port authority trans-Hudson corpo-
28 ration rail system.

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

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

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

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

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

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

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

25 d. The port authority shall hold no more than one public hearing in a
26 single day, and at least one-half of the public hearings shall be sched-
27 uled to begin after 6:30 p.m., eastern standard time, on a weekday.

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

5 3. Subsidiaries of the port authority. a. The port authority shall
6 provide notice to the governor of each state, the majority leader of
7 each house of the legislature of each state, the chair of the finance
8 committee of New York, the chair of the senate budget and appropriations
9 committee of New Jersey, the chair of assembly ways and means committee
10 of New York, and the chair of the budget committee of New Jersey that it
11 will be creating a subsidiary no less than 60 days prior to the forma-
12 tion of the subsidiary.

13 b. The creation of a subsidiary corporation shall be approved by the
14 board of commissioners.

15 c. On or before the first day of January, two thousand sixteen, and
16 annually thereafter, any subsidiary corporation, in cooperation with the
17 port authority, shall provide to the governor and legislature of each
18 state a report on the subsidiary corporation. Such report shall include
19 for each subsidiary:

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

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

25 (3) The complete by-laws and legal organization papers of the subsid-
26 iary;

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

1 (5) Any other information the subsidiary corporation deems important
2 to include in such report.

3 ARTICLE VII-C

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

12 a. an introductory section including: (1) a letter of transmittal to
13 the governors of New York and New Jersey; (2) information regarding the
14 board of commissioners, port authority officers and executive manage-
15 ment; (3) a letter to the board of commissioners from the chief execu-
16 tive officer of the port authority highlighting important developments;
17 (4) a description of major agency activities undertaken during the prior
18 year; and (5) a letter to the board of commissioners from the chief
19 financial officer of the port authority with respect to the consolidated
20 financial statements of the port authority.

21 b. a financial section including: (1) an independent auditor's report;
22 (2) management's discussion and analysis; (3) financial statements; (4)
23 its financial reports certified by the chair and vice-chair of the
24 board, chief executive officer, and chief financial officer of the port
25 authority, including (a) audited financials in accordance with generally
26 accepted accounting principles, known as GAAP, and the accounting stand-

1 ards issued by the governmental accounting standards board, known as
2 GASB, (b) grant and subsidy programs, (c) current ratings, if any, of
3 its bonds issued by recognized bond rating agencies and notice of chang-
4 es in such ratings, and (d) long-term liabilities, including leases and
5 employee benefit plans; (5) a schedule of its bonds and notes outstand-
6 ing at the end of its fiscal year, together with a statement of the
7 amounts redeemed and incurred during such fiscal year as part of a sche-
8 dule of debt issuance that includes the date of issuance, term, amount,
9 interest rate and means of repayment including all refinancings, calls,
10 refundings, defeasements and interest rate exchange or other such agree-
11 ments; and (6) at a minimum a four-year financial plan, including (a) a
12 current and projected capital budget, and (b) an operating budget
13 report, including an actual versus estimated budget, with an analysis
14 and measurement of financial and operating performance.

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

23 d. a corporate information section providing: (1) a list of all real
24 property of the port authority; (2) a list and full description of real
25 property and personal property that has a sale price of over \$10,000
26 disposed of during the period, including the price received by the port
27 authority and the name of the purchaser for all property sold by the
28 port authority during the period; (3) a compensation schedule that shall

1 include, by position, title and name of the person holding such position
2 or title, the salary, compensation, allowance and/or benefits provided
3 to any officer, director or employee in a decision making or managerial
4 position of such authority whose base salary is in excess of \$150,000;
5 (4) biographical information, not including confidential personal infor-
6 mation, for all directors and officers and employees for whom salary
7 reporting is required; (5) a description of the authority and its board
8 structure, including (a) names of committees and committee members, (b)
9 lists of board meetings and attendance, (c) descriptions of major
10 authority units, subsidiaries, and (d) number of employees; (6) its
11 mission statement, charter, if any, and by-laws; and (7) a description
12 of any material pending litigation in which the port authority is
13 involved as a party during the reporting year.

14 2. Audits and financial statements. a. The port authority shall
15 prepare financial statements on an annual basis, in accordance with
16 generally accepted accounting principles, known as GAAP, and the
17 accounting standards issued by the governmental accounting standards
18 board, known as GASB.

19 b. The audit committee of the board of commissioners of the port
20 authority shall arrange for an independent firm of certified public
21 accountants to perform an audit of the financial statements of the port
22 authority each year, in accordance with generally accepted accounting
23 principles and standards referenced in paragraph a of this subdivision.
24 Each independent firm of certified public accountants that performs any
25 audit required by this article shall timely report to the audit commit-
26 tee of the port authority: (1) all critical accounting policies and
27 practices to be used; and (2) other material written communications,
28 that is not privileged or confidential, between the independent firm of

1 certified public accountants and the management of the port authority,
2 including the management letter along with management's response or plan
3 of corrective action, material corrections identified or schedule of
4 unadjusted differences.

5 c. Every financial statement prepared pursuant to this subdivision
6 shall be approved by the board of commissioners. As a condition to the
7 issuance of the annual financial statements of the port authority, the
8 chief executive officer and the chief financial officer of the port
9 authority shall be required to make a written certification to that
10 effect that, to the best of their knowledge and belief, the financial
11 and other information in the consolidated financial statements is accu-
12 rate in all material respects and has been reported in a manner designed
13 to present fairly the port authority's net assets, changes in net
14 assets, and cash flows, in accordance with generally accepted accounting
15 principles and standards referenced in paragraph a of this subdivision;
16 and, that on the basis that the cost of internal controls should not
17 outweigh their benefits, the port authority has established a comprehen-
18 sive framework of internal controls to protect its assets from loss,
19 theft, or misuse, and to provide reasonable (rather than absolute)
20 assurance regarding the reliability of financial reporting and the prep-
21 aration of the consolidated financial statements in accordance with
22 generally accepted accounting principles and standards referenced in
23 paragraph a of this subdivision.

24 d. Notwithstanding any other provision of law to the contrary, the
25 port authority shall not contract with an independent firm of certified
26 public accountants for audit services to the authority if the lead or
27 coordinating audit partner having primary responsibility for the audit,

1 or the audit partner responsible for reviewing the audit, has performed
2 audit services for the two previous fiscal years of such authority.

3 e. The port authority shall not contract with the independent firm of
4 certified public accountants performing the port authority's audit for
5 any non-audit services to such authority contemporaneously with the
6 audit, unless receiving previous written approval by the audit committee
7 including: (1) bookkeeping or other services related to the accounting
8 records or financial statements of such authority; (2) financial infor-
9 mation systems design and implementation; (3) appraisal or valuation
10 services, fairness opinions, or contribution-in-kind reports; (4) actu-
11 arial services; (5) internal audit outsourcing services; (6) management
12 functions or human services; (7) broker or dealer, investment advisor,
13 or investment banking services; and (8) legal services and expert
14 services unrelated to the audit.

15 f. The port authority shall not contract with an independent firm of
16 certified public accountants for any audit service if the chief execu-
17 tive officer, comptroller, chief financial officer, treasurer, or any
18 other person serving in an equivalent position for the authority, was
19 employed by that independent firm of certified public accountants and
20 participated in any capacity in the audit of the authority during the
21 one year period preceding the date of the initiation of the audit.

22 3. The port authority shall make accessible to the public via its
23 website an executive summary of its most recent independent audit report
24 unless such information is exempt from disclosure pursuant to either
25 state's freedom of information laws.

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

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

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

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

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

27 c. The board shall adopt, within six months of the effective date of
28 this article, appropriate rules and regulations concerning disposition,

1 acquisition, and transfer of real property or any interest in real prop-
2 erty by the port authority which shall, at a minimum, include a require-
3 ment that the following information be made available to the board of
4 commissioners at the meeting where approval of such a disposition,
5 acquisition or transfer is scheduled:

6 (i) a full description of the property;

7 (ii) a description of the purpose of the disposition, acquisition, or
8 transfer;

9 (iii) a statement of the value to be received from such a disposition,
10 acquisition, or transfer;

11 (iv) the names of any private parties participating in the disposi-
12 tion, acquisition, or transfer; and

13 (v) in the case of a property disposition for less than fair market
14 value, an explanation and a written determination by the board of
15 commissioners that there is no reasonable alternative to the proposed
16 below-market value that would achieve the same purpose of such disposi-
17 tion.

18 d. Not less than ten days in advance of any meeting of the board of
19 commissioners of the port authority at which the board of commissioners
20 is to consider an action to authorize the sale of real property owned by
21 the port authority, the chief executive officer of the port authority
22 shall provide public notice of such proposed action along with relevant
23 material terms and provisions of such sale including, but not limited
24 to, the information made available pursuant to paragraph c of this
25 subdivision, by posting on the port authority's website.

26 e. The chief executive officer may authorize or arrange for contracts
27 for the sale of personal property owned by the port authority or arrange
28 for contracts for the sale of personal property owned by the port

1 authority upon such terms and conditions as the chief executive officer
2 may deem proper and execute the same on behalf of the port authority
3 where the value of such personal property is not in excess of one
4 million dollars; provided, however, that personal property valued at
5 more than \$250,000 shall not be sold by authority of the chief executive
6 officer other than to the highest bidder after public advertisement.
7 Where the value of such personal property is in excess of \$1,000,000,
8 the sale of such property must be authorized by the board of commission-
9 ers of the port authority upon such terms as the board of commissioners
10 may deem proper.

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

14 2. Debt issuance. a. The issuance of any bonds, notes or other
15 instruments of indebtedness by the port authority shall be undertaken in
16 a manner consistent with applicable laws governing the port authority
17 and covenants with the holders of the port authority's bonds, notes or
18 other instruments of indebtedness.

19 b. At least sixty days prior to the end of its fiscal year, the port
20 authority shall submit to the governor, state comptroller, and legisla-
21 ture of each state a statement of intent in regards to the issuance of
22 and overall amount of bonds, notes, or other debt obligations antic-
23 ipated, at the time the statement is submitted, during the next fiscal
24 year.

25 3. Capital plan. The port authority shall adopt a ten-year capital
26 plan that is developed using a comprehensive planning process and risk-
27 based prioritization that considers asset condition, operational and
28 revenue impact, threat assessment, customer service, regional benefit,

1 and regulatory or statutory requirements. The capital plan shall be
2 dependent upon the availability of sufficient funding and other
3 resources to pursue the capital projects proposed for the ten-year peri-
4 od. Performance progress and revisions to reflect changes in programs,
5 policies and projects and the environment in which the port authority
6 operates shall be reviewed regularly by a committee designated by the
7 board of commissioners, and the capital plan shall be revised period-
8 ically as necessary and appropriate, and shall be reviewed with the
9 board of commissioners annually. The port authority shall publish an
10 annual report on the status of the capital program and such report shall
11 be made publicly available on the port authority's website. Prior to
12 adoption of a capital plan, the port authority shall make such proposed
13 plan available for public review and comments on its public website for
14 at least two weeks prior to approval, and all comments received are to
15 be distributed to the board of commissioners for review prior to consid-
16 eration of the capital plan.

17 4. Operating budget. The port authority shall prepare a detailed annu-
18 al operating budget beginning with the fiscal year commencing after the
19 effective date of the chapter of the laws of 2015 which added this arti-
20 cle. A preliminary annual operating budget shall be made publicly avail-
21 able on the port authority's website in July of every fiscal year and a
22 final annual operating budget shall be made publicly available in Febru-
23 ary of each fiscal year.

24 § 5. Severability clause. If any clause, sentence, paragraph, subdivi-
25 sion, section or part of this act shall be adjudged by any court of
26 competent jurisdiction to be invalid, such judgment shall not affect,
27 impair, or invalidate the remainder thereof, but shall be confined in
28 its operation to the clause, sentence, paragraph, subdivision, section

1 or part thereof directly involved in the controversy in which such judg-
2 ment shall have been rendered. It is hereby declared to be the intent of
3 the legislature that this act would have been enacted even if such
4 invalid provisions had not been included herein.

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

