Sponsored by:
Senator  ROBERT M. GORDON
District 38 (Bergen and Passaic)
Senator  LORETTA WEINBERG
District 37 (Bergen)
Assemblywoman  VALERIE VAINIERI HUTTLE
District 37 (Bergen)
Assemblywoman  AMY H. HANDLIN
District 13 (Monmouth)
Assemblyman  VINCENT PRIETO
District 32 (Bergen and Hudson)
Assemblyman  LOUIS D. GREENWALD
District 6 (Burlington and Camden)
Assemblywoman  ALISON LITTELL MCHOSE
District 24 (Morris, Sussex and Warren)
Assemblyman  GORDON M. JOHNSON
District 37 (Bergen)
Assemblyman  TIMOTHY J. EUSTACE
District 38 (Bergen and Passaic)
Assemblyman  JOSEPH A. LAGANA
District 38 (Bergen and Passaic)
Assemblyman  CARMELO G. GARCIA
District 33 (Hudson)
Assemblywoman  HOLLY SCHEPISI
District 39 (Bergen and Passaic)

Co-Sponsored by:
Senator Beck, Assemblywomen Jimenez, Stender, Caride, Assemblymen
McKeon, Mazzio, Auth, Caputo, Assemblywoman Tucker, Assemblymen
Giblin, Diegman, Schaeer, Assemblywoman Lampitt, Assemblyman
Peterson, Assemblywomen Pintor Marin, N.Munoz, Assemblyman Space
and Senator Greenstein

SYNOPSIS
Increases transparency and accountability at PANYNJ.

CURRENT VERSION OF TEXT
As introduced.
AN ACT concerning oversight of the Port Authority of New York and New Jersey, amending various parts of the statutory law, and supplementing Title 32 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

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


[a.] "Board" means the Board of Commissioners of the Port Authority of New York and New Jersey.

"Committee" or "committees" means any standing committee established by the board including, but not limited to, the audit committee, the governance committee, and the finance committee required to be established pursuant to section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill).

[b.] "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 an 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.] “News media” means persons representing major wire services, television news services, radio news services, and newspapers, whether located in the States of New York or New Jersey or any other state.

"Public business" means 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.

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

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

3. a. Notwithstanding the provision of any other law to the contrary, all meetings of the board are declared to be public meetings and 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.

b. The board shall adopt [and promulgate], within six months of the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill), appropriate rules and regulations

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.
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 rules and regulations adopted pursuant to this section shall provide for the same notice and right of the public and news media to be present, as well as any other rights and duties as are provided in sections 17 and 18 of P.L. [P.L.1991, c.395, s.3] (pending before the Legislature as this bill). The board may incorporate in its rules and regulations conditions under which it may exclude the public from a meeting or a portion thereof.

c. 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 of New Jersey and the Governor of New York.

d. 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 videoconferencing or similar technology to conduct its meetings, it shall provide an opportunity for the public to attend, listen, and observe at any site at which a commissioner participates.

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

3. R.S.32:1-8 is amended to read as follows:

ARTICLE VII.

The port authority shall have [such] additional powers and duties as may hereafter be delegated to or imposed upon it from time to time by the action of the legislature of either state concurred in by the legislature of the other. Unless and until otherwise provided, it shall make an annual report to the legislature of both states pursuant to section 8 of P.L. [P.L.1991, c.395, s.3] (pending before the Legislature as this bill), setting forth in detail the operations and transactions conducted by it pursuant to this agreement and any legislation thereunder. The port authority shall not pledge the credit of either state except by and with the authority of the legislature thereof.

(cf: R.S.32:1-8)

4. (New section) a. Commissioners shall:

(1) Execute direct oversight of the authority's chief executive and other management in the effective and ethical management of the authority;

(2) Understand, review, and monitor the implementation of fundamental financial and management controls and operational decisions of the authority;

(3) Establish policies regarding the payment of salary, compensation, and reimbursements to, and establish rules for the time and attendance of, the chief executive and management;
(4) Adopt a code of ethics applicable to each officer, director, and employee that, at a minimum, includes the applicable standards established in the ethics law of both states;

(5) Establish written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee or board member of the authority, investments, travel, the acquisition of real property and the disposition of real and personal property and the procurement of goods and services; and

(6) Adopt a defense and indemnification policy and disclose such plan to any and all prospective board members.

b. (1) The commissioners shall perform each of their duties as board members, including but not limited to those imposed by this section, in good faith and with that degree of diligence, care, and skill 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 official or body, or other person and ultimately apply independent judgment in the best interest of the port authority, its mission, and the public.

(2) At the time that a commissioner takes and subscribes the commissioner’s oath of office, or within 60 days after the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) if the commissioner has already taken and subscribed the commissioner’s oath of office, the commissioner shall execute an acknowledgement, in a form developed by the port authority, in which the commissioner shall, at a minimum:

(a) acknowledge that the commissioner understands that a commissioner has a fiduciary obligation to perform duties and responsibilities to the best of the commissioner’s abilities, in good faith and with proper diligence and care, 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;

(b) acknowledge that the commissioner understands the commissioner’s duty of loyalty and care to the port authority and commitment to the port authority’s mission and the public interest; and the commissioner’s obligation to act in the best interests of the port authority and the people whom the port authority serves;

(c) agree that a commissioner has an obligation to become knowledgeable about the mission, purpose, functions, responsibilities, and statutory duties of the port authority and, when necessary, to make reasonable inquiry of management and others with knowledge and expertise so as to inform the commissioner’s decisions;

(d) agree to exercise independent judgment on all matters before the board;
(e) agree not to divulge confidential discussions and confidential matters that come before the board for consideration or action;
(f) agree to disclose to the board any conflicts, or the appearance of a conflict, of a personal, financial, ethical, or professional nature that could inhibit the commissioner from performing the commissioner’s duties in good faith and with due diligence and care; and
(g) certify that the commissioner does not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of the commissioner’s duties in the public interest.

c. Individuals appointed to the board of commissioners shall participate in training approved by the port authority’s Inspector General regarding their legal, fiduciary, financial, and ethical responsibilities as directors of an authority within six months of appointment to the authority. Board members 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. No board member, including the chairperson, shall serve as the port authority’s chief executive officer, executive director, chief financial officer, comptroller, or hold any other equivalent position while serving as a member of the board.

e. The board of commissioners shall establish an audit committee to be comprised of not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the audit committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the audit committee, provided that the independent members shall constitute a majority of the members of the audit committee. Members of the audit committee shall be familiar with corporate financial and accounting practices. The committee shall recommend to the board the hiring of a certified independent accounting firm to audit the port authority, establish the compensation to be paid to the accounting firm, and provide direct oversight of the performance of the independent audit performed by the accounting firm hired for these purposes.

f. (1) The board of commissioners shall establish a governance committee to be comprised of not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the governance committee; provided, however, that in
the event that the board has less than three independent members, the board may appoint non-independent members to the governance committee, provided that the independent members shall constitute a majority of the members of the governance committee. It shall be the responsibility of the members of the governance committee to: keep the board informed of current best governance practices; review corporate governance trends; recommend updates to the authority's corporate governance principles; advise the port authority on the skills and experiences required of potential board members; examine ethical and conflict of interest issues; perform board self-evaluations; and to recommend by-laws which include rules and procedures for the conduct of board business.

(2) The governance committee shall examine, at least annually, the working and professional relationship between employees appointed by the Governor of New York and those appointed by the Governor of New Jersey to ensure maximum communication, coordination, and cooperation among and between such employees. The committee shall report its findings and recommendations to the full board at the first board meeting of each calendar year.

g. The board of commissioners shall establish a finance committee to be comprised of not less than three independent members, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the finance committee, provided that the independent members shall constitute a majority of the members of the finance committee. It shall be the responsibility of the members of the finance committee to review proposals for the issuance of debt by the authority and its subsidiaries and to make recommendations.

h. For the purposes of this section, an independent member is one who:

(1) is not, and in the past two years has not been, employed by the authority or an affiliate in an executive capacity;

(2) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than $15,000 for goods and services provided to the port authority or received any other form of financial assistance valued at more than $15,000 from the port authority;

(3) is not a relative of an executive officer or employee in an executive position of the port authority or an affiliate; and

(4) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations, or any other similar actions of the port authority or an affiliate.

i. Notwithstanding the provisions of any general, special, or local law, municipal charter, or ordinance to the contrary, the board
shall not directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any officer, board member, or employee, or equivalent thereof, of the port authority.

5. (New section) The port authority shall require an efficiency study be conducted by an outside, independent efficiency expert to identify waste or abuse involving the authority. The initial study shall be completed within 12 months of the effective date of P.L. , c. (C. ) (pending before the Legislature as this bill) and made public at the first public meeting of the board of commissioners following the completion of the initial study. Subsequent studies shall be completed and made available to the public every two years thereafter. A copy of each study conducted shall be submitted to the port authority’s office of inspector general.

6. (New section) The port authority shall require that a needs assessment be conducted by an independent entity prior to any increase in fees, tolls, charges, or fares. The assessment shall be presented by the independent entity to the board of commissioners at a public meeting to be held at least 120 days prior to any meeting of the commissioners to vote to increase any fees, tolls, charges, or fares.

7. (New section) a. For the purposes of this section, unless a different meaning is required by the context:

“Contracting officer” means the officer or employee of the port authority who shall be appointed by resolution of the board of the port authority to be responsible for the disposition of property.

“Dispose” or “Disposal” means transfer of title or any other beneficial interest in personal or real property in accordance with this section.

“Property” means personal property in excess of $5,000 in value, real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

b. In addition to the powers and duties set forth in R.S.32:1-8, the port authority shall have the following powers, duties, and responsibilities set forth in this section with respect to the disposal of property:

(1) The port authority shall adopt by resolution comprehensive guidelines which shall:

(a) detail the port authority’s operative policy and instructions regarding the use, awarding, monitoring, and reporting of contracts for the disposal of property; and
(b) designate a contracting officer who shall be responsible for
the port authority’s compliance with, and enforcement of, the
guidelines.

The guidelines shall be consistent with, and shall require the port
authority’s contracting activities to comply with this section, the
port authority’s enabling legislation, and any other applicable law
for the disposal of property, except that the guidelines may be
strictier than the provisions of this section, the port authority’s
enabling legislation, and any other applicable law for the disposal
of property if the port authority determines that additional
safeguards are necessary to assure the integrity of its disposition
activities. Guidelines approved by the port authority shall be
annually reviewed and approved by the board of commissioners of
the port authority. On or before the 31st day of March in each year,
the port authority shall file with the state comptroller of each state a
copy of the guidelines most recently reviewed and approved by the
port authority, including the name of the port authority’s designated
contracting officer. At the time of filing the guidelines with the
state comptroller, the port authority shall also post the guidelines on
the port authority’s internet website. Guidelines posted on the port
authority’s internet website shall be maintained on the website at
least until the procurement guidelines for the following year are
posted on the website.

(2) The port authority shall:
(a) maintain adequate inventory controls and accountability
systems for all property under its control;
(b) periodically inventory such property to determine which
property shall be disposed of;
(c) produce a written report of property in accordance with
paragraph (3) of this subsection;
(d) transfer or dispose of property as promptly as possible in
accordance with subsection c. of this section.

(3) (a) The port authority shall publish, not less frequently than
annually, a report listing all real property of the port authority. The
report shall include a list and full description of all real and
personal property disposed of during the period. The report shall
contain the price received by the port authority and the name of the
purchaser for all property sold by the port authority during the
period.
(b) The port authority shall deliver copies of the report to the
governor, state comptroller, and the legislature of each state.

(c. (1) Except as otherwise provided in this section, the
contracting officer designated by the port authority shall have
supervision and direction over the disposition of property of the
authority.

(2) The custody and control of the property of the port authority,
pending its disposition, and the disposal of property shall be
performed by the port authority.
(3) Subject to subsection b. of this section, the port authority may dispose of property for not less than the fair market value of property by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon other terms and conditions as the contracting officer deems proper, and it may execute documents for the transfer of title or other interest in property and take other action as its deems necessary or proper to dispose of property under the provisions of this section. Provided, however, that no disposition of real property, or any interest in real property, shall be made unless an appraisal of the value of the 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 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 property, shall be made without a similar appraisal.

(4) A deed, bill of sale, lease, or other instrument executed by or on behalf of the port authority, purporting to transfer title or any other interest in property of the port authority under this section shall be conclusive evidence of compliance with the provisions of this section insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for title or other interest and has not received actual or constructive notice of lack of that compliance prior to the closing.

(5) (a) All disposals or contracts for disposal of property of the port authority made or authorized by the contracting officer shall be made after publicly advertising for bids except as provided in subparagraph (c) of this paragraph.

(b) whenever public advertising for bids is required under subparagraph (a) of this paragraph:

(i) the advertisement for bid shall be made at such time prior to the disposal or contract, through methods, and on terms and conditions as shall permit full and free competition consistent with the value and nature of the property;

(ii) all bids shall be publicly disclosed at the time and place stated in the advertisement; and

(iii) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the port authority, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

(c) Disposals and contracts for disposal of property may be negotiated or made by public auction without regard to subparagraphs (a) and (b) of this paragraph but subject to obtaining such competition as is feasible under the circumstances, if:

(i) the personal property involved has qualities separate from the utilitarian purpose of the property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar
effect, that would tend to increase its value, or if the personal
property is to be sold in a quantity that, if it were disposed of under
subparagraph (a) and (b) of this paragraph, would adversely affect
the state or local market for the property, and the estimated fair
market value of the property and other satisfactory terms of disposal
can be obtained by negotiation;
(ii) the fair market value of the property does not exceed
$15,000;
(iii) bid prices after advertising therefor are not reasonable,
either as to all or some part of the property, or have not been
independently arrived at in open competition;
(iv) the disposal will be to the state or any political subdivision,
and the estimated fair market value of the property and other
satisfactory terms of disposal are obtained by negotiation;
(v) under those circumstances permitted by subsubparagraph
(vi) of this subparagraph; or
(vi) the action is otherwise authorized by law.
(d) (i) An explanatory statement shall be prepared of the
circumstances of each disposal by negotiation of:
(A) any personal property which has an estimated fair market
value in excess of $15,000;
(B) any real property that has an estimated fair market value in
excess of $100,000, except that any real property disposed of by
lease or exchange shall only be subject to subclause (C) and (D) of
this subsubparagraph;
(C) any real property disposed of by lease, if the estimated
annual rent over the term of the lease is in excess of $15,000;
(D) any real property or real and related personal property
disposed of by exchange, regardless of value, or any property any
part of the consideration for which is real property.
(ii) Each statement shall be transmitted to the persons entitled to
receive copies of the report required under subsection b. of this
section not less than 90 days in advance of disposal, and a copy
thereof shall be preserved in the files of the port authority.
(6) (a) No asset 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 except, if:
(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 asset will remain with the government or any other public
entity;
(ii) the purpose of the transfer is within the purpose, mission, or
governing statute of the port authority; or
(iii) in the event the port authority seeks to transfer an asset for
less than its fair market value to other than a governmental entity,
which disposal would not be consistent with the port authority’s
mission, purpose, or governing statutes, the port authority shall
provide written notification thereof to the governor of each state,
and the proposed transfer shall be subject to denial by either
governor. Denial by the governor shall take the form of a signed
certification by the governor. The governor shall take any action
within 60 days of receiving notification of the proposed transfer. If
no such certification is performed within 60 days of notification of
the proposed transfer to the governor, the authority may effectuate
the transfer.

(b) In the event a below fair market value asset transfer is
proposed, the following information shall be provided to the board
of commissioners and the public:

(i) a full description of the asset;
(ii) an appraisal of the fair market value of the asset and any
other information establishing the fair market value sought by the
board;
(iii) a description of the purpose of the transfer, and a reasonable
statement of the kind and amount of the benefit to the public
resulting from the transfer, including but not limited to the kind,
number, location, wages or salaries of jobs created or preserved as
required by the transfer, the benefits, if any, to the communities in
which the asset is situated as are required by the transfer;
(iv) a statement of the value to be received compared to the fair
market value;
(v) the names of any private parties participating in the transfer,
and if different than the statement required by subsubparagraph (iv)
of this subparagraph, a statement of the value to the private party;
and
(vi) the names of other private parties who have made an offer
for the asset, the value offered, and the purpose for which the asset
was sought to be used.

(c) Before approving the disposal of any property for less than
fair market value, the board of commissioners shall consider the
information described in subparagraph (b) of this paragraph and
make a written determination that there is no reasonable alternative
to the proposed below-market transfer that would achieve the same
purpose of the transfer.

8. (New section) a. The port authority shall submit to the
governor, the state comptroller, and the legislature of each state,
within 90 days after the end of the port authority’s fiscal year, a
complete and detailed report or reports setting forth:
(1) The port authority’s operations and accomplishments;
(2) Financial reports certified by the Chair and Vice-chair of the
board and the executive director, deputy executive director, 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) operating and financial risks,
(d) current ratings, if any, of its bonds issued by recognized bond rating agencies, and notice of changes in such ratings, and
(e) long-term liabilities, including leases and employee benefit plans;
(3) A schedule of port authority bonds and notes outstanding at the end of the port authority’s 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. Additionally, the debt schedule shall include all refinancings, calls, refundings, defeasements, and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule shall also include a detailed list of costs of issuance for such debt;
(4) A compensation schedule that shall include, by position, title, and name of the person holding that position or title, the salary, compensation, allowance and benefits, or both, provided to any officer, director, or employee in a decision making or managerial position of the port authority whose salary is in excess of $100,000;
(5) Biographical information, not including confidential personal information, for all directors and officers and employees for whom salary reporting is required;
(6) The projects undertaken by the port authority during the past year;
(7) A listing and description, in addition to the report required by subparagraph (c) of paragraph (2) of subsection b. of section 7 of P.L. c. (C. ) (pending before the Legislature as this bill), of all real property of the port authority having an estimated fair market value in excess of $15,000 that the authority acquires or disposes of during that period. The report shall contain the price received or paid by the port authority and the name of the purchaser or seller for all such property sold or bought by the port authority during such period;
(8) The port authority’s code of ethics;
(9) An assessment of the effectiveness of the port authority’s internal control structure and procedures;
(10) A description of the port 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;
(11) The port authority’s charter, if any, and by-laws;
(12) A listing of material changes in operations and programs during the reporting year;
(13) 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;
(14) The port authority’s board performance evaluations; provided, however, that the evaluations shall not be subject to disclosure under the freedom of information laws of each state;
(15) A description of the total amounts of assets, services, or both assets and services bought or sold without competitive bidding, including:
(a) the nature of those assets and services,
(b) the names of the counterparties, and
(c) where the contract price for assets purchased exceeds fair market value, or where the contract price for assets sold is less than fair market value, a detailed explanation of the justification for making the purchase or sale without competitive bidding, and a certification by the chief executive officer and chief financial officer of the port authority that they have reviewed the terms of such purchase or sale and determined that it complies with applicable law and procurement guidelines; and
(16) A description of any material pending litigation in which the port authority is involved as a party during the reporting year.
b. The port authority shall make accessible to the public, via its official or shared internet website, documentation pertaining to its mission, current activities, most recent annual financial reports, current year budget, and its most recent independent audit report unless this information is exempt from disclosure pursuant to either state’s freedom of information laws.
c. Every financial report submitted under this section shall be approved by the board and shall be certified in writing by the chair and vice chair of the board, the executive director, the deputy executive director, and the chief financial officer of the port authority that based on the officer’s knowledge:
(1) the information provided therein is accurate, correct, and does not contain any untrue statement of material fact;
(2) does not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which the statements are made; and
(3) fairly presents in all material respects the financial condition and results of operations of the port authority as of, and for, the periods presented in the financial statements.
9. (New section) a. The port authority shall submit to the governor, the state comptroller, and legislature of each state, together with the report described in section 8 of P.L. , a copy of the annual independent audit report, performed by a certified public
accounting firm in accordance with generally accepted auditing
standards, and management letter and any other external
examination of the books and accounts of the port authority.
b. Each certified independent public accounting firm that
performs any audit required by this section shall timely report to the
audit committee of the port authority:
(1) All critical accounting policies and practices to be used;
(2) All alternative treatments of financial information within
generally accepted accounting principles that have been discussed
with management officials of the port authority, ramifications of the
use of alternative disclosures and treatments, and the treatment
preferred by the certified independent public accounting firm; and
(3) Other material written communications between the certified
independent public accounting firm and the management of the port
authority, including as the management letter along with
management’s response or plan of corrective action, material
corrections identified, or schedule of unadjusted differences, where
applicable.
c. Notwithstanding any other provision of law to the contrary,
the certified independent public accounting firm providing the port
authority’s annual independent audit will be prohibited in providing
services to the port 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 that issuer in each of the five previous fiscal years of
the port authority.
d. The certified independent public accounting firm performing
the port authority’s audit shall be prohibited from performing any
non-audit services to the port 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 the port authority;
(2) Financial information systems design and implementation;
(3) Appraisal or valuation services, fairness opinions, or
contribution-in-kind reports;
(4) Actuarial 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.
e. It shall be prohibited for any certified independent public
accounting firm to perform for the port authority any audit service
if the chief executive officer, comptroller, chief financial officer,
chief accounting officer, or any other person serving in an
equivalent position for the port authority, was employed by that
certified independent public accounting firm and participated in any
capacity in the audit of the port authority during the one year period preceding the date of the initiation of the audit.

f. Notwithstanding any provision of law to the contrary, the port authority may exempt information from disclosure or report, if the counsel of the port authority deems that the information is covered by either state’s freedom of information laws.

10. (New section) a. For the purposes of this section:


“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.

“Inspector General” means the Inspector General of the Port Authority.

“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, and the procurement of goods and services.

b. The inspector general, after consultation with the Attorney General of both states shall develop a whistleblower access and assistance program which shall include, but not be limited to:

(1) Evaluating and commenting on whistleblower programs and policies by board commissioners pursuant to paragraph (5) of subsection a. of section 4 of P.L. , c. (C. ) (pending before the Legislature as this bill);

(2) Establishing toll-free telephone and facsimile lines available to employees;

(3) Offering advice regarding employee rights under applicable state and federal laws and advice and options available to all persons; and

(4) Offering an opportunity for employees to identify concerns regarding any issue at the port authority.

c. Any communications 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 this confidentiality shall not exempt the inspector general from disclosing information, where appropriate, to any law enforcement authority.

d. 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.
11. (New section) a. For the purposes of this section:

“Lobbyist” has the same meaning as defined in the laws, rules, or regulations of either state.

“Lobbying” means and includes any attempt to influence:

1. The adoption or rejection of any rule or regulation having the force and effect of law by the port authority;
2. The outcome of any proceeding by the port authority to establish, levy, or collect fees, tolls, charges, or fares; and
3. 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.

“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 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.

b. The port authority shall maintain a record of all lobbying contacts made with the port authority.

c. Every board member, officer or employee of the port authority who is contacted by a lobbyist shall make a contemporaneous record of the contact containing the day and time of the contact, the identity of the lobbyist, and a general summary of the substance of the contact.

d. The port authority shall adopt a policy implementing the requirements of this section within 180 days of the effective date of P.L. C. (pending before the Legislature as this bill).

The policy shall appoint an officer to whom all records shall be delivered. The officer shall maintain records for not less than seven years in a filing system designed to organize records in a manner so as to make records useful to determine whether the decisions of the authority were influenced by lobbying contacts.

12. (New section) a. (1) There is hereby established the Office of the Inspector General in the port authority. The head of the office shall be the Inspector General who shall be appointed by, and report to, the board of commissioners of the port authority.

(2) The Inspector General shall hold office at the discretion of the board of commissioners and until the inspector general’s successor is appointed and has qualified.

(3) The Inspector General may appoint one or more deputy inspectors general to serve at the Inspector General’s pleasure, who shall be responsible for conducting audits and investigations in the port authority.

b. The Inspector General shall have the following duties and responsibilities:
Receive and investigate complaints from any source, or upon
the Inspector General’s own initiative, concerning allegations of
corruption, fraud, criminal activity, conflicts of interest, or abuse in
the port authority or its subsidiaries;
(2) Inform the board of commissioners and executive director of
allegations and the progress of investigations related thereto, unless
special circumstances require confidentiality;
(3) Determine with respect to allegations whether disciplinary
action, civil or criminal prosecution, or further investigation by an
appropriate federal, state, or local agency is warranted, and to assist
in these investigations;
(4) Prepare and release to the public written reports of
investigations, as appropriate and to the extent permitted by law,
subject to redaction to protect the confidentiality of witnesses. The
release of all or portions of reports may be deferred to protect the
confidentiality of ongoing investigations;
(5) Review and examine periodically the policies and
procedures of the port authority with regard to the prevention and
detection of corruption, fraud, criminal activity, conflicts of
interest, or abuse;
(6) Recommend remedial action to prevent or eliminate
corruption, fraud, criminal activity, conflicts of interest, or abuse;
(7) Establish programs for training port authority officers and
employees regarding the prevention and elimination of corruption,

The Inspector General shall have the power to:
(1) Subpoena and enforce the attendance of witnesses;
(2) Administer oaths or affirmations and examine witnesses
under oath;
(3) Require the production of any books and papers deemed
relevant or material to any investigation, examination, or review;
(4) 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;
(5) Require any officer or employee of the port authority or its
subsidiaries to answer questions concerning any matter related to
the performance of the officer or employee’s official duties. No
statement or other evidence derived therefrom may be used against
the officer or employee in any subsequent criminal prosecution
other than for perjury or contempt arising from the testimony. The
refusal of any officer or employee to answer questions shall be
cause for removal from office or employment or other appropriate
penalty;
(6) Monitor the implementation by the port authority of any
recommendations made by the Inspector General; and
(7) Perform any other functions that are necessary or
appropriate to fulfill the duties and responsibilities of office.
d. Every officer or employee in the port authority and its subsidiaries shall report promptly to the Inspector General any information concerning corruption, fraud, criminal activity, conflicts of interest, or abuse by another port authority officer or employee relating to the officer or employee’s office or employment, or by a person having business dealings with the port authority relating to those dealings. The knowing failure of any officer or employee to so report shall be cause for removal from office or employment or other appropriate penalty. Any officer or employee who acts pursuant to this section by reporting to the Inspector General improper governmental action shall not be subject to dismissal, discipline or other adverse personnel action.

13. (New section) At least 60 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 to guide the port authority’s issuance and overall amount of bonds, notes, or other debt obligations it may issue during the upcoming fiscal year.

14. (New section) a. Notwithstanding any law to the contrary, the port authority shall not have the power to organize any subsidiary corporation unless the legislature of both states shall have enacted a law granting the authority the power for the organization of a specific corporation, provided, however, that the port authority may organize a subsidiary corporation pursuant to the following requirements:

(1) The purpose for which the subsidiary corporation shall be organized shall be for a project or projects which the port authority has the power to pursue pursuant to its corporate purposes;

(2) The primary reason for which the subsidiary corporation shall be organized shall be to limit the potential liability impact of the subsidiary’s project or projects on the port authority or because state or federal law requires that the purpose of a subsidiary be undertaken through a specific corporate structure; and

(3) The subsidiary corporation shall make the reports and other disclosures as are required by the port authority, unless the subsidiary corporation’s operations and finances are consolidated with those of the port authority.

b. In such cases where the port authority is granted the power to organize a subsidiary corporation pursuant to subsection a. of this section, the authority shall file, no less than 60 days prior to the formation of the subsidiary, notice to the governor, the comptroller, and the legislature of each state that it will be creating a subsidiary.

c. Subsidiary corporations formed under subsection a. of this section shall not have the authority to issue bonds, notes, or other debts, provided, however, that subsidiary corporations may issue notes or other debt to the port authority. No debt issued by the
subsidary to the authority shall in total exceed, at any time, a
principal amount of $500,000 or, during the nine months after the
formation of the subsidiary, $1,000,000.

d. The certificate of incorporation or other document filed to
organize a subsidiary corporation under this section shall state that
the port authority is the person organizing the corporation.

e. On or before the first day of January 2015 and annually on
such day 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. The 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 bylaws and legal organization papers of the
subsidiary;

(4) A complete report of the purpose, operations, mission, and
projects of the subsidiary, including a statement of justification as
to why the subsidiary is necessary to continue its operations for the
public benefit for the people of both states; and

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

15. (New section) Notwithstanding any other provisions 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.

a. (1) The commissioners appointed by the governor from the
State of New York shall file annual financial disclosure statements
pursuant to section seventy-three-A of the Public Officers Law.

(2) Employees of the port authority who hold policy-making
positions, as determined by the port authority, or whose annual
salary equals or exceeds the salary rate of SG-24 as set forth in
paragraph A of subdivision one of section 130 of the Civil Service
Law of the State of New York as of April 1 of the year in which an
annual financial disclosure statement shall be filed, shall file annual
financial disclosure statements pursuant to section seventy-three-A
of the Public Officers Law.

(3) Any person who is required to file annual disclosure
statements pursuant to this subsection shall be subject to the
provisions, including the enforcement provisions, of section
seventy-three-A of the Public Officers Law.

b. 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.
16. (New section) a. (1) 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
pursuant to this section:
   (2) 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 available to the public by
conspicuously posting, at a minimum, the following information in
one or more designated areas and on the port authority’s official
internet website:
      (1) the amount of revenue expected to be generated from the
increase in tolls or fares;
      (2) a detailed explanation of how the revenues raised from the
increase in tolls or fares is expected to be spent; and
      (3) a written explanation of why the increase in tolls or fares is
necessary.
   c. Each hearing shall be attended by at least three
commissioners from New York and three 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 section and in section 18 of P.L. , c. (C. )
pending before the Legislature as this bill) 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,
fees, or other charges.

17. (New section) a. (1) All meetings of the port authority shall
be open to the public at all times.
   (2) Upon a majority vote of its total membership, taken in an
open meeting pursuant to a motion indentifying the general area or
areas of the subject or subjects to be considered, the board of
commissioners may exclude the public only from that portion of a
meeting at which the board of commissioners discusses any:
      (a) matter in which the release of information would impair a
right to receive funds from the Government of the United States;
      (b) material the disclosure of which constitute an unwarranted
invasion of individual or personal privacy;
(c) 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;

(d) 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 investment of port authority funds, if it could adversely affect the public interest if discussion of the matter was disclosed;

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

(f) 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 in order for the attorney to exercise the attorney’s ethical duties as a lawyer;

(g) 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

(h) 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 or omission for which the responding party bears responsibility.

b. 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, the vote of each member which shall be promptly available to the public pursuant to subsection c. of this section to the extent that making these matters public shall not be inconsistent with subsection a. of this section.

c. Minutes of each meeting shall be available to the public within two weeks from the date of the meeting.

d. The minutes shall indicate for each item on the agenda, the vote 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.

18. (New section) a. At each public meeting of the board and at each public meeting of each committee, the public shall be allotted a period of time, not less than 60 minutes, to speak on any topic on the agenda. The public speaking period shall take place prior to any board or committee action.
b. The authority shall make available to the public meeting agendas at least 72 hours before each meeting of the board and each meeting of each committee. 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 at least 72 hours before such meeting, and shall be conspicuously posted via the port authority’s official internet website at least five business days before the meeting.

The port authority shall make available to the public documents in the following manner: (1) 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 (2) the agenda and public documents pertaining to a board or committee meeting shall be posted on the port authority’s official internet website. In addition, the port authority shall send via electronic mail, the agenda and public documents pertaining to a board or committee meeting to each member of the New York State and New Jersey State legislatures.

19. (New section) a. For the purposes of this section:

“Immediate family” shall mean a spouse, domestic partner, partner in a civil union, son, daughter, grandson, granddaughter, father, mother, grandfather, grandmother, great-grandfather, great-grandmother, brother, sister, nephew, niece, uncle, or aunt. Relatives by adoption, half-blood, marriage, or remarriage shall be treated as relatives of the whole kinship.

“Interest” shall mean: if the business organization is a partnership, the board member or the board member’s immediate family is a partner or owner of 10 percent or more of the assets of the partnership; or if the business organization is a corporation, the board member or the board member’s immediate family owns or controls 10 percent or more of the stock of the corporation, or serves as a director or officer of the corporation.

b. A board member shall not vote on, or participate in any board or committee discussions with respect to, any agenda item if the board member, a member of the board member’s immediate family, or a business organization in which the board member has an interest, has a direct or indirect financial involvement that may reasonably be expected to impair the board member’s objectivity or independence of judgment or to create the appearance of impropriety. The board member shall be recused from any discussions or voting on the agenda item. A board member shall clearly indicate the board member’s recusal from voting on an agenda item and the minutes shall clearly reflect that recusal.

20. (New section) a. For the purposes of this section:

"GAAP" means the generally accepted accounting principles established by the Governmental Accounting Standards Board.
“Major capital project” means an undertaking or program for the
acquisition, creation, or development of any crossing, transportation
facility, terminal facility, or commerce facility or any part thereof,
with an estimated total project cost in excess of $500,000,000.

b. The port authority shall prepare a detailed annual operating
budget beginning with the fiscal year commencing after the
effective date of P.L. , c. (pending before the
Legislature as this bill).

(1) The initial annual operating budget shall be made publicly
available, including on the port authority’s internet website, in July
of every fiscal year, and a final annual operating budget, which
shall take into account public comment, shall be made available in
February of each fiscal year.

(2) It shall be the policy of the port authority that its annual
operating budget be balanced in accordance with GAAP principles,
provided, however, special circumstances may permit that deficits
be covered with accrued reserves or other resources.

c. The port authority shall prepare a long-range capital strategy
plan and shall revise the long-range plan every four years beginning
with the fiscal year commencing after the effective date of P.L. ,
c. (pending before the Legislature as this bill)

(1) The capital strategy plan shall specify the projects to be
initiated and the expected cost of those projects. The commitment
plans shall include a financing plan that identifies the source of
funding for each project.

(2) Quarterly reports shall be prepared by the port authority and
made publicly available with the status of each project in the capital
strategy plan. These reports shall compare actual and target
performance measures, including but not limited to costs and
construction schedules, and a narrative explanation of any
discrepancy thereof.

(3) The port authority shall also provide that major capital
projects are monitored by independent engineering consultants.
The independent consultants shall prepare quarterly reports to be
provided to the board and to the public. The quarterly reports
prepared by independent consultants shall include, but not be
limited to, a comparison of actual and target performance measures
including, but not limited to, costs and construction schedules, and
a narrative explanation of any discrepancy thereof.

21. a. The port authority, at the request of either house of the
state legislature, shall be required to appear before a committee of
the requesting state legislature to present testimony on any topic or
subject requested by the committee or to respond to questions by
members of the committee.

b. The port authority shall, at a minimum, be represented by
the chair or vice-chair of the board, the executive director or deputy
executive director, the chief financial officer, and any staff deemed
necessary by the chair or vice-chair of the board, the executive
director or deputy executive director, or the chief financial officer
to present testimony or respond to questions at any appearance
required pursuant to this section. The committee may request the
appearance of any officer or employee of the port authority.

22. This act shall take effect upon the enactment into law by the
State of New York of legislation having an identical effect with this
act, but if the State of New York shall have already enacted such
legislation, this act shall take effect immediately.

STATEMENT

This bill enacts certain reforms to ensure the proper functioning
of the Port Authority of New York and New Jersey (“Port
Authority”) as an open, transparent, and accountable interstate
authority. The Port Authority’s operations include Newark Liberty,
LaGuardia, Kennedy, Stewart, Atlantic City, and Teterboro airports;
the Port of New York and New Jersey; the PATH mass transit
system; the World Trade Center; and numerous bridges and tunnels,
including the George Washington Bridge and the Lincoln and
Holland tunnels.

Board Responsibilities

The bill requires the Port Authority’s board of commissioners to:
provide direct oversight of the authority’s chief executive and
senior management; oversee the implementation of financial and
management controls and operational decisions; establish policies
concerning the compensation of officers and employees; adopt a
code of ethics; establish policies protecting employees who disclose
information concerning acts of wrongdoing; and adopt a defense
and indemnification policy. The bill also requires the Port
Authority to establish audit, governance, and finance committees.
The governance committee is to examine professional relationships
between those appointed by the Governor of New York and those
appointed by the Governor of New Jersey to ensure maximum
communication, coordination, and cooperation.

Fiduciary Oath

The bill requires every member of the Port Authority board to
perform each of their duties as a board member in good faith and
with that degree of diligence, care, and skill which an ordinarily
prudent person in similar position would exercise under similar
circumstances. At the time that the board member takes and
subscribes the oath of office, the board member is to execute an
acknowledgement of the board member’s role, fiduciary duty, duty
of loyalty and care to the organization, and commitment to the
authority’s mission and the public interest.

Efficiency Study

Every two years, the Port Authority is required to have an
efficiency study conducted by an outside, independent efficiency
expert to identify waste or abuse involving the Port Authority.

Disposal of Property

The bill establishes various requirements concerning the disposal
of property by the Port Authority. The Port Authority is required to
designate a contracting officer to be responsible for complying with
the provisions established in the bill, and is required to maintain
adequate inventory controls and accountability systems for its
property, periodically inventory its property, and dispose of
property promptly. In addition, the Port Authority is required to
produce an annual list, including descriptions, of all real property.
Before disposing or contracting for the disposal of property, the bill
requires the Port Authority to publicly advertise for bids. The
provisions concerning the disposal of property limit the Port
Authority’s ability to dispose of property for less than the
property’s fair market value.

Reporting Requirements

The bill requires the Port Authority to provide, within 90 days of
the end of its fiscal year, a complete and detailed report setting
forth: the Port Authority’s operations and accomplishments;
certified financial reports; charter and by-laws; a schedule of
outstanding bonds and notes, a statement of the amounts redeemed
and incurred during the fiscal year as part of a schedule of debt
issuance, and a detailed list of costs of issuance for such debt;
biographical information and titles of commissioners and senior
management, including compensation and benefits paid to
commissioners and to senior staff; the projects undertaken during
the past year; the Port Authority’s code of ethics; an assessment of
the effectiveness of the Port Authority’s internal control structure
and procedures; a description of the Port Authority and its board
structure; a listing of all real property having an estimated fair
market value of $15,000 or more that the authority acquired or
disposed of; a description of the total amounts of assets and services
bought or sold without competitive bidding; a listing of material
changes in operations and programs; at a minimum, a four-year
financial plan; board performance evaluations; and a list of any
pending litigation to which the Port Authority is involved as a party.

Annual Audit

The Port Authority is required to submit to the governor, the
state comptroller, and legislature of each state, a copy of an annual
independent audit report, performed by a certified public accounting
firm in accordance with generally accepted auditing standards, and
management letter and any other external examination of the books
and accounts of the authority. The bill also establishes various
restrictions on what other services the auditing firm is allowed to
provide to the Port Authority.

Lobbying Restrictions

The Port Authority is required to maintain a record of all
lobbying contacts made with the Port Authority. Every board
member, officer, or employee of the Port Authority who is
contacted by a lobbyist is required to make a contemporaneous
record of the contact containing the day and time of the contact, the
identity of the lobbyist, and a general summary of the substance of
the contact. For the purposes of the bill, “lobbying” includes any
attempt to influence: the adoption or rejection of any rule or
regulation having the force and effect of law by the Port Authority;
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 the outcome of any
proceeding by the Port Authority to establish, levy, or collect fees,
tolls, charges, or fares.

Role of Inspector General

The bill creates an Office of the Inspector General. The
Inspector General is to be appointed by, and report to, the board of
commissioners of the Port Authority. The Inspector General may
appoint one or more deputy inspectors general to serve at the
Inspector General’s pleasure, who shall be responsible for
conducting audits and investigations in the Port Authority. The
Inspector General has the duty and responsibility to: (1) receive and
investigate complaints from any source concerning allegations of
corruption, fraud, criminal activity, conflicts of interest, or abuse;
(2) inform the board of commissioners and executive director of
allegations and the progress of investigations related thereto, unless
special circumstances require confidentiality; (3) determine with
respect to allegations whether disciplinary action, civil or criminal
prosecution, or further investigation by an appropriate federal, state,
or local agency is warranted, and to assist in these investigations;
(4) prepare and release to the public written reports of
investigations; (5) review and examine periodically the policies and
procedures of the Port Authority with regard to the prevention and
detection of corruption, fraud, criminal activity, conflicts of
interest, or abuse; (6) recommend remedial action to prevent or
eliminate corruption, fraud, criminal activity, conflicts of interest,
or abuse; and (7) establish programs for training Port Authority
officers and employees regarding the prevention and elimination of corruption, fraud, criminal activity, conflicts of interest, or abuse.

The Inspector General shall have the power to: subpoena and enforce the attendance of witnesses; administer oaths or affirmations and examine witnesses under oath; require the production of any books and papers; examine and copy or remove documents or records of any kind prepared, maintained, or held by the Port Authority and its subsidiaries; require any officer or employee of the Port Authority or its subsidiaries to answer questions concerning any matter related to the performance of the officer or employee’s official duties; monitor the implementation by the Port Authority of any recommendations made by the Inspector General; and perform any other functions that are necessary or appropriate to fulfill the duties and responsibilities of that office.

The bill also requires every officer or employee in the Port Authority and its subsidiaries to report promptly to the Inspector General any information concerning corruption, fraud, criminal activity, conflicts of interest, or abuse by another Port Authority officer or employee relating to the officer or employee’s office or employment, or by a person having business dealings with the Port Authority relating to those dealings. The knowing failure of any officer or employee to so report shall be cause for removal from office or employment or other appropriate penalty.

**Whistleblower Protections**

The bill requires the Port Authority Inspector General, after consultation with the Attorneys General of both states, to develop a whistleblower access and assistance program which shall include, but not be limited to: evaluating and commenting on whistleblower programs and policies; establishing toll-free telephone and facsimile lines available to employees; offering advice regarding employee rights under applicable state and federal laws and advice and options available to all persons; and offering an opportunity for employees to identify concerns regarding any issue at the port authority. The Port Authority is prohibited from firing, demoting, suspending, threatening, harassing, or discriminating against an employee because of the employee’s role as a whistleblower, insofar as the actions taken by the employee are legal.

**Subsidiary Corporations**

With certain exceptions, this bill limits the ability of the Port Authority to organize additional subsidiary corporations unless the legislatures of both states shall have enacted a law granting the power for the organization of a specific corporation. A subsidiary corporation may be organized if the purpose for which the subsidiary corporation is to be organized is for a project or projects which the Port Authority has the power to pursue pursuant to its corporate purposes; the primary reason for the subsidiary
corporation is to limit the potential liability impact of the
subsidiary’s project or projects on the Port Authority or because
state or federal law requires that the purpose of a subsidiary be
undertaken through a specific corporate structure; and the
subsidiary corporation makes the reports and other disclosures as
are required by the Port Authority.

Financial Disclosure Statements
The bill requires the Port Authority commissioners appointed by
the governor from the State of New York to file annual financial
disclosure statements pursuant to the Public Officers Law of New
York. Employees of the Port Authority who hold policy-making
positions, as determined by the Port Authority, or whose annual
salary equals or exceeds the salary rate of SG-24 as set forth in the
Civil Service Law of New York, are also required to file annual
financial disclosure statements pursuant to the Public Officers Law
of New York. The commissioners appointed by the Governor of the
State of New Jersey are required to file annual financial disclosure
statements as required by New Jersey State law or Executive Order.

Needs Assessment
The Port Authority is required to have a needs assessment
conducted by an independent entity prior to any increase in fees,
tolls, charges, or fares. The assessment is to be presented by the
independent entity to the board of commissioners at a public
meeting to be held at least 120 days prior to any meeting of the
commissioners to vote to increase any fees, tolls, charges, or fares.

Hearings Before Toll or Fare Increase
Under the bill, the Port Authority is required to hold at least six
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 locations for public hearings
are to 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.

In addition, at least 72 hours before the first hearing, the Port
Authority is required to make available to the public: the amount of
revenue expected to be generated from the increase in tolls or fares;
a detailed explanation of how the revenue raised from the increase
in tolls or fares is expected to be spent; and a written explanation of
why the increase in tolls or fares is necessary.

Each public hearing is to be attended by at least three
commissioners from the State of New York and three
commissioners from the State of New Jersey and no more than one
public hearing may be held in a single day. At least one-half of the
public hearings are to be scheduled to begin after 6:30 p.m., Eastern
Standard Time, on a weekday. The public is to be allotted a period
of time, not less than 60 minutes, to speak at each hearing.

The Port Authority is to ensure that each of these requirements
are complied with before placing on the meeting agenda of the
board of commissioners, any item or matter relating to an increase
in tolls, fees, or other charges.

Open Public Meetings

The bill provides that all meetings of the Port Authority are to be
open to the public at all times unless a majority of the commissions
votes that a portion of the meeting may be conducted in closed
session. The Port Authority may only exclude the public if the
discussion concerns: a matter in which the release of information
would impair a right to receive funds from the government of the
United States; material the disclosure of which constitutes an
unwarranted invasion of individual or personal privacy; a collective
bargaining agreement; a matter involving the purchase, lease, or
acquisition of real property with Port Authority funds, the proposed
acquisition of securities, or sale or exchange of securities held by
the Port Authority, or investment of Port Authority funds, if it could
adversely affect the public interest if discussion of the matters were
disclosed; matters which will imperil the public safety if disclosed;
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 in order for the attorney to exercise the attorney’s ethical
duties as a lawyer; a 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; or deliberations 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 or omission for which the responding party bears responsibility.

The Port Authority is required to keep reasonably
comprehensible minutes of all its meetings showing the time and
place, the members present, the subjects considered, the actions
taken, the vote of each member which shall be promptly available to
the public. Minutes of each meeting are to be available to the
public within two weeks from the date of the meeting.

The minutes are to indicate for each item on the agenda, the vote
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 is to be voted on separately.
Finally, the board is to 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 videoconferencing or similar technology to conduct its meetings, it shall provide an opportunity for the public to attend, listen.

Public Participation at Meetings/Notice Provisions

The bill requires that the public be given not less than 60 minutes to speak at each public meeting of the Port Authority.

In addition, the Port Authority is required to make available to the public meeting agendas at least 72 hours before each meeting of the board and each meeting of each committee. Public notice of the time and place of a meeting is to be provided to appropriate media outlets, conspicuously posted in one or more designated areas at least 72 hours before such meeting, and conspicuously posted via the port authority’s official internet website at least five business days before the meeting.

Recusals

The bill prohibits a board member from voting on, or participating in any board or committee discussions with respect to, any agenda item if the board member, a member of the board member’s immediate family, or a business organization in which the board member has an interest, has a direct or indirect financial involvement that may reasonably be expected to impair the board member’s objectivity or independence of judgment or to create the appearance of impropriety. The board member is to be recused from any discussions or voting on the agenda item. A board member is to clearly indicate the board member’s recusal from voting on an agenda item and the minutes are to clearly reflect that recusal.

Operating Budget/Capital Strategy Plan

The Port Authority is required to prepare a detailed annual operating budget. It is to be the policy of the Port Authority that its annual operating budget be balanced in accordance with generally-accepted accounting principles, provided, however, special circumstances may permit that deficits be covered with accrued reserves or other resources.

The Port Authority is also required to prepare a long-range capital strategy plan and revise the long-range plan every four years. The capital strategy plan is to specify the projects to be initiated and the expected cost of those projects. The plans are also to include a financing plan that identifies the source of funding for each project. The Port Authority is required to prepare quarterly reports with the status of each project in the capital strategy plan.
The Port Authority is required to provide that major capital projects are monitored by independent engineering consultants. A major capital project is defined to mean certain projects with a cost in excess of $500,000,000.

Appearing Before Legislatures
Finally, the Port Authority, at the request of either house of the state legislature of New York or New Jersey, is required to appear before a committee of the requesting state legislature to present testimony on any topic or subject requested by the committee or to respond to questions by members of the committee.

The bill takes effect when New Jersey and New York have enacted substantively identical legislation.