

## 2020 ANNUAL REPORT

# Delivering Through Crisis



## OUR MISSION

Meet the critical transportation infrastructure needs of the bi-state region's people, businesses, and visitors by providing the highest-quality and most efficient transportation and port commerce facilities and the services to move people and goods within the region, provide access to the nation and the world, and promote the region's economic development. Our mission is simple: to keep the region moving.



The seaport saw record-breaking cargo volumes in 2020 due to robust demand for goods during the pandemic.

# Delivering Through Crisis

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## The Port Authority of New York and New Jersey Annual Report for the Year Ended December 31, 2020

Prepared by the Office of the Chief Communications Officer and the Comptroller's Department of  
The Port Authority of New York and New Jersey

4 World Trade Center, 150 Greenwich Street, 23rd Floor, New York, NY 10007  
[www.panynj.gov](http://www.panynj.gov)

### ON THE COVER:

Left Column (top to bottom) LGA Terminal B, EWR aerial

Right Column (top to bottom) George Washington Bridge, CMA CGM at the Bayonne Bridge, PATH, 1 World Trade Center



The Port District includes the cities of New York and Yonkers in New York State; the cities of Newark, Jersey City, Bayonne, Hoboken, and Elizabeth in the State of New Jersey; and more than 200 other municipalities, including all or part of 17 counties, in the two states.

## ORIGINS OF THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

The Port Authority was established by the Compact of April 30, 1921, between the States of New York and New Jersey as one of the first interstate agencies created under the clause of the United States Constitution permitting compacts between states with the consent of Congress. The Compact, designed to improve the region's economic health, also created the Port District, which comprises an area of about 1,500 square miles in both states, centered about New York Harbor.

In the nearly 100 years since then, the Port Authority's mandate has evolved to promote and protect the commerce of the bi-state port region, as well as to undertake improvements to regional transportation: modern wharfage for the harbor shared by the two states; tunnel and bridge connections between the states; airports; terminal and transportation facilities, such as the Port Authority Trans-Hudson (PATH) rail system; the World Trade Center; and, in general, trade and transportation projects to promote the region's well-being.



# Board of Commissioners of the Port Authority

The Governor of each state appoints six members to the agency's **Board of Commissioners** for overlapping six-year terms; each appointment is subject to the approval of the respective State Senate. Commissioners serve as public officials of their respective states, and without remuneration. The Governors retain the right to veto the actions of Commissioners from their respective states.

## Board of Commissioners

*As of December 31, 2020*

Kevin J. O'Toole, *Chairman*  
 Jeffrey H. Lynford, *Vice Chairman*  
 Richard H. Bagger  
 Leecia Eve  
 Daniel J. Horwitz  
 Gary LaBarbera  
 Kevin P. McCabe  
 George T. McDonald  
 Raymond M. Pocino  
 Rossana Rosado  
 David S. Steiner



**CHAIRMAN**  
**KEVIN J. O'TOOLE**  
 Managing Partner  
 O'Toole Scrivo Fernandez  
 Weiner Van Lieu, LLC



**VICE CHAIRMAN**  
**JEFFREY H. LYNFORD**  
 President and CEO  
 Educational Housing  
 Services, Inc.



**RICHARD H. BAGGER**  
 Executive Director  
 & Member  
 Christie 55 Solutions, LLC



**LEECIA EVE**  
 Vice President  
 Public Policy, Verizon



**DANIEL J. HORWITZ**  
 Partner  
 McLaughlin & Stern, LLP



**GARY LABARBERA**  
 President  
 Building and Construction  
 Trades Council of Greater  
 New York



**KEVIN P. MCCABE**  
 Partner  
 River Crossing  
 Strategy Group



**GEORGE T. MCDONALD**  
 Founder and President  
 The Doe Fund, Inc.



**RAYMOND M. POCINO**  
 Vice President  
 Laborers International  
 Union of North America  
 Eastern Regional Manager

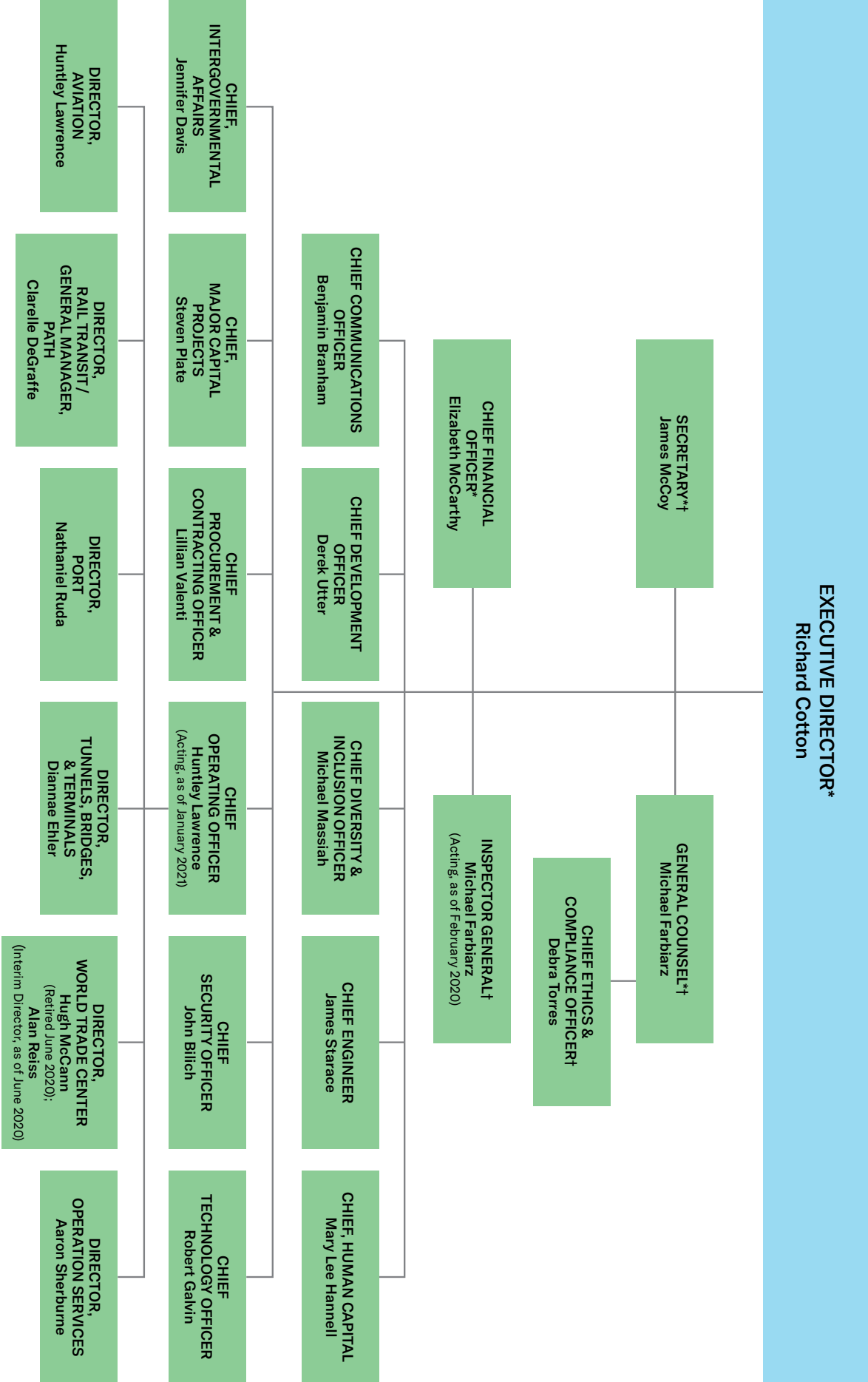


**ROSSANA ROSADO**  
 Secretary of State —  
 State of NY  
 NYS Department of State



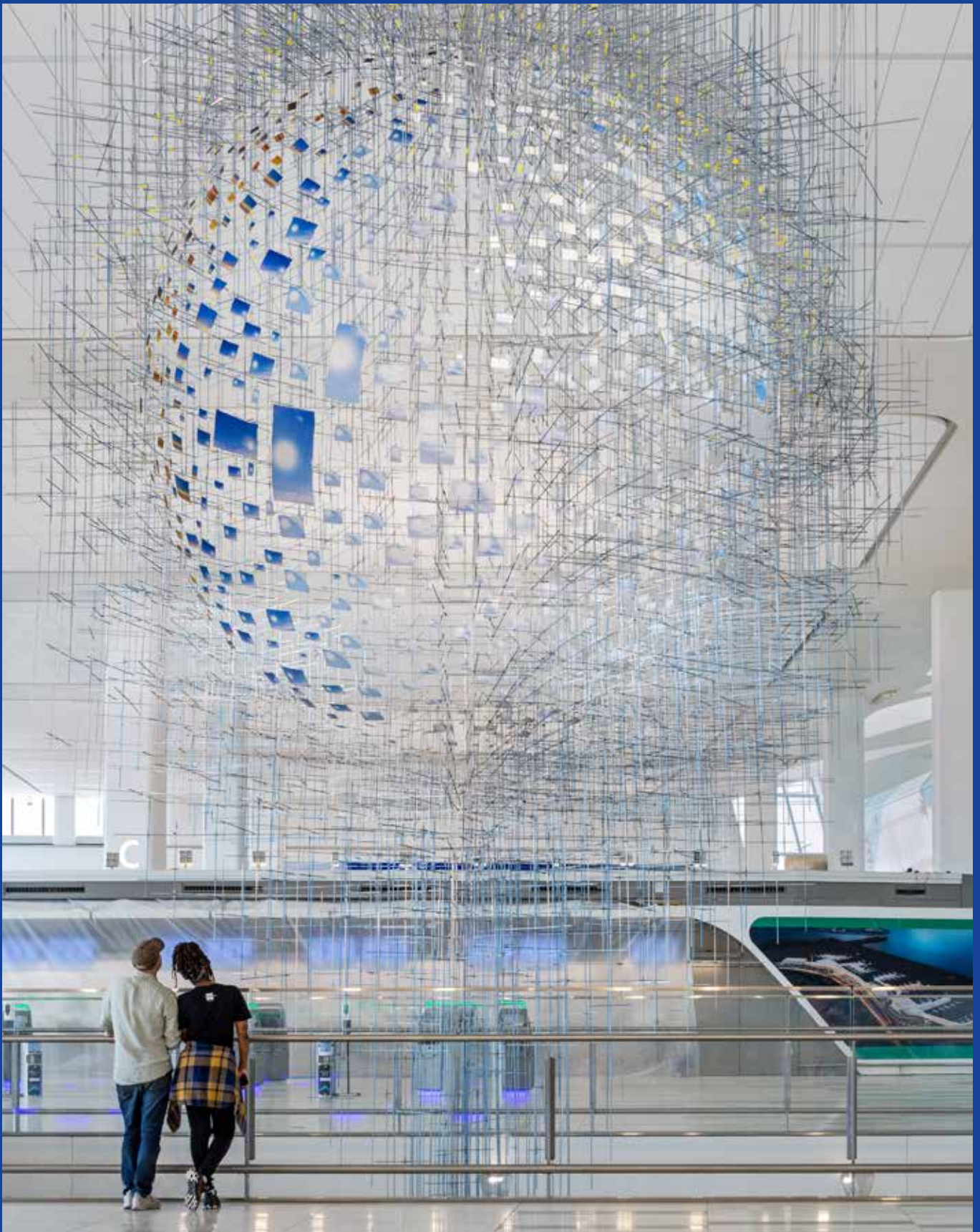
**DAVID S. STEINER**  
 Chairman  
 Steiner Equities Group, LLC

**OFFICERS AND EXECUTIVE MANAGEMENT**



\* Officers of the Port Authority, in addition to those listed here, pursuant to the by-laws of the Port Authority, the following also serve as officers: a Chairman (Kevin J. O'Toole), a Vice Chairman (Jeffrey H. Lynford), a Deputy Executive Director (Vacant), a Comptroller (Daniel McCarron), and a Treasurer (Cheryl Yetka).

† Also has reporting line to the Board of Commissioners



Sarah Sze's *Shorter Than the Day* is one of four art installations in Terminal B at LaGuardia Airport.



# Letter of Transmittal to the Governors

**Dear Governors Andrew M. Cuomo and Phil Murphy,**

ON BEHALF OF THE BOARD OF COMMISSIONERS, we are pleased to present to you and to the legislatures of New York and New Jersey the 2020 Annual Report of The Port Authority of New York and New Jersey.

“Delivering Through Crisis” — the theme of this year’s annual report — aptly describes the accomplishments of the Port Authority in 2020, as it faced the unprecedented challenges of the COVID-19 pandemic.

With the vision of the Board and dedication of its workforce, the Port Authority throughout 2020 continued to deliver on its commitment to operate its facilities at a high standard. Simultaneously, the Agency remained focused on completing initiatives across the spectrum of Agency priorities and standards. Above all, the Port Authority committed itself to the goal of delivering world-class, 21st-century infrastructure to the region.

We also sadly acknowledge the passing of Commissioner George McDonald in January 2021. Commissioner McDonald had a long record of service to the people of the region. He brought a depth of experience and an enthusiastic and sincere perspective to the work he did on the Board. He will be deeply missed.

## **DELIVERING THROUGH CRISIS — COVID-19 FACILITY AND WORKFORCE HEALTH AND SAFETY**

Throughout the coronavirus pandemic, the Port Authority’s top priority has been implementing and maintaining best-in-class COVID-19 safety protocols to protect the health of its customers and employees. With these measures in place and with the unwavering dedication of the Port Authority’s workforce, all agency facilities (airports, bridges and tunnels, bus terminals and bus stations, PATH, the seaport, the Oculus, and the World Trade Center campus) remained open and operating at high levels, keeping the region’s essential workers moving and critical supply lines open.

## **DELIVERING THROUGH CRISIS — REVENUE LOSS AND CAPITAL PROJECT DELIVERY**

In March 2020, the COVID-19 pandemic virtually halted air travel and commuter rail ridership and led to unprecedented drops in vehicle activity and cargo volumes at Port Authority facilities. Sustained, extremely low facility activity volumes caused a revenue loss of unprecedented proportions.

Through December 31, 2020, the Port Authority’s revenue loss totaled \$1.7 billion, validating the Agency’s estimate of \$3 billion in lost revenue over the 24-month period from March 2020 to March 2022.

Through its 100-year history, the Port Authority has depended on its own revenues to support its operations, to maintain its critical infrastructure assets, and to carry out its capital construction program, except in times of extraordinary crisis, such as 9/11 and Superstorm Sandy.

The 2020 challenge of managing through the extraordinary drop in revenue forced rapid action to cut costs, reduce headcount, and cut back capital spending. While the Agency sought federal aid to assist in managing through the crisis, that effort was largely unsuccessful with federal assistance offsetting significantly less than 25 percent of the Agency’s revenue loss.

Nonetheless, in the face of the extraordinary operational and financial challenges posed by the COVID-19 crisis, the Port Authority in 2020 continued to make substantial progress on projects that were in construction prior to the start of the pandemic, both large and small. These projects included multi-billion-dollar transformative redevelopments at both LaGuardia and Newark Liberty International airports, and critical state-of-good-repair projects at the George Washington Bridge. Capital projects in the design phase bore the brunt of the cutbacks.



## **DELIVERING THROUGH CRISIS — CONFRONTING SYSTEMIC RACISM**

In addition to the challenges of the coronavirus pandemic, in 2020, the Port Authority faced the challenges of responding to the Black Lives Matters movement against systemic racism following the murder of George Floyd in May 2020. The Port Authority quickly established a Leadership Steering Committee (LSC) that worked to examine and improve race dynamics within the Agency, an effort that produced a comprehensive, in-depth response embracing 25 separate initiatives that the Agency will be completing throughout 2021. These initiatives will represent the most sweeping set of diversity and inclusion measures in the Agency's history.

## **DELIVERING THROUGH CRISIS — ADVANCEMENT OF AGENCY PRIORITIES AND STANDARDS**

As is laid out in greater detail in this annual report, the Port Authority made tangible progress in 2020 in continuing to advance initiatives supportive of the agency's six priorities: safety and security, capital plan, customer experience, operational excellence, sustainability, and becoming an employer of choice.

The Port Authority has been able to advance these mission-critical priorities by strict adherence to six standards of performance: ethics and integrity, diversity and inclusion, global best practices, 21st-century technology, collaboration, and speed of execution.

As we write to you — in the Port Authority's centennial year — we know that there remain great challenges ahead as the region continues to recover from the effects of the COVID-19 crisis. Despite these challenges, the Port Authority will continue to execute on its agenda to deliver 21st-century transportation infrastructure to the region in support of its mission, "to keep the region moving," just as it has for the past 100 years.

Sincerely,



Kevin J. O'Toole  
Chairman



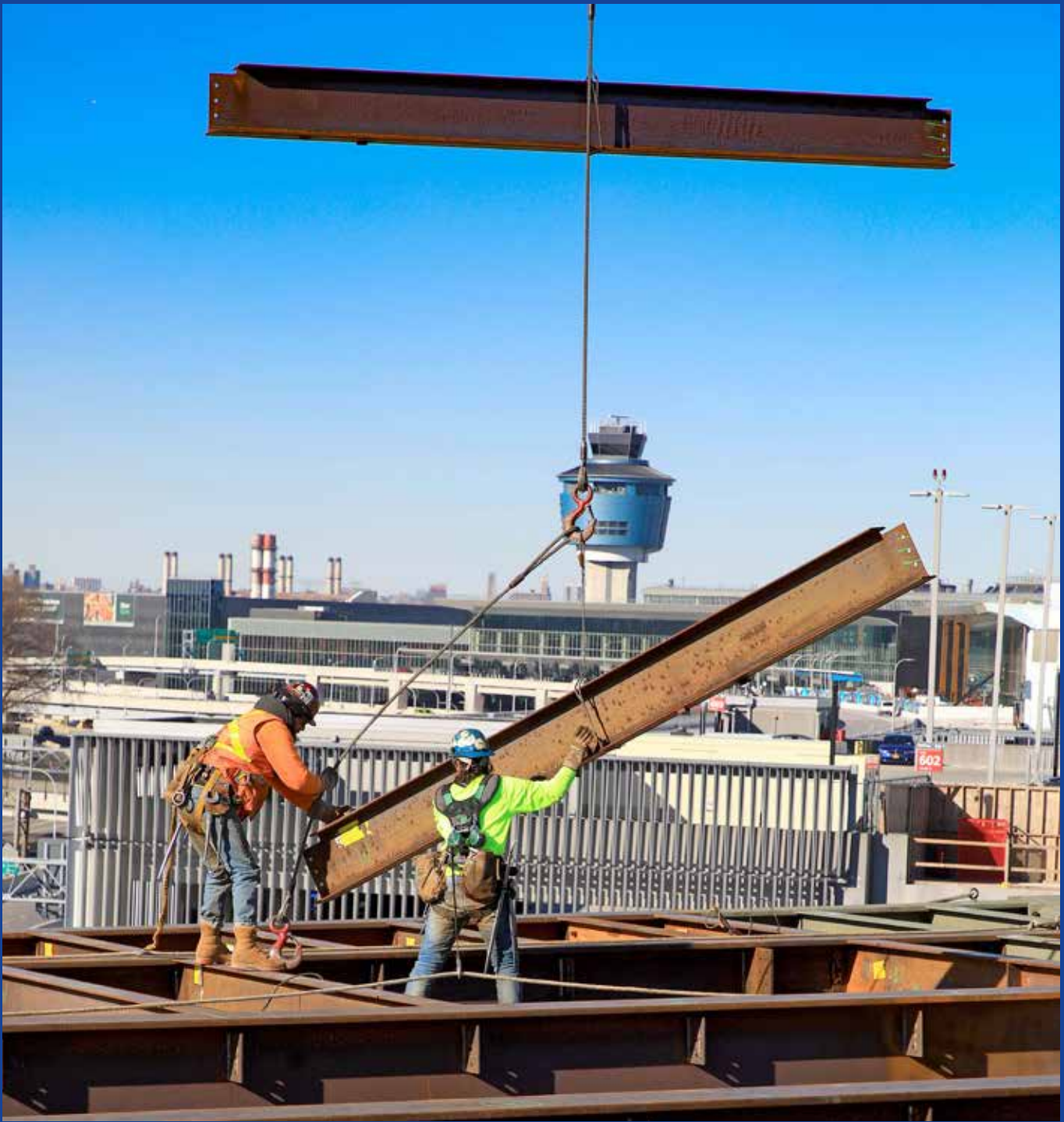
Rick Cotton  
Executive Director



Governor Cuomo at the LaGuardia Airport Terminal B Arrivals and Departures Hall opening.



Governor Murphy at the construction site for the new Newark Liberty International Airport Terminal A.



Workers advance steel erection on portions of the new LaGuardia Airport.

# Introduction: Delivering through Crisis



**In 2020, the Port Authority of New York and New Jersey faced unprecedented challenges, but as it has for nearly 100 years when challenged, the Port Authority did not falter. The Agency and its dedicated workforce demonstrated its resilience and “delivered through crisis.”**



A container ship sails through New York Harbor to the Port of New York and New Jersey.

Despite a once-in-a-century pandemic, the Port Authority continued to deliver on its commitment to upgrade facility operations and complete initiatives across the spectrum of Agency priorities and standards, ever focused on the goal of delivering world-class, 21st-century infrastructure to the region.

For the first two months of 2020, the Agency was on track to once again break records for passenger and cargo volumes. The great engine that has helped power the region's economy for a century by moving people and goods was operating at record levels.

Then in March 2020, the region was confronted by the COVID-19 pandemic that quickly upended lives. The nation's economy ground to a halt. Air travel virtually ceased overnight. The rapid, deadly spread of the coronavirus led to unprecedented drops in passenger vehicle usage and cargo volumes at Port Authority facilities.

The lone bright spot in volume activity was the Agency's seaports, where activity levels recovered by September following the pandemic's initial disruption of supply chains — even breaking cargo volume records in Q4 — as the seaport kept the vital supply chain of food, supplies, and medicines moving across the region.

However, the sustained, extremely low volume of activity at the airports and PATH, as well as the drop in vehicular traffic at the bridges and tunnels, caused a revenue loss of unprecedented proportions. Through December 31, the Port Authority's revenue loss totaled \$1.7 billion, validating the Agency's estimate of \$3 billion in lost revenue through March 2022. Throughout the COVID-19 crisis, the Port Authority has advocated for federal aid to mitigate the negative impacts of this revenue loss to the Agency's (a) agenda to revitalize legacy infrastructure and (b) ability to contribute to the region's economic recovery.

In addition to the challenges of the coronavirus pandemic, in 2020, the Port Authority — like all public and private organizations — faced the challenges of responding to the Black Lives Matters protest against systemic racism following the death at the hands of the Minneapolis police of George Floyd in May. The Port Authority quickly established a Leadership Steering Committee (LSC) to examine race dynamics within the Agency and provide recommendations for actions that advance an anti-racism agenda. Those recommendations are detailed further in this report.

## Despite these daunting challenges, the Port Authority workforce continued to deliver through crisis day after day.

Despite these daunting challenges, the Port Authority workforce continued to deliver through crisis day after day. It is a testament to their continued commitment and hard work, by both represented and unrepresented employees, and to the leadership of the 23 unions that represent the majority of Agency employees, that the Port Authority was able to navigate this crisis.

### DELIVERING THROUGH CRISIS: COVID-19 FACILITY HEALTH AND SAFETY

Throughout the coronavirus pandemic, the Port Authority remained focused on implementing and maintaining best-in-class COVID-19 safety protocols at all Agency facilities. These actions included:

- Implementing face covering/mask requirements at Port Authority facilities, including PAPD enforcement mechanisms that subject violators to \$50 fines.



Enhanced cleaning and disinfecting at Newark Liberty International Airport.





Riders masked-up aboard a PATH train during the COVID-19 pandemic.

- Restricting airport terminal access to passengers and employees.
- Enhancing cleaning and disinfection routines in all facilities and on PATH cars.
- Communicating physical distancing guidelines and public health messaging, and installing hand sanitizer dispensers.
- Partnering with public health officials and private partners to bring COVID-19 diagnostic testing sites to JFK, EWR, LGA, and the Midtown Bus Terminal.
- Utilizing contactless technologies.

Initiatives implemented at our airports earned each of them COVID-19 health and safety accreditations from Airports Council International, a key external recognition of the effectiveness of the safety precautions put in place during the coronavirus pandemic.

### **DELIVERING THROUGH CRISIS: COVID-19 WORKFORCE HEALTH AND SAFETY**

The Agency similarly responded quickly and vigorously to protect employee health. These actions included:

- Staggering shifts, promoting social distancing and frequent hand washing, and enhanced cleaning and disinfection.

- Transitioning to “A” and “B” teams in the spring of 2020 to rotate essential staff between “on-duty” and “on-reserve” shifts to minimize potential exposures and resulting quarantines.
- Providing fitted N-95 masks for frontline Agency workers.
- Mandating use of masks for employees when indoors and outside in enclosed workspaces.
- Transitioning nearly 3,000 Agency employees — whose duties allowed it — to remote work arrangements.
- Establishing the Agency’s 24/7 COVID-19 employee hotline.
- Developing new emergency leave programs to meet the needs of those impacted by the coronavirus.

As a result of these measures and more detailed later in this report, the Port Authority minimized the toll of the coronavirus. Nonetheless, some 560 of the agency’s 8,000 employees were infected with the virus over the 10 months from March to December. While the vast majority recovered, in 2020 COVID-19 tragically claimed the lives of four Port Authority employees, from both the remote and frontline workforces.

Each of these losses is tragic and our thoughts and prayers remain with the families of those the Port Authority lost.



Containers being offloaded at ExpressRail Staten Island.

## DECREASE IN OPERATING VOLUMES, REVENUES

Through the first two months of 2020, Port Authority facilities continued their 2019 trend of handling record-breaking operating volumes. But in mid-March, the coronavirus led to unprecedented drops in passenger volumes.

- **Airports:** From 98 percent down at their lowest point in the spring, airport passenger volumes leveled out between 77 to 80 percent down from mid-September through year-end.
- **PATH:** From 95 percent down at its lowest point in the spring, PATH's weekday ridership leveled out between 77 to 80 percent down from Mid-September through year-end.
- **Bridges & Tunnels:** From more than 60 percent down at its lowest point in the spring, overall vehicular traffic volume leveled out between 10 and 15 percent down from late July through year-end.
- **Ports:** Port cargo volumes — which proved the most resilient — were down from 2019 levels by 16 to 17 percent in May and June, down 8.4 percent in the month of July. But by August, cargo volumes had fully recovered, setting records each month through the end of the year. For the full year of 2020, cargo volume increased 1.5 percent compared to 2019.

The net impact of the reduced activity volumes from COVID-19 on the Agency's finances has been devastatingly negative. In 2020, lost revenues totaled approximately \$1.7 billion and the Agency continues to project a \$3 billion revenue loss from Q2 2020 through Q1 2022. This revenue loss represents one of the worst financial downturns in the Port Authority's recent history.

Despite the dramatic reduction of the Port Authority's finances at the hands of the COVID-19 crisis, the Port Authority continued to operate its facilities to a high standard.

## DELIVERING THROUGH CRISIS: PRIORITY INITIATIVES

In the face of the extraordinary challenges of responding to the coronavirus crisis, there was no area in which the Agency stood still, continuing to make substantial progress on projects in construction.

In 2020, the major milestones include:

- Advanced the construction of A Whole New LaGuardia, more than 60 percent of which is now open to the public. In June 2020, the Agency opened the new Terminal B Arrivals and Departures Hall, along with 75 percent of the new airport's vastly improved roadway network, topped out steel at Delta's Arrivals and Departures Hall in July, and opened seven more gates in Terminal B's western concourse in August.
- Advanced the construction of a new state-of-the-art terminal at Newark Liberty International Airport, including a new public parking garage and consolidated car rental facility, with these facilities now scheduled to open in early 2022.
- Advanced the environmental review, design work, and procurement processes on the two new AirTrain projects at EWR and LGA, with both targeted to begin construction in 2021.
- Advanced construction on the \$344 million American Airlines JFK Terminal 8 expansion project, topping out steel on the first half of the expansion in October 2020.
- Advanced the planning, design, and environmental review of the Midtown Bus Terminal Replacement project. The final scoping document for the new terminal was released in January 2021.
- Replaced more than 280 — nearly 50 percent — of the George Washington Bridge's 592 suspender ropes as part of the "Restore the George" program.



- Continued to make progress on the PATH Improvement Plan, which was announced in June 2019, to increase capacity (including a 40 percent increase on the Newark to World Trade Center line by 2023), reduce delays, and improve the customer experience.
- Completed Superstorm Sandy-related structural repairs on PATH's downtown Hudson River tunnels six months early.
- Continued work on bringing the World Trade Center campus closer to its final configuration by driving resumption of construction on St. Nicholas Greek Orthodox Church in August, and worked with partners to continue rapid construction of the Performing Arts Center.

## AGENCY PRIORITIES

The Port Authority is focused on the implementation of six agency-wide priorities to accomplish its mission:

- Safety & Security
- Capital Plan
- Customer Experience
- Operational Excellence
- Sustainability
- Employer of Choice

Supporting the agency's six priorities are six standards. These standards are how the Port Authority works to meet its priorities:

- Integrity
- Diversity & Inclusion
- Global Best Practices
- 21st-Century Technology
- Collaboration
- Speed of Execution

In the following pages, the Port Authority's 2020 achievements and accomplishments are outlined under these 12 headings.

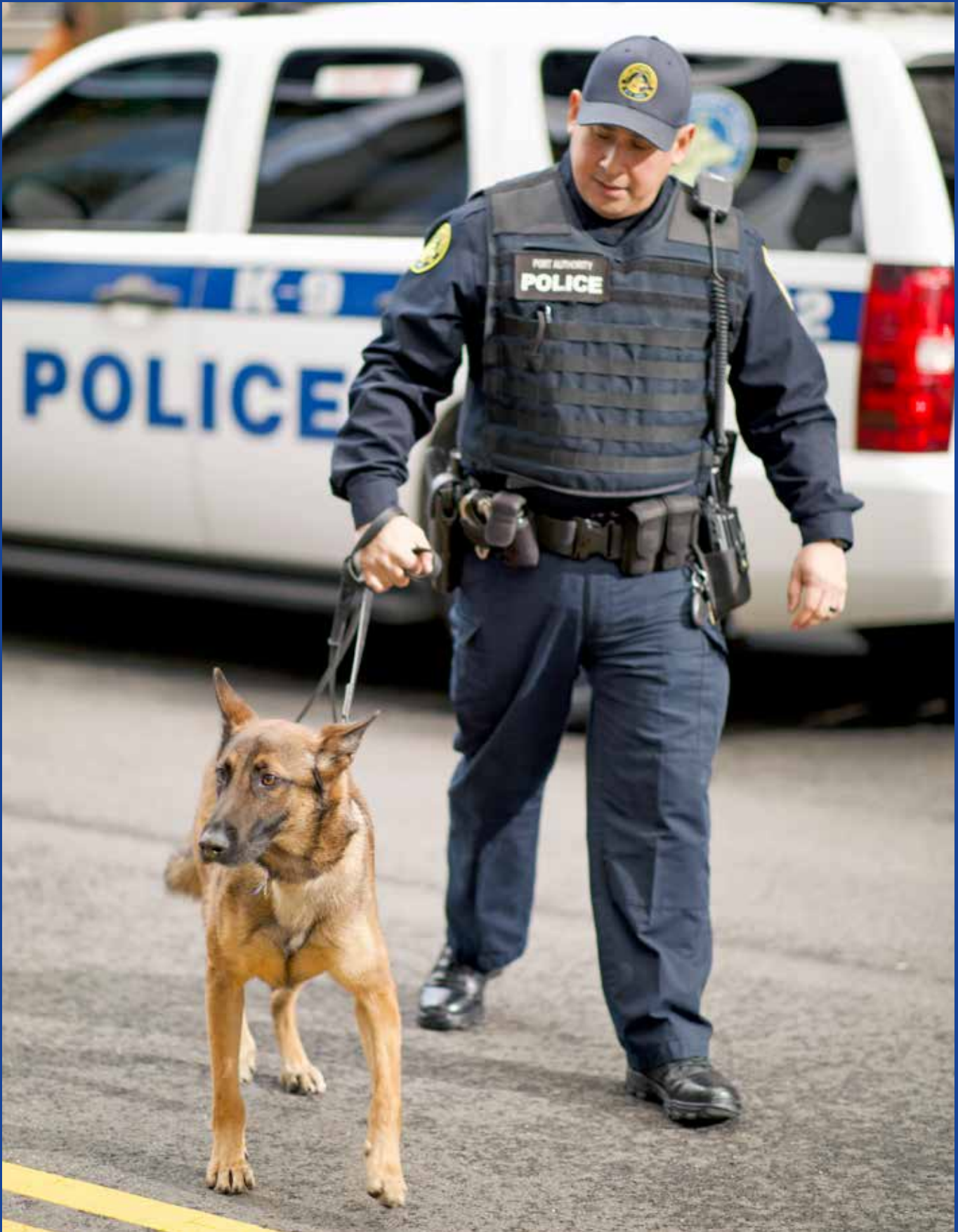
Established by a Congressional compact on April 30, 1921, the Port Authority marks its first century of operation in April 2021. Throughout its history, the Port Authority and its workforce have faced daunting challenges, from keeping vital supply chains of food supplies moving during the Second World War to rebuilding after the World Trade Center bombing in 1993 and the Sept. 11, 2001, attacks to responding to the devastation following Superstorm Sandy.

The coming year presents new challenges, but it also presents new opportunities, new milestones to reach. As it consistently has done for 100 years, the Port Authority and its dedicated workforce are prepared to meet the needs of the region throughout the next century.



Construction continues on the new terminal at Newark Liberty.

PAPD officer and a member of the K-9 unit. Image taken 1/20







PATH staff and PAPD officers at a PATHursdays booth to assist riders at the height of the COVID-19 pandemic.

# Safety & Security

**The Port Authority's first priority is to ensure the safety of Agency facilities and the people who move through them. The Office of the Chief Security Officer and the dedicated officers of the Port Authority Police Department (PAPD) have led the Agency in delivering on commitments to maintain and continually upgrade facility security.**

Efforts in recent years have involved a variety of initiatives, including the development of new emergency operations centers at the airports and the Midtown Bus Terminal, cutting-edge security technology deployments, a broad agenda of cybersecurity improvements and trainings, an extensive upgrade of all facility emergency operations plans, and an expansion of PAPD ranks.

In March 2020, the 119th PAPD recruit class graduated, bringing the PAPD to its current highest level of strength of more than 2,000 officers.

## RESPONDING TO COVID-19

The COVID-19 crisis required the Port Authority to adjust public-facing safety and security operations as well as internal policies and procedures designed to protect Agency employees.

To coordinate the external response to the COVID-19 crisis, the Agency:

- Activated the Agency Emergency Operations Center (EOC) to respond to the rapidly changing public health threat in the initial phases of the pandemic.
- Leveraged the PAPD to heighten safety and security measures at all Agency facilities, including the enforcement of face-covering requirements.
- Contracted with public health experts for guidance on operational best practices and interpretation of guidance from federal, state, and local public health authorities.
- Coordinated, in October 2020, a full-scale emergency response exercise at JFK, incorporating COVID-19 health and safety protocol, becoming the first facility operator in the Northeast to do so following the onset of COVID-19. Developed the COVID-19 Standard Operating Guide (SOG) focusing on a scenario-based spread of a pandemic and how the Agency would address staffing, cleaning, service levels, and policy.

Internally, the Agency:

- Developed and implemented health and safety guidelines (social distancing, personal protective equipment [PPE] usage, workplace protections, cleaning, and disinfection) to provide a safe environment for Agency employees whose job function requires they report to their workplace.

- Developed a “Daily Health Verification Questionnaire” that must be completed by all employees or visitors to Port Authority offices prior to arrival, to screen for potential COVID-19 cases.
- Established the Agency COVID-19 Call Center to address employee questions related to COVID-19 illness, exposure, quarantine, and remote work. In 2020, there were 13,700 calls successfully processed.

**Beyond the unique challenges specific to 2020, the Port Authority continued to keep security across its facilities a top priority.**

- Put in place guidelines, policies, and physical protections to ensure the safe return to the workplace of remote employees. These protections include physical barriers around employee workstations, COVID-19 adjusted occupancies for employee common areas and conference rooms, the installation of hand sanitizing units, and the development of “return to workplace” policies and training manuals.

## ENSURING FACILITY SECURITY DURING CIVIL UNREST

In the wake of the death at the hands of the Minneapolis police of George Floyd in May 2020, the region experienced demonstrations that triggered over 60 full-scale PAPD deployments at all Agency Manhattan-based commands. During this period — occurring during the height of the



PAPD officer aboard a Hoboken PATH train.



Deployment of PAPD officers at LaGuardia Airport. Image taken 1/20

coronavirus pandemic — the PAPD mounted a deployment strategy that proved highly successful. The PAPD did not use force in responding, no PAPD personnel were injured during these deployments, and not one Port Authority facility was damaged or compromised.

### DELIVERING ON MAJOR INITIATIVES

Beyond the unique challenges specific to 2020, the Port Authority continued to keep security across its facilities a top priority, with crime down 48 percent across all facilities. Accomplishments included:

- Led the successful campaign for landmark New York State legislation against hustling — the illegal and dangerous solicitation of unlicensed ground transportation services — at JFK, EWR, and LGA that can support enhanced PAPD enforcement through higher fines and more rapid imposition of those penalties. On August 1, 2020, penalties were increased and license and registration suspensions were enhanced to target frequent violators to keep Agency airports and the traveling public safe from unlawful ground transportation solicitors.
- Implemented or piloted security technology advancements, including state-of-the-art security systems at LaGuardia's new Terminal B to more efficiently and intensely screen both checked baggage and carry-on baggage, as well as cutting-edge technology to speed passenger security screening.
- Evaluated and piloted numerous best-in-class gunshot detection products to ensure the safety and security of Port Authority facilities. In April 2020, a shot detection system contract was awarded, and the system was installed at the prescreening area of Terminal B at Newark International Airport in December 2020.
- Completed in early 2020, enhancements to the JFK and EWR airport security badging and identification card offices that expanded their size to accommodate increased demand and provided additional training and credentialing space. This has resulted in a 50 percent decrease in wait times to obtain an ID card from the time an application is submitted to the time the badge is issued.



Construction continues on the site of the new Terminal A at Newark Liberty International Airport.







Rendering of the proposed Midtown Bus Terminal.

# Capital Plan

**The Port Authority has embraced a total commitment to revitalize the region's legacy transportation facilities and deliver 21st-century infrastructure to the region through the Agency's Capital Plan. Prior to the coronavirus pandemic, the Agency was meeting more than 90 percent of capital project spending and scheduled milestones — delivering results for the region on time and on budget.**

Despite the unprecedented impacts of the COVID-19 crisis to the Port Authority's finances, in 2020 the agency continued to advance capital programs that were in construction prior to the pandemic, including the major redevelopment projects at LaGuardia and Newark airports, key portions of the "Restore the George" renovation of the George Washington Bridge, and key components of the PATH Improvement program.



The new departures frontage at LaGuardia Airport's new Terminal B.

However, due to the negative financial impacts from the COVID-19 crisis, projects that had not started construction were thrown into question pending a review of the Agency's financial capacity to carry them forward as originally planned. The Port Authority has advocated for federal relief to support the Agency's broader Capital Plan, including all capital projects in pre-construction phases.

In response to the dramatic decline in revenues in 2020, the Port Authority underspent by \$1 billion versus the 2020 Capital Budget and has a planned reduction of \$1.4 billion in 2021.

## AIRPORTS

The Port Authority continued key projects at LaGuardia and Newark Liberty to implement the Board's commitment to deliver world-class 21st-century airports to the region.

### LaGuardia

In 2020, LaGuardia celebrated its most significant milestones to date in the \$8 billion project to build "A Whole New LGA."

In June, the Agency opened the 850,000-square-foot Terminal B Arrivals and Departures Hall to widespread positive commentary. The spacious, light-filled building is 50 percent larger than the legacy Central Terminal Building it replaces and is serviced by the airport's brand-new, 75 percent-complete roadway system that will ultimately reduce the number of traffic lights on the airport roadway system from 22 to 3. The new Terminal B, which is a model of what to expect from the Port Authority's airport redevelopment program, incorporates:

- Greatly expanded ticket counters and dramatically expanded self-service kiosks to speed check-in.
- Three times as many security checkpoint lanes, which leverage cutting-edge technology for baggage screening and body scanning.
- Locally inspired concessions with options from grab-and-go to sit-down dining.
- Large-scale, permanent artworks commissioned in consultation with the Public Art Fund.
- An array of shops that offer everything from books to fashion, to products made locally in Queens.
- Spacious, thoughtfully designed restrooms and designated pet relief areas.
- A laser-light show projected on a floor-to-ceiling curtain of water, featuring images of New York and seasonal shows — the only installation of its kind in any American airport.
- Nine new baggage carousels to comfortably accommodate even the busiest travel days.
- Clearly identified and well-lit taxi and app-based vehicle queuing, sheltered from the elements.
- Comprehensive COVID-19 health and safety protocols and touchless technology to ensure that passengers feel comfortable during and after the coronavirus recovery.

Also, at LaGuardia in 2020, the Port Authority

- Topped out steel at Delta's Arrivals and Departures Hall in July — on track to open in early 2022.



- Opened seven more gates in August in Terminal B's Western Concourse, meaning that 25 of the terminal's 35 gates are now open and operating.
- Advanced the federal environmental review for the LaGuardia AirTrain, which will provide a reliable, predictable, sustainable, less-than-30-minute trip for passengers traveling between the airport and Midtown Manhattan. More than 80 percent of speakers at public hearings hosted by the Federal Aviation Administration supported the Port Authority's preferred alternative for the project.

With these milestones complete, more than 60 percent of A Whole New LaGuardia is now open to the public.

### **Newark Liberty International**

In 2020, construction continued to advance at Newark Liberty International Airport.

- The new terminal building entered the final stages of the construction process, with the first new gates on track to open in early 2022, less than three and a half years from groundbreaking. The new one-million-square-foot terminal, 20 percent larger than the existing Terminal A, is the largest design-build project in New

Jersey, and will be operated by Munich Airport International. It will feature world-class, 21st-century technology, expansive dining and retail options, and it will accommodate approximately 14 million annual passengers. The terminal design incorporates a best-in-class arrivals frontage design with four distinct areas for taxis, app-based ride-share vehicles, buses, and private passenger vehicles to reduce traffic congestion, ease passenger loading, and dramatically enhance the customer experience. Additionally, the design incorporates state-of-the-art technology and safety features in response to the COVID-19 pandemic. The entire new terminal is on track to be complete and fully open to the public by the end of 2022.

- The new public parking garage and consolidated car rental facility, which began rising from the ground in 2020, is also on track to open for parking in early 2022 with the rental car operation set to open in early 2023.
- The project to completely replace the aging and technologically outdated Newark AirTrain with a brand-new system advanced through the federal environmental review process, with a draft environmental assessment released for public comment in February 2021.

Construction on the new public parking garage and car rental facility continues at Newark Liberty International Airport.



## JFK

Heading into 2020, the major public-private partnerships that comprise the more-than \$10-billion redevelopment of John F. Kennedy International Airport were on track for major groundbreakings in the middle of the year. However, the COVID-19-related declines in air travel necessitated the restructuring of these deals, hence the delay of these projects, and negotiations continued throughout 2020 on these projects.

Despite the impact of the coronavirus crisis on the majority of JFK redevelopment work, American Airlines was able to advance construction on the \$344 million Terminal 8 expansion project, which broke ground in December 2019. In October 2020, steel topped out on the first half of the expansion project.

## BRIDGES, TUNNELS, AND TERMINALS

The Port Authority continued its commitment to deliver 21st-century infrastructure with the expansion of all-cashless tolling, significantly advancing planning for a new Midtown Bus Terminal, and continuing to keep its legacy assets in a state of good repair.

## All-Cashless Technology

In February 2020, the Agency implemented all-cashless tolling at the Palisades Interstate Parkway entrance to the George Washington Bridge, and in December, activated new, state-of-the-art cashless tolling technology at the Holland Tunnel, as part of the transition to all-cashless operations at the Hudson River Crossings. The Staten Island Bridges have been all-cashless since 2019. Installation of all-cashless tolling technology at the Lincoln Tunnel and the George Washington Bridge will begin in 2021 and conclude in 2022.

## New Midtown Bus Terminal

In 2020, the Port Authority made major progress toward delivering on its two-pronged commitment to replace the legacy and capacity-strained Midtown Bus Terminal by advancing the project's environmental review.

First, the Agency has consistently pledged to build a new, state-of-the-art Midtown Bus Terminal for the more than 250,000 pre-COVID-19 passengers who used the facility each day. Second, the Port Authority has committed to advance the planning, design, and construction of the new facility in full consultation with the surrounding community.

All-cashless tolling gantry at Outerbridge Crossing.





Superstorm Sandy-related work that includes the installation of truss framework for escalators at Exchange Place Station.



Progress on both fronts enabled the Agency to release the Final Scoping Document for the project in January 2021, which lays out a plan for building the “Bus Terminal of the Future.” This plan provides for a nearly 40 percent increase in capacity, calls for a new bus storage and staging facility that responds to community concerns, incorporates sustainable design elements, and would enable 100 percent electric bus operations, artificial intelligence, and connected and autonomous bus technology.

### State of Good Repair Projects

Progress continued in 2020 on the Port Authority’s \$1.92 billion “Restore the George” program to overhaul the nearly 90-year-old George Washington Bridge, with the replacement of more than 280 — nearly 50 percent — of the bridge’s 592 suspender ropes.

The Agency initiated in 2020 the Holland Tunnel Superstorm Sandy Latent Salt Damage Repairs and Mitigation capital project starting with construction on the South Tube. By end of 2020, 30 percent of the project was complete.

Also, in 2020, the Goethals Bridge Shared Use Path opened, along with improved cycling access routes in New Jersey and on Staten Island.

## PATH

In 2020, PATH continued to make progress on the PATH Improvement Plan announced in June 2019, which sets ambitious goals for increasing capacity, reducing delays, and enhancing the customer experience.

### 9-Car Operations

In 2020, PATH continued to make progress on its plan to award contracts for construction to lengthen platforms at Grove Street, Exchange Place, and Harrison Station — expected to conclude in early 2022 — to support 9-car train operations on the Newark to World Trade Center line. When completed, these PATH projects will increase capacity by 40 percent on the Newark to World Trade Center line in 2022.

### Sandy Restoration

Superstorm Sandy caused massive flooding that damaged vital PATH signal and switch systems in 2012. In 2020, PATH continued its wide-ranging plans to repair Superstorm Sandy damage to stations, tunnels, and equipment. The structural repairs on PATH’s downtown Hudson River tunnels had originally called for weekend closures throughout the year. PATH successfully restructured the construction program in order to restore weekend service six months early.



The CMA CGM Brazil, the largest container vessel to have called on the U.S. East Coast at the time, arrives at the Port of New York and New Jersey in September 2020.

PATH also advanced Superstorm Sandy-related resiliency projects at PATH stations, including the replacement of Exchange Place and Newport elevators and protective enhancements to Hoboken's staircases and elevators to better withstand future storms.

All Sandy-related repairs to PATH elevators and escalators will be completed by late 2022 with all station rehabilitations on track to be completed in 2024.

Additionally, PATH made progress on its two-year initiatives to reduce outages of the legacy Hack and Dock Bridges that are prone to malfunction, causing extensive delays to PATH trains.

## PORTS

In 2019, the Port of New York and New Jersey became the second busiest port in the nation, surpassing Long Beach, California, for the first time in two decades. This achievement was the result of the Agency's commitment to upgrading port infrastructure, including investments in ExpressRail ship-to-rail cargo transfer facilities, the Bayonne Bridge Navigational Clearance Program, which

raised the roadbed of the bridge to 215 feet, and the Harbor Deepening Program, which created a 50-foot-deep shipping channel.

These initiatives prepared the Port to welcome the next generation of ultra-large container vessels. And on September 12, 2020, the CMA CGM Brazil arrived at the Elizabeth Port Authority Marine Terminal, the largest vessel to call upon a U.S. East Coast port.

Notable achievements in 2020 were:

- Received approval by the US Army Corps of Engineers of the Tentatively Selected Plan for the Harbor Deepening Project Channel Improvements Feasibility Study recommending deepening and widening channels up to 55 feet. This will provide additional safety, efficiency and capacity in the navigation channels and allow for the Port to handle vessels up to 24,000 TEUs. The Draft Feasibility Report was released for public comment in October 2020.



- Completed the Wharf Reconstruction Program Analysis, capping two years of work on prioritizing and sequencing systematic replacement of all of the Port's wharves and piers. This is the first step of an extensive Capital Program that will take decades to complete once authorized.
- Transitioned New York New Jersey Rail (NYNJR) Greenville rail operations to the newly commissioned Bridge 10 in March, heralding the start of a new era for NYNJR's operations after the original bridge was destroyed in Superstorm Sandy.

Additionally, in April 2020, the U.S. Army Corps of Engineers issued a Chief's Report for the New York and New Jersey Harbor Anchorages Study, recommending that Congress authorize a project to expand the existing Gravesend Anchorage to accommodate vessels drawing up to 50 feet. This project was later authorized in the Water Resources Development Act of 2020, which was signed into law in December 2020. The availability of this anchorage will provide a "waiting room" in New York

Harbor for the largest vessels able to call on the Port, which would otherwise have to anchor out at sea.

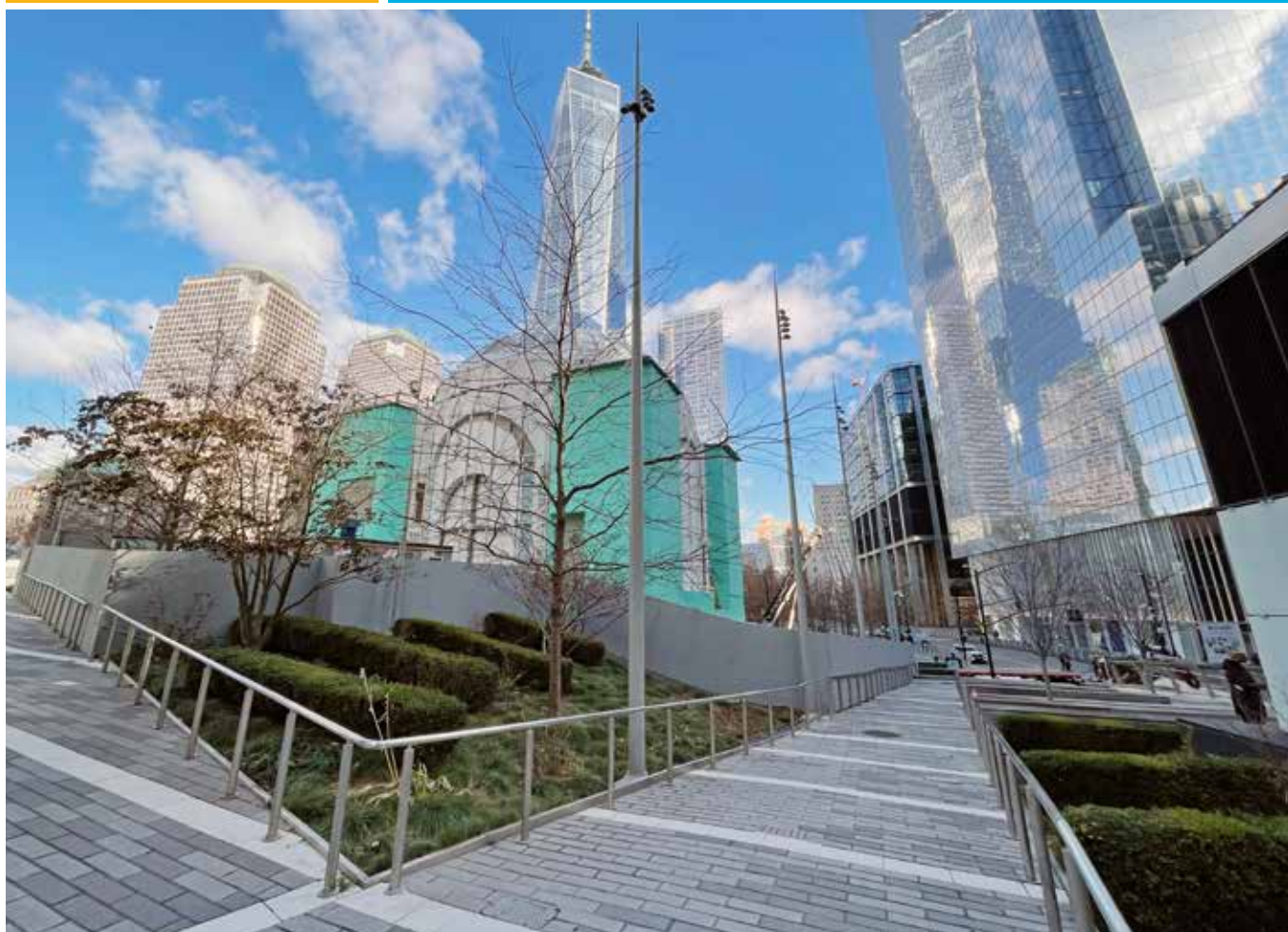
## WORLD TRADE CENTER

In 2020, despite the challenges of the pandemic, the World Trade Center campus moved closer to its final configuration with significant advancements on the construction of St. Nicholas Greek Orthodox Church and the Ronald O. Perelman Performing Arts Center by third parties.

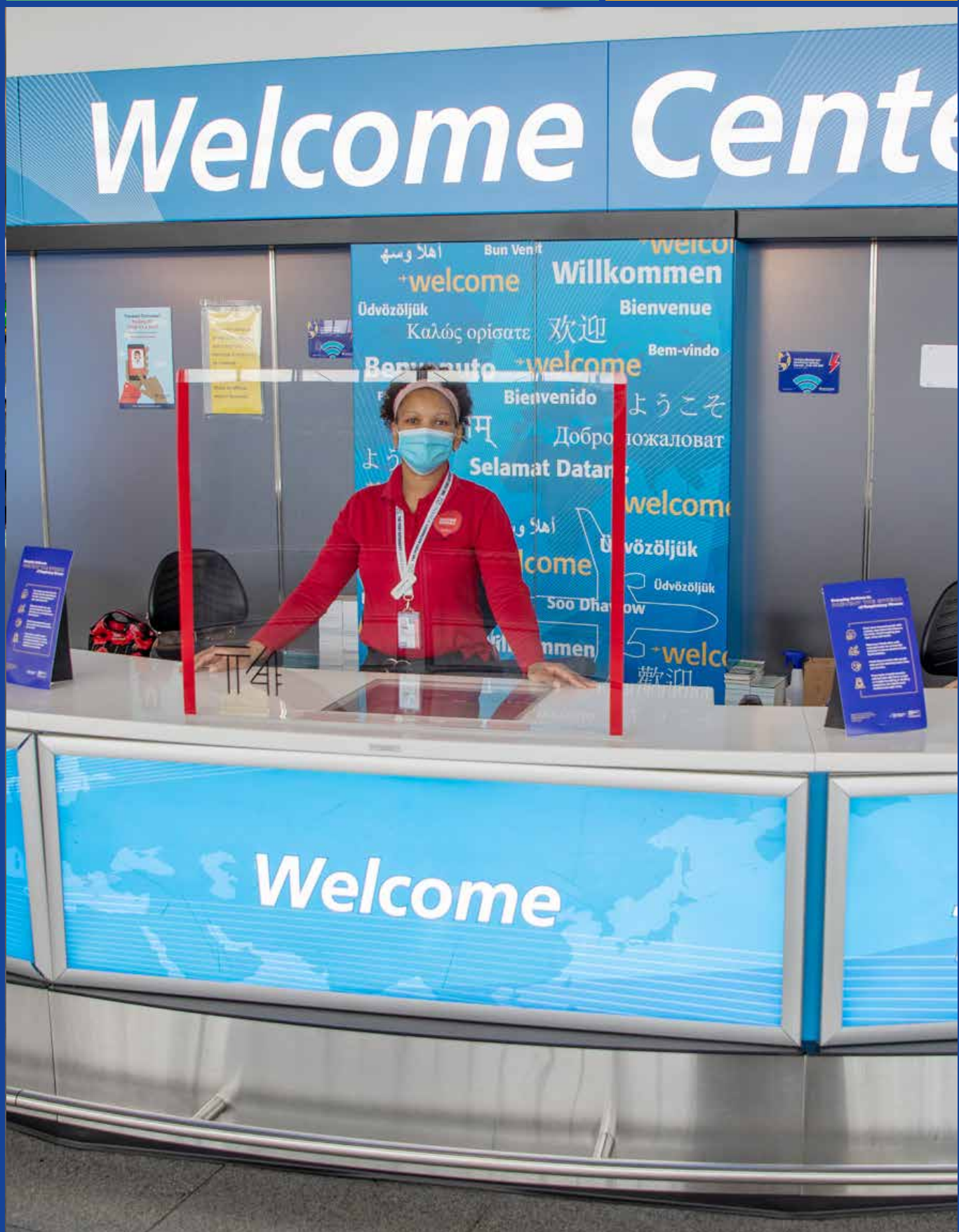
In August, construction resumed on St. Nicholas Greek Orthodox Church, marking a milestone in moving this key component of the revitalized campus closer to completion. The original St. Nicholas Church was destroyed in the Sept. 11, 2001, attacks.

Additionally, Sciam Construction continued to rapidly make progress on the building of the Perelman Performing Arts Center. The construction of the performing arts center is part of the commitment to fully integrate the new WTC campus into the fabric of the Lower Manhattan community.

The St. Nicholas Greek Orthodox Church at the World Trade Center campus.



A welcome center agent greets passengers at JFK International Airport.







Masked-up PATH riders at Journal Square.

# Customer Experience

**The Port Authority's commitment to improve the public's day-to-day experience at its facilities and services was not diminished despite the challenges of the pandemic. In 2020, those very challenges heightened the Agency's resolve to deliver safe and reliable services to the public, particularly the frontline workers across the region dependent on Agency infrastructure to report to their workplace each day during the height of the pandemic.**

In addition to initiatives that provided customers with a safe traveling experience throughout the coronavirus crisis, the Port Authority's resolve to advance the customer experience was evidenced across Port Authority facilities through a variety of programs.

## AIRPORTS

While passenger traffic through Port Authority airports hit unprecedented low levels due to the COVID-19 pandemic, the Agency continued to make significant upgrades to improve the customer experience for customers in 2020 and those who will return after the pandemic abates.

These achievements were:

- Opened to the public major components of a “Whole New LaGuardia” in June and August, featuring elements of a best-in-class customer experience including locally inspired and owned concessions, carefully designed 21st-century restrooms, and improved access to taxis and for-hire vehicles. These features will similarly be core elements in the new passenger terminal at Newark Liberty.
- Increased free Wi-Fi speeds in October across airport terminals to 100 Mbps, doubling speeds from one year ago and increasing speeds by four to five times compared to three years ago.
- Opened or completed renovations of approximately 50 spacious, modern public bathrooms across new and legacy terminals. This follows significant upgrades to more than 300 legacy airport restrooms in 2019. Ninety percent of customers who used real-time feedback devices gave positive ratings to Port Authority airport restrooms, up from 85 percent in 2019.

- Followed through on major commitments to taxi drivers and shared-ride service drivers at Agency airports. While COVID-19 led to dramatic reductions in taxi usage at terminals, these improvements will be important to drivers as travelers return:

- < Upgraded restroom facilities with increased cleaning frequency.
- < Committed to provide new meditation rooms and wash stations as passenger volumes return to the airports.

**The Agency continued to make significant upgrades to improve the customer experience.**

- < Initiated new communication channels to directly collect driver feedback and reinforce dispatch information.
- < Paved, striped, and implemented other speed-control enhancements to improve the safety of drivers in holding and staging lots.
- < Improved cell service at taxi hold lots.
- < Awarded \$8 million capital improvement contract for taxi infrastructure at LaGuardia.
- < Returned taxicab queues to the frontage at all of LaGuardia’s terminals.



One of the newly renovated public bathrooms at Newark Liberty International Airport.



New state-of-the-art, all cashless tolling system at the Holland Tunnel.



- In addition to the driver improvements cited above, the Port Authority commissioned the development of a cutting-edge taxi dispatch system in July 2020 that will eliminate hours of wasted time for drivers waiting in taxi hold lot lines and improve the availability of taxis to arriving customers at the curb.

### Bus Terminals

In addition to the focus on designing a 21st-century customer experience into a new Midtown Bus Terminal, in 2020, the Port Authority made progress on improving the customer experience at the existing Midtown Bus Terminal and at the George Washington Bridge Bus Station. The Agency:

- Advanced the Quality of Commute program at the Midtown Bus Terminal — which had previously led to the refurbishment of all 17 public restrooms in the facility — with three initiatives:
  - < The installation of new ceilings and lighting in priority customer hallways and waiting areas.
  - < The opening of two new stores in the Midtown Bus Terminal — Zaro's Family Bakery and Brooklyn Deli.
  - < The installation of 25 new information kiosks throughout the Midtown Bus Terminal to provide travelers with bus departure information, wayfinding services, and business directories that can be accessed using contactless QR codes.

- Deployed free and fast Wi-Fi at the George Washington Bridge Bus Station and worked with wireless carriers to upgrade in-station cellular service for AT&T, T-Mobile, Spectrum, and Sprint customers.
- Brought a public art exhibit entitled "Journey to the Sky" to the Midtown Bus Terminal in November, featuring the work of 15 local artists.

### Bridges and Tunnels

The Agency continued to improve drivers' customer experience at its crossings in 2020:

- In December 2020, the Holland Tunnel was the first of the Agency's three Hudson River crossings to completely modernize its tolling infrastructure to a new state-of-the-art, all-cashless tolling system. Installation of all-cashless tolling technology at the Lincoln Tunnel and the George Washington Bridge will begin in 2021 and conclude in 2022.
- In coordination with the Metropolitan Transportation Authority and the New York State Thruway Authority, a new TOLLS NY mobile application was released to allow customers to digitally and conveniently manage E-ZPass and Toll-by-Mail payments.
- In 2020, the Office of the Toll Payer Advocate (TPA) advanced the Agency's measures to improve customer experience by ensuring tolling issues were resolved as quickly as possible. In 2020, 99 percent of cases received by the TPA received an initial response within 3 days and 95 percent of cases were closed within 60 days or less.



Executive Director Cotton and Chairman O'Toole tour a PATH facility.

## PATH

### PATH Improvement Plan (PIP)

In June 2019, PATH announced the PATH Improvement Plan, with its commitment to (a) increasing capacity by 40 percent on the Newark to World Trade Center line and 20 percent on PATH's other three lines, (b) reducing delays, and (c) enhancing the customer experience.

**Capacity increase:** The capacity increase, as detailed previously under Capital Plan, will come in two stages. The first began in 2019, with PATH achieving a 10 percent increase during the morning and evening rush on the system's two busiest lines.

**Reducing delays:** PATH ended 2020 having reduced total delays by 53 percent over the 18 months since the PATH Improvement Plan was first announced. A commitment to root-cause analysis and the subsequent development and implementation of targeted initiatives helped drive delay reduction in all operating divisions.

Preventive maintenance initiatives include:

- the replacement of priority mechanical track switches, which were deteriorating;
- the replacement of key components of HVAC systems on train cars;
- the complete replacement of train car coupler pins in all 350 PATH train cars with more resilient models to reduce communication failures;
- the institution of extensive remedial measures to reduce water intrusion in PATH tunnels that compromises signals and track beds; and
- an extensive rehabilitation of car air brake components.

**Enhancing the customer experience:** In addition to the positive impacts of the PIP's capacity increase and delay reduction initiatives on the customer experience, the Port Authority has placed a major new emphasis on the customer experience beyond railroad operations.

In 2018 and 2019, PATH delivered on major commitments to enhance the customer experience, bringing cellular service to all underground stations, and installing more than 260 real-time next-train arrival countdown clocks throughout the system.

In 2020, PATH maintained progress on these initiatives by installing 16 interactive information kiosks throughout the PATH system, with five more to come in the first half of 2021.

PATH continued fare zone reconfigurations with an effort at Grove Street to improve passenger flow and eliminate delays getting through the stations' turnstiles by relocating ticket vending machines to avoid queues that blocked passengers' ingress and egress.

PATH also received Project Authorization for Phase A of PATH's Fare Collection System Replacement, a project that will significantly enhance the customer experience. Phase A covers field network and infrastructure upgrades and engineering services related to the retrofit of existing PATH fare gates and the purchase of hardware, equipment, and components that will be required for the new system.



## PORTS

Adopting quickly to new health and safety protocols, the Port's commitment to world-class service for its commercial customers remained a top priority.

The Port in 2020:

- Implemented first-ever virtual Port Briefings, covering operational updates and services, which expanded the Agency's reach and increased participation of shippers and commercial customers in markets around the country.
- Held the first-ever Council on Port Performance (CPP) Shipper Roundtable for shippers to interact with the CPP members on supply chain efficiency and productivity measures.
- Developed and distributed a weekly COVID-19 Report Card, which provides status updates on a variety of supply chain categories, including Port vessel activity, weekly container gate moves, and rail activity. The Report Card is shared with Agency leadership and external stakeholders.

## WORLD TRADE CENTER

While the flow of workers, tourists, and community residents was drastically reduced in 2020, the World Trade Center campus continued to improve the customer experience for frontline workers and passengers moving through the Oculus from PATH.

In 2020, the World Trade Center:

- Launched its official website, [officialworldtradecenter.com](http://officialworldtradecenter.com). The website provides a one-stop resource for customers to learn about upcoming events, explore points of interest and attractions, and stay up to date on essential travel information.
- Developed and executed, in collaboration with WTC stakeholders like Westfield, a robust COVID-19 safety communications plan that included onsite signage, digital walls, dedicated website sections, and a Twitter campaign.
- Enhanced accessibility of the Transportation Hub, which included the installation of motorized doors at key thresholds, including to Fulton Station, to Brookfield Place, and to One World Trade Center Observatory's lobby.
- Launched the Oculus Lights program in November with the inaugural Veterans Day lighting of the Oculus. This lighting program expands the World Trade Center Campus attractions, allowing for the Oculus to customize LED multicolor lightings for ceremonial events.
- Prior to the COVID-19 shutdown in March 2020, continued a tradition of activating public space and supporting community programming for the vibrancy of Lower Manhattan. This included the second annual Lunar New Year program across the campus in January 2020.
- Resumed programming on the WTC campus, to the extent possible given COVID-19 protocols, in August 2020. This included the River-to-River 2020 festival, in partnership with Lower Manhattan Cultural Council and Westfield, in September. As part of this festival, artwork was displayed on digital screens across the campus. And in October, Oculus Outdoors brought vendors to Fulton Street and film screenings to the North Oculus Plaza.
- Advanced bike improvements on and around the WTC campus, including the completion of the installation of street markings for shared bike lanes on key campus roadways.



PATH train at World Trade Center.

Ultra-large container vessel at Elizabeth Marine Terminal.







Passengers arriving at Newark Liberty International Airport.

# Operational Excellence

## FACILITY VOLUMES

During the first two months of 2020, the Port Authority's facilities continued to see robust activity, in line with the record-breaking volume numbers for passengers and cargo in 2019. But the devastating effects of the pandemic on passenger volumes for the remaining 10 months of 2020 were unprecedented in the Agency's history.

In comparing facility activity levels to pre-COVID-19, 2019 levels, the Port Authority's facilities experienced peak declines in March, April, and May. Volumes at transportation facilities recovered modestly through the summer. Taking the year as a whole, the Agency reported a 71 percent drop in annual passenger volume at its airports from 2019 levels, a 67 percent drop in average weekday ridership at PATH from 2019 levels, and a 20 percent drop in volumes for 2020 at its tunnels and bridges compared to 2019 totals.

Ports — which saw demand rebound for goods after experiencing a COVID-19-related contraction during the spring — held steady overall, closing out the year 1.5 percent above 2019 cargo volumes.

FACILITY	PEAK VOLUME DECREASE VS 2019 IN MARCH/APRIL	OVERALL VOLUME DECREASE VS. 2019
Airports (passengers)	-98%	-71%
PATH (ridership)	-95%	-67%
Bridges and Tunnels (traffic)	-62%	-20%
Seaports (cargo)	-17% (May 2020 nadir)	+1.5%

Throughout the crisis, the Port Authority maintained operations at all its facilities while implementing new COVID-19-based safety protocols. The Port Authority enhanced cleaning of facilities and trains and flexibly adjusted facility operating footprints to reflect decreased volumes.



Construction advances on the new flagship terminal at Newark Liberty International Airport.

## FINANCIAL PERFORMANCE

The Port Authority is a self-funded, independent agency that does not rely on taxpayer dollars or regular funding from the states of New York and New Jersey or the federal government. COVID-19-related activity declines at the Port Authority's airports, bridges, and tunnels and on the PATH transit system had a severe negative effect on revenues in 2020.

Driven by the unprecedented declines in facility operating volumes and associated revenues, wholly attributable to the COVID-19 crisis, the Port Authority estimates a revenue loss of approximately \$3 billion for the 24-month period of March 2020 through March 2022 compared to pre-COVID-19 projections. In 2020 alone, the Agency's revenue losses totaled \$1.7 billion.

The unprecedented financial impacts of the coronavirus crisis forced the Agency in 2020 to reduce its 2020 capital construction spending by \$1 billion, primarily by slowing capital spending for projects not already in construction. The Agency also implemented \$190 million in operating expense reductions from the 2020 budget. In response to the projected long-term impacts of the COVID-19 crisis, in 2020 the Agency began a complete reexamination of its current Capital Plan and adopted a 2021 capital budget that is \$1.2 billion less than pre-COVID-19 projections — a 33 percent reduction.

## AIRPORTS

The effects of the pandemic sharply reduced passenger traffic. In mid-April 2020, passenger volumes were down 98 percent from 2019. Nonetheless, the Port Authority's four commercial airports — John F. Kennedy International, Newark Liberty International, LaGuardia, and New York Stewart International airports — served 41 million customers in 2020, 20 million passengers in January and February and 21 million during the rest of the year.

- JFK saw a 74 percent decrease in passenger volume from its 2019 passenger record.
- Newark Liberty International saw a 66 percent decrease in passenger volume from its 2019 passenger record.
- LaGuardia saw a 73 percent decrease in passenger volume from its 2019 passenger volume record.

Airport Operations Centers (AOCs) at JFK, Newark, and LaGuardia were critical to remaining operationally nimble and responsive to the changing conditions of the pandemic. In 2020, the ability of these AOCs to respond in real time to operational challenges was augmented by the creation of centralized dashboards that integrate various data streams, from security wait times to restroom customer satisfaction ratings. The capacity of the Port Authority's AOCs to make data-driven operating decisions





Vehicles traveling on the raised roadway of the Bayonne Bridge.

in real time will prove critical in successfully handling the return of passengers to Port Authority airports throughout the COVID-19 recovery.

The COVID-19 crisis underscored the essential role of health and safety in world-class airport operations. In responding to the pandemic, the Port Authority's airports adjusted operating footprints, enhanced cleaning and disinfection routines, and imposed face covering requirements and other measures to ensure the safety of passengers and airport workers.

These steps earned Port Authority airports COVID-19 health accreditations from the prestigious, international airports coalition Airports Council International in 2020.

Health and safety considerations were also included in airport redevelopment projects. The new Terminal B Arrivals and Departures Hall at LaGuardia, which opened during the height of the pandemic, features a check-in area with 50 percent more space, contactless technologies, plentiful hand sanitizer stations and plexiglass barriers between passengers and employees. In December 2020, the Port Authority announced that the new Terminal at Newark will incorporate cutting-edge technologies and design elements, including

self-bag check, biometrics, and contactless e-gates. These features position Port Authority airports for first-class operations in a post-COVID-19 world.

## BRIDGES AND TUNNELS

The Port Authority's six crossings — the Lincoln and Holland tunnels, the George Washington, Goethals and Bayonne bridges, and the Outerbridge Crossing — in total accommodated 97.8 million vehicles in 2020, a decrease of 20 percent compared to 2019. While automobile traffic registered a 20.4 percent drop in 2020 compared to 2019, truck traffic proved more resilient — indicative of the fluidity of goods and cargo movement through the region — dropping 6.6 percent from 2019 volume levels.

At the Lincoln Tunnel, Port Authority staff implemented new, more resilient traffic lane delineators for the Exclusive Bus Lane (XBL), which provides bus commuters with a dedicated lane to access the Port Authority Bus Terminal during peak hours. This improved delineator system will decrease the amount of time needed to interrupt XBL operations to repair delineators, thereby improving the efficiency of XBL operations. While the XBL was suspended in March 2020 due to the lack of significant bus volumes, it resumed operations as

volumes ticked back up in September and will prove critical to providing a first-rate travel experience to bus commuters through the COVID-19 recovery.

The Port Authority responded to the COVID-19 crisis by suspending cash toll collections at the Hudson River Crossings to ensure the safety of drivers and employees. The Staten Island bridges have been all-cashless since 2019. In the fourth quarter of 2020, the Holland Tunnel's transition to cashless operations was completed, while cash toll collection at the George Washington Bridge and Lincoln Tunnel was temporarily resumed until those facilities complete the transition to new cashless tolling technology, by approximately mid-2022 for the George Washington Bridge and late-2022 for the Lincoln Tunnel.

## BUS TERMINALS

In 2020, the Midtown Bus Terminal accommodated approximately 1.67 million bus movements, a 30-percent drop compared to 2019. The George Washington Bridge Bus Station experienced a 38-percent decline in bus movements in 2020 compared to 2019. While NJ Transit maintained a relatively high level of bus activity throughout 2020, service provided by private carriers decreased significantly more.

In early 2020, the Port Authority installed five digital gate signs at common-use gates — shared by Greyhound and New Jersey Transit — in the lower level of the Midtown Bus Terminal's North Wing. These dynamic gate signs allow the facility to marry flexible operations with clear customer communication and offer a model for the design of common-use infrastructure for the Bus Terminal Replacement Project. The Bus Terminal Replacement Project also has the potential to increase peak-hour bus capacity from the current four buses per gate per peak hour to six buses

per gate per peak hour in the fully redeveloped new facility. This will be critical to meeting projected passenger volume increases through 2040.

In response to the COVID-19 pandemic, the Port Authority adjusted the operating footprints of its bus facilities, added enhanced cleaning and disinfection protocols, and enforced face-covering requirements among other measures to ensure that operations could continue in a safe environment.

## PATH

The PATH system handled an average weekday ridership of 227,234 passengers in January 2020 and 282,850 in February. In March, as the region began to experience the effects of COVID-19, weekday ridership declined to 126,409 passengers and, in April, it fell to a weekday average of 14,596 passengers, the lowest monthly weekday average of 2020. By November, average weekday passenger ridership had risen to 61,753, and was at 55,355 passengers for December 2020.

While passenger volume declined dramatically, PATH service continued to remain reliable and safe for employees and for frontline workers who depended on PATH to get to and from work. Despite the pandemic, PATH continued to advance targeted initiatives as part of the PATH Improvement Plan's focus on reducing delays, which will prove essential to efficient operations as ridership returns to pre-COVID-19 levels.

As the COVID-19 crisis developed, PATH:

- Mandated face coverings throughout the PATH system, developing communications campaigns and partnering with the PAPD on enforcement.



A passenger at the PATH Journal Square station.



Staff at the Port Authority Bus Terminal Commuter Chat table.



- Adjusted train schedules to strike the right balance between low passenger demand and the objective of maximizing physical distancing opportunities for those passengers using the system.
- Disinfected high-touch areas in stations throughout the day and the entire fleet of PATH cars every 24 hours.
- Deployed hand sanitizer and floor markings in stations.
- Provided employees with the necessary personal protective equipment to keep them safe.
- Shared hourly turnstile counts on the PATH website, so passengers could plan their trips around the least busy times to ride.

## PORTS

While all other Port Authority facilities saw passenger and cargo volumes decline, in 2020 the Port of New York and New Jersey handled 7,585,819 TEUs (20-foot equivalent units), a 1.5-percent increase in overall volume compared to its record-breaking 2019 record. This overall number reflects record-setting volumes for the last four months of the year.

ExpressRail set another new record for cargo handled by rail, moving 705,895 containers by rail, up 6.2 percent over the previous record set in 2019. In 2020, the Agency executed a new 10-year agreement with Millennium

Marine Rail (a consortium of Maher Terminals and APM Terminals) to operate ExpressRail Elizabeth, the busiest of the Port's four ship-to-rail ExpressRail facilities, responsible for 60 percent of the system's lifts.

In 2020, the Port continued to implement speed-control measures on facility roadways to improve the safety and efficiency of truck movements. These measures included:

- Installing rumble strips on critical roadways and mobile VMS signs.
- Increasing PAPD patrols.
- Deploying radar speed signs and a video management system for improved traffic messaging.

Throughout the COVID-19 pandemic, the Port leveraged its Council on Port Performance and other port-wide stakeholder fora to coordinate responses to fluctuations in supply and demand for waterfront labor and truck drivers and containers and chassis. These efforts minimized cargo fluidity disruptions at the Port of New York and New Jersey as ports throughout the nation and around the world were challenged by the initial shock of the COVID-19 pandemic on supply chains and the subsequent, and unexpectedly robust, recovery in consumer demand and cargo volumes passing through the nation's ports.



Rooftop solar panels at Newark Liberty International Airport.







Electric bus at the new LaGuardia Airport Terminal B.

# Sustainability

**Throughout 2020, the Port Authority continued to deliver on vital environmental measures that will benefit the region and support the Agency's sustainability commitments.**

When the Port Authority committed in 2018 to embrace the tenets of the Paris Climate Agreement — the first public transportation agency in the United States to do so — it adopted an aggressive interim greenhouse gas reduction target of 35 percent by 2025, and a long-term target of 80 percent by 2050.

The Port Authority's sustainability projects support the Agency's environmental goals. The Agency has also taken strong resiliency actions to protect its facilities against climate-related changes already occurring. These resiliency projects reinforce the commitment of the Port Authority to build and retrofit infrastructure that is resilient in the face of projected sea-level rise and storm surges driven by climate change. This will be critical to preserving the operability of Port Authority facilities and services in a less predictable and more extreme climate.



Rendering of AirTrain  
LaGuardia.

In 2020, the Port Authority achieved an estimated direct greenhouse gas (GHG) emissions reduction of 5,500 metric tons (mtCO<sub>2</sub>e), resulting in a 23 percent cumulative GHG reduction and demonstrating progress toward the Agency's intermediate goal of 35 percent reduction in direct Port Authority emissions by 2025.

The Port Authority's sustainability agenda covers eight specific areas of sustainability and environmental action across the agency:

- Rail mass transit
- Clean electric vehicles
- Energy efficiency
- Solar and renewable energy programs
- Building sustainable facilities
- Clean ship practices for oceangoing vessels
- Offshore wind
- Partnering to combat climate change

## RAIL MASS TRANSIT

At the bedrock of the Port Authority's sustainability agenda is a commitment to green rail mass transit.

One element of this commitment is a program to expand and improve rail mass transit access to the Port Authority's three major airports. In 2020, the Port Authority advanced proposals to replace today's outdated AirTrain EWR with a brand new AirTrain Newark. The Agency will build a new AirTrain LaGuardia — ending LaGuardia's dubious distinction as the only major East Coast airport without a direct rail mass transit connection.

The Port Authority's commitment to green rail mass transit also extends to the operation and expansion of regional rail assets and capacity. The Agency's PATH Improvement Plan, by increasing the system's capacity and reliability,

will offer attractive, sustainable commuting alternatives to support projected population growth in PATH's service areas. The Port Authority has also been an active supporter of critical regional rail capacity enhancement programs, including the Gateway program's Hudson River Tunnel project and the development of Moynihan Train Hall in Midtown Manhattan.

## CLEAN ELECTRIC VEHICLES

In 2020, the Port Authority completed — six months ahead of schedule — the acquisition of 36 regular-route shuttle buses at JFK, Newark Liberty, and LaGuardia airports. This is the largest airport electric bus fleet on the East Coast and will eliminate 1,600 tons of greenhouse gas emissions per year and cut local air pollution by 12,000 pounds of nitrous oxide and 900 pounds of particulate matter annually.

The Port Authority's vehicle electrification agenda also includes the goal of electrifying 50 percent of the agency's light-duty vehicle fleet by 2023. This will result in an electrification of between 600 and 700 vehicles. The Agency had acquired 158 light-duty vehicles as of the end of 2020, with a clear path toward hitting the 50-percent target on schedule.

The Port Authority remains committed to advancing rules and regulations that promote the use of zero-emissions electric ground support equipment (GSE) at our airports and electric cargo handling equipment (CHE) at our marine terminals. While the financial uncertainty caused by the COVID-19 crisis, which particularly affected our airline partners in 2020, led the Port Authority to delay implementation of initial rules mandating electric equipment at our facilities, the Agency will work with its partners to restart this implementation as soon as feasible. In the meantime, the Agency continues to build new airport terminals with electric charging infrastructure to support zero-emissions electric GSE. Furthermore, the



Agency continues to work with GSE owners/operators to take advantage of state and federal grants to support the acquisition of electric GSE and install charging stations in the near term.

**Building a charging infrastructure:** In 2020, seven additional high-powered charging stations were installed to support additions to the airport electric shuttle bus fleet, for a total of 19 bus-charging stations at all three major Agency airports. Ten additional charging ports at various facilities were installed in 2020 to support Port Authority electric light-duty vehicles.

To encourage more drivers to use electric vehicles, the Port Authority has begun installation of charging ports for passenger and for-hire vehicles at its facilities. In partnership with the New York Power Authority, the Port Authority installed a new electric vehicle fast-charging hub at JFK Airport in 2020. The hub includes 10 Direct Current Fast Chargers, allowing users to fully charge their vehicles in 30 minutes or less. The fast-charging hub, which can be used by any electric vehicle, is the largest fast-charging station of its kind in the Northeast. Of course, much more remains to be done.

Moving forward, all new airport redevelopment will include additional charging stations in public parking facilities. As an example, the new six-story Consolidated Rental Car facility (ConRAC) currently under construction at Newark Liberty will include 30 charging ports upon opening, with electrical capacity to support 70 additional charging ports in the future.

## Vehicle electrification agenda also includes the goal of electrifying 50 percent of the agency's light-duty vehicle fleet by 2023.

### ENERGY EFFICIENCY

In 2020, as a part of an agency-wide energy efficiency program, the Port Authority completed the installation of 13,000 LED lights at the World Trade Center campus, which will reduce carbon emissions by 1,930 metric tons annually, conserving an estimated 6.4 million kilowatt (KW) hours of electricity. These LED lights were installed in the Vehicle Security Center, throughout the World Trade



Electric light-duty vehicle at the George Washington Bridge.

Center campus, the WTC PATH Station, and all associated corridors. The LED lights installed in the Oculus not only featured an advanced lighting control system that maximizes energy savings, but also offer color-changing and motion options for commemorative events.

Other new LED lights were installed at the Lincoln Tunnel, George Washington Bridge, Holland Tunnel, and associated roadways. In addition to facility lighting upgrades, the Port Authority's energy efficiency agenda includes the potential for projects that conserve energy through HVAC upgrades and controls, upgrades to facility building envelopes to reduce the need for heating and cooling, and water conservation programs.

### **SOLAR AND RENEWABLE ENERGY PROGRAMS**

In 2020, the Port Authority authorized the development, construction, and operation of New York State's largest onsite solar-plus storage system at JFK International Airport. This system will include a carport canopy with solar panels at the airport's Long-Term Parking Lot 9, providing covered parking to approximately 3,000 parking spaces. The solar array will generate 12.3 megawatts (MW) and includes 5 to 7.5 MW of battery storage, providing resilience to AirTrain JFK's energy supply. Approximately half of the energy production will be a community solar offering to residents in the communities surrounding JFK, resulting in electric bill savings for those ratepayers. The project will reduce greenhouse gas emissions by nearly 5,300 metric tons annually. Construction is scheduled to commence in 2021 and be completed in 2022.

In addition, the Port Authority finished in 2020 the construction of a 600-KW solar roof on the PATH MacMillan

Bloedel maintenance building in Jersey City. Two additional solar projects are currently in development across Port Authority facilities — a 5-MW solar parking canopy at Newark Airport's ConRAC facility and a 1.5-MW rooftop solar array on LaGuardia Airport's Terminal B Garage — and the Agency continues to explore opportunities for further on-site solar generation. Along with developing on-site renewable energy projects, the Port Authority has transitioned some of its grid power purchases to renewable sources and expects to scale up these purchases over time. The Agency will remain a partner to the states of New York and New Jersey in exploring opportunities to pool demand in support of the development of new, grid-scale renewable projects in the region.

### **BUILDING SUSTAINABLE FACILITIES**

During Climate Week in September 2020, the Port Authority announced the implementation of the Port Authority's Clean Construction Program, one of the most ambitious programs of its kind among U.S. transportation agencies. This program will reduce carbon emissions throughout the design and construction processes, ensuring that a minimum of 75 percent of concrete, asphalt, and steel construction waste is recycled or reused.

The program builds on the Port Authority's guidelines for sustainable design for buildings and infrastructure, incorporating globally recognized LEED and Envision-equivalent sustainability standards. It will:

- Require the use of clean construction equipment for all projects, beginning with the cleanest diesel equipment available, and proactively moving contractors toward zero-emissions equipment as it becomes commercially available.

New LED lighting installation at the Lincoln Tunnel.





- Reduce “embodied carbon,” the carbon emissions generated from the manufacturing and transportation of construction materials and on-site construction activity.
- Promote the circular economy and the reuse of materials to increase their effective lifespans, and reduce air pollution from construction across all facilities through six specific initiatives:
  1. The incorporation of LEED and Envision-equivalent sustainability standards during project design.
  2. Specifications for low-carbon concrete.
  3. Pilot projects with area academic institutions.
  4. A requirement for Environmental Product Declarations from contractors to help inform more environmentally focused material selection.
  5. Waste matching for concrete, asphalt, and soil across Port Authority construction sites.
  6. Clean ship practices for oceangoing vessels.

The Port Authority Clean Vessel Incentive (CVI) Program is an environmental initiative that provides financial incentives to encourage operators, charters, and agents of oceangoing vessels calling at Port Authority marine terminals to adopt voluntary engine, fuel, and green operational practices. These enhancements reduce emissions beyond the regulatory environmental standards set by the International Maritime Organization (IMO) and help the Port meet the cleanest standards.

In 2018, the Port Authority authorized \$7.8 million toward its continuation of the program over the next five years. In 2020, 1,802 vessels participated in the program.

## OFFSHORE WIND

The Port Authority has offered support to planning efforts in support of the goals of the states of New York and New Jersey to develop at least 16.5 gigawatts of offshore wind energy by 2035. The Port has engaged in collaborative dialogue with offshore wind developers, component manufacturers and state agencies to identify Agency port facilities that can potentially support the complex supply chain necessary for the offshore wind industry.

## OUTREACH PROGRAMS

For Earth Day 2020, the Port Authority created an online resource that could be used by educators, parents, and students who were staying home during the COVID-19 pandemic. This interactive educational program, titled “Fighting Climate Change,” was developed in collaboration with educators and the Agency’s own environmental experts. Using animations, videos, and games, “Fighting Climate Change” introduces students to the basics of the



Container gantry cranes at Elizabeth Marine Terminal.

carbon cycle, the greenhouse effect and human impact on the environment, including the role transportation plays in climate change and what the Port Authority is doing to take action.

Building upon this virtual outreach, Port Authority environmental experts and agency community partners delivered a free, six-day virtual sustainability summer camp to middle schoolers in communities surrounding LaGuardia and JFK airports. Topics covered included climate change and transportation, airport sustainability, renewable energy, electric vehicles, biodiversity in the Jamaica Bay wetlands, and green careers.

In September, during the launch of the Port Authority’s Clean Construction Program, the Port Authority hosted a public Climate Week New York event titled “Breaking Ground on Clean Construction: Rethinking and Rebuilding for a Greener Economy.” The two-day virtual event included panel discussions on policy and decision-making to decarbonizing and embedding circularity in construction, as well as a session on practical examples and case studies of construction practices, technologies, and systems that enable construction to advance on a pathway to decarbonization.

PATH train conductor.







Customer Care agent at Newark Liberty International Airport.

# Employer of Choice

**In 2019, the Port Authority committed to a new priority — to become an “Employer of Choice” — by fostering an employee experience that attracts, develops, and retains highly skilled and dedicated people. The success of the Agency’s mission to the public hinges on the success of its employees, in both their work and life.**

## **DELIVERING THROUGH CRISIS: NEW NORMAL, SAME EMPLOYER OF CHOICE**

In 2020, COVID-19 and a national movement to address systemic racism stress-tested the effectiveness and scope of the Agency’s Employer of Choice agenda. Through a steadfast dedication to its six core standards, the Port Authority met the challenge by advancing a wide array of programs to significantly improve employee wellness, engagement, development, and work-life balance.

Details on the Port Authority's actions in response to the murder of George Floyd and in support of the tenets of the Black Lives Matter movement are covered below under Diversity and Inclusion.

In terms of the ever-evolving COVID-19 crisis, the Port Authority was able to quickly implement a suite of real-time resources, policies, and programs to support and protect employees:

- **Protections for In-Person Workforce:** The Agency partnered with union leaders to rapidly reimagine tours of duty to safeguard more than 5,000 on-site employees. These safeguards included the provision of personal protective equipment, the utilization of staggered shifts and A-B teams, and other protocols to maximize social distancing on the job.
- **Remote Work:** The Agency moved quickly and decisively to build on its "Flexible Work Arrangements" policy — first issued in 2019 — to transition close to 3,000 employees, across a diverse array of business operations that have been conducted on-site for a century, into remote work arrangements. Departments leveraged innovative technology and streamlined processes to greatly expand the number of jobs that can be performed remotely.
- **COVID-19 Hotline:** In a matter of days, the Port Authority instituted a "COVID-19 Information Hotline" to provide approximately 8,000 employees with direct guidance if they become sick or exposed, or if they experience any other COVID-19 situation. The hotline drives the agency's internal contact-tracing efforts, critical to ensuring employee safety, facility cleaning/disinfection, and business continuity. Operated by specially trained HR staff, the hotline has operated seven days a week since the pandemic started, handling 14,000 calls in 2020.

- **COVID-19 Healthcare Benefits:** To ensure that employees and their families could receive COVID-19 healthcare services easily and at little to no cost during the pandemic, the Agency waived costs for diagnostic tests and telemedicine services, set up free testing locations dedicated to essential staff, launched an employee assistance campaign with confidential 24/7 mental health services, and gave employees the chance to adjust their flexible spending accounts mid-year to deal with unforeseen circumstances.

## The Agency moved quickly and decisively to build on its "Flexible Work Arrangements" policy.

- **On-Site Flu Shot Clinics:** The Port Authority proceeded with its usual distribution of free flu shots for all employees during the 2020 fall-winter season — stepping up its safety measures to ensure employees were well-protected from seasonal influenza. The clinics were held in open-air locations across facilities and enforced strict social distancing and mask-wearing measures.
- **PA Classroom Goes Virtual:** The Port Authority moved to remote learning for its in-house training academy. The Agency migrated in-person development courses to a fully virtual, interactive format, so that employees could continue to hone and diversify their skills, especially to help them adjust to their new normal — with classes on adapting to change, managing stress, and leading remote teams, to name a few.



Port Authority staff at the LaGuardia Airport coat drive.





Employee remote work area.

## EMPLOYEE BENEFITS

- **Family-Focused Policies:** In early 2020, the Port Authority unveiled a robust array of “Family-Focused” policies modeled on New York and New Jersey family leave programs. These policies proved critically important for employees during a year when families were challenged in unprecedented ways.
- **Employee Health & Wellness Program:** Just prior to the COVID-19 pandemic, the Port Authority was prepared to introduce a new “Employee Health & Wellness Program” that offered employees and their families resources to improve work-life balance and support their overall health and mental well-being. The program was fully redesigned to meet the specific needs of employees during the pandemic — this meant shifting the entire program to a virtual experience, complete with an ongoing schedule of web-based seminars and a digital application for setting personal health goals.

## TRAINING AND DEVELOPMENT

- **Unleashing the Port Authority Manager:** The Port Authority launched an initiative in 2020 focused on “unleashing” the potential of its people managers — the employees responsible for supporting the engagement and growth of others. The initiative kicked off with the rollout of the “Manager Learning Portal” — a digital platform that equips managers with an ever-increasing source of information and best-in-class tools to more effectively lead and develop their teams.
- **Field Supervisory Training Program:** The Port Authority continued to invest in its field supervisors, an integral part of the on-site workforce, who have served tirelessly on the front lines of the pandemic. The Agency rolled out its latest training program in October 2020, which was tailored to field supervisors at the agency’s Tunnels, Bridges & Terminals facilities and was redesigned in light of COVID-19, so that employees could participate safely. The agency celebrated the graduation of this latest cohort in December 2020.

George Washington Bridge at dusk.







Veterans Day lighting in the Oculus.

# Integrity

**Everything the Port Authority does rides on integrity. As a public agency, the Port Authority commits itself to the highest ethical standards. Every year the agency aggressively launches new integrity initiatives.**

## **RESPONDING IN 2020 TO COVID-19 AND RACIAL INJUSTICE**

In 2020, the Port Authority quickly adjusted its ethics and integrity programming, trainings, and investigative operations to respond to the COVID-19 pandemic and the national movement to address racial injustice, prompted by the murder of George Floyd. In 2020, the agency:

### **COVID-19**

- Adapted the format of new-hire orientation training, Rules of the Road: New Hire Conduct Essentials, from live in-person trainings to virtual trainings. The first of these virtual trainings was offered on March 18, 2020, only days after the Agency initiated remote work.



Staff meeting with  
Director/General  
Manager of PATH  
Clarelle DeGraffe.

- Sequenced computer-based training courses for non-represented staff to prioritize trainings most relevant to remote work. For example, a cybersecurity course was launched in early May, months ahead of schedule, to train non-represented employees on the unique cybersecurity challenges associated with remote work.
- Revised the Office of Ethics and Compliance's interview practices for ethics-related inquiries and reports to be conducted 100 percent virtually.

#### Anti-racism

- Incorporated a new Diversity, Inclusion, and Discrimination module as part of the annual Employee Code of Ethics computer-based training for non-represented employees. The Agency deliberately added this module in response to race-related events in the wake of the murder of George Floyd, protests against racial injustice, and rising racism against the Asian and Asian-American communities.
- Developed a standalone, computer-based anti-racism training module, Anti-racism: Taking Action, in response to employee feedback gathered by the Leadership Steering Committee on Race. One hundred percent of staff were on track to complete this course in 2021. This course was the first-ever computer-based training campaign that the Agency has released to all staff — represented and non-represented — simultaneously.

#### CONTINUING INTEGRITY TRAINING PROGRAMS

In 2020, the Agency continued to develop and deliver effective training programs by pivoting to online formats. In 2020, the Agency:

### Developed a standalone, computer-based anti-racism training module.

- Delivered three integrity training computer modules:
  - < Risky Behavior: Information Security focused on how to protect the Agency's computer resources, including operating systems, confidential information, and other sensitive data.
  - < Employee Code of Ethics (2020) addressed ethical issues such as Accurate Books and Records, Acceptable Online Behavior, Business Expenses and Business Travel, and Diversity, Inclusion, and Discrimination.
  - < Anti-racism: Taking Action, as mentioned above, was an introduction to anti-racism and unconscious bias.
- Expanded new-hire full-day live training to include presentations from the Office of Diversity and Inclusion's Title VI group, the Agency's Workplace Safety unit, and Employee Business Resource Groups.



- Trained 119 new managers and supervisors on equal employment opportunity policies and procedures as required by federal grant requirements.

### OFFICE OF THE INSPECTOR GENERAL

A key component of the Port Authority's commitment to integrity is its robust Office of the Inspector General. The work of the OIG continued unabated throughout 2020, despite the pandemic, with staff continuing both in office and field operations.

In order to ensure that entities that do business with the Port Authority have and maintain a demonstrated record of integrity, the OIG conducts background checks on contractors, vendors, and lessees that are seeking to do business with the Port Authority or on Port Authority property, prior to their onboarding. In 2020, the OIG conducted background checks on over 700 firms and 4,300 individuals.

The OIG's Fraud Prevention Program is designed to prevent fraud on the agency's capital projects. The OIG utilizes Integrity Monitors on all the Port Authority's large



**TAKING ACTION ON RACE DYNAMICS**  
**Diversity and Inclusion**

Developed a new Diversity and Inclusion training module in support of the Agency's agenda to address and improve race dynamics.

capital projects, such as the Newark Liberty and LaGuardia Airport redevelopment programs, as well as projects that receive federal funding.



View of the Statue of Liberty and Port Jersey Marine Terminal.

Ribbon cutting event for the opening of J&P Runway Café, a local Minority- and Woman-owned Business Enterprise (MWBE) to operate an on-airport employee cafeteria inside Building 14 at JFK International Airport.







The Black Women's Empowerment Summit. The event centered around supporting and connecting the community of black women at The Port Authority. Image taken 2/20

# Diversity & Inclusion

**In 2020, the Office of Diversity & Inclusion (ODI) undertook numerous initiatives to significantly improve workplace equity, diversity and inclusion — initiatives that took on heightened significance in the aftermath of the national movement for racial justice following the murder of George Floyd in May 2020. The Port Authority similarly intensified its commitment to its 30 percent nation-leading Minority- and Women-owned Business Enterprise (MWBE) outside contracting targets — 20 percent minority-owned businesses and 10 percent women-owned businesses — throughout the COVID-19 pandemic, underscoring the significance of a robust diversity and inclusion agenda to the Port Authority and to the region's recovery.**

ODI aggressively continued to deliver on its internal and external milestones throughout 2020.

## PROMOTING DIVERSITY AND INCLUSION INTERNALLY: ADDRESSING AND IMPROVING RACE DYNAMICS

In the wake of the murder of George Floyd and the subsequent public demonstrations across the nation protesting systemic racial injustice, the Agency quickly established a Leadership Steering Committee (LSC), chaired by the chief diversity & inclusion officer, to examine race dynamics within the Agency and provide recommendations that advance diversity, inclusion, and equity as part of the Employer of Choice agenda.

The LSC heard from more than 2,400 employees during 50 listening sessions. In November 2020, the LSC recommended an initial set of seven initiatives, developed with the support of more than 120 employee volunteers, which were approved by the chairman and executive director.

- Establishing Juneteenth as a permanent additional holiday.
- Launching an anti-racism course for all employees.
- Creating an employee experience advisor to respond to employees who have concerns about workplace equity.
- Publishing workforce demographic data.
- Presenting a series on “Race, Economics, and Transportation” hosted by the Planning and Regional Development Department.
- Enhancing a new management training program to include specific training for managers on how to create a diverse, equitable, and inclusive workplace.
- Enhancing the performance management system with a focus on ensuring it is fair and does not reflect bias, and to enable multiple managerial inputs on performance assessments.

Each of these seven initiatives has been implemented, and the Leadership Steering Committee released its final report, with a full suite of 25 initiatives, early in the first quarter of 2021.

## PROMOTING CIVIL RIGHTS AND ACCESSIBILITY

In 2020, several civil rights compliance initiatives were delivered to ensure equal employment opportunity, civil rights, and accessibility. The Agency:

- Hosted a national forum with industry experts to celebrate the 30th anniversary of the Americans with Disabilities Act (ADA). In honor of the ADA’s anniversary, the Agency — among other initiatives — issued Supplemental Accessibility Requirements for facility construction and operations, which include improved standards for design, technology, and training.

In May, the Agency submitted the PANYNJ & PATH Quadrennial 2020 EEO Compliance & Program to the Federal Transit Administration. A copy of the EEO Statement of Policy was distributed to all employees.

## PROMOTING DIVERSITY AND INCLUSION EXTERNALLY

In 2020, the Port Authority made significant strides toward improving opportunities for diverse businesses to compete for contracts on Port Authority projects.

The agency hit two major milestones related to its nation-leading MWBE contracting goals. The Port Authority achieved \$1.5 billion in contract awards to MWBEs as part of the construction of a Whole New LaGuardia Airport and \$445 million at Newark for the new terminal and consolidated car rental facility. These contract awards were granted to MWBE construction subcontractors as well as Architectural and Engineering (A&E) professional services firms.

The Agency’s business diversity agenda extends beyond our major construction projects to the operation of Port Authority facilities. One noteworthy example of progress on this front is the December 2020 opening of J&P Runway Café, an on-airport employee cafeteria inside Building 14 at John F. Kennedy International Airport. J&P Runway Café is a Minority- and Woman-owned Business Enterprise (MWBE) led by two local Queens restaurateurs.





As the agency builds on these achievements, it has focused on three elements key to expanding business diversity: certification, compliance, and capacity-building programs. These focus areas are discussed in greater detail below.

The Port Authority also facilitated a series of roundtable discussions with experts and advocates in the MWBE community that led to creative and impactful policy recommendations related to the Port Authority's MWBE programs and procedures. These recommendations promise to advance the utilization of minority firms that are most underutilized.

## CERTIFICATION

In 2020, the Agency kept up with growing demand for business diversity certifications with the Port Authority and adapted to the remote work environment by delivering virtual services and assistance to firms. The Port Authority:

- Completed a total of 1,971 certifications, of which 1,008 were re-certifications and 963 (49 percent) were new applicants, a 5 percent increase over 2019.
- In addition to providing reciprocity to New York State's Service-Disabled Veteran-Owned Businesses (SDVOBs), the Port Authority has certified 31 SDVOBs since the program was established in November 2019.

## COMPLIANCE

In 2020, the Agency increased its outreach efforts to support businesses in navigating challenges presented during COVID-19, as well as maximizing contracting opportunities. The Agency:

- Increased the value of construction contracts awarded through Small Business Enterprise (SBE) Set Asides to 17.3 percent of all construction contract awards compared to 3.3 percent of all construction contract awards in 2019. The total value of the 2020 SBE Set Aside construction awards was \$35.1 million out of a total of \$202.8 million for all construction contract awards in 2020. While the total value of construction contracts awarded in 2020 was significantly lower than the 2019 construction contracts — a decrease entirely attributable to the slowdown in capital spending necessitated by the COVID-19 crisis — the fact that SBE construction contracts increased as a percentage of all construction awards demonstrates the Port Authority's commitment to this program.
- Adopted a new approach to unbundle Agency brokerage services contracts and develop contractual insurance brokerage opportunities for smaller commercial insurance brokerage firms, resulting in a set-aside opportunity for SBEs.
- Held approximately 30 successful outreach events with over 1,400 attendees that specifically targeted

small businesses, supporting them in navigating the challenges presented by the COVID-19 pandemic, developing and growing their business, and finding business opportunities within the agency. New programing included:

- < An educational program to assist Airport Concessions Disadvantaged Business Enterprises (ACDBEs) in "Navigating Joint Venture Agreements During COVID-19." An expert consultant provided each interested firm a financial readiness assessment and pertinent resources for successful proposal presentations. Targeted outreach was conducted to ensure local firms participated in this event.
- < A five-part Business Assistance Series made available to all Port Authority certified firms between July and December 2020, in which Port Authority experts provided MWBEs and SDVOBs with guidance and best practices in insurance, marketing, hiring, and personnel retention.
- < Informational sessions on agency opportunities in sustainability, legal, security, technology, operations, and maintenance.
- Held pre-proposal meetings to inform MWBEs of agency requirements for Port Authority contracts related to redevelopment programs, immediate repairs, materials engineering, and security operations.
- Issued weekly information packages through the Agency's MWBE engagement platform, beginning March 2020, to provide MWBE contacts with information on upcoming webinars, news related to contract opportunities and COVID-19 guidelines, and health and safety guidelines from federal, state, and local health officials.

## CAPACITY BUILDING

Capacity building involves customized initiatives designed to provide experiential opportunities, training, and business resources to prepare firms to successfully perform on Port Authority and tenant contract opportunities. In 2020, the agency:

- Provided MWBE construction businesses and professional services with best practices in managing their various office, business, and administrative functions through a three-day "Construction Administration 101" workshop from September 22-24, 2020. This training provided essential information to the office staff of small contractors to improve their back office efficiency and performance.
- Offered "Construction Management Training"—a four-week training program from September 8 to October 6, 2020, facilitated by The Regional Alliance for Small Contractors in partnership with Pace University. The training offered continuing education credits.

Water feature in Terminal B at LaGuardia Airport.







An ultra-large container vessel under the Bayonne Bridge.

# Global Best Practices

**Adopting best-in-class practices is an agency-wide standard; it is essential to the Port Authority's commitment to deliver 21st-century, world-class infrastructure and services, and the Agency is committed to measure itself by global best practices.**

In 2020, the Agency's focus on best-in-class practices proved critical as it responded in real time to the coronavirus pandemic by contracting with public health experts for guidance on best practices as it implemented new health/safety protocols, reconfigured facility footprints to better reflect customer usage during the pandemic, and enhanced the health and safety design elements of new facilities under development.

Additionally, the Agency continued to look to best practices as it advanced critical projects and initiatives across its operating departments.

## AIRPORTS

In 2020, the Port Authority built on the progress it had made over the past several years transforming LaGuardia and Newark Airports into 21st-century facilities by continuing to leverage global, world-class standards from the planning to the execution phases of these redevelopment projects.

**At LaGuardia**, the Port Authority's commitment to global best practices led the Agency to build on major construction milestones from 2018 and 2019, which included the opening of the West Garage and three brand new passenger concourses as its greatest milestones to date. The opening in June 2020 of the new Terminal B Arrivals and Departures Hall generated an extraordinarily positive public reception, leaving media outlets saying:

- "New York's LaGuardia Airport Like You've Never Seen It Before," Forbes, 6/13/2020
- "LGA Goes from Third World to World Class," Queens Chronicle, 8/13/2020
- "Hard to Believe You're at LGA: Flying from the New Terminal B," The Points Guy, 6/23/2020
- "From Disgraceful to Breathtaking: LaGuardia's \$4 Billion Makeover," The New York Times, 6/10/2020

**At Newark Liberty**, the Agency advanced the design and construction of the new flagship Terminal project in line with global best practices. As at LaGuardia, progress on Newark's redevelopment in 2020 was the outgrowth of a series of milestones in 2018 and 2019, from groundbreakings on the new terminal and new consolidated car rental and parking garage to rapid construction on both projects, including the topping out of the terminal's steel in October 2019.

In 2020, the Port Authority built on this progress by updating designs for the new terminal in response to the COVID-19 crisis and to align the terminal's design with emerging best practices. These updated designs call for an expanded frontage with four distinct areas for taxis, app-based ride-share vehicles, buses, and private passenger vehicles. This approach will simplify and expedite passenger ground transportation based on models seen at leading airports around the world.

The new terminal at Newark Liberty will also incorporate post-COVID-19 best-in-class health and safety technologies, including touchless check-in, self-bag drop, and self-boarding.

The redevelopments of both Newark and LaGuardia airports include plans for brand new, world-class AirTrain systems that will offer reliable, predictable, and sustainable mass transit connections to the airport.

In 2020, the Agency also completed the following initiatives to bring its airports into line with best-in-class standards:

- Introduced contactless technologies — including the first-ever fully automated e-gates to enter security screening lines at EWR and new touchless e-gates to board aircraft in terminals at JFK and EWR.
- Supported the opening of COVID-19 diagnostic testing centers at all three major airports.
- Launched air filtration and purification technology pilots and upgrades to existing HVAC systems at airports.

The numerous health and safety measures the Agency implemented earned all five of the Port Authority's airports best-in-class COVID-19 health and safety accreditations from Airports Council International-North America, the leading trade organization for airports.



Art installation  
LaGuardia Vistas  
by Sabine Hornig at  
LaGuardia Airport.



New, state-of-the-art cashless tolling technology at the Holland Tunnel.



In September, the Port Authority began an intensive six-month engagement with the Global Biorisk Advisory Council (GBAC) — consisting of walkthroughs, inspections, and detailed evaluations — to earn GBAC's gold standard accreditation in infectious disease prevention. Accreditations for all five Port Authority airports are expected in April 2021.

## BRIDGES AND TUNNELS

As part of the Port Authority's commitment to providing a best-in-class experience for drivers at its tolled bridges and tunnels, in 2020, the Agency advanced the transition to all-cashless tolling on its three Hudson River Crossings. (The three Staten Island bridges led the way to all-cashless tolling in 2019.)

- In February, all-cashless tolling was implemented at the Palisades Interstate Parkway entrance to the George Washington Bridge.
- In November, new, state-of-the-art cashless tolling technology at the Holland Tunnel was activated.

In addition to all-cashless tolling technology, the Port Authority's commitment to upgrading support for toll payers in 2020 includes two key initiatives:

- Users of Port Authority bridges and tunnels can now digitally and conveniently manage their E-ZPass and Toll-by-Mail accounts via the new TOLLS NY mobile application.
- Effective January 2020, customers with the most serious toll violations or issues can contact the Port Authority's Office of the Toll Payer Advocate — a new office established to help customers resolve issues quickly, completely, and with the support of an expert.

At the Port Authority's bus facilities, the Agency implemented stringent health and safety measures to protect customers and employees. The Agency plans to seek health and safety accreditations from the Global Biorisk Advisory Council for its bus terminals in 2021. GBAC accreditation is an industry gold standard and requires extensive staff engagement over several months as facilities are inspected and evaluated according to scientifically supported health and safety metrics.

The Agency also continued to advance the customer experience through 21st-century technology enhancements including the deployment of free Wi-Fi and enhanced cellular service coverage at the George Washington Bridge Bus Station. At the Midtown Bus Terminal, the Agency installed 25 new information kiosks to provide customers with real-time bus departure information, enhanced mapping functionality, and facility directories.

A member of PATH's "Mask Force" assists a rider.



## PATH

In 2020, PATH was intensely focused on protecting the health and safety of its ridership through best-in-class operations and communications campaigns.

PATH rapidly implemented face-covering requirements in stations and on platforms, adjusted train schedules to meet changing passenger commute schedules and the need for physical distancing, and enhanced cleaning and disinfection routines in stations and on cars — disinfecting the entire fleet of cars every 24 hours in accordance with best practice and cleaning high-touch station surfaces multiple times a day.

In terms of communications, PATH worked with industry experts to develop a wide-ranging campaign to promote face-covering compliance. The “Mask on. Ride on” campaign featured bright colors and universal symbols on strategically placed signage to remind passengers to “mask up” before entering stations and while in transit. This campaign was supplemented by PATH’s “Mask Force” — a team of employee volunteers whose daily mission was to help keep riders masked, socially distant, and safe.

Throughout the COVID-19 pandemic, PATH continued to focus on key initiatives to increase capacity and reduce delays through targeted root cause analysis and response. This sustained focus is critical to improving PATH riders’ experience as they return to the system post-pandemic.

## PORTS

In 2020, the Agency’s seaport continued to embrace best-in-class practices to manage operations throughout the COVID-19 crisis.

Throughout the pandemic, the Port worked through the Council on Port Performance to collaboratively and proactively address emerging issues among Port stakeholders related to cargo distribution and supply chain logistics. The Council on Port Performance is a coordinating body — made up of marine terminal operators, ocean carriers, shippers, labor, and rail operators — created by the Port Authority prior to COVID-19 to proactively mitigate operational disruptions and inefficiencies. This collaborative body proved critical to the Port of New York and New Jersey’s COVID-19 response. The Port:

- Worked with local warehouse operators to identify excess capacity to store cargo outside of marine terminals. By sharing this information with shippers, the Port was better able to reduce on-port congestion and ensure resilient regional supply chains.
- Established a multi-stakeholder working group to develop personal protective equipment supply channels in support of waterfront labor health and safety.
- Established weekly meetings with operational stakeholders to collectively address the challenges of the pandemic related to labor supply, health and safety protections, and cargo congestion.



- Shared real-time information to align extended terminal gate hours as well as Saturday gate hours to better manage the substantial increase in cargo volumes.

### PORT AUTHORITY POLICE DEPARTMENT

In 2020, the Port Authority Police Department rapidly enhanced its policing practices and procedures to ensure the safety of the traveling public and its officers during the COVID-19 crisis. The PAPD shared its experiences and lessons learned with police forces in the region through information sharing arrangements and policing networks, which led several agencies — including police departments in Jersey City, Hoboken, Union City, and Newark — to adopt PAPD workplace safety measures as best practice. The PAPD:

- Adapted policies and procedures to ensure police officer safety — including mandating face coverings and physical distancing while on patrol or at duty posts, the closure of locker rooms, reserve rooms, and fitness areas to promote physical distancing, and the suspension of larger all-squad roll calls in favor of smaller roll calls at duty posts conducted by supervising officers.
- Hosted a biweekly call beginning in March 2020 with more than 20 U.S. airport law enforcement executive commanders (in major U.S. cities including Los Angeles,

Chicago, Atlanta, and Boston) to share best practices related to COVID-19 workplace safety, police tactics, and police force management.

- Implemented public-facing mask education and mask enforcement programs.
- Instituted an intelligence-driven policing model to best allocate police resources.
- Supported public health messaging campaigns at facilities.

## The Port worked through the Council on Port Performance to collaboratively and proactively address emerging issues.

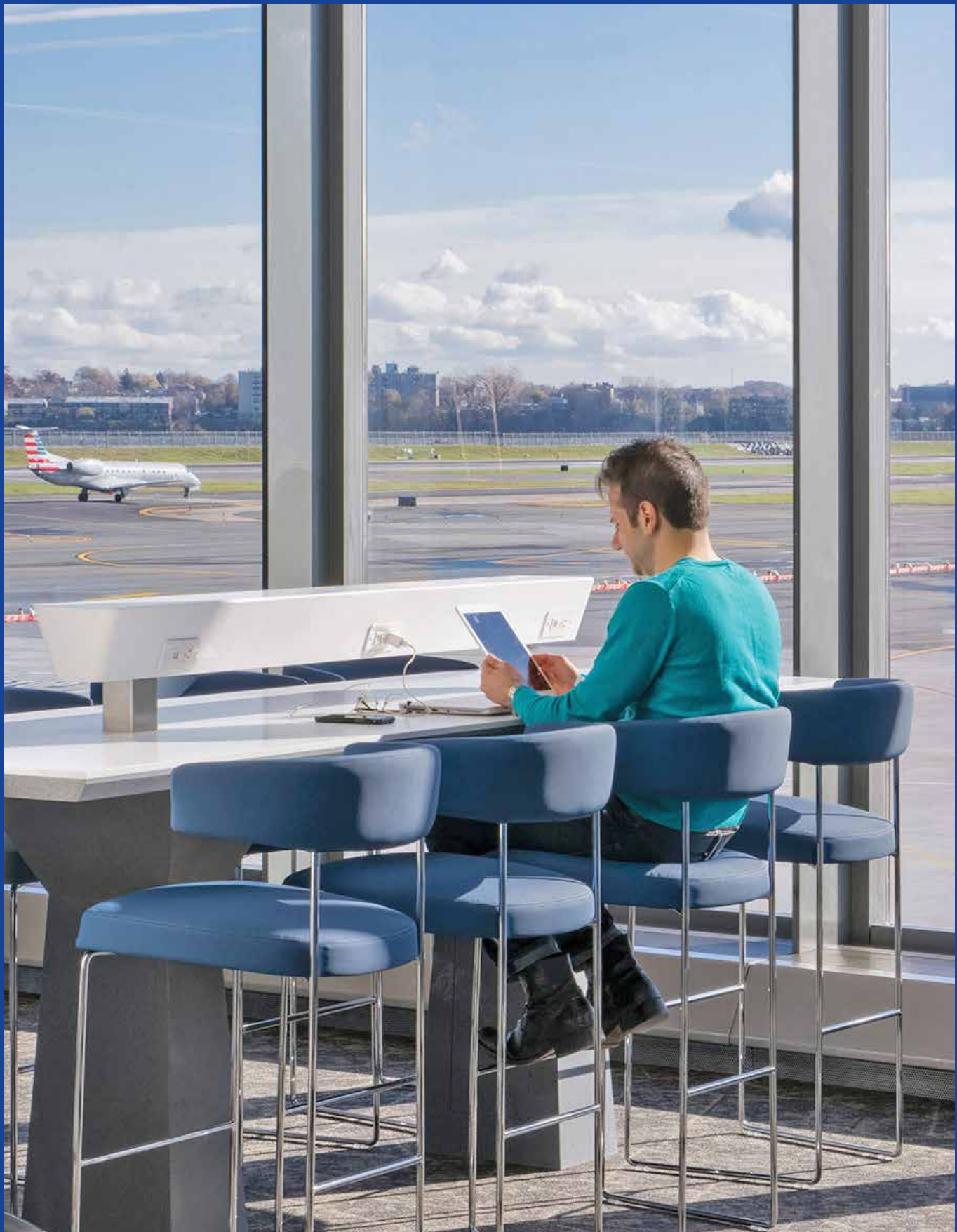
Together, these actions enabled the PAPD to deliver protection to the travelling public without interruption while preventing injuries and damage to infrastructure.

The PAPD also responded to the movement for racial equity across all elements of society by actively participating in the Agency's Leadership Steering Committee effort to develop an agenda to address and improve race dynamics. Several initiatives in this area were launched in early 2021.



PAPD presence at one the Port Authority's maritime facilities.

A passenger in the new Terminal B at LaGuardia Airport. Image taken pre-2020







Agency Operations Center.

# 21st-Century Technology

**The Port Authority's commitment to using the technology of today to build the infrastructure of tomorrow was ever-present in 2020 as the Port Authority maintained a high standard of operations across all facilities throughout the COVID-19 pandemic.**

## RESPONDING TO THE PANDEMIC, THE AGENCY:

- Enabled nearly 3,000 employees to work remotely in a matter of days and ensured continuity of Port Authority operations.
- Enhanced the Agency's COVID-19 response by launching a web-based application to verify employee health status before employees report to work.
- Enabled remote performance of routine onsite activities, such as payroll processing, facility operations management, and engineering and design.
- Enabled virtual Port Authority Board of Commissioner Meetings, beginning in April.
- Implemented an online portal for all Port Authority staff and contractors to submit Information Technology (IT) requests and to manage key IT support processes.
- Onboarded summer interns remotely and provisioned virtual workstations with "zero touch" to enable interns to conduct business during the pandemic.

The Port Authority brought 21st-century technology to bear across the Agency's priorities. To enhance the digital and physical security of the Port Authority's facilities and customers, in 2020, the Agency:

- Expanded its Payment Card Industry (PCI) compliance program threefold to include all aspects of the PATH fare collection systems, ensuring adherence to PCI standards for cardholder data management.
- Piloted an automated gunshot detection system at Newark Liberty Terminal B.
- Upgraded the Agency's rigorous cybersecurity posture and increased the resiliency of the Agency's radio systems network, the Perimeter Intrusion Detection System (PIDS), and our Airport Operations Centers at JFK, Newark, and LaGuardia.

## Enabled nearly 3,000 employees to work remotely in a matter of days...

To support the Port Authority's ambition to incorporate 21st-century technology into infrastructure development and operations, in 2020, the Agency:

- Deployed an Agency Traffic Management System (ATMS) to enable central management of traffic systems across the region from an agency operations center.
- Brought best-in-class check-in, security, baggage handling, and other technologies to the design and construction of the new LaGuardia Airport.



Updated Welcome Center at LaGuardia Airport.





Touchless technology at Newark Liberty International Airport.

- Planned and developed cutting-edge data communication network infrastructure for the new terminal and ConRAC facility as part of Newark Redevelopment.
- Provided Design Support for a new JFK, including the launch of the new JFK Unified Operations Center (UOC) by identifying and provisioning IT communications infrastructure (fiber-optic connections and supporting hardware) required for service continuity at JFK Airport.
- Deployed new, best-in-class airport parking revenue collection systems at JFK, Newark, LaGuardia, and New York Stewart.
- Deployed 25 digital information kiosks at the Port Authority Bus Terminal to communicate high-quality and timely schedule and facility information to bus riders.
- Expanded fast, free Wi-Fi coverage to the Customs and Border Protection (CBP) areas at Newark and JFK.
- Upgraded the centralized Port portal system that provides transparency on cargo status to port stakeholders for operational planning.
- Deployed a “chat bot” on Port Authority airport websites to answer travelers’ questions about airport safety during the pandemic.

To provide an improved customer experience to our customers and operating partners, in 2020, the Port Authority:

- Increased Wi-Fi speeds to 100 Mbps across JFK, Newark, and LaGuardia, twice as fast as 2019 and eight times faster than three years ago.

## COVID-19 RESPONSE

The Port Authority worked closely with state and local health officials to implement a best-in-class response to the coronavirus pandemic. In 2020, the Port Authority:

- Worked with airport terminal operators, New York State, New Jersey, New York City, and XpresCheck to bring COVID-19 diagnostic testing sites to JFK, Newark Liberty, and LaGuardia airports.
- Worked closely with airlines, terminal operators, the National Guard, New York City, and New York State to support COVID-19 travel restrictions, self-quarantine requirements, and the collection of traveler health declaration forms at JFK and LaGuardia.
- Coordinated with NYC Health and Hospitals (NYC H+H) to screen bus passengers and enforce NY travel restrictions, as well as to stand up a COVID-19 diagnostic testing site at the Midtown Bus Terminal.

In addition to working with governmental partners, stakeholders, and private industry to respond to the COVID-19 pandemic at Port Authority facilities, the Agency and its employees also engaged with charitable organizations throughout the region to support vulnerable community members during the COVID-19 crisis.

In the summer of 2020, the Port Authority launched a COVID-19 Community Aid Campaign, giving employees the opportunity to make a one-time payroll contribution to aid local coronavirus response efforts, benefiting nine charitable organizations in both New York and New Jersey. The generosity of Port Authority employees led to more than \$16,000 worth of charitable donations through this campaign alone.

The Agency's Employee Business Resource Groups (EBRGs) supplemented this effort by sponsoring a series of fundraisers for community-based organizations working to support those most impacted by COVID-19, raising \$7,000 in April and May alone. In addition to monetary donations, EBRGs — separate from the Port Authority's efforts — coordinated the purchase of lunch for essential healthcare and frontline workers, PPE drives, and professional development services like resume workshops for jobseekers.

## COMMUNITY OUTREACH AND ENGAGEMENT

The Port Authority is committed to ensuring that communities surrounding its major facilities benefit from Port Authority redevelopment projects and facility operations. This includes a commitment to robust local hiring and workforce development programs as well as to our nation-leading MWBE contracting targets.

Much of the Port Authority's community outreach and engagement efforts have been coordinated through the agency's redevelopment project outreach offices, which are located in the communities surrounding LaGuardia, Newark Liberty, JFK, and the Midtown Bus Terminal. The Port Authority opened these offices in 2018 and, in 2020, adjusted their operations to embrace virtual programming and engagement strategies in response to the COVID-19 pandemic.

In 2020, the Agency continued to deliver on and expand community-focused initiatives in the communities surrounding Port Authority projects.



Enhanced cleaning and disinfecting at Newark Liberty International Airport.



### The Port Authority:

- Achieved a remarkable milestone in 2020 when the Agency surpassed more than \$1.5 billion in contracts being awarded to certified Minority- and Women-owned Business Enterprise (MWBEs) as a part of LaGuardia Redevelopment, the largest amount for any public-private partnership project in New York State history. The LaGuardia Redevelopment program also achieved \$600 million in contracts to Queens-based businesses.
- Awarded more than \$445 million in contracts to certified MWBEs as part of the new Terminal A and ConRAC elements of Newark Redevelopment. The Newark Redevelopment program similarly awarded more than \$365 million in contracts for local New Jersey firms.
- Opened the Maritime Community Engagement Center on Market Street in Newark to promote employment and contract opportunities in maritime port operations and the transportation, logistics, and distribution industry.
- Placed through the Council for Airport Opportunity LGA Career Center nearly 150 people in jobs at LGA, including nearly 100 Queens residents, in partnership with two community-based organizations — Elmcot Youth & Adult Activities and Neighborhood Housing Services of Queens CDC.
- Placed through the Newark-based Council for Airport Opportunity more than 200 people at jobs at Newark Airport. More than 100 of these placements came from the cities of Newark and Elizabeth, with the remainder from Essex, Union, and Hudson counties.
- Celebrated in December the opening of J&P Runway Café, a local Minority-owned and Women-owned Business Enterprise operating an on-airport employee cafeteria inside Building 14 at JFK.

## WORKFORCE DEVELOPMENT & EDUCATIONAL PROGRAMMING

Collaboration also means working with the future leaders of the Port Authority and other regional transportation agencies. In 2020, the Port Authority:

- Hosted jointly between the LGA and JFK redevelopment programs:
  - < Approximately 30 workforce development webinars on topics including resume and cover letter writing, interview prep, MS Office certification, union apprenticeship programs, and optimizing LinkedIn and social media profiles.
  - < Approximately 30 business development webinars on topics including MWBE certification, access to capital, PPP program, doing business with the Port Authority, and workers' compensation.
- Hosted at EWR Redevelopment:
  - < Approximately 50 business development webinars held in 2020, both in English and Spanish, on topics including MWBE certification, bid response trainings, strategic alliance workshops, procurement informational sessions, and capacity statement writing workshops.
  - < Approximately 25 workforce development webinars in Spanish and English on topics including resume building, cover letter writing, networking “do’s and don’ts,” mock interviews, and optimizing LinkedIn and social media profiles.
  - < The first Spanish-language-only redevelopment outreach forum in conjunction with the Port Authority Hispanic Society. This practice has since been adapted by all redevelopment community outreach offices and is used when the local community’s demographics warrant it.
- Sponsored the second-annual aviation-focused STEM education program in partnership with Queens Public Library for approximately 80 local middle-school students in the neighborhoods surrounding LaGuardia Airport.
- Awarded five full-tuition, four-year scholarships to Vaughn College, with paid summer internships and job placement with the Port Authority upon graduation to high school seniors from communities around LaGuardia, bringing the total number of scholarships up to 11.
- Hosted multiple events with elementary and middle-school girls to discuss women in the aviation industry.
- Launched a series of virtual seaport-related job fairs and career awareness events through the Council on Port Performance. These events included webinars designed to connect CDL holders with maritime trucking opportunities and for job seekers navigating warehousing and distribution careers.
- Developed a Transportation, Logistics, and Distribution (TLD) program for vocational and technical educators, counselors, and curriculum developers in high schools within the Port district. This “Train the Teacher” series provided educators the opportunity to meet with port employers and learn about various types of technical skills required for a successful career in the maritime industry.
- Hosted a virtual mini-camp focused on sustainability at the Port Authority for more than 30 middle-school students in communities surrounding LaGuardia and Newark.

The new JFK Redevelopment Outreach Office in Jamaica, Queens.







Smorgasburg at the Oculus.

# Collaboration

**Collaboration is not just an internal goal for a service agency; it is also an external imperative. The success of Port Authority operations and redevelopment programs requires meaningful collaboration and consultation with the communities surrounding Agency facilities, with customers, and with elected representatives. Close collaboration between the Agency's five operating departments, multiple staff departments, and its private-sector partners is also key to the efficient and effective operations of the Port Authority.**

Restore the George work continues.







Construction at LaGuardia Airport.

# Speed of Execution

In 2020, the Port Authority continued to deliver through crisis, aided by its emphasis on speed of execution and tangible improvements to the region's transportation infrastructure. The focus on speed of execution was applied across the board, from small projects to significant capital projects, including those at the region's airports, bridges, and PATH system. Though the financial impacts of the COVID-19 pandemic forced the Port Authority to hold certain capital projects in planning and design phases, the Agency worked intensely to maintain schedules to the extent possible on those projects in construction through the pandemic.

Speed and adaptability were critical in the Port Authority's responses to two distinct challenges in 2020: the COVID-19 pandemic and the need to address and improve race dynamics in response to the public demonstrations across the nation protesting systemic racial injustice. As detailed in previous sections of this report, the Port Authority responded swiftly to both crises, implementing a series of tangible initiatives to ensure that our customers and employees benefitted from enhanced health and safety protocols as well as programs to support diversity, equity, and inclusion.

## AIRPORT REDEVELOPMENT

**LaGuardia:** After breaking ground at LaGuardia's new Terminal B in the summer of 2016, with a groundbreaking on Delta's new terminal in the summer of 2017, the construction of "A Whole New LGA" continued to race forward, hitting significant milestones in 2020, with more than 60 percent of the entire new airport and 90 percent of Terminal B now open to the public.

- In June 2020, the new Terminal B Arrivals and Departures Hall opened, along with 75 percent of the new airport's vastly improved roadway network.
- In July 2020, steel topped out at Delta's Arrivals and Departures Hall.
- In August 2020, seven new gates opened in Terminal B's western concourse, meaning that more than 70 percent of Terminal B's gates were open and operating by mid-2020.

**Newark Liberty:** Following the Board's February 2018 approval of the largest design-build contract in New Jersey history to construct a new Terminal A at Newark, 2020 saw the achievement of significant project milestones.

- The new terminal building is in the final stage of the construction process and is due to open in the first half of 2022. Roadways are 50-60 percent complete.

Construction on the new centralized parking garage and car rental facility at Newark Liberty International Airport.







Workers at the centralized parking garage and car rental facility at Newark Liberty International Airport.

# Financial Section

## To the Board of Commissioners of The Port Authority of New York and New Jersey

The Enterprise and Fiduciary Fund financial statements (the “Financial Statements”) of The Port Authority of New York and New Jersey (including its component units, collectively referred to herein as the “Port Authority”) as of and for the years ended December 31, 2020, and December 31, 2019, are enclosed. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation in the Financial Statements rests with management of the Port Authority. The Management’s Discussion and Analysis (“MD&A”) and Required Supplementary Information (“RSI”) sections of the Financial Statements provide a narrative introduction, overview, and analysis of Port Authority financial activities and are required by the Governmental Accounting Standards Board (“GASB”). Schedules A, B, and C have been prepared in accordance with Port Authority bond resolutions and are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Schedules D, E, F, and G include other statistical information presented for purposes of additional analysis and are not a required part of the Financial Statements.

Port Authority management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. The Port Authority has established a comprehensive framework of internal controls that includes maintaining records that accurately and fairly reflect the transactions of the Port Authority, providing reasonable assurance that transactions are recorded as necessary for financial statement preparation, and providing reasonable assurance that unauthorized use, acquisition, or disposition of company assets that could have a material impact on the Port Authority’s financial condition would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the financial statements would be prevented or detected.

Pursuant to Port Authority bylaws, the Port Authority’s Executive Director, Comptroller, and I certified the Financial Statements on March 3, 2021. The Financial Statements certificate is presented herein.

A firm of independent auditors is retained annually by the Port Authority Board of Commissioners’ (“Board of Commissioners”) Audit Committee to conduct an audit of the Financial Statements in accordance with auditing standards generally accepted in the United States of America. The goal of the independent audit is to provide reasonable assurance that these Financial Statements are free of material misstatement. The audit includes an examination, on a test basis, of the evidence supporting the amounts and disclosures in the Financial Statements, an assessment of the accounting principles used and significant estimates made by management, as well as the overall presentation of the Financial Statements. In planning and performing their audit, the independent auditors consider the Port Authority’s comprehensive framework of internal controls in order to determine auditing procedures for purposes of expressing an opinion on the Financial Statements. The independent auditors’ report is presented herein.

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the independent auditors’ report and the audited Financial Statements.

### PROFILE OF THE PORT AUTHORITY

The Port Authority is a municipal corporate instrumentality and political subdivision of the states of New York and New Jersey, established in 1921 to provide transportation, terminal, and other facilities of commerce within the Port District, an area of about 1,500 square miles in both states centered about New York Harbor. The Port Authority raises the funds necessary for the improvement, construction, or acquisition of its facilities primarily upon the basis of its own credit and has no power to pledge the credit of either state or any municipality, or to levy taxes or assessments.



The Port Authority's financial planning process integrates an annual budget process with multiyear projections. Through the capital plan and budget process, staff identifies strategic, financial, and operational risks that affect resource allocations, and sets forth an expenditure plan for the year that balances priorities across all agency facilities. Each new budget is separately considered and approved by the Board of Commissioners, although such approval does not in itself authorize specific expenditures, which are authorized from time to time by, or as contemplated by, other specific actions of the Board of Commissioners.

The approved budget becomes a mechanism that facilitates the systematic review of program expenditures to ensure that they are made consistent with statutory, contractual, and other commitments of the agency, the policies and financial decisions of the Board of Commissioners, and the requirements of the bylaws of the Port Authority. Forecasting models are used to assess the agency's projected long-range financial condition, determine the financial feasibility of future capital investment, and perform financial tests to measure fiscal risk. This comprehensive approach to planning, budgeting, and forecasting enables the Port Authority to identify, track, and take corrective action with respect to the funding requirements needed to deliver the projects and services that the Port Authority provides.

The Port Authority continually monitors the economic environment in which it operates in order to develop budgets that are fiscally sustainable and responsive to the transportation and economic needs of the region.

## REGIONAL ECONOMIC CONDITION AND OUTLOOK

Regional economic conditions in the 17 counties comprising the Port District are best understood in the context of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes ("COVID-19") and its negative impact on the region's economy. Beginning in early March 2020, Port Authority facilities experienced significantly reduced activity volumes compared to previous years due to the adverse impacts of the COVID-19 pandemic.

Specifically, as compared to 2019:

- Port Authority airports saw passenger levels decrease 71 percent in 2020 to 40.7 million passengers.
- PATH passenger volumes decreased 67 percent in 2020 to 27 million passengers.
- Vehicular activity levels at the Port Authority's six vehicular crossings decreased 20 percent in 2020 to 97.8 million eastbound vehicles.
- Cargo shipping activity at Port Authority marine terminals was impacted less than other Port Authority facilities, with containerized cargo, in 20-foot equivalent units ("TEUs"), increasing 1.5 percent in 2020 to 7.6 million containers.

The Port Authority expects that its activity volumes will eventually return to pre-COVID-19 levels. However, the speed and pattern of the recovery continues to be difficult to estimate and may be volatile, both in the short and longer terms. Activity volume recoveries may vary by type of facility, the progression of the COVID-19 virus, the timing of vaccine distribution, when the traveling public is confident the pandemic has abated, how growth of the regional economy is affected, and any restrictions on activities imposed by local, state, and federal governments, among other factors. For additional information related to COVID-19 impacts, please see the *"Impacts from the COVID-19 Pandemic"* section of the MD&A contained in the enclosed Financial Statements.

## CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port Authority for its Annual Report for the fiscal year ended December 31, 2019. The Port Authority has received this award since 1984, making this the 36th consecutive year that the Port Authority financial statements have achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Report that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe the 2020 Annual Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for certificate.



Elizabeth M. McCarthy  
*Chief Financial Officer*

March 3, 2021



Government Finance Officers Association

**Certificate of  
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**The Port Authority of New York and New Jersey**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

December 31, 2019

*Christopher P. Morrell*

Executive Director/CEO



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**The Port Authority of New York & New Jersey**  
**Financial Statements and Appended Notes for the Year Ended December 31, 2020**

Prepared by the Comptroller's Department of the Port Authority of New York and New Jersey.  
[www.panynj.gov](http://www.panynj.gov)





Rail yard at ExpressRail Port Jersey.



**CERTIFICATE WITH RESPECT  
TO 2020 FINANCIAL STATEMENTS**

We, the undersigned officers of The Port Authority of New York and New Jersey, hereby certify, in connection with the release of the audited financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2020 and December 31, 2019 (the "Financial Statements") that **(a)** to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority's enterprise fund and fiduciary fund Net position, Changes in Net position, and Cash flows, in conformity with United States of America generally accepted accounting principles ("U.S. GAAP"); and **(b)** on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with U.S. GAAP.

New York, New York  
March 3, 2021



Richard Cotton  
Executive Director



Elizabeth M. McCarthy  
Chief Financial Officer



Daniel G. McCarron  
Comptroller



PATH train approaching Harrison Station.







KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

Board of Commissioners  
The Port Authority of New York and New Jersey:

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended as listed in the Index to Financial Section.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust) as of and for the years ended December 31, 2020 and 2019, which represents 100% of the fiduciary activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as it relates to the amounts included for the Trust as of and for the years ended December 31, 2020 and 2019 are based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### *Opinions*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary activities of the Port Authority as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### **Other Matters**

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis and the Required Supplementary Information as listed in the Index to Financial Section, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audits for the years ended December 31, 2020 and 2019 were conducted for the purpose of forming an opinion on the Port Authority's basic financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the Index to Financial Section, related to the years ended December 31, 2020 and 2019 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2020 and 2019, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F related to the years ended December 31, 2020 and 2019 is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2020 and 2019 as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Port Authority as of and for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 (not presented herein), and have issued our reports thereon dated March 6, 2019, March 20, 2018, March 1, 2017, March 7, 2016, March 13, 2015, March 6, 2014, and February 25, 2013, respectively, which contained unmodified opinions on the respective financial statements. The supplementary information included in Schedules D-1 and D-2, as listed in the Index to Financial Section, for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013 and 2012, and the supplementary information included in Schedule D-3, as listed in the Index to Financial Section, for the years ended December 31, 2018, 2017, 2016, 2015 and 2014, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018, 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable. This information has been subjected to the auditing procedures





applied in the audits of the financial statements for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013 and 2012, as applicable, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1 and D-2 related to the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 and the supplementary information included in Schedule D-3 related to the years ended December 31, 2018, 2017, 2016, 2015 and 2014, is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2018, 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable, as a whole.

The Port Authority's financial statements for the years ended December 31, 2011 (not presented herein) were audited by other auditors whose reports thereon expressed an unmodified opinion on those financial statements. The report of the other auditors on those financial statements stated that the supplementary information included in Schedules D-1 and D-2 for fiscal year 2011, was subjected to the auditing procedures applied in the audit of the financial statements and, in their opinion, was fairly stated in all material respects in relation to the financial statements as a whole.

The Introductory Section, the Chief Financial Officer's Letter of Transmittal to the Board of Commissioners, and the Corporate Information Section, as listed in the Table of Contents, and the supplementary information included in Schedule D-3 for fiscal years 2011 through 2013 and Schedule G, as listed in the Index to Financial Section, are presented for the purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Report on Financial Statements Prepared in Accordance with Port Authority Bond Resolutions**

We have audited the accompanying Schedules A, B and C of the Port Authority, which comprise financial statements that present the assets and liabilities as of December 31, 2020, and the revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolutions.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of the Port Authority's bond resolutions; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and



the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements included in Schedules A, B and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2020, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

#### *Report on Summarized Comparative Information*

We have previously audited Schedules A, B and C prepared in accordance with the requirements of the Port Authority's bond resolutions as of and for the year ended December 31, 2019, and we expressed an unmodified audit opinion on them in our report dated March 4, 2020. In our opinion, the summarized comparative information presented on Schedules A, B, and C herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited Schedules A, B and C as of and for the year ended December 31, 2019 from which it has been derived.

#### *Emphasis of Matters*

##### *Basis of Accounting*

We draw attention to Note A.4 of the basic financial statements, which describes the basis of accounting used in Schedules A, B and C. Schedules A, B and C are prepared by the Port Authority based on the requirements present in its bond resolutions, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

##### *Restriction on Use*

Our report on Schedules A, B, and C is intended solely for the information and use of the Port Authority and those who are a party to the Port Authority's bond resolutions, and is not intended to be and should not be used by anyone other than these specified parties.

*KPMG LLP*

New York, New York  
March 3, 2021





The new Goethals Bridge that replaced the 85-year-old bridge in 2018.



The newly redeveloped Terminal B at LaGuardia Airport.





## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Years ended December 31, 2020 and 2019

### Introduction

The following discussion and analysis of business-type and fiduciary activities of The Port Authority of New York and New Jersey ("the Port Authority") and its component units described herein (see *Note A.1 – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the enterprise and fiduciary fund financial statements ("the financial statements") of the Port Authority for the year ended December 31, 2020, with selected comparative information for the years ended December 31, 2019 and December 31, 2018. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and appended note disclosures that follow the Management's Discussion and Analysis section of this report.

### Impacts from the COVID-19 Pandemic

The Port Authority's 2020 financial results and position are best understood in the context of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes ("COVID-19"), pandemic on its operational condition. The projected future performance information provided below represents the Port Authority's current assessments based on the data it had available at the time these financial statements were prepared. Such information may ultimately prove to be incomplete or inaccurate, especially when reviewed over a longer time-period. The operating and financial performance of the Port Authority during the COVID-19 pandemic and projected future performance beyond the pandemic, in light of its lingering effects, are dependent in part on the actions of facility users, governmental actors, and the regional economy as a whole. Actual results may differ significantly from projected performance due to the current unpredictability of such factors.

### OPERATIONAL UPDATE

#### Activity Volume

Beginning in early March 2020, the Port Authority's facilities experienced significantly reduced usage compared to previous years and compared to its 2020 operating activity budget established in late 2019, prior to the availability of credible information on COVID-19 (which generally assumed increased usage over 2019). Because approximately one third of the Port Authority's revenues are derived from tolls and fares, declining utilization of its bridges and tunnels and its PATH transit system has had, and will continue to have, a negative effect on the Port Authority's revenues for an indeterminate period of time.

In addition, parking and other user fee revenues, which are primarily earned at the Port Authority's airports and seaports, comprise approximately 7% of 2020 budgeted revenues and are dependent on activity volumes which have been negatively impacted.

Furthermore, the Port Authority has determined to suspend, reduce or waive certain fees and rentals otherwise payable by tenants who pay rent to locate and operate at its facilities. These tenants are also heavily affected by reduced activity levels and may be unable to meet certain obligations to the Port Authority. Some tenants have requested specific relief from contractual payment obligations (see "Rents & Property Use Charges", below). Further, the implementation of the new ground transportation access fee at John F. Kennedy International Airport ("JFK Airport"), Newark Liberty International Airport ("EWR Airport"), and LaGuardia Airport ("LaGuardia Airport") has been delayed from October 3, 2020 to April 5, 2021.

The following shows the decline in volume at the Port Authority facilities from 2019, due to COVID-19.

#### Facility Activity

(In thousands)	2020	2019	% Variance
Total Passengers, Aviation*	40,679	140,498	(71.0%)
Total Vehicles, Bridges and Tunnels	97,829	122,228	(20.0%)
Total Passengers, PATH	27,005	82,220	(67.2%)
PATH Passengers, Average Weekday Ridership	90	284	(68.3%)
Total Cargo Containers ("TEU"), Marine Terminals	7,586	7,471	1.5%
Total Rail Lifts, Marine Terminals	706	665	6.2%

\* 2020 facility traffic information contains estimated data based on available information and is subject to revision.

The Port Authority expects that its usage volumes will eventually return to pre-COVID-19 levels. However, the speed and pattern of the recovery is difficult to estimate and may experience temporary or more long-lasting volatility including, potential declines as recovery is dependent on the type of facility, the progression of the COVID-19 virus, when the traveling public is confident the pandemic has abated, how growth of the regional economy is affected, and any restrictions on activities imposed by the States of New York and New Jersey and the federal government, among other factors.

Activity levels at the airports may continue to be volatile. Currently, almost all airlines are operating under reduced schedules, and some have reduced service to individual airports. The speed of the recovery may be further impacted based on travel restrictions, including the continued restrictions on travelers from the United States to the United Kingdom and the European Union, as well as the quarantine and testing requirements imposed in the travel advisories issued by the federal government, New York State, New Jersey, and Connecticut, as well as in other states across the nation. There can be no assurance when and whether airlines will return to pre-COVID-19 schedules or whether airlines will decide to curtail services at the Port Authority airports, temporarily or permanently.

Cargo shipping activity at the Port Authority's seaports has been impacted less than the Port Authority's other facilities. Future volume will depend on worldwide and regional economic growth and regional demand for imported products.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) ...continued

Based on current information, the Port Authority is projecting that its facilities other than the marine terminals will recover to 2019 levels in the period from early 2022 through early 2024, depending on the line of business they serve, with the earliest recovery occurring at Port Authority bridges and tunnels, and PATH, with the airports recovery likely taking longer. The projected COVID-19 facility impacts have been adjusted from time to time since it was first developed in March 2020, including a revised expectation of more gradual recovery in aviation passenger and PATH rider volumes than originally predicted, consistent with a slower recovery in the aviation and mass-transit sectors nation-wide.

The trajectory and ultimate impact of the COVID-19 pandemic is uncertain and is subject to many developments and actions outside of the control of the Port Authority. Some of the factors outside the Port Authority's control include: (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19; (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g. when bridge and tunnel traffic normalizes, when airport passenger traffic normalizes, among others); and, (3) the amount and the terms of any financial assistance or aid from the federal government.

### Rents & Property Use Charges

Some tenants who pay rent to lease Port Authority office space or locate and operate businesses at Port Authority facilities have also been affected by the reduced activity levels or have otherwise been impacted by economic conditions. The competitive oversupply of rental space may also create an incentive to seek certain concessions, including Advance Magazine Publishers, Inc. (d/b/a Conde Nast) ("Advance"), the anchor tenant at 1 World Trade Center ("WTC"). Advance has requested that it be permitted to reduce the square footage under its lease and rent per square foot for the remaining space under its lease. Advance has, without being permitted to and legal justification, unilaterally withheld approximately \$2.4 million of rent due and owing for January 2021, it may continue to do so at that level or a higher level unless a resolution is reached. The Port Authority believes it has strong contractual rights to enforce full payment by Advance which it intends to assert.

The Port Authority has provided relief for certain retail concessionaires and other counterparties at its facilities. For certain retail concessionaires, the Port Authority has temporarily suspended fixed rent obligations from April 1, 2020 through March 31, 2021. For these counterparties, rents are being calculated solely based on a percentage of actual gross receipts earned during the relief period. This is the fourth extension of the suspension period the Port Authority has granted since the onset of COVID-19. The financial impact to the Port Authority of the concession relief, other relief, and the exercise by the World Trade Center Observation Deck of contractual rights to suspend rent obligations during the COVID-19 pandemic totaled approximately \$65 million in lower revenues for 2020 and is estimated at approximately \$35 million in lower revenues in 2021. This financial impact assumes tenants and other obligors are generally able to meet their contractual obligations as they become due. The Port Authority continues monitoring activity and evaluating whether any rent relief will be further extended or whether its estimation of financial impact should be revised.

In addition to the relief described above, the Port Authority allowed certain of its counterparties to defer the payment of percentage rentals due for the period of March through June 2020. The amounts deferred were paid in six equal monthly installments in the period of July 1, 2020 through December 31, 2020.

The Port Authority and many airlines operating at its airports have entered into cost recovery agreements which are typically reset in July every year to reflect changes in volume trends or costs from those estimated at the beginning of the year. In July 2020, the Port Authority did not adjust billing rates to reflect the substantially lower volumes. The difference in cash collections, between what the billing rates would have been adjusted to and actual amounts collected have been deferred. This difference, which totaled approximately \$317 million, will be paid by the airlines over a three-year period beginning January 1, 2021.

In addition, approximately \$70 million of cost recovery fees for activity during the period of March 1, 2020 to April 30, 2020 that were deferred were paid in monthly installments over a six-month period which began on July 1, 2020.

Certain Port Authority tenants and contractors have requested a continued extension of rent relief, described above, and in some cases, additional forms of relief from contractual obligations on account of the COVID-19 pandemic. The Port Authority is continuing to evaluate such requests in light of all the circumstances including the financial impact of reduced revenue.

## FINANCIAL UPDATE

### Revenues

The Port Authority preliminarily estimates that it may experience a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections of approximately \$3 billion for the period of March 2020 through March 2022 compared to budgeted amounts.

Through December 31, 2020, the Port Authority experienced a revenue loss of approximately \$1.7 billion, consisting of an approximately \$1.5 billion Gross Operating Revenue loss as compared to the 2020 budget, and a \$217 million reduction in PFC collections as compared to 2019, due to reduced airport passenger volume. This revenue loss is consistent with the twenty-four-month period \$3 billion estimated revenue loss discussed above.

### Operating Expenses

The Port Authority has continued to examine its operating budget to assess opportunities to reduce costs and take advantage of reduced traffic volumes. In 2020, the Port Authority identified approximately \$190 million in operating expense savings, primarily as a result of reduced activity volumes. Actual 2020 operating expenses were \$144 million lower than 2020 budgeted amounts. This performance was driven by achieving the \$190 million of COVID-19 expense savings which was partially offset by incremental COVID-19 cleaning and response efforts, and other one-time



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued

expenses. The Port Authority continues to evaluate its costs including potential incremental costs necessary to address COVID-19 operating protocols as activity increases and other unanticipated costs.

**2021 Budget**

On December 17, 2020, at the Port Authority's Board of Commissioners meeting, the Board of Commissioners authorized the adoption of the 2021 Budget which consists of Operating, Capital and Debt Service spending. The 2021 Budget can be found at <https://www.panynj.gov/corporate/en/financial-information/budget.html>. The 2021 Operating, Capital and Debt Service Budget of \$7.2 billion aligns with the Port Authority's mission to keep the region moving, while reflecting the adverse impacts of the COVID-19 pandemic on the agency's activity and cash flow. The 2021 Budget is comprised of \$3.2 billion for Operating Expenses, \$2.4 billion for Capital Expenditures and \$1.6 billion for Debt Service and other expenses.

**Capital Program**

In 2020, the Port Authority invested \$2.6 billion of capital spending which is approximately \$1.0 billion below the 2020 Capital Budget, primarily due to slowing capital spending for projects not already in construction in response to the impacts of COVID-19. The 2021 Capital Budget of \$2.4 billion, represents a one-third, or \$1.2 billion decrease versus the planned 2021 capital spending assumed in the 2017-2026 Capital Plan. Combined, these two reductions total \$2.2 billion over 2020 and 2021, reflecting the reduction in capital capacity suffered as a result of the impact of COVID-19 on Net Revenues.

Capital spending under the 2021 Budget reflects the adverse impacts of the COVID-19 pandemic. The 2021 capital spending assumes no extraordinary funding from the federal government or other sources. The Port Authority is also engaged in evaluating the extent to which its 2017-2026 Capital Plan should be modified to guide post-2021 capital spending. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects.

**Federal Support**

On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became effective. The CARES Act provides assistance for airports and air carriers, buttressing the domestic airline industry as a whole. On April 14, 2020, the Federal Aviation Administration ("FAA") awarded approximately \$450 million of grants under the CARES Act to the airports operated by the Port Authority. The Port Authority has submitted expense reimbursements to the FAA for Port Authority labor-related and certain contractual costs associated with the operation of the airports, with the full \$450 million drawn down as of December 31, 2020. The CARES Act also provides funding through the Federal Emergency Management Agency ("FEMA") to cover the incremental costs of responding to COVID-19. The Port Authority currently expects cost recovery from FEMA funding to be \$20 million.

On December 27, 2020, the federal Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") became effective. CRRSAA provides economic relief to eligible U.S. airports and eligible concessions at those airports to prevent, prepare for, and respond to COVID-19. The Port Authority is awaiting formal guidance and the grant allocation from the FAA, which is anticipated to be received in March 2021. The Port Authority currently estimates it may be allocated approximately \$122 million, based on the allocation methodology described in CRRSAA. A portion of these funds are to be allocated for COVID-19 related rent relief extended by the Port Authority to certain airport tenants.

These funds will not fully compensate the Port Authority for its losses at the airports due to the COVID-19 pandemic and the Port Authority continues to advocate for further federal support.

**Liquidity**

As of December 31, 2020, unrestricted cash and investments, excluding amounts in the Capital Fund for purposes of funding the capital construction program (discussed below) and including amounts in the General Reserve Fund, total approximately \$3.3 billion.

In addition to the cash and investments noted above, on December 31, 2020, the Port Authority had approximately \$117 million in its Capital Fund to support the capital construction program. It also had approximately \$193 million in Commercial Paper authorization in excess of the commercial paper currently outstanding. The Port Authority's Commercial Paper Program, which is used to fund the Port Authority's capital program, is authorized in an amount up to \$750 million, and is currently supported by lines of credit that may be utilized in the event of market disruption.

**Prospective Financial Condition**

The Port Authority has analyzed various possible scenarios that consider the range of potential impacts that the pandemic may have on its financial condition, which assume a wide variety of possible economic recoveries, federal aid and Port Authority actions. The Port Authority expects a significant decline in its revenues, even under the more optimistic scenarios, which will require the Port Authority to evaluate on an ongoing basis various possible options to manage its operating and capital expenditures and liquidity.

However, and subject to the foregoing limitations, based on its current financial position and projected future financial performance as result of COVID-19 impacts, the Port Authority expects to meet its obligations as they become due, including both short term operating expenses and debt service on its Consolidated Bonds and Consolidated Notes.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**Enterprise Fund Financial Statements Comparison for the Years Ended December 31, 2020, December 31, 2019 and December 31, 2018**

The Statements of Net Position present the financial position of the Port Authority at the end of the fiscal year and include all Port Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as applicable. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A summarized comparison of the Port Authority's enterprise fund Statements of Net Position follows:

	2020	2019	2018
		(In thousands)	
<b>ASSETS</b>			
Current assets	\$ 2,408,317	\$ 2,325,761	\$ 2,660,266
Noncurrent assets:			
Facilities, net	39,773,548	39,016,984	37,400,013
Other noncurrent assets	6,505,528	7,793,264	7,283,951
Total assets	48,687,393	49,136,009	47,344,230
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Loss on debt refundings	62,317	71,113	78,510
Pension related amounts	556,005	277,938	276,586
OPEB related amounts	157,234	141,943	169,257
Total deferred outflows of resources	775,556	490,994	524,353
<b>LIABILITIES</b>			
Current liabilities	2,974,044	3,330,227	3,421,109
Noncurrent liabilities:			
Bonds and other asset financing obligations	25,683,241	24,421,179	22,919,908
Other noncurrent liabilities	4,319,516	4,977,960	5,422,432
Total liabilities	32,976,801	32,729,366	31,763,449
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Gain on debt refundings	75,368	51,946	43,859
Pension related amounts	40,210	102,956	177,998
OPEB related amounts	462,460	275,406	4,883
Total deferred inflows of resources	578,038	430,308	226,740
<b>NET POSITION</b>			
Net investment in capital assets	14,954,997	14,620,518	14,190,682
Restricted	538,552	550,736	500,610
Unrestricted	414,561	1,296,075	1,187,102
Net position, December 31	\$ 15,908,110	\$ 16,467,329	\$ 15,878,394



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**2020 vs. 2019**

Port Authority assets totaled \$48.7 billion at December 31, 2020, a decrease of \$449 million from December 31, 2019. This overall decrease was primarily a result of:

**Facilities, net** of \$39.8 billion increased \$757 million from December 31, 2019 due to the continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility see *Schedule F – Information on Capital Investment in Port Authority Facilities* contained in this report.

**Receivables, including restricted amounts** of \$1.1 billion increased \$162 million from December 31, 2019, primarily due to the deferral of certain aviation fees in 2020 as a result of COVID-19 that will be recovered over the three-year period covering 2021 to 2023 (see “Impacts from the COVID-19 Pandemic – Rents & Property Use Charges” above). This is partially offset by a decrease in PFCs and activity-based rental income as a result of lower aviation passenger activity.

**Cash and investment balances** of \$3.6 billion decreased \$514 million from December 31, 2019, primarily due to lower cash flow from operations as discussed below, and cash funded capital outlays related to construction activities as outlined in the 2017-2026 capital plan.

Cash flows from operations of \$1 billion decreased \$915 million when compared to the same twelve-month period of 2019 primarily due to lower revenues resulting from lower utilization of Port Authority facilities due to the impacts of COVID-19 on activity volumes, in addition to rent relief provided to certain tenants and concessionaires.

**Amounts receivable – Special Project Bonds** decreased \$1.1 billion due to the retirement of JFKIAT Project Bonds, Series 6 and Series 8.

Port Authority liabilities totaled \$33.0 billion at December 31, 2020, an increase of \$247 million from December 31, 2019. This increase was primarily due to:

**Bonds and other asset financing obligations** of \$28.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$1.3 billion from December 31, 2019 primarily due to: **a)** the issuance of \$2.4 billion of Consolidated Bonds and Consolidated Notes for purposes of funding capital construction, refunding outstanding Consolidated Bonds to achieve savings on future debt service, and funding debt service on outstanding Consolidated Bonds; and, **b)** an increase in commercial paper notes of \$57 million. This is partially offset by a \$1.1 billion of scheduled retirements of Consolidated Bonds and the Fund for Regional Development Buy-Out Obligation.

**Accrued pension and other postemployment benefits (“OPEB”)** of \$2.0 billion increased \$482 million primarily due to a \$622 million increase in the Port Authority’s proportionate share of the New York State and Local Retirement System (“NYSLRS”) Net Pension Liability (“NPL”) due to investment losses on plan investments measured at March 31, 2020. This is partially offset by a \$158 million decrease in the Port Authority’s Net OPEB Liability due to investment gains on plan investments measured at December 31, 2020.

**Accrued payroll and other employee benefits** of \$339 million decreased \$162 million primarily due to payments to employees resulting from the retroactive settlement of expired collective bargaining agreements.

**Accounts payable** of \$1.1 billion decreased \$260 million primarily due to: **a)** a decrease in capital expenses for Terminals C and D at LGA Airport; **b)** decreases in activity for the Lincoln Tunnel access project; and, **c)** decreases in capital expenses for LGA Airport Redevelopment Program.

**Amounts payable – Special Project Bonds** decreased \$1.1 billion due to the retirement of JFKIAT Project Bonds, Series 6 and Series 8.

Deferred outflows and inflows of resources, net totaled \$198 million at December 31, 2020, an increase of \$137 million from December 31, 2019, primarily due to an increase in the Port Authority’s proportionate share of actuarially determined deferred pension expense related to the Port Authority’s participation in NYSLRS due to investment losses on plan investments measured at March 31, 2020; partially offset by a decrease in actuarially determined deferred OPEB expense resulting from investment gains on plan investments measured at December 31, 2020. Deferred outflows and inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future operating expense on a straight-line basis over a closed period of time.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**2019 vs. 2018**

Port Authority assets totaled \$49.1 billion at December 31, 2019, an increase of \$1.8 billion from December 31, 2018. This overall increase was primarily a result of:

**Facilities, net** of \$39 billion increased \$1.6 billion from December 31, 2018 due to the continued capital investment in Port Authority facilities as outlined in the reassessed 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility see *Schedule F – Information on Capital Investment in Port Authority Facilities* contained in this report.

**Receivables, including restricted amounts** of \$941 million increased \$185 million from December 31, 2018, primarily due to timing differences for the receipt of aviation fees, percentage rentals from airlines, Federal Transit Administration (“FTA”) capital contributions related to PATH Superstorm Sandy restoration and resiliency capital projects and amounts due from the WTC Tower 3 and WTC Tower 4 net lessees for certain rent payments that were deferred in accordance with tenant support agreements. Partially offsetting these increases is a decrease in amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority.

**Cash and investment balances** of \$4.1 billion decreased \$191 million from December 31, 2018, primarily due to increased capital outlays related to construction activities as outlined in the reassessed 2017-2026 capital plan.

Cash flows from operations of \$1.9 billion remained constant when compared to the same twelve-month period of 2018, primarily due to an increase in payments to employees as a result of the settlement of expired labor contracts, offset by the receipt of Superstorm Sandy insurance proceeds and higher aviation fees.

Port Authority liabilities totaled \$32.7 billion at December 31, 2019, an increase of \$966 million from December 31, 2018. This increase was primarily due to:

**Bonds and other asset financing obligations** of \$26.7 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$1.6 billion from December 31, 2018 primarily due to the issuance of additional Consolidated Bonds for purposes of funding capital construction projects at Port Authority facilities as outlined in the 2017-2026 capital plan.

**Accrued pension and other postemployment benefits (“OPEB”)** of \$1.5 billion decreased \$353 million primarily due to a decrease in the actuarially determined net OPEB liability resulting from increased earnings on plan investments and the continued advanced funding of *The Port Authority of New York and New Jersey Retiree Health Benefits Trust*.

**Accrued payroll and other employee benefits** of \$501 million decreased \$158 million primarily due to increased payments to employees as a result of the retroactive settlement of expired labor contracts.

Deferred outflows and inflows of resources, net totaled \$60.7 million at December 31, 2019, a decrease of \$237 million from December 31, 2018, primarily due to a decrease in the actuarially determined net OPEB liability resulting from increased investment earnings on plan investments. Deferred outflows and inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future operating expense on a straight-line basis over a closed period of time.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position**

The year-to-year change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year. The following is a summary of the Statements of Revenues, Expenses and Changes in Net Position:

	2020	2019	2018
		(In thousands)	
Gross operating revenues	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008
Operating expenses	(3,263,009)	(3,430,176)	(3,242,315)
Depreciation and amortization	(1,566,484)	(1,457,426)	(1,371,157)
Net insurance recoverables	4,033	175,678	—
(Loss)/Income from operations	(491,386)	827,791	730,536
Non-operating revenues/(expenses), net			
Grants, in connection with operating activities and pass-through grant program payments	462,375	22,523	22,568
Financial income, including changes in fair value of investments	81,961	87,948	89,304
Interest expense in connection with bonds and other asset financings, net*	(946,603)	(902,949)	(872,690)
Capital contributions and PFCs	334,434	553,622	538,620
(Decrease)/Increase in net position	(559,219)	588,935	508,338
Net position, January 1	16,467,329	15,878,394	15,370,056
Net position, December 31	\$ 15,908,110	\$ 16,467,329	\$ 15,878,394

\* Includes \$65.3 million related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

Financial results of an individual facility and business segment for 2020 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

**Gross Operating Revenues**

A summary of gross operating revenues by source and business segment follows:

	2020	2019	2018
		(In thousands)	
Tolls and fares	\$ 1,571,827	\$ 1,876,911	\$ 1,865,384
Rentals	1,421,467	1,748,683	1,673,994
Aviation fees	907,314	1,287,263	1,192,454
Parking and other	240,329	408,609	384,088
Utilities	112,008	144,176	149,008
Rentals – Special Project Bonds	81,129	74,073	79,080
Total	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008

	2020	2019	2018
		(In thousands)	
Aviation	\$ 2,032,359	\$ 2,913,161	\$ 2,762,279
Tunnels, Bridges & Terminals	1,542,081	1,740,044	1,737,458
World Trade Center	328,455	329,212	303,995
Port Department	327,665	322,061	310,637
PATH*	82,110	210,610	203,800
Other**	21,404	24,627	25,839
Total	\$ 4,334,074	\$ 5,539,715	\$ 5,344,008

\* Port Authority Trans-Hudson Corporation ("PATH") includes WTC Transportation Hub.

\*\* Other includes Development Facilities and Ferry Transportation.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**2020 vs. 2019**

**Gross operating revenues** totaled \$4.3 billion in 2020, a decrease of \$1.2 billion, or 22% from 2019.

**Aviation fees** of \$907.3 million decreased \$379.9 million, or 29.5% as compared to 2019. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain capital investment and operating expenses incurred by the Port Authority. The year to year decrease in aviation fees was primarily due to: **a)** a decrease in aviation recoverable expenses as a result of CARES Act federal funding; **b)** lower snow and ice removal activities due to milder weather conditions; and, **c)** a decrease in fees received for the use of federal inspection facilities at EWR Airport Terminal B, and AirTrain fares at JFK Airport due to lower passenger activity resulting from COVID-19 travel restrictions.

**Rentals** of \$1.4 billion decreased \$327.2 million, or 18.7% as compared to 2019 primarily due to the impacts of COVID-19, including: **a)** lower activity-based rental income at Aviation facilities; **b)** rent relief granted to certain tenants and concessionaires at the Port Authority's airports, marine terminals, and bus and rail terminals; and **c)** the exercise by the World Trade Center Observation Deck lessee of contractual rights to suspend rent obligations during the COVID-19 pandemic.

**Toll and PATH fares** of \$1.6 billion decreased \$305 million, or 16.3% as compared to 2019 due to significantly reduced usage of the Port Authority's bridges and tunnels and PATH transit system as a result of the impacts of COVID-19, driven by: **a)** lower vehicular activity at the Port Authority's six vehicular crossings of 20%, including a 20.4% in automobile traffic and 6.6% decrease in truck traffic; and **b)** lower PATH ridership of 67.2% when compared to the same twelve-month period of 2019. The impact of these decreases is partially offset by: **a)** a decrease in the PATH multi-fare discounts implemented in November 2019 and November 2020; and **b)** an increase in bridge and tunnel toll rates, which became effective in January 2020.

**Parking and other fees** of \$240.3 million decreased \$168.3 million, or 41.2% as compared to 2019 primarily due to impacts of COVID-19 including: **a)** a decrease in parking revenue due to lower passenger activity at Aviation facilities; and, **b)** a decrease in One WTC from lower tenant service charges.

**2019 vs. 2018**

**Gross operating revenues** totaled \$5.5 billion in 2019, an increase of \$196 million or 3.7% from 2018.

**Aviation fees** of \$1.3 billion increased \$95 million, or 8.0% as compared to 2018. The 2019 increase in aviation fees was primarily due to: **a)** increased customer service initiatives; **b)** increased policing and security costs necessary to meet ongoing public safety needs, including traffic management efforts in support of ongoing construction activities at LGA Airport; **c)** additional aeronautical capital investment being placed into operational service in 2019, including a new concrete runway at JFK Airport; and, **d)** increased maintenance costs related to AirTrain JFK and AirTrain EWR.

**Rentals** of \$1.7 billion increased \$75 million, or 4.5% as compared to 2018 primarily due to: **a)** scheduled rent escalations at Aviation Terminals and WTC; **b)** increased occupancy at One WTC; and, **c)** increased activity-based percentage rentals at Aviation Terminals and Port Authority Marine Terminals resulting from increased aviation passengers and cargo container activity.

**Toll and PATH fares** of \$1.9 billion increased \$12 million or 0.6% as compared to 2018 due to: **a)** increased PATH ridership of 0.6%; **b)** higher vehicular traffic at the Port Authority's six vehicular crossings of 1.6%; and **c)** increased collections for the recovery of delinquent accounts. These increases were partially offset by increased toll violations and toll discounts resulting from higher E-ZPass® utilization.

**Parking and other fees** of \$409 million increased \$25 million, or 6.4% as compared to 2018 primarily due to: **a)** increased One WTC tenant charges resulting from higher occupancy; **b)** increased public parking at activity at LGA Airport as a result of reduced parking lot closures resulting from ongoing construction activities; and, **c)** increased Cargo Facility Charges ("CFCs") at Port Authority Marine Terminals due to higher cargo container activity.

**Operating Expenses**

A summary of operating expenses by type and business segment follows:

	2020	2019	2018
		(In thousands)	
Employee compensation, including benefits	\$ 1,395,588	\$ 1,413,979	\$ 1,338,277
Contract services	929,520	1,046,216	934,821
Rents and payments in-lieu-of taxes ("PILOT")	403,661	388,462	396,048
Materials, equipment and other	290,033	315,676	298,121
Utilities	163,078	191,770	195,968
Interest on Special Project Bonds	81,129	74,073	79,080
Total	\$ 3,263,009	\$ 3,430,176	\$ 3,242,315



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued

	2020	2019	2018
		(In thousands)	
Aviation	\$ 1,752,439	\$ 1,886,112	\$ 1,754,801
Tunnels, Bridges & Terminals	552,976	553,759	524,212
PATH*	447,034	457,515	447,552
World Trade Center	335,014	346,535	333,848
Port Department	163,395	174,213	166,405
Other**	12,151	12,042	15,497
Total	\$ 3,263,009	\$ 3,430,176	\$ 3,242,315

\* PATH includes WTC Transportation Hub.

\*\* Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

**2020 vs. 2019**

**Operating expenses** totaled \$3.3 billion in 2020, a decrease of \$167 million, or 4.9% from 2019. These lower amounts were achieved as a result of concerted efforts to realize cost savings as a result of COVID-19.

**Contract Services** of \$930 million decreased \$116.7 million, or 11.2% as compared to 2019 primarily due to: **a)** lower snow and ice removal activities due to milder weather conditions; and **b)** lower payments to third-party contractors for operations and maintenance support services resulting from cost savings realized as a result of lower activity at Port Authority facilities and cost mitigation efforts related to COVID-19.

**Utilities** of \$163 million decreased \$28.7 million, or 15.0% as compared to 2019 primarily due to lower consumption as a result of milder weather conditions and cost reduction efforts related to COVID-19.

**Materials, Equipment and Other** of \$290 million decreased \$25.7 million, or 8.1% as compared to 2019 primarily due to: **a)** lower purchases of materials and equipment for snow and ice removal activities due to milder weather conditions; and **b)** lower purchases of supplies and equipment to support operations and maintenance resulting from cost savings realized as a result of lower activity at Port Authority facilities and cost reduction efforts related to COVID-19.

**Employee compensation**, including employer provided healthcare and retirement benefits of \$1.4 billion, decreased \$18.4 million, or 1.3% as compared to 2019 primarily due to: **a)** decreased overtime related to snow and ice removal activities due to milder weather conditions and efficiencies realized as a result of lower activity at Port Authority facilities; and **b)** lower actuarial determined OPEB expense due to investment gains on plan investments measured at December 31, 2020. Partially offsetting these decreases was an increase in pension expense due to investment losses on NYSLRS plan investments measured as of March 31, 2020 and scheduled contractual salary increases.

**Rents and Payments in-lieu-of-taxes ("PILOT")** of \$404 million increased \$15.2 million, or 3.9% as compared to 2019, primarily due to: **a)** scheduled rent increases for corporate office space at 4 WTC; **b)** increased PILOT payments to the City of New York related to the WTC campus; and **c)** increased rent payments to the City of Newark and the City of New York for the leasing of land at EWR, JFK and LGA airports and New Jersey marine ports.

**2019 vs. 2018**

**Operating expenses** totaled \$3.4 billion in 2019, an increase of \$188 million or 5.8% from 2018.

**Contract Services** of \$1.0 billion increased \$111 million, or 11.9% as compared to 2018 primarily due to: **a)** scheduled increases in contractor billing rates and additional services related to operational excellence and customer service initiatives at Port Authority facilities; **b)** scheduled increases in billing rates and added maintenance related to Air Train JFK and Air Train EWR; **c)** increased E-ZPass® administrative fees due to higher E-ZPass® utilization; **d)** the full year impact of Goethals Bridge developer maintenance payments, which commenced in July 2018; and, **e)** increased tenant services at One WTC due to higher occupancy.

**Utilities** of \$192 million decreased \$4 million, or 2.1% as compared to 2018 primarily due to lower consumption of steam and thermal energy at JFK Airport as a result of milder weather conditions.

**Materials, Equipment and Other** of \$316 million increased \$18 million, or 5.9% as compared to 2018 primarily due to: **a)** non-cash write-offs of certain preliminary planning and design costs related to capital projects that are not included in the 2017-2026 capital plan; **b)** the scheduled replacement of certain operations and maintenance vehicles; and, **c)** the purchase of materials and equipment related to snow and ice removal activities and PATH car inspections.

**Employee compensation**, including employer provided healthcare and retirement benefits of \$1.4 billion increased \$76 million, or 5.7% as compared to 2018 primarily due to: **a)** increased civilian and public safety employee headcount to meet operational and public safety requirements; **b)** general wage increases; and, **c)** increased policing costs, including policing related to traffic management efforts in support of construction activities at LGA Airport. Partially offsetting these increases was a decrease in benefit expenses related to postemployment healthcare benefits as a result of increased earnings on plan investments.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued

**Rents and Payments in-lieu-of-taxes ("PILOT")** of \$388 million decreased \$8 million or 1.9% as compared to 2018, primarily due to lower PILOT payments to the City of New York related to the application of certain WTC Tower 3 PILOT credits, which commenced in 2019.

**Depreciation and Amortization**

A summary of depreciation and amortization by type and business segment follows:

	2020	2019	2018
		(In thousands)	
Depreciation of facilities	\$ 1,533,267	\$ 1,420,696	\$ 1,329,283
Amortization of costs for regional programs	33,217	36,730	41,874
Total	\$ 1,566,484	\$ 1,457,426	\$ 1,371,157

	2020	2019	2018
		(In thousands)	
Aviation	\$ 566,703	\$ 502,286	\$ 477,683
World Trade Center	342,059	311,576	293,864
Tunnels, Bridges & Terminals	279,167	271,441	218,675
PATH*	214,513	201,540	215,400
Port Department	101,553	101,106	91,849
Other**	62,489	69,477	73,686
Total	\$ 1,566,484	\$ 1,457,426	\$ 1,371,157

\* PATH includes WTC Transportation Hub.

\*\* Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

**2020 vs. 2019**

**Depreciation and amortization** of \$1.6 billion increased \$109 million, or 7.5% as compared to 2019 due to the scheduled completion of approximately \$7.3 billion of capital construction projects in 2019 and 2020. These capital infrastructure projects, including elements of the: **a)** Bayonne Bridge Navigational Clearance Program; **b)** LGA Airport Redevelopment Program; **c)** EWR Terminal One Redevelopment; **d)** rehabilitation of certain runways and taxiways at JFK Airport; **e)** Restore the George Washington Bridge Program; **f)** PATH Signal System Replacement Program; and **g)** Lincoln Tunnel Access Program, have been placed into operational service and are being depreciated over their estimated useful lives.

**2019 vs. 2018**

**Depreciation and amortization** of \$1.5 billion increased \$86 million or 6.3% as compared to 2018 due to the scheduled completion of approximately \$8.3 billion of capital construction projects in 2018 and 2019. These capital infrastructure projects, include constructed assets related to projects that have been placed into service and are being depreciated over their estimated useful lives, including the: **a)** Goethals Bridge Replacement Bridge; **b)** WTC Redevelopment; **c)** Bayonne Bridge Navigational Clearance Program; **d)** LGA Airport Redevelopment Program; **e)** rehabilitation of certain runways and taxiways at JFK Airport; **f)** Restore the George Washington Bridge Program; **g)** PATH Signal System Replacement Program; and **h)** Lincoln Tunnel Access Program.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net, Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in this report.

**Net Insurance Recoverables**

**2020 Net insurance recoverables** of \$4 million represent business interruption insurance recoveries for losses sustained by the Port Authority resulting from COVID-19.

**2019 Net insurance recoverables** of \$175.7 million represent final insurance recoveries received in 2019 for losses sustained by the Port Authority as a result of Superstorm Sandy.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**Income/(Loss) from Operations**

Income/(Loss) from operations is comprised of gross operating revenues, less the sum of: **a)** operating expenses; **b)** depreciation and amortization; and **c)** net insurance recoverables.

A summary of income / (loss) from operations by business segment follows:

	2020	2019	2018
		(In thousands)	
Tunnels, Bridges & Terminals	\$ 709,938	\$ 914,844	\$ 994,571
Port Department	62,717	46,742	52,383
Other*	(49,203)	118,786	(63,344)
Aviation	(286,783)	524,763	529,795
World Trade Center	(348,618)	(328,899)	(323,717)
PATH**	(579,437)	(448,445)	(459,152)
Total	\$ (491,386)	\$ 827,791	\$ 730,536

\* Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Moynihan Station Transportation Program, Ferry Transportation and Net insurance recoverables.

\*\* PATH includes WTC Transportation Hub.

**2020 Income/(Loss) from operations** of \$(491) million was due to lower activity levels of Port Authority facilities resulting from COVID-19 related travel restrictions.

**2019 Income/(Loss) from operations** of \$828 million increased \$97 million from 2018 primarily due to an increase in aviation fees and rentals at aviation facilities, increased rental at the WTC Campus, and the receipt of additional insurance recoveries related to the events of Superstorm Sandy.

**Non-Operating Revenues and Expenses**

A summary of non-operating revenues and expenses follows:

	2020	2019	2018
		(In thousands)	
Financial income	\$ 63,555	\$ 66,965	\$ 77,406
Net increase in fair value of investments	18,406	20,983	11,898
Interest expense in connection with bonds and other asset financings, net*	(946,603)	(902,949)	(872,690)
Pass-through grant program payments	(26,853)	(3,142)	(1,438)
Grants, in connection with operating activities	489,228	25,665	24,006
Non-operating expenses, net	\$ (402,267)	\$ (792,478)	\$ (760,818)

\* Includes amounts related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

**2020 vs. 2019**

**Financial income**, comprised of interest income and the net change in fair value of investments totaled \$81.9 million in 2020, a decrease of \$6 million when compared to 2019. This year-to-year decrease was primarily due to lower earnings on United States Treasury securities due to lower interest rates, lower unrealized gains related to the change in fair value of securities held in Port Authority investment accounts, and lower investments returns to the WTC Tower 1 Joint Venture minority interest member.

**Interest expense** in connection with bonds and other asset financings of \$946.6 million increased \$43.7 million from 2019 primarily due to an increase in outstanding Consolidated Bonds and Notes.

**Grants, in connection with operating activities** of \$489.2 million increased \$463.6 million from 2019 primarily due to the receipt of \$450.4 million of CARES Act federal funding of certain aviation operating expenses.

**Pass-through grant program payments** to sub-grantees of \$26.8 million increased \$23.7 million when compared to 2019 primarily due to increased funding for baggage screening at LGA Airport that was passed-through to the terminal lessee.

Pass-through grant program payments are offset in their entirety by either a **Contribution in aid of construction** or a **Grant, in connection with an operating activity**.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**2019 vs. 2018**

**Financial income**, comprised of interest income and the net change in the fair value of investments, totaled \$87.9 million in 2019, a decrease of \$1.4 million when compared to 2018. This year-to-year decrease was primarily due to the receipt of a non-recurring consent fee of \$15 million relating to Port Jersey-Port Authority Marine Terminal in 2018, partially offset by a \$4.5 million increase in realized earnings on portfolio investments, primarily comprised of United States Treasury securities due to higher interest rates and a \$9.0 million increase in non-cash unrealized gains related to the change in fair value of securities held in Port Authority investment accounts.

**Interest expense** in connection with bonds and other asset financings of \$903 million increased \$30 million from 2018 due to the full year impact of *Goethals Bridge Replacement Developer Financing Arrangement* ("DFA") payments, which commenced in July 2018.

**Grants, in connection with operating activities** of \$25.7 million increased \$1.7 million from 2019 primarily due to the receipt of federal funding for the Voluntary Airport Low Emission ("VALE") Program at JFK Terminal 5 for electric charging stations and increased funding from the Department of Homeland Security ("DHS") for port security programs.

**Pass-through grant program payments** to sub-grantees of \$3 million increased \$1.7 million when compared to 2018, primarily due to the receipt of federal funding for the VALE program at JFK Terminal 5 for electric charging stations that was passed-through to the New York Power Authority ("NYPA").

Pass-through grant program payments are offset in their entirety by a **Contribution in aid of construction** or a **Grant, in connection with an operating activity**.

**Capital Contributions and Passenger Facility Charges**

A summary of Capital Contributions and Passenger Facility Charges follows:

	2020	2019	2018
		(In thousands)	
Contributions in aid of construction	\$ 258,925	\$ 261,054	\$ 252,225
PFCs	75,509	292,568	286,395
Total	\$ 334,434	\$ 553,622	\$ 538,620

**2020 vs. 2019**

**Contributions in aid of construction** of \$258.9 million decreased \$2.1 million from 2019 primarily due to; **a)** a \$27.3 million decrease in Airport Improvement Program ("AIP") funding related to the rehabilitation of certain runways at the Port Authority aviation facilities that were completed in 2019 and 2020; **b)** a \$21.8 million decrease in required net lessee capital contributions related to the construction of WTC Tower 3; and, **c)** a \$3 million decrease in security grants at Port Authority facilities. These decreases are partially offset by a \$26.6 million increase in FTA and FEMA funding for Superstorm Sandy restoration and resiliency capital projects at PATH and a \$24 million increase related to a One WTC construction claim.

**PFCs** of \$75.5 million decreased \$217.1 million from 2019 due to lower passenger activity of 71% as a result of COVID-19.

**2019 vs. 2018**

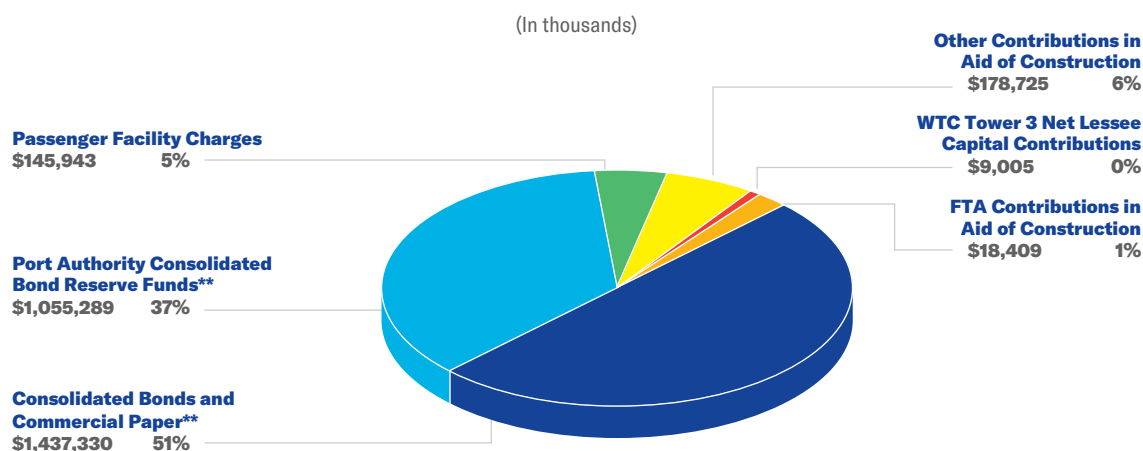
**Contributions in aid of construction** of \$261 million increased \$8.8 million from 2018 primarily due to increased funding from the FEMA and the FTA for Superstorm Sandy restoration and resiliency capital projects primarily at PATH. Partially offsetting this increase was a decrease for the reimbursement of certain sub-grade infrastructure supporting the WTC Performing Arts Center, which was received in 2018, and lower capital contributions from the WTC Tower 3 net lessee for the construction of WTC Tower 3 which was substantially completed in the second quarter of 2018. For additional information related to grants and capital contributions, see *Note F – Grants and Contributions in Aid of Construction*.

**PFCs** of \$293 million increased \$6 million from 2018 due to a 1.6% increase in passenger activity.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**Capital Construction Activities**

Port Authority capital investment, including contributed capital, accrued amounts and landlord leasehold capital investment related to LGA Terminal B, totaled \$2.6 billion in 2020, \$3.4 billion in 2019 and \$3.1 billion in 2018. The decrease in 2020 capital spending of \$767 million when compared to 2019 and \$1.0 billion when compared to 2020 budgeted amounts was driven by slowed capital spending for capital projects not already in construction in response to lower net revenues as a result of COVID-19.

**CAPITAL FUNDING SOURCES 2020\***

\* Capital funding sources exclude accrued amounts in connection with capital construction activities.

\*\* Includes funding for landlord leasehold capital improvements related to LGA Terminal B.

A summary of capital investment by business segment follows:

	2020	2019	2018
		(In millions)	
Aviation*	\$ 1,379	\$ 1,886	\$ 1,278
Tunnels, Bridges & Terminals	582	697	932
PATH	325	334	316
WTC (including WTC Transportation Hub)	232	291	339
Port Department	44	120	146
Other**	5	6	43
Total	\$ 2,567	\$ 3,334	\$ 3,054

\* Includes landlord leasehold capital improvements related to LGA Terminal B of \$277 million in 2020, \$297 million in 2019, and \$289 million in 2018.

\*\* Other includes Regional Facilities and Programs, Development Facilities, Moynihan Station Transportation Program, Gateway Early Work Program, and Ferry Transportation.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net*, *Schedule D-3 – Selected Statistical Financial Data by Business Segment*, and *Schedule F – Information on Capital Investment in Port Authority Facilities*.

**Capital Financing and Debt Management**

As of December 31, 2020, bonds and other asset financing obligations of the Port Authority totaled approximately \$28.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor. For additional information related to bonds and other asset financing obligations of the Port Authority see *Note D – Outstanding Financing Obligations*.

During 2020, the Port Authority issued approximately \$2.4 billion of consolidated bond and notes, including \$212 million in issuance premiums. Of this amount \$1.1 billion was allocated to pay debt service, \$659 million was allocated for purposes of funding capital construction, \$547 million was utilized to refund outstanding Consolidated Bonds to achieve savings on future debt service payments and \$100 million was used to retire existing commercial paper obligations.

During 2020, the Port Authority issued approximately \$157 million of commercial paper obligations to fund capital construction project expenditures.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**Credit Ratings**

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of March 3, 2021.

Debt Obligation	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	A+	A+	Aa3
Commercial Paper	A-1	F1+	P-1

Citing loss of revenues and volatility surrounding the recovery of activity levels at Port Authority facilities resulting from to COVID-19, the following revisions were made to Port Authority credit ratings during 2020:

- On April 9, 2020 Moody's Investor Service changed their rating outlook from stable to negative, while affirming their Aa3 rating on Port Authority Consolidated Bonds and P-1 rating on Port Authority Commercial Paper Notes.
- On June 26, 2020 Standard and Poor's ("S&P") changed their rating on Port Authority Consolidated Bonds from AA- to A+ and from A-1+ to A-1 on Port Authority Commercial Paper Notes. Additionally, S&P changed their ratings outlook from stable to negative.
- On June 26, 2020 Fitch Ratings changed their ratings outlook from stable to negative watch while affirming their AA- rating on Port Authority Consolidated Bonds and F1+ rating on Port Authority Commercial Paper Notes.
- On January 19, 2021, Fitch Ratings changed their rating on Port Authority Consolidated Bonds to A+ and affirmed their F1+ rating on Port Authority Commercial Paper Notes. Additionally, Fitch changed their ratings outlook from rating watch negative to stable.

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell, or hold any maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on market price. Additional information on Port Authority debt obligations can be found in *Note D – Outstanding Financing Obligations*.

**Other Activities****Toll & Fare Increases**

On September 26, 2019 the Port Authority's Board of Commissioners authorized certain adjustments to tolls, fares, and other fees, including toll increases at the Port Authority's six vehicular crossings and PATH fare increases that were implemented in 2020. For the bridge and tunnel tolls, effective January 5, 2020, the cash and toll by mail rate for cars during all hours increased from \$15.00 to \$16.00. Furthermore, the discount for autos using E-ZPass® was reduced by \$0.25, resulting in an increase of \$1.25. After 2020, tolls will be adjusted for the cumulative effect of inflation when applied to the current Class 1 cash and toll by mail tolls. At the time the first CPI increase reaches \$1.00, tolls for all vehicular classes except classes 8 and 9 (buses) will increase by \$1.00, and the discount for autos using E-ZPass® will be further reduced by \$0.25, resulting in an increase of \$1.25. Thereafter, and when all electronic tolling has been implemented at all crossings, tolls for all vehicular classes will be adjusted annually by the CPI increase. For additional information related to tolling rates, E-ZPass® discounts and designated user programs, please refer to the following link: <http://www.panynj.gov/bridges-tunnels/tolls.html>.

The PATH fare schedule was revised in two steps effective November 1, 2019 and November 1, 2020. Most recently on November 1, 2020, although the PATH base fare for a single trip remains at \$2.75, the cost of multi-trip tickets was increased to \$26.00 for a 10-trip ticket, \$52.00 for a 20-trip ticket and \$104.00 for a 40-trip ticket. After 2020, PATH fares will be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result in an adjustment of at least \$0.25. For additional information related to PATH fares please refer to the following link: <http://www.panynj.gov/path/en/fares.html>.

**Cashless Tolling**

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge, April 24, 2019 at the Outerbridge Crossing, and September 4, 2019 at the Goethals Bridge. On July 25, 2019, the Board of Commissioners authorized a project to implement cashless tolling at the Holland Tunnel, Lincoln Tunnel, and George Washington Bridge. As a result of the COVID-19 pandemic, cashless tolling was implemented, on a temporary basis, at the George Washington Bridge, Lincoln Tunnel and Holland Tunnel on March 22, 2020. Cash tolling resumed at the upper level of the George Washington Bridge, Lincoln Tunnel and Holland Tunnel on October 26, 2020. The lower level of the George Washington Bridge will remain cashless permanently.

Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.



**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)** ...continued**2021 Budget**

On December 17, 2020, the Board of Commissioners approved a 2021 budget that provides for capital and operating expenditures during calendar year 2021 totaling \$7.2 billion. To obtain a copy of the 2021 budget, please refer to the following link: <https://www.panynj.gov/corporate/en/financial-information/budget.html>.

**Fiduciary Fund Financial Statements Comparison for the Years Ended December 31, 2020, December 31, 2019 and December 31, 2018**

The year-to-year change in fiduciary net position is an indicator of whether the overall financial condition of The Port Authority of New York and New Jersey Retiree Health Benefit Trust ("the Trust") has improved or worsened during the year. A comparison of the Port Authority's Fiduciary Net Position follows:

	2020	2019	2018
		(In thousands)	
Financial position			
Total assets	\$ 1,906,735	\$ 1,803,379	\$ 1,442,035
Total liabilities	974	3,753	28,299
Net position, December 31	\$ 1,905,761	\$ 1,799,626	\$ 1,413,736

A comparison of the Port Authority's Fiduciary Fund Statements of Changes in Fiduciary Net Position follows:

	2020	2019	2018
		(In thousands)	
Total contributions*	\$ 30,061	\$ 256,536	\$ 247,761
Total net investment income/(loss)	225,006	285,996	(86,274)
Total deductions**	(148,932)	(156,642)	(147,855)
Increase in net position	106,135	385,890	13,632
Net position – January 1	1,799,626	1,413,736	1,400,104
Net position – December 31	\$ 1,905,761	\$ 1,799,626	\$ 1,413,736

\* 2020 amounts are comprised of current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds. The Port Authority did not make advanced funding contributions to the Trust in 2020. 2019 amounts include \$156.6 in current OPEB benefit payments paid from available Port Authority operating funds and \$100 million in advance funding contributions to the Trust. 2018 amounts include \$147.8 in current OPEB payments made from available Port Authority operating funds and \$100 million in advance funding contributions to the Trust.

\*\* 2020 amounts include current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.8 million from Trust funds. 2019 and 2018 OPEB benefits payments were paid in their entirety out of available Port Authority operating funds.

**2020 vs. 2019**

Net position of the Trust totaled \$1.9 billion at December 31, 2020, an increase of \$106 million when compared to December 31, 2019. This year-to-year increase in the Trust's fiduciary net position was comprised of \$225 million in investment income partially offset by \$118.8 million in OPEB benefit payments paid from Trust funds.

Trust assets totaled \$1.9 billion at December 31, 2020, an increase of \$104 million from December 31, 2019. This increase in Trust assets is primarily due to a \$84 million increase in fair value of Trust investments, and an increase in cash and cash deposits of \$20 million.

Net investment income totaled \$225 million in 2020, a decrease of \$61 million from 2019, primarily due to lower investment gains and financial income on Trust investments. The money-weighted rate of return on Trust investments was 13.48% in 2020 and 19.57% in 2019.

**2019 vs. 2018**

Net position of the Trust totaled \$1.8 billion at December 31, 2019, an increase of \$386 million when compared to December 31, 2018. This year-to-year increase in fiduciary net position was a result of an increase in investment income.

Trust assets totaled \$1.8 billion at December 31, 2019, an increase of \$361 million from December 31, 2018. This increase in Trust assets is primarily due to a \$387 million increase in value of Trust investments, partially offset by a decrease in cash and cash deposits of \$26 million.

Net investment income totaled \$286 million in 2019, an increase of \$372 million from 2018 primarily due to investments gains and financial income on Trust investments. The money-weighted rate of return on Trust investments was 19.57% in 2019 and (5.95%) in 2018.

## The Port Authority of New York and New Jersey (Enterprise Fund)

### STATEMENTS OF NET POSITION

	December 31, 2020	December 31, 2019
(In thousands)		
<b>ASSETS</b>		
Current assets:		
Cash	\$ 306,471	\$ 93,315
Restricted cash	87,098	76,989
Investments	927,404	1,228,711
Restricted investments – PAICE	1,250	2,604
Restricted investments – PFC	2,200	18,838
Current receivables, net	895,096	681,361
Other current assets	162,280	143,213
Restricted receivables and other assets	26,518	80,730
Total current assets	2,408,317	2,325,761
Noncurrent assets:		
Restricted cash	4,766	4,813
Investments	2,253,190	2,564,584
Restricted investments – PAICE	21,263	127,542
Other amounts receivable, net	181,023	178,796
Other noncurrent assets	1,709,457	1,684,517
Restricted noncurrent assets – PAICE	5,950	6,954
Amounts receivable – Special Project Bonds	—	1,138,906
Amounts receivable – Tower 4 Liberty Bonds	1,244,413	1,245,025
Unamortized costs for regional programs	60,239	93,456
Landlord leasehold investment-LGA Terminal B	1,025,227	748,671
Facilities, net	39,773,548	39,016,984
Total noncurrent assets	46,279,076	46,810,248
Total assets	48,687,393	49,136,009
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Loss on debt refundings	62,317	71,113
Pension related amounts	556,005	277,938
OPEB related amounts	157,234	141,943
Total deferred outflows of resources	775,556	490,994
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	1,057,116	1,316,914
Accrued interest and other current liabilities	444,835	458,385
Restricted other liabilities – PAICE	745	8,866
Accrued payroll and other employee benefits	339,269	500,945
Current portion bonds and other asset financing obligations	1,132,079	1,045,117
Total current liabilities	2,974,044	3,330,227
Noncurrent liabilities:		
Accrued pension and other postemployment benefits	2,020,090	1,538,117
Other noncurrent liabilities	281,956	268,693
Unearned income related to WTC Retail joint venture	736,958	746,218
Restricted other noncurrent liabilities – PAICE	36,099	41,001
Amounts payable – Special Project Bonds	—	1,138,906
Amounts payable – Tower 4 Liberty Bonds	1,244,413	1,245,025
Bonds and other asset financing obligations	25,683,241	24,421,179
Total noncurrent liabilities	30,002,757	29,399,139
Total liabilities	32,976,801	32,729,366
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Gain on debt refundings	75,368	51,946
Pension related amounts	40,210	102,956
OPEB related amounts	462,460	275,406
Total deferred inflows of resources	578,038	430,308
<b>NET POSITION</b>	\$ 15,908,110	\$ 16,467,329
Net position is comprised of:		
Net investment in capital assets	\$ 14,954,997	\$ 14,620,518
Restricted:		
Passenger Facility Charges	267	55,814
Port Authority Insurance Captive Entity, LLC	451,412	394,922
Minority Interest in Tower 1 Joint Venture	86,873	100,000
Unrestricted	414,561	1,296,075
<b>NET POSITION</b>	\$ 15,908,110	\$ 16,467,329

See Notes to Financial Statements



## The Port Authority of New York and New Jersey (Enterprise Fund)

### STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Year ended December 31,	
	2020	2019
	(In thousands)	
<b>Gross operating revenues:</b>		
Tolls and fares	\$ 1,571,827	\$ 1,876,911
Rentals	1,421,467	1,748,683
Aviation fees	907,314	1,287,263
Parking and other	240,329	408,609
Utilities	112,008	144,176
Rentals – Special Project Bonds Projects	81,129	74,073
Total gross operating revenues	4,334,074	5,539,715
<b>Operating expenses:</b>		
Employee compensation, including benefits	1,395,588	1,413,979
Contract services	929,520	1,046,216
Rents and payments in-lieu-of taxes (“PILOT”)	403,661	388,462
Materials, equipment and other	290,033	315,676
Utilities	163,078	191,770
Interest on Special Project Bonds	81,129	74,073
Total operating expenses before depreciation, amortization and other operating expenses	3,263,009	3,430,176
Net insurance recoverables	(4,033)	(175,678)
Depreciation of facilities	1,533,267	1,420,696
Amortization of costs for regional programs	33,217	36,730
(Loss) / income from operations	(491,386)	827,791
<b>Non-operating revenues and (expenses):</b>		
Financial income	63,555	66,965
Net increase in fair value of investments	18,406	20,983
Interest expense in connection with bonds and other asset financing	(1,011,896)	(968,242)
Pass-through grant program payments	(26,853)	(3,142)
4 WTC associated payments	65,293	65,293
Grants, in connection with operating activities	489,228	25,665
Non-operating expenses, net	(402,267)	(792,478)
(Loss) / income before capital contributions and passenger facility charges	(893,653)	35,313
<b>Capital contributions and Passenger Facility Charges:</b>		
Contributions in aid of construction	258,925	261,054
Passenger facility charges	75,509	292,568
Total capital contributions and passenger facility charges	334,434	553,622
(Decrease) / increase in net position	(559,219)	588,935
Net position, January 1	16,467,329	15,878,394
Net position, December 31	\$ 15,908,110	\$ 16,467,329

See Notes to Financial Statements

## The Port Authority of New York and New Jersey (Enterprise Fund)

### STATEMENTS OF CASH FLOWS

	Year ended December 31,	
	2020	2019
	(In thousands)	
<b>1. Cash flows from operating activities:</b>		
Cash received from operations	\$ 4,084,506	\$ 5,371,526
Cash received from insurance recoverables	262	177,039
Cash paid to or on behalf of employees	(1,247,748)	(1,703,846)
Cash paid to suppliers	(1,407,116)	(1,525,446)
Cash paid to municipalities	(422,046)	(396,295)
Net cash provided by operating activities	1,007,858	1,922,978
<b>Cash flows from noncapital financing activities:</b>		
Payments for Fund for regional development buy-out obligation	(53,210)	(53,211)
Grants received in connection with operating activities	444,745	20,704
Pass-through grant payments	(3,217)	(4,294)
Net cash provided by (used for) noncapital financing activities	388,318	(36,801)
<b>Cash flows from capital and related financing activities:</b>		
Investment in facilities and construction of capital assets	(2,717,009)	(3,217,180)
Proceeds from Consolidated Notes	1,096,271	—
Proceeds from capital obligations issued for refunding purposes (including commercial paper)	4,305,897	4,372,675
Principal paid through capital obligations refundings (including commercial paper)	(4,305,897)	(4,372,675)
Proceeds from sales of capital obligations allocated for construction	820,105	2,055,697
Principal paid on capital obligations	(425,150)	(379,815)
Interest paid on capital obligations	(1,110,557)	(1,077,993)
Payments for MOTBY obligation	(5,000)	(5,000)
Contributions in aid of construction	229,479	149,589
Proceeds from passenger facility charges	111,070	290,331
Financial income allocated to capital projects	1,165	2,427
Net cash (used for) capital and related financing activities	(1,999,626)	(2,181,944)
<b>Cash flows from investing activities:</b>		
Purchase of investment securities	(20,106,783)	(18,255,902)
Proceeds from maturity and sale of investment securities	20,859,881	18,359,610
Interest received on investment securities	71,909	69,278
Other interest income	1,661	2,843
Net cash provided by investing activities	826,668	175,829
Net increase / (decrease) in cash	223,218	(119,938)
Cash at beginning of year	175,117	295,055
Cash at end of year	\$ 398,335	\$ 175,117



**The Port Authority of New York and New Jersey (Enterprise Fund)**  
**STATEMENTS OF CASH FLOWS** ...continued

	Year ended December 31,	
	2020	2019
	(In thousands)	
<b>2. Reconciliation of income from operations to net cash provided by operating activities:</b>		
(Loss) / Income from operations	\$ (491,386)	\$ 827,791
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities	1,533,267	1,420,696
Amortization of costs for regional programs	33,217	36,730
Amortization of other assets	68,315	81,782
Change in operating assets and operating liabilities:		
(Increase) in receivables	(161,055)	(67,449)
(Increase) in deferred charges and other assets	(76,695)	(84,135)
(Decrease) / increase in payables	10,080	16,420
(Decrease) in other liabilities	(49,874)	(9,729)
(Decrease) in unearned income related to WTC retail joint venture	(9,260)	(9,260)
Increase / (decrease) in accrued payroll, pension and other employee benefits	151,249	(289,868)
Total adjustments	1,499,244	1,095,187
Net cash provided by operating activities	\$ 1,007,858	\$ 1,922,978

**3. Capital obligations:**

Consolidated bonds and notes, commercial paper, variable rate master notes, Marine Ocean Terminal at Bayonne Peninsula ("MOTBY") Obligation and Goethals Bridge Replacement Developer Financing Agreement.

**4. Noncash investing, capital and financing activities:**

Noncash activity of \$1.2 billion in 2020 and \$122 million in 2019 includes amortization of discount and premium on outstanding debt obligations and debt service in connection with Special Project Bonds.

Noncash capital financing did not include activities that required a change in fair value. In 2020 and 2019, the Silverstein net lessees contributed \$9 million and \$31 million, respectively, towards construction of WTC Tower 3. In 2020 and 2019, preferred returns due the Tower 1 Joint Venture, Durst Member and the WTC Retail Joint Venture, Westfield member totaled \$(9) million.

Noncash capital asset write-offs totaled \$9.9 million in 2020 and \$26.8 million in 2019.

## The Port Authority of New York and New Jersey Retiree Health Benefits Trust (Fiduciary Fund)

### STATEMENTS OF FIDUCIARY NET POSITION

	December 31, 2020	December 31, 2019
<b>ASSETS</b>		
Cash and deposits	\$ 28,122	\$ 8,134
Receivables:		
Due from broker for investments sold	3,159	3,879
Investment income	3,400	3,445
Total receivables	6,559	7,324
Investments, at fair value:		
Domestic equities	692,618	657,245
Fixed income	643,973	600,733
International equities	439,414	420,226
Real estate	96,049	109,717
Total investments	1,872,054	1,787,921
Total assets	1,906,735	1,803,379
<b>LIABILITIES</b>		
Payables:		
Due to broker for investments purchased	974	3,753
Total liabilities	974	3,753
Net position restricted for other postemployment benefits	\$ 1,905,761	\$ 1,799,626



## The Port Authority of New York and New Jersey Retiree Health Benefits Trust (Fiduciary Fund)

### STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Year ended December 31,	
	2020	2019
<b>Additions:</b>		(In thousands)
Employer contributions*	\$ 30,061	\$ 256,536
Investment income:		
Net increase in fair value of investments	180,775	240,293
Interest and dividends	46,173	47,542
(Less) investment expense	(1,942)	(1,839)
Net investment income	225,006	285,996
Total additions	255,067	542,532
<b>Deductions:</b>		
Benefit payments**	148,836	156,536
Administrative expense	96	106
Total deductions	148,932	156,642
Net increase in net position	106,135	385,890
Net position restricted for other postemployment benefits:		
Beginning of year	1,799,626	1,413,736
End of year	\$ 1,905,761	\$ 1,799,626

\* 2020 amounts are comprised of current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds. The Port Authority did not make advanced funding benefit payments to the Trust in 2020. 2019 amounts include \$156.6 million in current OPEB benefit payments paid from available Port Authority operating funds and \$100 million in advance funding's of OPEB benefit payments to the Trust.

\*\* 2020 amounts include current year OPEB benefit payments totaling \$30.1 million paid from available Port Authority operating funds and \$118.8 million from Trust funds. 2019 OPEB benefits payments were paid out of available Port Authority operating funds.

## NOTES TO FINANCIAL STATEMENTS

## Note A – Nature of the Organization and Summary of Significant Accounting Policies

### 1. Reporting Entity

a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.

b. The Governors of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board Statement ("GASB") No. 14, "The Financial Reporting Entity," as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.

c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing, and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, general counsel of the Port Authority, and management of the Port Authority. The Audit Committee retained KPMG, LLP to perform the independent audit of the Port Authority's financial statements and Mitchell Titus, LLP to perform the independent audit of the Port Authority of New York and New Jersey Retiree Health Benefits Trust financial statements for the year ending December 31, 2020.

d. Enterprise fund financial statements and schedules include the accounts of the Port Authority of New York and New Jersey and its blended component units, including:

Port Authority Blended Component Units*	Establishment or Acquisition Date
Port Authority Trans-Hudson Corporation	May 10, 1962
Newark Legal and Communications Center Urban Renewal Corporation	May 12, 1988
New York and New Jersey Railroad Corporation	April 30, 1998
WTC Retail LLC	November 20, 2003
Port District Capital Projects LLC	July 28, 2005
Tower 5 LLC (formerly known as 1 WTC LLC)	September 21, 2006
Port Authority Insurance Captive Entity, LLC	October 16, 2006
New York New Jersey Rail, LLC	September 18, 2008
Tower 1 Member LLC	April 19, 2011
Tower 1 Joint Venture LLC	April 19, 2011
Tower 1 Holdings LLC	April 19, 2011
WTC Tower 1 LLC	April 19, 2011
PA Retail Newco LLC	May 7, 2012
Tower 1 Rooftop Holdings LLC	June 8, 2012

\* The blended component units listed are included as part of the Port Authority's reporting entity because: a) the Port Authority's Board of Commissioners serves as the overall governing body of these related entities; and, b) there is a fiscal dependency and a financial benefit or burden relationship between the Port Authority and the respective component unit listed.

e. The Port Authority of New York and New Jersey Retiree Health Benefits Trust ("the Trust") was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation ("PATH") for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including, group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority's Board

**NOTES TO FINANCIAL STATEMENTS** ...continued

of Commissioners serve as the board of directors of the Trust. In accordance with GASB Statement No. 84, “*Fiduciary Activities*,” the Trust is a fiduciary component unit of the Port Authority.

**2. Basis of Accounting**

- a. Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.
- b. Port Authority fiduciary activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are accounted for in a fiduciary fund with investments reported at fair value, advance fundings reported when paid and contributions related to pay-as-you go benefit payments reported when benefit payments come due.
- c. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

**3. Significant Accounting Policies**

a. *Facilities, net* are carried at cost. The cost of facilities includes interest incurred during the period that relates to the construction or production of the capital asset. The amount of capitalized interest is calculated by offsetting interest expense incurred with financial income earned on invested debt proceeds, from the date of the borrowing until the project is ready for its intended use. Generally, projects in excess of \$100,000 for additions, asset replacements, and/or asset improvements that benefit future periods or are expected to prolong the service life of the asset are capitalized (see *Note B – Facilities, net*). *Facilities, net* does not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see *Note H – Regional Facilities and Programs*).

b. Depreciation of facilities is computed using the straight-line method during the estimated useful lives of the related assets (see *Note B – Facilities, net*). Estimated useful lives are reviewed periodically for each type of asset class. Asset lives used in the calculation of depreciation are generally as follows:

> Buildings, bridges, tunnels and other structures	25 to 100 years
> Machinery and equipment	5 to 35 years
> Runways, roadways and other paving	7 to 40 years
> Utility infrastructure	10 to 100 years

Assets at facilities leased by the Port Authority are depreciated over the lesser of: **(i)** the remaining lease term of the facility; or, **(ii)** the estimated useful life of the asset.

Costs of Regional facilities and programs are amortized on a straight-line basis over the period benefited up to a maximum of 15 years (see *Note H – Regional Facilities and Programs*).

Costs related to the purchase of ancillary equipment, including **(i)** operation and maintenance vehicles; and, **(ii)** corporate information technology software and hardware, each providing benefits for periods exceeding one-year are reported as a component of *Other noncurrent assets* and amortized over the period benefited, generally 3 to 15 years, depending on the useful life of the equipment or vehicle.

- c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, collateralized time deposits, and money market accounts.
- d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (“PFCs”), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (“PAICE”), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.
- e. Enterprise fund net position is comprised of:
  - > *Net investment in capital assets*, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.
  - > *Restricted*, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority’s policy to use restricted resources first.
  - > *Unrestricted*, which consists of net resources that do not meet the definition of *Restricted* or *Net investment in capital assets*.
- f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.



**NOTES TO FINANCIAL STATEMENTS** ...continued

- g.** Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Statements of Net Position.
- h.** Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at, Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance, and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.
- i.** Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration ("FAA") approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net*.
- j.** Required capital contributions due the Port Authority from the World Trade Center ("WTC") Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Statements of Net Position and a *Contribution in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. Subsequent to becoming ready for their intended use, WTC Towers 2, 3 and 4 will be depreciated over their estimated useful life. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively.
- k.** All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see Note C – *Cash and Investments*).
- l.** In accordance with GASB Statement No. 23, "*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*," as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- m.** Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the *Bonds and other asset financing obligations* on the Statements of Net Position.
- n.** The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.
- o.** The trajectory and ultimate impact of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes ("COVID-19"), pandemic is uncertain and is subject to many developments and actions outside of the control of the Port Authority. Some of the factors outside the Port Authority's control include: (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19; (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g. when bridge and tunnel traffic normalizes, when airport passenger traffic normalizes, among others); and, (3) the amount and the terms of any financial assistance or aid from the federal government.
- p.** In May 2020, GASB issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*." The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.
- q.** In June 2017, GASB issued Statement No. 87, "*Leases*." The requirements of GASB Statement No. 87 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until periods beginning after June 15, 2021 by GASB Statement No. 95. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 87.
- r.** In June 2018, GASB issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The requirements of GASB Statement No. 89 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until December 15, 2020 by GASB Statement No. 95. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for the reporting period and to simplify accounting for interest costs incurred before the end of a construction period. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 89.

**NOTES TO FINANCIAL STATEMENTS** ...continued

**s.** In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligations." The requirements of GASB Statement No. 91 were originally effective for financial statements periods beginning after December 15, 2020 and postponed until December 15, 2021 by GASB Statement No. 95. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with: **a)** commitments extended by issuers, **b)** arrangements associated with conduit debt obligations; and, **c)** related note disclosures. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 91.

**t.** In March 2020, GASB issued Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of GASB Statement No. 94 are effective for financial statements periods beginning after June 15, 2022. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and providing guidance for accounting and financial reporting for availability payment arrangements. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 94.

**u.** In May 2020, GASB issued Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of GASB Statement No. 96 are effective for financial statements periods beginning after June 15, 2022. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 96.

#### **4. Reconciliation of the Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Port Authority Bond Resolutions**

Schedules A, B, C and D-2 which follow the Required Supplementary Information section of this report, have been prepared in accordance with Port Authority bond resolutions which differ in some respects from accounting principles that are generally accepted in the United States of America, as follows:

- a.** Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.
- b.** Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority's bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.
- c.** Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.
- d.** Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.
- e.** Consolidated Bonds and Notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.
- f.** To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retiring existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.
- g.** Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Facility infrastructure investment* in the capital fund.
- h.** Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.
- i.** Amounts received in connection with the March 18, 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received and are recorded on that basis on *Schedule A – Revenues and Reserves*.

**NOTES TO FINANCIAL STATEMENTS** ...continued

j. The cumulative impact of adopting a new accounting standard is recognized as either an increase or decrease to the operating fund's net position in the year of adoption and amortized as an application from the Consolidated Bond Reserve Fund over a closed 30-year period.

k. In accordance with Port Authority bond resolutions, operating expenses provide for contingencies related to the application of future operating and maintenance expenses.

A reconciliation of the *Statements of Net Position to Schedule B – Assets and Liabilities* and the *Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves* follows:

**Statements of Net Position to Schedule B – Assets and Liabilities**

	Years ended December 31,	
	2020	2019
	(In thousands)	
Net position reported on Statements of Net Position	\$ 15,908,110	\$ 16,467,329
Add: Accumulated depreciation of facilities	19,914,008	18,509,563
Accumulated retirements and gains and losses on disposition of assets	3,205,414	3,076,592
Application of WTC retail joint venture payments	796,936	796,936
Cumulative amortization of costs for regional programs	1,476,120	1,442,903
Cumulative unamortized discount and premium	1,693,952	1,547,133
<b>Subtotal</b>	<b>27,086,430</b>	<b>25,373,127</b>
Less: Deferred income – PFCs	267	55,814
Income related to WTC retail joint venture	59,978	50,718
Operating and maintenance contingencies	50,000	50,000
<b>Subtotal</b>	<b>110,245</b>	<b>156,532</b>
<b>Total</b>	<b>\$ 42,884,295</b>	<b>\$ 41,683,924</b>
Net position reported on <i>Schedule B – Assets and Liabilities</i> (pursuant to Port Authority bond resolutions)	\$ 42,884,295	\$ 41,683,924

**Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves**

	Years ended December 31,	
	2020	2019
	(In thousands)	
(Decrease) / increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position	\$ (559,219)	\$ 588,935
Add: Depreciation of facilities	1,533,267	1,420,696
Application of PFCs	131,149	289,639
Amortization of costs for regional programs	33,217	36,730
Amortization of discount and premium	(65,121)	(47,099)
<b>Subtotal</b>	<b>1,632,512</b>	<b>1,699,966</b>
Less: Debt maturities and retirements	388,428	334,419
WTC Towers 2, 3, 4 Net Lessee capital contributions	9,005	30,812
Direct investment in facilities	1,398,366	1,550,920
PFC Collections	75,509	292,568
Income related to WTC retail joint venture	9,260	9,260
PFC interest income/fair value adjustment	94	508
Change in accounting principle – pension / OPEB	19,662	18,375
<b>Subtotal</b>	<b>1,900,324</b>	<b>2,236,862</b>
<b>Total</b>	<b>\$ (827,031)</b>	<b>\$ 52,039</b>
(Decrease) / increase in Reserves reported on <i>Schedule A – Revenues and Reserves</i> (pursuant to Port Authority bond resolutions)	\$ (827,031)	\$ 52,039



## NOTES TO FINANCIAL STATEMENTS ...continued

**Note B – Facilities, net**1. **Facilities, net** is comprised of the following:

	Facilities, net Dec. 31, 2019	Additions	Transfers to Completed Construction	Depreciation	Retirements/ Dispositions	Facilities, net Dec. 31, 2020
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,484,999	\$ —	\$ 2,658	\$ —	\$ —	\$ 1,487,657
Construction in progress*	5,976,924	2,289,831	(3,993,615)	—	—	4,273,140
Total capital assets not being depreciated	7,461,923	2,289,831	(3,990,957)	—	—	5,760,797
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	23,044,971	—	1,347,119	—	(19,718)	24,372,372
Machinery and equipment	11,929,427	—	1,072,103	—	(85,456)	12,916,074
Runways, roadways and other paving	7,748,469	—	635,132	—	(2,279)	8,381,322
Utility infrastructure	7,341,757	—	936,603	—	(21,369)	8,256,991
Total other capital assets being depreciated	50,064,624	—	3,990,957	—	(128,822)	53,926,759
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,973,397)	—	—	(538,264)	19,718	(6,491,943)
Machinery and equipment	(5,657,955)	—	—	(416,577)	85,456	(5,989,076)
Runways, roadways and other paving	(3,822,656)	—	—	(273,622)	2,279	(4,093,999)
Utility infrastructure	(3,055,555)	—	—	(304,804)	21,369	(3,338,990)
Total accumulated depreciation	(18,509,563)	—	—	(1,533,267)	128,822	(19,914,008)
Facilities, net	\$ 39,016,984	\$ 2,289,831	\$ —	\$ (1,533,267)	\$ —	\$ 39,773,548

	Facilities, net Dec. 31, 2018	Additions	Transfers to Completed Construction	Depreciation	Retirements/ Dispositions	Facilities, net Dec. 31, 2019
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,423,058	\$ —	\$ 61,941	\$ —	\$ —	\$ 1,484,999
Construction in progress*	6,254,924	3,037,667	(3,315,667)	—	—	5,976,924
Total capital assets not being depreciated	7,677,982	3,037,667	(3,253,726)	—	—	7,461,923
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	22,038,410	—	1,194,570	—	(188,009)	23,044,971
Machinery and equipment	11,222,090	—	728,556	—	(21,219)	11,929,427
Runways, roadways and other paving	7,005,320	—	759,362	—	(16,213)	7,748,469
Utility infrastructure	6,780,523	—	571,238	—	(10,004)	7,341,757
Total other capital assets being depreciated	47,046,343	—	3,253,726	—	(235,445)	50,064,624
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,650,528)	—	—	(510,878)	188,009	(5,973,397)
Machinery and equipment	(5,293,753)	—	—	(385,421)	21,219	(5,657,955)
Runways, roadways and other paving	(3,583,931)	—	—	(254,938)	16,213	(3,822,656)
Utility infrastructure	(2,796,100)	—	—	(269,459)	10,004	(3,055,555)
Total accumulated depreciation	(17,324,312)	—	—	(1,420,696)	235,445	(18,509,563)
Facilities, net	\$ 37,400,013	\$ 3,037,667	\$ —	\$ (1,420,696)	\$ —	\$ 39,016,984

\* Construction in progress additions include the impact of capital write-offs totaling \$9.9 million in 2020 and \$26.8 million in 2019.

1. Net interest expense added to the cost of facilities was \$121.8 million in 2020 and \$131.4 million in 2019.

2. Projects that have been suspended pending determination of their continued viability totaled \$132.6 million in 2020 and \$34.6 million in 2019.

3. Depreciation includes accelerated depreciation of \$3 million in 2020 and \$2.4 million in 2019 related to capital assets that were retired and taken out of service.

4. Retirements and Dispositions include the book value, if any, related to capital assets that have been sold or otherwise disposed of.

## Notes to Financial Statements ...continued

### Note C – Cash and Investments

The components of Port Authority and PAICE cash and investments are:

Cash	December 31,	
	2020	2019
	(In thousands)	
Cash on hand	\$ 1,194	\$ 1,274
Cash equivalents	397,141	173,843
Total cash	398,335	175,117
Less restricted cash	91,864	81,802
Unrestricted cash	\$ 306,471	\$ 93,315

Investments, at fair value*	December 31,				
	2020				2019
(In thousands)					
	Fair Value Hierarchy Levels**	Port Authority	PAICE	Total	Total
United States Treasury notes	Level 1	\$ 2,440,690	\$ 21,250	\$ 2,461,940	\$ 2,634,628
United States Treasury bills	Level 1	404,999	1,250	406,249	708,071
United States government agency obligations	Level 2	—	—	—	16,820
United States Treasury obligations held pursuant to repurchase agreements***	—	322,069	—	322,069	431,755
JFK International Air Terminal LLC obligations (“JFKIAT”)**	—	—	—	—	47,831
Corporate bonds	Level 2	—	—	—	74,779
Municipal bonds	Level 2	—	—	—	10,142
Accrued interest receivable		15,036	13	15,049	18,253
Total investments		3,182,794	22,513	3,205,307	3,942,279
Less current investments****		929,604	1,250	930,854	1,250,153
Noncurrent investments		\$ 2,253,190	\$ 21,263	\$ 2,274,453	\$ 2,692,126

\* Cash and investments of approximately \$1.9 billion and \$1.8 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included in the Port Authority's Enterprise Statements of Net Position as of December 31, 2020 and 2019, respectively.

\*\* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

\*\*\* Investments are valued at unamortized cost.

\*\*\*\* Includes PFC restricted investments of \$2 million and \$19 million in 2020 and 2019, respectively.

#### Port Authority Investment Policies

Port Authority policy provides for cash funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum fair value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of \$1 million.

Total actual bank balances excluding amounts held by third party trustees were \$313.3 million at December 31, 2020. Of that amount, \$1.8 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of \$311.5 million was fully collateralized with collateral held by a third-party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name.

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port

## Notes to Financial Statements ...continued

Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

Proceeds received in connection with Consolidated Bonds and other asset financing obligation issuances may be invested, on an interim basis, in conformance with applicable federal laws and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time deposit accounts.

Consolidated Bond Reserve Fund and General Reserve Fund amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the Consolidated Bond Reserve Fund and the General Reserve Fund (subject to certain limitations) may be invested in obligations of the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund.

Operating funds may be invested in various items including: **a)** direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; **b)** investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; **c)** commercial paper having only the highest short-term ratings separately issued by two nationally recognized rating agencies; **d)** United States Treasury and municipal bond futures contracts; **e)** certain interest rate exchange contracts with banks and investment firms; and, **f)** certain interest rate options contracts that are limited to \$50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board of Commissioners has from time-to-time authorized other investments of operating funds.

It is the general policy of the Port Authority to limit exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the Chief Financial Officer of the Port Authority. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2020, follows:

Port Authority Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$ 2,440,690	580
United States Treasury bills	404,999	7
United States REPO	322,069	4
Total fair value of investments*	\$ 3,167,758	
Investment weighted average maturity		448

\* Excludes accrued interest receivable amounts of 15 million.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements ("REPO") bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2020 and 2019, respectively.

### PAICE Investment Policies

The investment policies of PAICE have been established and approved by the PAICE Board of Directors, which is comprised of Port Authority executive staff. Consistent with the Port Authority Board of Commissioners' authorization with respect to the establishment of PAICE as a wholly owned entity of the Port Authority, PAICE provides the Port Authority Board of Commissioners' Committee on Finance with periodic updates on PAICE's investment activities.

In 2020, PAICE's investment policies were updated to create a three-tier set of investment accounts. First, PAICE is required to set aside assets equal to the actuarial loss reserve estimates in a "Minimum Reserve Account." Once this is satisfied, PAICE may establish a "Reserve Account" equal to the balance of all possible losses, less amounts invested in the Minimum Reserve Account. Finally, any excess funds that remain after both the Minimum Reserve Account and Reserve Account requirements are satisfied may be used to establish a "Reserve Surplus Account."

Allowable investments in the Minimum Reserve Account may consist of: **a)** United States Treasury notes and United States Federal Agency debt; **b)** repurchase agreements collateralized by United States Government securities or; **c)** money market funds investing in United States Treasuries or United States Government Agency securities. The maximum maturity of any single investment is limited to 10 years from the date of purchase, and the duration of the Minimum Reserve Account is limited to 1 to 5 years.



## Notes to Financial Statements ...continued

Reserve Account allowable investments are the allowable investments in the Minimum Reserve Account, plus the following types of investments: **a)** United States dollar-denominated issues of sovereigns, supranationals, and foreign government sponsored agencies; **b)** money market instruments; **c)** investment grade corporate obligations issued by United States domestic issuers and United States dollar-denominated issues of foreign issuers; **d)** municipal notes and bonds; **e)** agency mortgage backed securities and agency collateralized mortgage obligations; and, **f)** AAA rated asset-backed securities ("ABS"). The maximum permissible maturity of any single investment in the Reserve Account is 30 years at time of purchase and the duration of the Reserve Account is limited to 1 to 8 years. The average credit rating of Reserve Account investments may not fall below AA-.

Under conditions outlined above, PAICE may establish a Reserve Surplus Account comprised of all of the allowable investments in the Minimum Reserve Account and the Reserve Account, plus passive equity index investments that are traded on major exchanges.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment for the purpose of efficiently allocating capital resources among the Port Authority and its component units. As of December 31, 2020, PAICE had \$360 million in intercompany loans due from the Port Authority.

The fair value and weighted average maturity of investments held by PAICE at December 31, 2020, follows:

PAICE Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$ 21,250	1,432
United States Treasury bills	1,250	168
Total fair value of investments*	\$ 22,500	
Investment weighted average maturity		1,361

\* Excludes accrued interest receivable amounts of \$13 thousand and \$360 million in intercompany loans due from the Port Authority.

## The Port Authority of New York and New Jersey Retiree Health Benefits Trust

### Investment Policies

The Port Authority, acting through or by authority of its Board of Commissioners, establishes investment guidelines consistent with the purpose of The Port Authority of New York and New Jersey Retiree Health Benefits Trust ("the Trust"). Such investment guidelines are written and may be changed from time to time only by means of a written document adopted by the Port Authority, acting through or by the authority of its Board of Commissioners.

An Investment Committee was established to provide oversight and management of the policies and procedures of the Trust. The Investment Committee is comprised of the: **a)** Chief Financial Officer; **b)** Chief, Human Capital; **c)** Comptroller; and, **d)** Treasurer of the Port Authority. Periodic updates on the portfolio structure, rate of return performance as compared to the benchmark indexes, and any changes to investment strategy are provided to the Committee on Finance of the Port Authority's Board of Commissioners.

The Trust's investment policy statement, approved by the Executive Director of the Port Authority, permits the Trust to invest in equities, fixed income, and cash equivalents. The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the long-term Other Postemployment Benefits ("OPEB") obligations of the Port Authority and PATH. The investment objectives are based on a 15-year investment horizon so that interim fluctuations should be viewed with appropriate perspective. Investments are managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust's investment objectives. Investments are diversified with the intent to minimize the risk of investment losses.

### Rate of Return

The annual money-weighted rate of return on Trust investments, net of investment expense was 13.48% and 19.57% for 2020 and 2019, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## Notes to Financial Statements ...continued

### Diversification

The Trust's investment policy requires that Trust assets be invested using the following diversification percentages for each fund classification:

	Range
Cash and cash equivalents	0%-20%
Fixed income securities	25%-65%
Mutual fund asset classes:	
Equity mutual funds:	
Domestic equity	23%-43%
International equity	11%-31%
Real estate investment trusts	0%-12%

### Market Risk

The Trust's investment policy is currently targeted to 60% equity and 40% fixed income asset weighting. The equity portion of the investments is in four funds focused on the international equity market, the broad domestic equity market, and publicly traded real estate investment trusts ("REITs"). The primary risk associated with this portion of the portfolio is volatility within the equity financial markets. However, dollar cost averaging provides a measure of risk mitigation by limiting the amount of investment on any one day at any particular valuation level.

Investment Type, at fair value	Fair Value hierarchy level*	December 31,	
		2020	2019
			(In thousands)
Cash and cash equivalents	Level 1	\$ 28,122	\$ 8,134
Investment at fair value:			
Fixed income securities:			
Corporate and foreign bonds	Level 2	238,434	186,753
U.S. Treasury securities	Level 1	107,160	101,338
U.S. Government agency securities	Level 2	23,788	—
Municipal bonds	Level 2	39,007	7,256
Asset-backed securities	Level 2	212,814	276,208
Bond funds	Level 1	22,770	29,178
Mutual funds:			
Equity mutual funds:			
Domestic mutual funds	Level 1	692,618	657,245
International mutual funds	Level 1	439,414	420,226
Real estate mutual funds	Level 1	96,049	109,717
Total investments		\$ 1,872,054	\$ 1,787,921
Total cash, cash equivalents and investments		\$ 1,900,176	\$ 1,796,055

\* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset and should be used only when relevant Level 1 and Level 2 inputs are unavailable. The Trust investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

## Notes to Financial Statements ...continued

### Credit Risk

The Trust's investment policy generally requires the overall rating of fixed income assets to have an average credit quality of at least "A".

The fixed income portion of the portfolio is managed by a number of investment managers who have advised that the average credit quality rating associated with their investment accounts for the Trust have an average credit quality rating of "AA", respectively.

As of December 31, 2020, fixed income investment types had the following credit ratings (in thousands):

Ratings	Corporate and foreign bonds	U.S. Government Agency securities	Municipal bonds	Asset-backed securities	Bonds funds	Total
AAA	\$ 1,470	\$ —	\$ 1,804	\$ 37,839	\$ —	\$ 41,113
AA+/AA/AA-	7,025	20,548	25,190	20,759	—	73,522
A+/A/A-	63,826	—	8,642	20,540	—	93,008
BBB+/BBB/BBB-	122,935	—	3,371	23,860	—	150,166
BB+/BB/BB-	26,945	—	—	6,379	—	33,324
B+/B/B-	14,085	—	—	2,874	—	16,959
CC/CCC+/CCC/CCC-	1,007	—	—	4,726	—	5,733
N/A	1,141	3,240	—	14,187	22,770	41,338
<b>Total</b>	<b>\$ 238,434</b>	<b>\$ 23,788</b>	<b>\$ 39,007</b>	<b>\$ 131,164</b>	<b>\$ 22,770</b>	<b>\$ 455,163</b>

Note: U.S. Treasury securities of \$107.2 million and certain U.S. Government agency securities of \$81.6 million are guaranteed by the U.S. Government and therefore, not considered to have any credit risk.

As of December 31, 2019, fixed income investment types had the following credit ratings (in thousands):

Ratings	Corporate and foreign bonds	Municipal bonds	Asset-backed securities	Bonds funds	Total
AAA	\$ 21	\$ —	\$ 49,009	\$ —	\$ 49,030
AA+/AA/AA-	3,030	1,466	154,347	—	158,843
A+/A/A-	35,853	3,675	19,837	—	59,365
BBB+/BBB/BBB-	99,335	2,115	25,387	—	126,837
BB+/BB/BB-	33,856	—	7,017	—	40,873
B+/B/B-	12,594	—	5,578	—	18,172
CC/CCC+/CCC/CCC-	908	—	3,103	—	4,011
N/A	1,156	—	11,930	29,178	42,264
<b>Total</b>	<b>\$ 186,753</b>	<b>\$ 7,256</b>	<b>\$ 276,208</b>	<b>\$ 29,178</b>	<b>\$ 499,395</b>

Note: U.S. Treasury securities of \$101.3 million, are guaranteed by the U.S. Government and therefore, not considered to have any credit risk.

Cash and cash equivalents held in the Trust of \$28.1 million consist of \$27.1 million of short-term U.S. Government Treasury Securities and \$1 million of money market funds. The money market funds have credit ratings of AAAm and Aaa-mf by Standard and Poor's and Moody's, respectively.

### Concentration of Credit Risk

Investments of Trust funds are diversified in accordance with the Investment Company Act of 1940 and the Trust's investment policy statement that defines guidelines for the portfolio including, holding no individual company stock that exceeds 5% of the portfolio weighting, holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry.



## Notes to Financial Statements ...continued

### Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the Trust's Trustee, the Trust will not be able to recover the value of its investments or collateral securities. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Trust. The Trust manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the Trustee in the name of the Trust.

### Interest Rate Risk

Interest rate risk associated with the Trust is confined to the fixed income portion of the portfolio. The fixed income component of the portfolio is subject to interest rate risk due to the nature of the underlying securities. To mitigate fair value losses associated with the fluctuation of interest rates, the duration of the fixed income fund positions of the portfolio are monitored and adjusted accordingly.

The following is a listing of the Trust's fixed income investments and related maturity schedule as of December 31, 2020:

Investment Type	<1 Year	1 to 5 Years	5 to 10 Years	10+ Years	Total
	(In thousands)				
Corporate and foreign bonds	\$ 1,641	\$ 63,500	\$ 116,746	\$ 56,547	\$ 238,434
U.S. Treasury securities	9,584	25,493	58,006	14,077	107,160
U.S. Government securities	17,823	5,629	—	336	23,788
Municipal bonds	126	2,930	4,657	31,294	39,007
Asset-backed securities	457	12,549	19,010	180,798	212,814
Bonds funds	—	—	—	22,770	22,770
<b>Total</b>	<b>\$ 29,631</b>	<b>\$ 110,101</b>	<b>\$ 198,419</b>	<b>\$ 305,822</b>	<b>\$ 643,973</b>

The following is a listing of the Trust's fixed income investments and related maturity schedule as of December 31, 2019:

Investment Type	<1 Year	1 to 5 Years	5 to 10 Years	10+ Years	Total
	(In thousands)				
Corporate and foreign bonds	\$ 2,708	\$ 61,834	\$ 70,824	\$ 51,387	\$ 186,753
U.S. Treasury securities	—	21,558	44,912	34,868	101,338
Municipal bonds	—	445	1,659	5,152	7,256
Asset-backed securities	2,201	11,965	24,383	237,659	276,208
Bonds funds	—	—	—	29,178	29,178
<b>Total</b>	<b>\$ 4,909</b>	<b>\$ 95,802</b>	<b>\$ 141,778</b>	<b>\$ 358,244</b>	<b>\$ 600,733</b>

Audited financial statements of the Trust for the year ended December 31, 2020 are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

## Notes to Financial Statements ...continued

**Note D – Outstanding Financing Obligations****Outstanding Bonds and Other Asset Financing Obligations**

	Current	December 31, 2020 Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Notes	\$ 449,685	\$ 24,616,146	\$ 25,065,831
B. Commercial Paper Obligations	557,325	—	557,325
C. Variable Rate Master Notes	69,600	—	69,600
D. Port Authority Equipment Notes	—	—	—
E. Fund for Regional Development Buy-Out Obligation	52,898	—	52,898
F. MOTBY Obligation	2,571	43,697	46,268
G. Tower 4 Liberty Bonds	—	1,244,413	1,244,413
H. Goethals Bridge Replacement Developer Financing Arrangement	—	1,023,398	1,023,398
I. Amounts Payable – Special Project Bonds	—	—	—
Total	\$ 1,132,079	\$ 26,927,654	\$ 28,059,733

	Current	December 31, 2019 Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Notes	\$ 425,150	\$ 23,299,494	\$ 23,724,644
B. Commercial Paper Obligations	500,565	—	500,565
C. Variable Rate Master Notes	69,600	—	69,600
D. Port Authority Equipment Notes	—	—	—
E. Fund for Regional Development Buy-Out Obligation	47,359	52,899	100,258
F. MOTBY Obligation	2,443	46,268	48,711
G. Tower 4 Liberty Bonds	—	1,245,025	1,245,025
H. Goethals Bridge Replacement Developer Financing Arrangement	—	1,022,518	1,022,518
I. Amounts Payable – Special Project Bonds	—	1,138,906	1,138,906
Total	\$ 1,045,117	\$ 26,805,110	\$ 27,850,227

**A. Consolidated Bonds and Notes**

	December 31, 2019	Issued	Refunded/ Retired	December 31, 2020
		(In thousands)		
Consolidated Bonds and Notes — par value	\$ 22,161,860	\$ 2,198,750	\$ 972,495	\$ 23,388,115
Add unamortized premium and (discount)	1,562,784	211,940	97,008	1,677,716
Consolidated Bonds and Notes — cost	\$ 23,724,644	\$ 2,410,690	\$ 1,069,503	\$ 25,065,831

	December 31, 2018	Issued	Refunded/ Retired	December 31, 2019
		(In thousands)		
Consolidated Bonds and Notes — par value	\$ 20,898,775	\$ 2,401,220	\$ 1,138,135	\$ 22,161,860
Add unamortized premium and (discount)	1,232,040	392,997	62,253	1,562,784
Consolidated Bonds and Notes — cost	\$ 22,130,815	\$ 2,794,217	\$ 1,200,388	\$ 23,724,644

## Notes to Financial Statements ...continued

Consolidated Bond Series *One Hundred Seventieth, One Hundred Ninety Ninth and Two Hundred Fourth* were direct placements with unrelated parties.

For information related to the payment of Consolidated Bonds and Notes, see *Note E – General and Consolidated Bond Reserve Fund* (pursuant to Port Authority bond resolutions).

Debt service requirements to maturity for Consolidated Bonds and Notes outstanding at December 31, 2020 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2021	\$ 449,685	\$ 1,047,805	\$ 1,497,490
2022	464,915	1,027,407	1,492,322
2023	1,574,865	1,001,765	2,576,630
2024	517,850	974,725	1,492,575
2025	524,260	946,545	1,470,805
2026-2030	3,039,690	4,346,420	7,386,110
2031-2035	3,866,920	3,533,670	7,400,590
2036-2040	3,515,520	2,633,251	6,148,771
2041-2045	3,120,755	1,833,407	4,954,162
2046-2050	2,151,960	1,183,290	3,335,250
2051-2055	1,566,275	776,432	2,342,707
2056-2060	1,512,635	400,365	1,913,000
2061-2065	643,875	142,633	786,508
2066-2070	338,910	54,890	393,800
2071-2094	100,000	118,622	218,622
Total	\$ 23,388,115	\$ 20,021,227	\$ 43,409,342

The most recent information, as of the date of this report, related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's Official Statement dated January 21, 2021, which can be located in the corporate information section on the Port Authority's website at: <https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html>.

During 2020, the Port Authority raised funds from the sale of Consolidated Bonds, to refund \$547.3 million of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately \$198.1 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2020 debt refundings (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) totaled approximately \$156.5 million in net present value savings, or 28.6% of the refunded par amount.

On July 8, 2020, the Port Authority raised funds from the issuance of \$1.1 billion of Consolidated Notes, which proceeds are intended to be used to pay debt service on currently outstanding Consolidated Bonds. The notes mature July 1, 2023 and bear interest of 1.086% per annum until maturity. The Notes were structured as an index-eligible 3-year maturity due on July 1, 2023. The Port Authority expects to refinance such Consolidated Notes with long-term Consolidated Bonds at maturity.

On July 26, 2018, the Board of Commissioners rescinded and cancelled certain series of Consolidated Bonds and Notes which had not been issued under the July 23, 2015 authorization, authorized additional series of Consolidated Bonds and Consolidated Notes, approved the continued issuance of Commercial Paper Obligations, Port Authority Equipment Notes, Versatile Structure Obligations and Variable Rate Master Notes, within the scope of the current authorizations and established and authorized a Plan of Financing. This Plan of Financing shall apply with equal force and effect to each series of Consolidated Bonds sold on or after September 1, 2018 pursuant to this resolution commencing with the Two Hundred-Twelfth Series and numbered consecutively thereafter, and authorized the issuance and sale of each Series at a true interest cost to the Authority not in excess of eight percent (8%), with a term to maturity not in excess of 50 years.

Also at its July 26, 2018 meeting, the Board of Commissioners established Consolidated Notes to be issued on or after September 1, 2018 in one or more series, commencing with Series AAA and denominated with three uniform letters in consecutive alphabetic order thereafter, with the sale of each series for a term to maturity not in excess of 3 years and at a true interest cost to the Port Authority not to exceed eight percent (8%). The total aggregate principal amount of Consolidated Bonds, Consolidated Notes and Versatile Structure Obligations to be issued and sold under this Plan of Financing, shall not exceed \$8 billion. An Authorized Officer of the Authority would be authorized to take any and all action that could be taken by the Committee on Finance in connection with each of such Series, provided, however, that such actions in connection with the decision to sell such series shall be subject to prior approval of the Committee on Finance.

On February 5, 2021, the Port Authority issued \$1.3 billion of Consolidated Bonds for the purposes of refunding outstanding Consolidated Bonds and to fund capital projects in connection with facilities of the Port Authority.



## Notes to Financial Statements ...continued

### B. Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Port Authority commercial paper obligations are currently issued under the resolution of the Board of Commissioners adopted on October 29, 2020, which authorizes their issuance through December 31, 2025. For additional information related to the payment of special obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

Under the current program, the maximum aggregate principal amount that may be outstanding at any one time is \$250 million for Series A, \$250 million for Series B and \$250 million for Series C.

To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amounts and the interest due at maturity, the Port Authority has entered into liquidity facilities for each of Series A, Series B, and Series C. On August 29, 2019, the Port Authority entered into an agreement with the Bank of Montreal, acting through its Chicago Branch, to establish a Letter of Credit in the amount of approximately \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series C Notes. In addition, on November 1, 2019, the Port Authority entered into a Revolving Credit Agreement with PNC Bank, National Association with a commitment amount of \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series A Notes. On June 26, 2020, the Port Authority entered into a Revolving Credit Agreement with JPMorgan Chase Bank, National Association in the amount of \$250 million to support the Port Authority's obligation to pay Commercial Paper, Series B Notes. On December 16, 2020, the Port Authority entered into an amendment and extension of each of the liquidity facilities. As of December 31, 2020, these commitment amounts have not been drawn upon.

In addition, to mitigate any future market disruption risk to the Port Authority's Commercial Paper Program due to the ongoing Covid-19 Pandemic, the Port Authority has qualified to participate in the Commercial Paper Funding Facility ("CPFF") offered by the Federal Reserve Bank of New York. Under the CPFF, the Port Authority may sell up to approximately \$550 million in total aggregate amount of three-month commercial paper to the CPFF through participating commercial paper dealers through March 31, 2021. The Port Authority has continued to market its commercial paper in the public markets without utilizing the CPFF program.

	Dec. 31, 2019	Issued	Repaid	Dec. 31, 2020
		(In thousands)		
Series A*	\$ 153,315	\$ 1,053,100	\$ 1,065,570	\$ 140,845
Series B	187,000	1,219,045	1,210,055	195,990
Series C**	160,250	1,543,165	1,482,925	220,490
Total	\$ 500,565	\$ 3,815,310	\$ 3,758,550	\$ 557,325

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

\*\* Obligations are subject to federal taxation.

	Dec. 31, 2018	Issued	Repaid	Dec. 31, 2019
		(In thousands)		
Series A*	\$ 166,610	\$ 1,160,080	\$ 1,173,375	\$ 153,315
Series B	158,070	826,995	798,065	187,000
Series C**	156,085	1,647,080	1,642,915	160,250
Total	\$ 480,765	\$ 3,634,155	\$ 3,614,355	\$ 500,565

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

\*\* Obligations are subject to federal taxation.

Interest rates for all commercial paper notes ranged from 0.12% to 5.75% in 2020.

## Notes to Financial Statements ...continued

### C. Variable Rate Master Notes

Variable Rate Master Notes are direct placements and special obligations of the Port Authority and may be issued in aggregate principal amounts outstanding at any one time not to exceed \$400 million (see *Note E – General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Issued	Refunded/ Repaid	Dec. 31, 2020
		(In thousands)		
Agreements 1989–1995*	\$ 44,900	\$ —	\$ —	\$ 44,900
Agreements 1989–1998	24,700	—	—	24,700
Total	\$ 69,600	\$ —	\$ —	\$ 69,600

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

	Dec. 31, 2018	Issued	Refunded/ Repaid	Dec. 31, 2019
		(In thousands)		
Agreements 1989–1995*	\$ 44,900	\$ —	\$ —	\$ 44,900
Agreements 1989–1998	24,700	—	—	24,700
Total	\$ 69,600	\$ —	\$ —	\$ 69,600

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

Interest rates are determined weekly, based upon a spread added to a specific industry index (the Securities Industry and Financial Markets Association rate) as stated in each master note agreement, and ranged from 0.13% to 5.28% in 2020.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2020, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2021	\$ 25,000	\$ 599	\$ 25,599
2022	24,700	250	24,950
2023	—	215	215
2024	—	216	216
2025	19,900	154	20,054
Total	\$ 69,600	\$ 1,434	\$ 71,034

Variable Rate Master Notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

### D. Port Authority Equipment Notes

Port Authority Equipment Notes may be issued in aggregate principal amounts outstanding at any one time not to exceed \$250 million. Equipment Notes are special obligations to the Port Authority and are payable in the same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

There were no outstanding Port Authority Equipment Notes as of December 31, 2020 and December 31, 2019.

## Notes to Financial Statements ...continued

### E. Fund for Regional Development Buy-Out Obligation

In 1983, the Fund for Regional Development ("the Fund") was established to sublease space in the WTC held by the State of New York as lessee. An agreement among the Port Authority and the States of New York and New Jersey with respect to the Fund provided that net revenues from subleasing activities were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of New York and New Jersey. The assets, liabilities, revenues, and expenses of the Fund were not consolidated with those of the Port Authority. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund. In consideration for purchasing the State of New York and the State of New Jersey interests in the Fund, the Port Authority is obligated to pay approximately \$1.2 billion, equally divided between both states, in semi-annual payments through 2021. The aggregate cost to the Port Authority at the time of the Fund's termination of \$431 million, including the assumption of the Fund's net liabilities of \$101 million, \$3.5 million payment to the State of New York related to the termination agreement and the net present value of future payments to both states of \$326 million (at an implicit interest rate of 8.25% per annum) was recognized as a special obligation to the Port Authority in 1990. Payments related to the Fund obligation are payable in the same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
		(In thousands)		
Obligation outstanding	\$ 100,258	\$ —	\$ 47,360	\$ 52,898

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
		(In thousands)		
Obligation outstanding	\$ 143,939	\$ —	\$ 43,681	\$ 100,258

Payment requirements related to the Port Authority's purchase of the Fund's interests at December 31, 2020 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2021	\$ 52,898	\$ 709	\$ 53,607

### F. Marine Ocean Terminal at Bayonne Peninsula ("MOTBY") Obligation

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority ("BLRA") for \$235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port Authority Marine Terminal for future marine terminal purposes. The \$235 million total purchase price is payable to the BLRA in twenty-four annual installment payments through 2033.

The total purchase price of \$235 million was discounted to a present value of \$178.4 million at an implicit interest rate of 5.25% per annum and recognized as a special obligation of the Port Authority in 2010 (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
		(In thousands)		
Obligation outstanding	\$ 48,711	\$ —	\$ 2,443	\$ 46,268

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
		(In thousands)		
Obligation outstanding	\$ 51,032	\$ —	\$ 2,321	\$ 48,711



## Notes to Financial Statements ...continued

Payment requirements for the MOTBY obligation outstanding at December 31, 2020 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2021	\$ 2,571	\$ 2,429	\$ 5,000
2022	2,706	2,294	5,000
2023	2,848	2,152	5,000
2024	2,997	2,003	5,000
2025	3,155	1,845	5,000
2026-2030	18,438	6,562	25,000
2031-2033	13,553	1,447	15,000
Total	\$ 46,268	\$ 18,732	\$ 65,000

### G. Tower 4 Liberty Bonds

The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project) issued by the New York Liberty Development Corporation on November 15, 2011 in the aggregate principal amount of approximately \$1.2 billion. In connection with the issuance of such Tower 4 Liberty Bonds by the New York Liberty Development Corporation, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make certain debt service payments of principal and interest on the bonds (net of fixed rent paid or payable under the City of New York's Tower 4 space lease, which has been assigned by the Tower 4 Silverstein net lessee directly to the Tower 4 bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds). The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority to the trustee during the term of the agreement, from May 11, 2012 through November 15, 2051 (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority).

Port Authority debt service payments related to Tower 4 Liberty Bonds in whole or in part are reimbursable to the Port Authority from Tower 4 cash flow and to the extent Tower 4 cash flow is not sufficient, would accrue interest until reimbursed or paid with an overall term for such reimbursement or payment not in excess of 40 years (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus* for additional information related to the redevelopment of WTC Tower 4).

	Dec. 31, 2019	Issued	Repaid/ Amortized	Dec. 31, 2020
			(In thousands)	
Series 2011	\$ 1,225,520	\$ —	\$ —	\$ 1,225,520
Add: unamortized premium	19,505	—	612	18,893
Total Tower 4 Liberty Bonds	\$ 1,245,025	\$ —	\$ 612	\$ 1,244,413

	Dec. 31, 2018	Issued	Repaid/ Amortized	Dec. 31, 2019
			(In thousands)	
Series 2011	\$ 1,225,520	\$ —	\$ —	\$ 1,225,520
Add: unamortized premium	20,117	—	612	19,505
Total Tower 4 Liberty Bonds	\$ 1,245,637	\$ —	\$ 612	\$ 1,245,025

## Notes to Financial Statements ...continued

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2020 are as follows::

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2021	\$ —	\$ 65,293	\$ 65,293
2022	—	65,293	65,293
2023	—	65,293	65,293
2024	—	65,293	65,293
2025	—	65,293	65,293
2026-2030	109,345	318,599	427,944
2031-2035	170,455	282,855	453,310
2036-2040	217,875	235,437	453,312
2041-2045	278,500	174,810	453,310
2046-2050	363,610	89,706	453,316
2051	85,735	4,930	90,665
Total	\$ 1,225,520	\$ 1,432,802	\$ 2,658,322

### H. Goethals Bridge Replacement Developer Financing Arrangement

On August 30, 2013, the Port Authority and a private developer entered into an agreement ("the Project Agreement") for the design, construction, financing, and maintenance of a replacement Goethals Bridge ("the Replacement Bridge"). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 ("Substantial Completion") and project completion, including the demolition of the existing bridge, occurred on December 31, 2018. Pursuant to the Project Agreement, which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance, and receives toll revenues. The Port Authority controls all tolling activities, including the determination and approval of toll rates.

Pursuant to the Goethals Bridge Replacement Developer Financing Arrangement ("DFA") contained within the Project Agreement, upon Substantial Completion of the Replacement Bridge the private developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately \$1.02 billion, subject to certain adjustments, to be paid in monthly payments of principal and interest (DFA payments) over the term of the Project Agreement. The Port Authority's obligation to make DFA payments is memorialized as an interest-bearing loan from the private developer to the Port Authority. Monthly DFA payments commenced in July 2018. DFA payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. DFA payments are a special obligation of the Port Authority, payable over a thirty-five-year term (see Note E – General and Consolidated Bond Reserve Funds, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
			(In thousands)	
Goethals Bridge Replacement Developer Financing Arrangement	\$ 1,022,518	\$ 880	\$ —	\$ 1,023,398

	Dec. 31, 2018	Accretion	Amortization	Dec. 31, 2019
			(In thousands)	
Goethals Bridge Replacement Developer Financing Arrangement	\$ 1,021,023	\$ 1,495	\$ —	\$ 1,022,518

## Notes to Financial Statements ...continued

In accordance with the Project Agreement, DFA payments to the private developer commenced in July 2018. Annual DFA payments required to be made to the private developer are as follows:

Year ending December 31:	Amortization	Implicit Interest*	Total DFA Payments
		(In thousands)	
2021	\$ 112	\$ 58,507	\$ 58,619
2022	1,011	58,488	59,499
2023	1,975	58,417	60,392
2024	2,844	58,454	61,298
2025	4,106	58,111	62,217
2026-2030	39,852	285,514	325,366
2031-2035	81,416	269,095	350,511
2036-2040	138,601	238,999	377,600
2041-2045	217,109	189,675	406,784
2046-2050	323,573	114,648	438,221
2051-2053	212,799	18,678	231,477
Total	\$ 1,023,398	\$ 1,408,586	\$ 2,431,984

\* DFA loan interest rate equals 5.64%.

### I. Amounts Payable – Special Project Bonds

Neither the full faith and credit of the Port Authority, nor the General Reserve Fund, nor the Consolidated Bond Reserve Fund are pledged to the payment of the principal and interest on special project bonds. Principal and interest on each series of special project bonds are secured solely by a mortgage by the Port Authority of facility rental (to the extent received by the Port Authority from a lessee) as set forth in a lease with respect to a project to be financed with the proceeds of the bonds of such series, by a mortgage by the lessee of its leasehold interest under the lease and by a security interest granted by the lessee to the Port Authority and mortgaged by the Port Authority in certain items of the lessee's personal property to be located at the project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

A summary of December 31, 2020 and December 31, 2019 Special Project Bonds outstanding are as follows:

	Dec. 31, 2019	Issued	Repaid/ Amortized	Dec. 31, 2020
			(In thousands)	
Series 6, JFKIAT Project <sup>(a)*</sup>				
5.75%-6.25% due 2020-2025	\$ 384,050	\$ —	\$ 384,050	\$ —
Less: unamortized discount	1,984	—	1,984	—
Total – Series 6	382,066	—	382,066	—
Series 8, JFKIAT Project <sup>(b)</sup>				
5%-6.5% due 2020-2042	766,365	—	766,365	—
Less: unamortized discount	9,525	—	9,525	—
Total – Series 8	756,840	—	756,840	—
Amounts payable – Special Project Bonds	\$ 1,138,906	\$ —	\$ 1,138,906	—

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

(a) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.

(b) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK Airport.



## Notes to Financial Statements ...continued

	Dec. 31, 2018	Issued	Repaid/ Amortized	Dec. 31, 2019
		(In thousands)		
Series 4, KIAC Partners Project <sup>(a)*</sup>				
6.75% due 2019	\$ 27,700	\$ —	\$ 27,700	\$ —
Less: unamortized discount	145	—	145	—
Total – Series 4	27,555	—	27,555	—
Series 6, JFKIAT Project <sup>(b)*</sup>				
5.75%-6.25% due 2020-2025	436,450	—	52,400	384,050
Less: unamortized discount	2,319	—	335	1,984
Total – Series 6	434,131	—	52,065	382,066
Series 8, JFKIAT Project <sup>(c)</sup>				
5%-6.5% due 2020-2042	781,685	—	15,320	766,365
Less: unamortized discount	9,939	—	414	9,525
Total – Series 8	771,746	—	14,906	756,840
Amounts payable – Special Project Bonds	\$ 1,233,432	\$ —	\$ 94,526	\$ 1,138,906

\* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

(a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK Airport, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

(b) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.

(c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK Airport.

## Notes to Financial Statements ...continued

### **Note E – General and Consolidated Bond Reserve Funds**

#### **(pursuant to Port Authority bond resolutions)**

The Port Authority has no power to levy taxes or assessments. Port Authority bonds, notes and other debt obligations are not obligations of the States of New York and New Jersey or of either of them and are not guaranteed by said States or by either of them.

#### **Consolidated Bonds and Consolidated Notes**

Consolidated Bonds and Consolidated Notes are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon. Consolidated Bonds and Consolidated Notes are secured equally and ratably with all other Consolidated Bonds and Consolidated Notes heretofore or hereafter issued by a pledge of: **a)** the net revenues (as defined in the Consolidated Bond Resolution of 1952 (“Consolidated Bond Resolution”) of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds and Consolidated Notes; **b)** the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund; and, **c)** the Consolidated Bond Reserve Fund established by the Consolidated Bond Resolution.

The General Reserve Fund is pledged in support of Consolidated Bonds and Consolidated Notes. Statutes, which require the Port Authority to create and maintain the General Reserve Fund (“General Reserve Fund Statutes”), established the principle of pooling revenues from all facilities and require the Port Authority to apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2020, the General Reserve Fund balance was \$2,401,503,000 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

The balance remaining of all net revenues (as defined in the Consolidated Bond Resolution) of the Port Authority’s existing facilities after deducting payments for debt service upon all Consolidated Bonds and Consolidated Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Consolidated Notes. Consolidated Bonds and Consolidated Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds and Consolidated Notes.

Amounts deposited into the General Reserve Fund may be accumulated or applied only to purposes set forth in the General Reserve Fund Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the General Reserve Fund. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in the Consolidated Bond Resolution. At December 31, 2020, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain both reserve funds in cash and specified securities.

In addition, the Port Authority has a long-standing policy of maintaining the aggregate amount of both reserve funds in an amount equal to at least the next two years’ bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund.

## Notes to Financial Statements ...continued

### Special Obligations

Commercial paper obligations, Variable Rate Master Notes, the MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement DFA are special obligations of the Port Authority. The Port Authority is also a special limited co-obligor on the senior debt issued for WTC Tower 3, with a capped amount of debt service shortfalls payable as a special obligation of the Port Authority (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus*, for additional information related to certain contingent obligations of the Port Authority with respect to the development of WTC Tower 3).

Special obligations of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds and Consolidated Notes issued in whole or in part for such purposes, or from net revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefore, from other moneys of the Port Authority legally available for such payments when due.

Net revenues for purposes of special obligations of the Port Authority are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after: **(i)** payment or provision for payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution; **(ii)** payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and, **(iii)** applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

Special obligations of the Port Authority are subject in all respects to payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes.

Special obligations of the Port Authority are not secured by or payable from the General Reserve Fund. Additionally, special obligations of the Port Authority do not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Equipment Notes and the Fund buy-out obligation are special obligations to the Port Authority, payable in the same manner and from the same sources as operating expenses.

Special project bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.



## Notes to Financial Statements ...continued

### Note F – Grants and Contributions in Aid of Construction

During 2020 and 2019 the Port Authority received reimbursements related to certain policing activities as well as federal, state, and local funding for operating and capital construction activities:

#### Policing programs

**K-9 Program** – The FAA and the Transportation Security Administration (“TSA”) provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately \$1.3 million in 2020 and \$1.2 million in 2019.

**U.S. Department of State (“USDOS”)** – The Port Authority recognized \$1 thousand in 2020 and \$751 thousand in 2019 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

#### Grants, in connection with operating activities

**Security Programs** – In 2020 and 2019 the Port Authority recognized approximately \$31.2 million and \$16.3 million, respectively, from the TSA for security related programs, including Urban Area Security Initiatives programs, Transit Security, and the Port Security programs.

**Federal Emergency Management Agency (“FEMA”)** – In 2020 and 2019, the Port Authority recognized \$200 thousand and \$3.2 million, respectively, from the immediate response and repair efforts related to Hurricane Maria and Winter Storm Quinn.

**Airport Improvement Program (“AIP”)** – The Port Authority recognized \$700 thousand in 2020 and \$2.7 million in 2019 in AIP discretionary funding primarily related to certain capacity and planning studies at aviation facilities, and the construction of electric charging stations at JFK Airport.

**Superstorm Sandy** – In 2020 and 2019 the Port Authority recognized \$4.3 million and \$2.3 million, respectively, from the FEMA and Federal Transit Administration (“FTA”) for Superstorm Sandy immediate repair efforts.

**Coronavirus Air, Relief, and Economic Security Act (“CARES Act”)** – In 2020, the Port Authority recognized \$450.4 million in federal funding under the CARES Act related to Port Authority aviation operating expenditures.

#### Contributions in Aid of Capital Construction

**Superstorm Sandy** – In 2020 and 2019 the Port Authority recognized \$182 million and \$169 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

**One WTC** – The Port Authority recognized \$24 million in 2020 in required capital contributions for the construction of the One WTC façade maintenance system.

**AIP** – The Port Authority recognized \$17.8 million in 2020 and \$45.1 million in 2019 in AIP funding primarily related to rehabilitation of taxiways and runways at all Airport Facilities, including airport wide infrastructure at Newark Liberty International Airport (“EWR Airport”).

**WTC Tower 3** – The Port Authority recognized \$9 million in 2020 and \$30.8 million in 2019 in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

**Federal Highway Administration (“FHWA”)** – In 2020 and 2019 the Port Authority recognized \$9 million and \$8 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

**Other** – The Port Authority recognized \$1.8 million in 2020 for the New York Works Economic Development funding for a community center at the George Washington Bus Station.

## Notes to Financial Statements ...continued

### Note G – Lease Commitments

#### Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately \$1.2 billion and \$1.3 billion in 2020 and 2019, respectively.

#### Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport and WTC. Investments in such facilities, as of December 31, 2020, include property associated with minimum rentals derived from the leases. It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Future minimum rentals scheduled to be received on operating leases in effect on December 31, 2020 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2021 <sup>(a)</sup>	\$ 1,120,602
2022	1,055,480
2023	982,611
2024	864,780
2025	826,926
2026-2100 <sup>(b)</sup>	23,025,917
Total future minimum rentals <sup>(c)</sup>	\$ 27,876,316

(a) Includes \$17 million related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture, expected to be received in 2021.

(b) Includes future minimum rentals of approximately \$13.9 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.

(c) Future minimum rentals exclude amounts attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of certain retail space located within WTC Towers 2 and 3 and market conditions at the time.

#### Property leased from others

Rental payments include payments to the Cities of New York and Newark related to air and marine terminals and other leased premises, including rent related to the Port Authority's WTC Tower 4 corporate headquarters leased space. Rental payments totaled \$335 million in 2020 and \$320 million in 2019. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2020 are detailed below. Additional rents may be payable based on operating net revenues or gross operating revenues of specified facilities.

Year ending December 31:	Minimum Rentals
	(In thousands)
2021	\$ 321,509
2022	313,229
2023	313,151
2024	309,353
2025	309,979
2026-2030	1,547,609
2031-2035	1,562,319
2036-2040	1,534,708
2041-2045	1,482,286
2046-2050	1,267,183
2051-2099*	1,494,982
Total future minimum rent payments	\$ 10,456,308

\* Future minimum rent payments for the years 2051-2099 consist of expected rent payments relating to leased marine and air terminals, including the operating lease related to New York Stewart International Airport which expires in 2099.

## Notes to Financial Statements ...continued

### Note H – Regional Facilities and Programs

At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise associated with an existing Port Authority facility, these projects are effectuated through the certification of an additional Port Authority facility established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities and programs described below.

#### Regional Facilities

**Port Authority Bus Program** (certified in 1979 & 1982) – In 1979 the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance, and transfer, subject to appropriate certifications, up to \$440 million of buses and ancillary bus facilities in the States of New York and New Jersey, with up to \$220 million allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority has provided 2,907 buses and related spare parts under the Port Authority Bus Programs in the States of New York and New Jersey. As of June 30, 1998, title to all buses leased under such programs in the States of New York and New Jersey was transferred to the respective lessees thereof. Funds related to this program have been fully allocated and amortized.

**Regional Development Facility** (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that \$250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2020, approximately \$249 million has been allocated under this program.

**Regional Economic Development Program** (certified in 1989) – This facility is comprised of up to \$400 million for certain transportation, economic development and infrastructure renewal projects. Funds allocated under this program have been fully allocated.

**Oak Point Rail Freight Link** (certified in 1981) – The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. As of December 31, 2020, the Port Authority has provided approximately \$102 million for this rail project, of which approximately \$63 million was made available through the Regional Development Facility and the Regional Economic Development Program. Funds related to this program have been fully allocated and amortized.

**New Jersey Marine Development Program** (certified in 1989) – This program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey at a total cost not to exceed \$27 million. Funds related to this program have been fully allocated and amortized.

**New York Transportation, Economic Development and Infrastructure Renewal Program** (certified in 2002) – This facility was established to provide up to \$250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. All funds under this program have been fully allocated.

**Regional Transportation Program** (certified in 2002) – This facility was established in conjunction with a program to provide up to \$500 million for regional transportation initiatives. All funds under this program have been fully allocated.

**Hudson-Raritan Estuary Resources Programs** (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed \$120 million. As of December 31, 2020, approximately \$54 million has been allocated under these programs.

**Regional Rail Freight Program** (certified in 2002) – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to \$50 million. All funds under this program have been fully allocated.

**Meadowlands Passenger Rail Facility** (certified in 2006) – This facility, which links New Jersey Transit's ("NJT") Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to \$150 million towards the project's capital costs. All funds under this program have been fully allocated.



## Notes to Financial Statements ...continued

As of December 31, 2020, approximately \$2.2 billion has been expended under regional facilities. Costs for these programs are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2019	Project Expenditures	Amortization	Dec. 31, 2020
		(In thousands)		
Port Authority Bus Program	\$ —	\$ —	\$ —	\$ —
Regional Development Facility	966	—	341	625
Regional Economic Development Program	1,277	—	262	1,015
Oak Point Rail Freight Link	—	—	—	—
New Jersey Marine Development Program	—	—	—	—
New York Transportation, Economic Development and Infrastructure Renewal Program	14,356	—	7,470	6,886
Regional Transportation Program	32,327	—	11,260	21,067
Hudson-Raritan Estuary Resources Program	16,279	—	3,384	12,895
Regional Rail Freight Program	856	—	500	356
Meadowlands Passenger Rail Facility	27,395	—	10,000	17,395
Total unamortized costs of regional programs	\$ 93,456	\$ —	\$ 33,217	\$ 60,239

### Interstate Transportation Network Programs

**Moynihan Station Transportation Program** (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F – Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

**Gateway Early Work Program** (certified in 2018) – On February 15, 2018, the Board of Commissioners certified: **(i)** up to \$35 million in funds authorized by the Board in March 2016; and, **(ii)** up to \$44 million in funds authorized by the Board in February 2018, for a total of \$79 million (collectively, the “Gateway Early Work Program”), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. The Port Authority’s participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. See *Schedule F – Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

## Notes to Financial Statements ...continued

### Note I – Pension Plans

Port Authority and PATH employees participate in different retirement plans, as described below.

#### Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller's Office, the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as the New York State and Local Retirement System ("NYSLRS"). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

#### NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

ERS Membership			PFRS Membership	
Tier	On or After:	Before:	On or After:	Before:
1	–	July 1, 1973	–	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Members in Tiers 1–4 need five years of service to be 100 percent vested. Tiers 5–6 members require ten years of service credit to be 100 percent vested.

Participating employers are required under the provisions of the New York State Retirement and Social Security Law ("RSSL") to contribute to the NYSLRS at an actuarially determined rate adopted annually by the State Comptroller of New York. The average contribution rate for ERS for the fiscal years ended March 31, 2020 and March 31, 2019 were approximately 14.6 percent and 14.9 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2020 and March 31, 2019 was approximately 23.5 percent of payroll, for both years.

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Benefits for each NYSLRS plan are established and may be amended under the provisions contained in the New York State RSSL.

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires

## Notes to Financial Statements ...continued

with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years. For PFRS Tier 5 (there are no Port Authority members enrolled in PFRS Tier 3 and 4), each year used in the final average salary calculation is limited to no more than 20 percent greater than the average of the previous two years.

Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Generally, the benefit for Tier 6 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Certain Port Authority PFRS members belong to 25-Year Plans, which allow for retirement after 25 years of service with a benefit of one-half of final average salary or 20-Year Plans, which allow for retirement after 20 years of service with a benefit of one-half of final average salary.

Port Authority contributions for the period covering April 1, 2020 through March 31, 2021 due NYSLRS on February 1, 2021 total \$200.8 million, including \$77.6 million to ERS and \$123.2 million to PFRS.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2020 and March 31, 2019, which is publicly available at the following web address:  
[http://www.osc.state.ny.us/retire/about\\_us/financial\\_statements\\_index.php](http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php).

### NYSLRS — Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

#### NYSLRS Net Pension Liability – 2020 and 2019

GASB Statement No. 68, “Accounting and Financial Reporting for Pensions,” as amended, defines the Net Pension Liability (“NPL”) as the difference between the Total Pension Liability (“TPL”) and the pension plan’s fiduciary net position determined as of a measurement date established by the employer. For purposes of measuring the NPL, the plan’s fiduciary net position has been determined on the same basis as it is reported for ERS and PFRS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value.

The Port Authority’s proportionate share of the NYSLRS plans’ NPLs totaled:

NPL	December 31, 2020	December 31, 2019
		(In thousands)
ERS	\$ 430,993	\$ 91,792
PFRS	412,870	129,920
<b>Total Net Pension Liability</b>	<b>\$ 843,863</b>	<b>\$ 221,712</b>

The NPLs at December 31, 2020 and 2019 were measured as of March 31, 2020 and 2019, based on actuarial valuations as of April 1, 2019 and 2018, with update procedures used to roll forward the TPL to March 31, 2020 and 2019, respectively.

The Port Authority’s proportion of the NYSLRS plans’ NPL totaled:

	2020	2019
ERS	1.6%	1.3%
PFRS	7.7%	7.7%

The Port Authority’s proportionate share of the ERS and PFRS NPLs were actuarially determined based on the projection of the Port Authority’s long-term share of contributions to each respective plan relative to the projected long-term contributions of all participating employers of each plan.



## Notes to Financial Statements ...continued

### NYSLRS Pension Expense – 2020 and 2019

The Port Authority's proportionate share of the NYSLRS plans' actuarially determined pension expense totaled:

Pension Expense	2020	2019
	(In thousands)	
ERS	\$ 156,509	\$ 66,146
PFRS	140,285	79,500
<b>Total Pension Expense</b>	<b>\$ 296,794</b>	<b>\$ 145,646</b>

### NYSLRS Deferred Inflows/Outflows of Resources – 2020 and 2019

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred inflows of resources or deferred outflows of resources. Deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows), to future years' pension expense, using a systematic and rational method over a closed period.

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2020:

Deferred Outflows of Resources	ERS	December 31, 2020	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 25,366	\$ 27,493	\$ 52,859
Changes in actuarial assumptions	8,678	35,290	43,968
Net difference between projected and actual investment earning on pension plan investments	220,948	185,928	406,876
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	29,894	1,797	31,691
<b>Subtotal – Deferred Outflows of Resources</b>	<b>284,886</b>	<b>250,508</b>	<b>535,394</b>
Port Authority contributions subsequent to the measurement date	—	—	—
<b>Total Deferred Outflows of Resources</b>	<b>\$ 284,886</b>	<b>\$ 250,508</b>	<b>\$ 535,394</b>

Deferred Inflows of Resources	ERS	PFRS	
		Total	
		(In thousands)	
Differences between expected and actual experience	\$ —	\$ 6,916	\$ 6,916
Changes in actuarial assumptions	7,493	—	7,493
Net difference between projected and actual earnings on pension plan investments	—	—	—
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	326	15,282	15,608
<b>Total Deferred Inflows of Resources</b>	<b>\$ 7,819</b>	<b>\$ 22,198</b>	<b>\$ 30,017</b>

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized in future years pension expense as follows:

Year ended December 31:	ERS	PFRS	
		Total	
		(In thousands)	
2021	\$ 50,623	\$ 46,335	\$ 96,958
2022	70,122	53,293	123,415
2023	86,589	68,858	155,447
2024	69,733	57,790	127,523
2025	—	2,034	2,034
<b>Total</b>	<b>\$ 277,067</b>	<b>\$ 228,310</b>	<b>\$ 505,377</b>

## Notes to Financial Statements ...continued

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2019:

Deferred Outflows of Resources	ERS	December 31, 2019	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 18,076	\$ 31,561	\$ 49,637
Changes in actuarial assumptions	23,073	47,203	70,276
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	13,043	2,333	15,376
<b>Subtotal – Deferred Outflows of Resources</b>	<b>54,192</b>	<b>81,097</b>	<b>135,289</b>
Port Authority contributions subsequent to the measurement date*	70,582	61,277	131,859
<b>Total Deferred Outflows of Resources</b>	<b>\$ 124,774</b>	<b>\$ 142,374</b>	<b>\$ 267,148</b>

\* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2020.

Deferred Inflows of Resources	ERS	December 31, 2019	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 6,162	\$ 13,871	\$ 20,033
Net difference between projected and actual earnings on pension plan investments	23,559	26,020	49,579
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	679	17,514	18,193
<b>Total Deferred Inflows of Resources</b>	<b>\$ 30,400</b>	<b>\$ 57,405</b>	<b>\$ 87,805</b>

### NYSLRS Actuarial Assumptions – 2020 and 2019

The TPL for each plan was determined using an actuarial valuation as of April 1, 2019 for fiscal year 2020 and April 1, 2018 for fiscal year 2019, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2020 and March 31, 2019, respectively. These actuarial valuations used the following actuarial assumptions:

ERS		2020	2019
Investment rate of return	6.8%	compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	4.2%	indexed by service	4.2%, indexed by service
Inflation	2.5%		2.5%
Cost of living adjustment	1.3%		1.3%
PFRS		2020	2019
Investment rate of return	6.8%	compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	5.0%	indexed by service	5.0%, indexed by service
Inflation	2.5%		2.5%
Cost of living adjustment	1.3%		1.3%

## Notes to Financial Statements ...continued

Mortality rates for both the fiscal year 2020 and 2019 actuarial valuation are based on each Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2018.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

Asset Class	2020*		2019*	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	36%	4.05%	36%	4.55%
International equity	14%	6.15%	14%	6.35%
Private equity	10%	6.75%	10%	7.50%
Real estate	10%	4.95%	10%	5.55%
Absolute return strategies**	2%	3.25%	2%	3.75%
Opportunistic portfolio	3%	4.65%	3%	5.68%
Real assets	3%	5.95%	3%	5.29%
Bonds and mortgages	17%	0.75%	17%	1.31%
Cash	1%	0.00%	1%	(0.25)%
Inflation-indexed bonds	4%	0.50%	4%	1.25%
Total	100%		100%	

\* The real rate of return is net of the long-term inflation assumption of 2.50%.

\*\* Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

### NYSLRS Discount Rate Analysis – 2020 and 2019

The discount rate used to calculate the TPL for ERS and PFRS was 6.8% for 2020 and 7.0% for 2019, respectively. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rates and that employer contributions will be made at their contractually required rates, as actuarially determined.

Based upon these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for both ERS and PFRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL for each plan.

The following tables present the Port Authority's proportionate share of the NPL for ERS and PFRS calculated for 2020 and 2019 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	2020		
	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)
	(In thousands)		
ERS – Port Authority's proportionate share of the NPL	\$ 790,994	\$ 430,993	\$ 99,431
PFRS – Port Authority's proportionate share of the NPL	738,220	412,870	121,512
Total	\$ 1,529,214	\$ 843,863	\$ 220,943

	2019		
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
	(In thousands)		
ERS – Port Authority's proportionate share of the NPL	\$ 401,330	\$ 91,792	\$ (168,242)
PFRS – Port Authority's proportionate share of the NPL	469,512	129,920	(153,678)
Total	\$ 870,842	\$ 221,712	\$ (321,920)



## Notes to Financial Statements ...continued

Additional information related to the Port Authority's proportionate share of the net pension liability for ERS and PFRS and the Port Authority's contributions to ERS and PFRS can be found in the Required Supplementary Information ("RSI") section of this report following the appended notes.

### New York State Voluntary Defined Contribution Program ("VDC")

Non-represented New York State public employees hired on or after July 1, 2013 with annual wages of \$75,000 or more are eligible to participate in the VDC by electing out of the ERS defined benefit pension plan. The VDC plan is administered by TIAA-CREF. System benefits and contribution requirements are established and may be amended under provisions of the RSSL.

An electing VDC employee contributes up to six percent (6%) of their annual gross wages with an additional employer contribution of eight percent (8%) of the employee's annual gross wages.

As of December 31, 2020 and 2019, 341 and 339 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2020	2019
	(In thousands)	
Employer Contributions	\$ 3,206	\$ 2,675
Employee Contributions	2,358	1,956
Total	\$ 5,564	\$ 4,631

### Port Authority Trans-Hudson Corporation ("PATH") Employees

#### Federal Railroad Retirement Program

PATH employees are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH represented and non-represented employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2020 and 2019, 1,221 and 1,232 PATH employees, respectively, participated in the Federal Railroad Retirement Program.

Employer and employee contributions to the Federal Railroad Retirement Program were as follows:

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			(\$ In thousands)		
2020	7.65%	\$ 9,384	7.65%	\$ 9,384	\$ 18,768
2019	7.65%	\$ 8,466	7.65%	\$ 8,466	\$ 16,932

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			(\$ In thousands)		
2020	4.9%	\$ 5,170	13.1%	\$ 13,823	\$ 18,993
2019	4.9%	\$ 4,832	13.1%	\$ 12,918	\$ 17,750

Detailed information about the Federal Railroad Retirement Program can be found in the U.S. Railroad Retirement Board Performance and Accountability Report, which is publicly available at the following web address: [https://www.rrb.gov/sites/default/files/2020-11/par2020\\_0.pdf](https://www.rrb.gov/sites/default/files/2020-11/par2020_0.pdf).

## Notes to Financial Statements ...continued

### PATH Employees Supplemental Pension Plans

In addition to pension benefits provided under the Federal Railroad Retirement Program, PATH employees are eligible to participate in certain supplemental pension plans.

### PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately \$7.0 million in 2020 and \$6.7 million in 2019.

### PATH Non-Represented Employees

Employees of PATH who are not covered by collective bargaining agreements ("PATH Exempt Employees") are members of the PATH Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 ("the Plan"). The Plan is a non-contributory, unfunded, single-employer, defined benefit, qualified governmental pension plan administered by PATH. The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years of service requirement and the benefit formula used in calculating retirement benefits.

On August 22, 2013, the Port Authority established the PATH Exempt Employees Supplemental Pension Plan Trust with Wells Fargo Bank, N.A. as Trustee. As of December 31, 2020, no amounts have been deposited into the trust to fund future pension payments.

### PATH Exempt Employee Supplemental Pension Plan – Total Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

#### PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2020 and 2019

GASB Statement No. 68, as amended, defines the NPL as the difference between the TPL and the pension plan's fiduciary net position. As the Plan is unfunded and has no plan assets, the TPL and NPL are of equal amounts. Changes in the TPL from the previous measurement date are as follows:

Total Pension Liability	2020*	2019**
	(In thousands)	
Beginning Balance	\$ 76,498	\$ 89,381
Changes recognized for the fiscal year:		
Service cost	2,401	1,720
Interest on the total pension liability	3,155	3,070
Differences between expected and actual experience	2,926	1,778
Changes in assumptions	13,667	(15,700)
Benefit payments	(3,927)	(3,751)
Net change in TPL	18,222	(12,883)
TPL recognized at December 31	\$ 94,720	\$ 76,498

\* The Plan's TPL reported at December 31, 2020 was measured as of January 1, 2020 based on an actuarial valuation as of the same date.

\*\* The Plan's TPL reported at December 31, 2019 was measured as of January 1, 2019 based on an actuarial valuation as of the same date.

## Notes to Financial Statements ...continued

### PATH Exempt Employee Supplemental Pension Plan Pension Expense – 2020 and 2019

Pension expense related to the Plan totaled:

	2020	2019
	(In thousands)	
<b>Pension Expense</b>	<b>\$ 7,365</b>	<b>\$ 3,996</b>

### PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources – 2020 and 2019

GASB Statement No. 68, as amended, requires certain changes in the TPL to be recognized as deferred inflows of resources or deferred outflows of resources. These deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense using a systematic and rational method over a closed period.

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	\$ 4,081	\$ 3,375
Changes in actuarial assumptions	12,605	3,487
<b>Subtotal – Deferred Outflows of Resources</b>	<b>16,686</b>	<b>6,862</b>
Contributions subsequent to the measurement date	3,925*	3,928
<b>Total Deferred Outflows of Resources</b>	<b>\$ 20,611</b>	<b>\$ 10,790</b>

\* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2021.

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	\$ 525	\$ 888
Changes in actuarial assumptions	9,668	14,263
<b>Total Deferred Inflows of Resources</b>	<b>\$ 10,193</b>	<b>\$ 15,151</b>

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	\$ 1,642
2022	1,379
2023	2,023
2024	1,449
<b>Total</b>	<b>\$ 6,493</b>



## Notes to Financial Statements ...continued

### PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions – 2020 and 2019

The TPL measured as of January 1, 2020 and January 1, 2019, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	N/A

Actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Mortality rates used in the 2020 and 2019 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2019 and MP-2018 from 2010, respectively. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

As of the January 1, 2020 and January 1, 2019 valuation date, Plan participants comprised:

	2020	2019
Retired PATH Exempt Employees (or their beneficiaries)	117	114
Active PATH Exempt Employees	104	95
Terminated but vested employees who are not currently receiving benefits	17	17
Total participants	238	226

### PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis – 2020 and 2019

Because the plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 2.74% as of the January 1, 2020 measurement date and 4.10% as of the January 1, 2019 measurement date.

The following tables present the 2020 and 2019 Plan's TPL calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

2020	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
(In thousands)			
Total Pension Liability	\$ 107,557	\$ 94,720	\$ 84,123
2019	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
(In thousands)			
Total Pension Liability	\$ 85,852	\$ 76,498	\$ 68,676

## Notes to Financial Statements ...continued

### Note J – Other Postemployment Benefits (“OPEB”)

#### Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (“the Plan”) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as other postemployment benefits (“OPEB”). Benefits are provided through a third-party insurer. Benefits are paid: **a)** directly by the Port Authority or PATH from available operating funds; **b)** by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions; or, **c)** from a dedicated trust established for such purposes. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	2020	2019
Retirees and surviving spouses currently receiving benefits	<b>8,166</b>	7,951
Covered spouses of retired employees receiving benefits	<b>4,224</b>	4,135
Active employees plan participants	<b>8,270</b>	7,970
Total plan members	<b>20,660</b>	20,056

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2019, certain Plan provisions relating to represented employees’ contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including type of benefit, hire date, years of service, pension earnings and retirement date.

On December 14, 2006, the Port Authority on behalf of itself and its component unit, PATH established The Port Authority of New York and New Jersey Retiree Health Benefits Trust (“the Trust”) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. No advanced funding contributions were made to the Trust in 2020. In 2019, annual advanced funding contributions totaled \$100 million.

#### Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” defines the Net OPEB Liability (“NOL”) as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### Net OPEB Liability – 2020 and 2019

\* 2020 benefit payment includes \$30.1 million from available Port Authority operating funds and \$118.8 million paid from the Trust.

\*\* Includes OPEB benefit payments totaling \$156.5 million to OPEB plan members from available Port Authority operating funds and \$100 million in advanced fundings to the Trust.

		2020		2019	
	1% Decrease (5.7%)	Discount Rate (6.7%)	1% Increase (7.7%)	1% Decrease (6%)	Discount Rate (7%)  1% Increase (8%)
			(In thousands)		
Net OPEB Liability	\$ 1,494,194	\$ 1,081,507	\$ 745,904	\$ 1,657,112	\$ 1,239,907 \$ 900,404



## Notes to Financial Statements ...continued

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the healthcare cost trend rates used in the January 1 actuarial valuation disclosed above:

	2020			2019	
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	Healthcare Cost Trend Rate	1% Increase
	(In thousands)				
Net OPEB Liability	\$ 766,535	\$ 1,081,507	\$ 1,470,273	\$ 1,239,907	\$ 1,641,829

### OPEB Expense

OPEB expense related to the Plan totaled:

	2020	2019
	(In thousands)	
OPEB Expense	\$ 43,425	\$ 112,666

### Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2020 and 2019, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	\$ 157,234	\$ 141,943
<b>Total Deferred Outflows of Resources</b>	<b>\$ 157,234</b>	<b>\$ 141,943</b>

At December 31, 2020 and 2019, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Changes in actuarial assumptions	\$ 326,159	\$ 203,700
Net difference between projected and actual earnings on OPEB plan investments	136,301	71,706
<b>Total Deferred Inflows of Resources</b>	<b>\$ 462,460</b>	<b>\$ 275,406</b>

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future OPEB expense over a closed period as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	\$ (74,354)
2022	(55,624)
2023	(96,254)
2024	(65,994)
2025	(13,000)
<b>Total</b>	<b>\$ (305,226)</b>

## Notes to Financial Statements ...continued

### Actuarial Methods and Assumptions

The actuarially determined valuation of OPEB is reviewed annually for the purpose of estimating the present value of postemployment benefits earned by plan participants as of the valuation. Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment with a salary scale at a rate of 3% per year, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority's total OPEB liabilities were measured as of December 31, 2020 and 2019 based on actuarial valuations as of January 1, 2020 and 2019 with update procedures used to roll forward the total OPEB liability to the measurement date. The actuarial assumptions used in these valuations were based on the results of an actuarial experience study for the period January 1, 2014 to January 1, 2017. Mortality rates for the January 2020 and 2019 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for civilian employees, for years 2020 and 2019, respectively.

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2020	2019
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Discount rate*	6.70%	7.00%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.00%	6.00%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.25%	5.50%
Pharmacy benefit cost trend rate***	7.00%	8.00%
Dental benefit cost trend rate	4.00%	5.00%
Employer Group Waiver Plan savings	3.00%	8.00%
Medicare Part B	5.00%	5.00%

\* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

\*\* Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2026 (including 2.5% inflation factor)

\*\*\* Decreasing to 4.5% in 2026

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31 is summarized in the following table:

Asset Class	Target Asset Allocation		Long-Term Expected Real Rate of Return*	
	2020	2019	2020	2019
Domestic Equity	33%	33%	5.0%	4.9%
International Equity	21%	21%	5.1%	4.9%
Real Estate Investment Trust	6%	6%	4.0%	3.8%
Fixed Income	40%	40%	1.3%	3.2%

\* The long-term expected real rate of return is net of the long-term inflation assumption of 2.5%

The discount rate used to measure the total OPEB liability was 6.7%. The projection of cash flows used to determine the discount rate assumed the Port Authority will make advanced funding contributions to the Trust as well as contributions related to pay-as-you-go benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

## Notes to Financial Statements ...continued

**Note K – Commitments and Certain Charges to Operations**

1. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions by the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.
2. At December 31, 2020, the Port Authority had entered into various construction contracts totaling approximately \$4.7 billion, which are expected to be completed within the next three years.
3. Other amounts receivable, net recognized on the Statements of Net Position totaled \$181 million at December 31, 2020, and is comprised of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	\$ 79,355	\$ 19,771	\$ 15,927	\$ 83,199
Long-term receivables from tenants	37,899	91,654	83,517	46,036
Amounts Due – Goethals Bridge Replacement Bridge Developer	28,238	—	—	28,238
Tower 4 Liberty Bonds debt service	24,402	65,293	78,785	10,910
Other receivables	8,902	3,974	236	12,640
Total other amounts receivable, net	\$ 178,796	\$ 180,692	\$ 178,465	\$ 181,023

4. The 2020 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Self-Insured Public Liability Claims	\$ 68,403	\$ 4,972	\$ 2,302	\$ 71,073
Self-Insured Worker's Compensation Claims	68,431	30,278	22,357	76,352
Other payables	77,678	8,550	5,973	80,255
Goethals Bridge Replacement milestone payments	2,000	—	—	2,000
Pollution remediation obligation	21,661	3,006	4,335	20,332
Asset forfeiture program	29,259	1,424	1,162	29,521
Reinsurance premium payable	3,093	—	690	2,403
Surety and security deposits	4,761	282	326	4,717
WTC Joint Venture Preferred Returns	7,798	3,030	—	10,828
Deferred Gain/Loss on NLCC	4,761	—	—	4,761
Total Liabilities	\$ 287,845	\$ 51,542	\$ 37,145	\$ 302,242
Less: Current worker's compensation liability	17,152			18,286
Current Goethals Bridge milestones	2,000			2,000
Total other non-current liabilities	\$ 268,693			\$ 281,956

Unearned income related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture is:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
	(In thousands)			
Unearned Income related to WTC Retail Joint Venture	\$ 746,218	\$ —	\$ 9,260	\$ 736,958

For additional information see Note L – Information with Respect to the Redevelopment of the World Trade Center Campus.

5. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligating event occurs. In 2020, the Port Authority recognized an additional \$3 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2020 totaled \$94 million, net of \$2.1 million in recoveries.

As of December 31, 2020, the outstanding pollution remediation liability totaled \$20.3 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.



## Notes to Financial Statements ...continued

### **Note L – Information with Respect to the Redevelopment of the World Trade Center Campus**

#### **Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center**

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority.

The redevelopment of the WTC provides for approximately 10 million square feet of above-grade office space with associated storage, mechanical, loading, below-grade parking, and other non-office space, and consists of One World Trade Center, Tower 2, Tower 3, Tower 4, WTC Site 5, approximately 456,000 square feet of retail space, a WTC Transportation Hub, a memorial and interpretive museum (Memorial/Museum), a Greek orthodox church, The Performing Arts Center at the WTC and certain related infrastructure. A December 2010 World Trade Center Amended and Restated Master Development Agreement (“MDA”), among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

Future minimum rentals (see *Note G – Lease Commitments*) include rentals of approximately \$13.8 billion, for the years 2026-2100, relating to the net leases for WTC Towers 2, 3 and 4. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties.

#### **One World Trade Center**

On June 13, 2011, the Port Authority and The Durst Organization through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. In June 2011, The Durst Organization contributed \$100 million for a minority equity interest in the joint venture related to One World Trade Center through the current net lessee WTC Tower 1 LLC. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2020, WTC Tower 1 LLC has leased, **(i)** approximately 2.7 million square feet of office space at One World Trade Center, representing approximately 90% of the leasable office space, **(ii)** certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and **(iii)** the 100th through 102nd floors of One World Trade Center for an observation deck, which opened to the public in 2015.

#### **World Trade Center Tower 2**

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee’s allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of **(i)** commencement of construction of Tower 2 and **(ii)** December 2022, whether or not construction is commenced.

#### **World Trade Center Tower 3**

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the “Tower 3 Tenant Support Agreement”). Under the Tower 3 Tenant Support Agreement, the Port Authority is required to provide up to \$600 million in overall support, comprised of: **(x)** \$210 million for the construction of Tower 3 as a landlord capital improvement, and **(y)** backstop funding of \$390 million for **(i)** construction overruns and certain leasing cost overruns, through landlord capital improvements **(ii)** operating expense deficits and certain leasing cost overruns through the Tower 3 Silverstein net lessee’s right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and **(iii)** senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of \$390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to \$200 million of the \$600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority

## Notes to Financial Statements ...continued

from the State of New York and the City of New York of up to \$400 million. To date, the Port Authority has applied \$80 million of the \$93.4 million received from the State of New York as a capital contribution for the partial reimbursement of the \$210 million landlord capital improvement the Port Authority made in December 2014 towards the construction of Tower 3. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive \$130 million plus accrued interest in WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC PILOT credits from City of New York commenced in July 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of the \$390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, with an overall term for such reimbursement or payment not to exceed the term of the Tower 4 support agreement described below. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the \$390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third-party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 net lessee exercised its right to defer certain Tower 3 net lease rent payments due the Port Authority effective November 2017.

As of December 31, 2020, deferred rent due from the Tower 3 net lessee totaled approximately \$39 million. As of December 31, 2020, the Silverstein Tower 3 net lessee has repaid the approximately \$9 million in senior debt service shortfalls previously provided under the WTC Tower 3 Tenant Support Agreement.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2020, 79% of leasable office space has been leased to tenants.

### World Trade Center Tower 4

In December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's participation in the financing for Tower 4 construction.

Tower 4 Liberty Bonds were issued on November 15, 2011, in the aggregate principal amount of approximately \$1.2 billion, by the New York Liberty Development Corporation to finance construction and development of WTC Tower 4. The Port Authority is a co-borrower/obligor for the Liberty Bonds, and is obligated to make certain debt service payments on the Tower 4 Liberty Bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See Note E – *General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2020, deferred rent due from the Tower 4 net lessee totaled approximately \$45 million. Port Authority debt service payments related to Tower 4 Liberty Bonds, and deferred net lease rent payable to the Port Authority under the Tower 4 net lease, are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% annum until reimbursed or paid (with the exception of deferred net lease rent held on deposit which receives earnings on certain permitted investments plus nominal interest), with an overall term for such reimbursement or payment not to exceed 40 years. As of December 31, 2020, Tower 4 Liberty Bond debt service payments due from the Tower 4 net lessee, including amounts assigned directly to the Tower 4 Liberty Bond trustee by the City of New York related to their Tower 4 leasehold, totaled approximately \$10.9 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2020, approximately 98% of the leasable office space has been leased to tenants.

## Notes to Financial Statements ...continued

### The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project for the construction of a transportation hub and permanent PATH terminal. Construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the WTC Transportation Hub project at an estimated total project cost range of approximately \$3.74 billion to \$3.995 billion. The Port Authority reached the maximum funding amount of \$2.872 billion from the FTA towards the construction of the WTC Transportation Hub in 2017. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

### World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to construct various WTC site infrastructure projects toward full build out of the WTC site. In 2014, certain portions of these infrastructure projects, including portions of the vehicular security center for cars, tour buses, and delivery vehicles to access subgrade loading facilities became operational to support commercial development throughout the WTC site. Other infrastructure work includes street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

### WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which is not expected to fully compensate the Port Authority for the cost of construction.

As of December 31, 2020, including Westfield's 2012 initial joint venture membership capital contribution of \$100 million, the Port Authority has received \$897 million for the transfer of its interests in the WTC retail joint venture to Westfield. These cumulative receipts, exclusive of Westfield's initial 2012 joint venture membership capital contribution of \$100 million, have been recorded as Unearned income and subsequently recognized as rental income over the remaining term of the existing WTC Retail net lease. As of December 31, 2020, \$60 million has been cumulatively recognized as rental income.

### WTC Memorial and Museum

The Port Authority does not have any responsibility for the operation and maintenance of the Memorial, the Memorial/Museum or the Visitor Orientation and Education Center ("VOEC"). The WTC Memorial Plaza opened for public access on September 11, 2011. The museum opened to the public on May 21, 2014.



## Notes to Financial Statements ...continued

### Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority's captive insurer, PAICE.

#### Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 2020 and expires on June 1, 2021) applies to all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Property damage and loss of revenue insurance on the operating portions of the World Trade Center\* and related infrastructure is provided in a separate program (which was renewed effective June 1, 2020 and expires on June 1, 2021).

The Port Authority also purchased terrorism insurance with respect to its facilities for a three-year term, effective June 2, 2018. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA")\*\* and commercial reinsurers.

#### Public Liability Insurance Program

The public liability insurance program for Port Authority aviation facilities (which was renewed effective October 27, 2020 and expires October 27, 2021) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2020 and expires October 27, 2021) applies to such facilities, including components of the World Trade Center. Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers and was renewed effective October 27, 2019 and expires October 27, 2021.

The Port Authority also carries terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, biological, chemical or radiological material for all Port Authority facilities. The program expires October 27, 2021, and is insured through a combination of PAICE, commercial reinsurers and TRIPRA.

#### Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority operated facilities under construction (excluding the World Trade Center, where such insurance is handled through a contractor controlled insurance program), which was renewed effective June 1, 2020 and expires June 1, 2023, including builders' risk, construction general liability insurance, and statutory workers' compensation coverage. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

The Port Authority placed a standalone wrap-up contractors' insurance program on March 27, 2018, for construction of Terminal A at EWR Airport, which includes builders' risk, construction general liability insurance, and statutory workers' compensation insurance is provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

#### Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. Effective June 1, 2020, PAICE provides the first \$500,000 in coverage under the general liability aspect of the Port Authority's contractors' insurance program and 34.5% of the next \$4.5 million of

\* The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority's Tower 4 leased space), Tower 5, the World Trade Center Memorial/Museum and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

\*\* Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least \$200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of \$100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

## Notes to Financial Statements ...continued

losses that are in excess of the primary \$500,000, and is further reinsured in the \$3 million layer excess of \$2 million. Further, effective October 27, 2018, PAICE provides \$500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures \$1.1 billion in excess of \$500 million, which is reinsured by TRIPRA. Finally, effective with the June 1, 2020 renewal of the Property and Loss of Revenue policies, PAICE provides \$163 million in coverage under the World Trade Center program and \$95 million in coverage under the Port Authority facilities program, with both programs being further reinsured by commercial reinsurers.

The financial results for PAICE for the year ended December 31, 2020 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	<b>Amounts</b>
	(In thousands)
<b>Financial Position</b>	
Total Assets	\$ 457,088
Total Liabilities	72,800
Net Position, December 31, 2020	\$ 384,288
<b>Operating Results 2020</b>	
Revenues	\$ 50,395
Expenses	10,197
Change in Net Position	\$ 40,198
Net Position at January 1, 2020	\$ 344,090
Net Position at December 31, 2020	\$ 384,288

The audited financial statements for the years ended December 31, 2020 and December 31, 2019 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

### Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported ("IBNR") claims. Self-insured loss reserves were discounted to their present value using a 5.25% discount rate. Changes in the self-insured public liability self-insured loss reserves and self-insured worker's compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year-End Balance*
				(In thousands)
2020	\$ 68,403	\$ 4,972	\$ 2,302	\$ 71,073
2019	\$ 70,277	\$ 3,943	\$ 5,817	\$ 68,403

\* Loss reserves exclude loss adjustment expenditures.

Self-insured worker's compensation loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year-End Balance*
				(In thousands)
2020	\$ 68,431	\$ 30,278	\$ 22,357	\$ 76,352
2019	\$ 68,894	\$ 20,270	\$ 20,733	\$ 68,431

\* Loss reserves exclude loss adjustment expenditures.

## Required Supplementary Information (Unaudited)

### NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM ("ERS")

#### Schedule of Proportionate Share of Net Pension Liability\*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Port Authority's proportion of the net pension liability	1.6%	1.3%	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	\$ 430,993	\$ 91,792	\$ 41,500	\$ 120,672	\$ 212,555	\$ 44,906
Covered payroll (April 1 – March 31)	\$ 536,527	\$ 515,065	\$ 408,384	\$ 395,378	\$ 392,529	\$ 309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	80.3%	17.8%	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.2%	98.2%	94.7%	90.7%	97.9%

#### Schedule of Employer Contributions\*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Contractually required contribution	\$ 77,635	\$ 70,582	\$ 56,866	\$ 56,743	\$ 57,530	\$ 63,072
Contributions in relation to the contractually required contribution	\$ 77,635	\$ 70,582	\$ 56,866	\$ 56,743	\$ 57,530	\$ 63,072
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Port Authority's covered payroll (January 1 – December 31)	\$ 462,194	\$ 536,454	\$ 500,841	\$ 404,701	\$ 395,725	\$ 409,234
Contributions as a percentage of covered-payroll	16.8%	13.2%	11.4%	14.0%	14.5%	15.4%

### NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM ("PFRS")

#### Schedule of Proportionate Share of Net Pension Liability\*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Port Authority's proportion of the net pension liability	7.7%	7.7%	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	\$ 412,870	\$ 129,920	\$ 77,081	\$ 152,806	\$ 236,004	\$ 24,490
Covered payroll (April 1 – March 31)	\$ 467,638	\$ 271,764	\$ 263,292	\$ 256,168	\$ 246,060	\$ 248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	88.3%	47.8%	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

#### Schedule of Employer Contributions\*

	2020	2019	2018	2017	2016	2015
	(\$ In thousands)					
Contractually required contribution	\$ 123,221	\$ 61,277	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contributions in relation to the contractually required contribution	\$ 123,221	\$ 61,277	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Port Authority's covered payroll (January 1 – December 31)	\$ 398,506	\$ 393,630	\$ 262,701	\$ 260,867	\$ 253,096	\$ 253,597
Contributions as a percentage of covered-payroll	30.9%	15.6%	22.8%	23.3%	22.8%	21.2%

\* Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.



**Required Supplementary Information (Unaudited)** ...continued**FEDERAL RAILROAD RETIREMENT PROGRAM****Schedule of Employee and Employer Railroad Contributions\***

<b>Railroad Retirement Tier I</b>	<b>Employee Tax Rate</b>	<b>Employee Taxes</b>	<b>Employer Tax Rate</b>	<b>Employer Taxes</b>	<b>Total Taxes</b>
(\$ In thousands)					
<b>2020</b>	<b>7.65%</b>	<b>\$ 9,384</b>	<b>7.65%</b>	<b>\$ 9,384</b>	<b>\$ 18,768</b>
2019	7.65%	8,466	7.65%	8,466	16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
2013	7.65%	7,551	7.65%	7,551	15,102
Total Taxes		\$ 65,700		\$ 65,700	\$ 131,400

<b>Railroad Retirement Tier II</b>	<b>Employee Tax Rate</b>	<b>Employee Taxes</b>	<b>Employer Tax Rate</b>	<b>Employer Taxes</b>	<b>Total Taxes</b>
(\$ In thousands)					
<b>2020</b>	<b>4.9%</b>	<b>\$ 5,170</b>	<b>13.1%</b>	<b>\$ 13,823</b>	<b>\$ 18,993</b>
2019	4.9%	4,832	13.1%	12,918	17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
2013	4.4%	3,714	12.6%	10,636	14,350
Total Taxes		\$ 35,887		\$ 97,404	\$ 133,291

\* Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

**PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN****Schedule of Changes to Total Pension Liability and Related Ratios\***

	<b>2020</b>	2019	2018	2017	2016	2015
(\$ In thousands)						
<b>Total Pension Liability</b>						
Service cost	<b>\$ 2,401</b>	\$ 1,720	\$ 1,585	\$ 1,323	\$ 1,280	\$ 900
Interest cost	<b>3,155</b>	3,070	3,169	2,961	2,850	3,271
Differences between expected and actual experience	<b>2,926</b>	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	<b>13,667</b>	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	<b>(3,927)</b>	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	<b>18,222</b>	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	<b>76,498</b>	89,381	84,091	83,388	81,095	69,630
<b>Total Pension Liability (Ending)</b>	<b>\$ 94,720</b>	<b>\$ 76,498</b>	<b>\$ 89,381</b>	<b>\$ 84,091</b>	<b>\$ 83,388</b>	<b>\$ 81,095</b>
Covered Payroll	<b>\$ 14,872</b>	\$ 13,052	\$ 13,913	\$ 13,590	\$ 13,187	\$ 12,356
Total Pension Liability as a % of Covered Payroll	<b>636.9%</b>	586.1%	642.4%	618.8%	632.4%	656.3%

\* Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Note: As of December 31, 2020, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

## Required Supplementary Information (Unaudited) ...continued

### OTHER POSTEMPLOYMENT BENEFITS ("OPEB") PLAN

#### Schedule of Changes in the Port Authority's Net OPEB Liability and Related Ratios

	2020	2019	2018	2017
	(\$ In thousands)			
Total OPEB liability:				
Service cost	\$ 32,566	\$ 33,132	\$ 25,442	\$ 23,778
Interest cost	209,925	213,607	202,303	196,930
Changes in benefit terms	(2,928)	(4,046)	(6,948)	—
Differences between expected and actual experience	58,916	99,585	90,986	—
Changes in assumptions	(201,908)	(241,555)	(5,903)	—
Benefit payments	(148,836)	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	(52,265)	(55,813)	158,119	77,180
Total OPEB liability-beginning	3,039,533	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	2,987,268	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:				
Contributions-employer	30,061	256,536	247,761	243,528
Net investment income	225,006	285,996	(86,274)	175,795
Benefit payments	(148,836)	(156,536)	(147,761)	(143,528)
Administrative expenses	(96)	(106)	(94)	(94)
Net change in plan fiduciary net position	106,135	385,890	13,632	275,701
Plan fiduciary net position-beginning	1,799,626	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,905,761	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) - (b)	\$ 1,081,507	\$ 1,239,907	\$ 1,681,610	\$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	63.80%	59.21%	45.67%	47.67%
Covered-Employee payroll	\$ 987,081	\$ 1,041,188	\$ 870,525	\$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	109.57%	119.09%	193.17%	198.97%

#### Notes to Schedule:

\* Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

## Schedule A – Revenues and Reserves

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	Operating Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)			
<b>Gross operating revenues:</b>				
Tolls and fares	\$ 1,571,827	\$ —	<b>\$ 1,571,827</b>	\$ 1,876,911
Rentals	1,412,207	—	<b>1,412,207</b>	1,739,423
Aviation fees	907,314	—	<b>907,314</b>	1,287,263
Parking and other	240,329	—	<b>240,329</b>	408,609
Utilities	112,008	—	<b>112,008</b>	144,176
Rentals – Special Project Bonds Projects	81,129	—	<b>81,129</b>	74,073
Total gross operating revenues	4,324,814	—	<b>4,324,814</b>	5,530,455
<b>Operating expenses:</b>				
Employee compensation, including benefits	1,395,588	—	<b>1,395,588</b>	1,413,979
Contract services	929,520	—	<b>929,520</b>	1,046,216
Rents and payments in-lieu-of taxes (“PILOT”)	403,661	—	<b>403,661</b>	388,462
Materials, equipment and other	290,033	—	<b>290,033</b>	315,676
Utilities	163,078	—	<b>163,078</b>	191,770
Interest on Special Project Bonds	81,129	—	<b>81,129</b>	74,073
Total operating expenses	3,263,009	—	<b>3,263,009</b>	3,430,176
Amounts in connection with operating asset obligations	5,851	—	<b>5,851</b>	9,529
Net insurance recoverables	(4,033)	—	<b>(4,033)</b>	(175,678)
Net operating revenues	1,059,987	—	<b>1,059,987</b>	2,266,428
<b>Financial income:</b>				
Interest income	(1,073)	64,622	<b>63,549</b>	66,965
Net increase in fair value of investments	1,300	17,018	<b>18,318</b>	20,475
Contributions in aid of construction	249,920	—	<b>249,920</b>	230,242
Application of Passenger Facility Charges	131,149	—	<b>131,149</b>	289,639
Application of 4 WTC associated payments	65,293	—	<b>65,293</b>	65,293
Grants, in connection with operating activities	489,228	—	<b>489,228</b>	25,665
Pass-through grant program payments	(26,853)	—	<b>(26,853)</b>	(3,142)
Net revenues available for debt service and reserves	1,968,951	81,640	<b>2,050,591</b>	2,961,565
<b>Debt service:</b>				
Interest on bonds and other asset financing obligations	940,309	130,857	<b>1,071,166</b>	1,005,812
Debt maturities and retirements	387,820	—	<b>387,820</b>	334,500
Debt retirement acceleration	—	—	<b>—</b>	—
Repayment of special obligations	—	608	<b>608</b>	(81)
Total debt service	1,328,129	131,465	<b>1,459,594</b>	1,340,231
Transfers to reserves	\$ (640,822)	640,822	<b>—</b>	—
Revenues after debt service and transfers to reserves		590,997	<b>590,997</b>	1,621,334
Direct investment in facilities		(1,398,366)	<b>(1,398,366)</b>	(1,550,920)
Change in Accounting Principle - pension / OPEB		(19,662)	<b>(19,662)</b>	(18,375)
(Decrease) / Increase in reserves		(827,031)	<b>(827,031)</b>	52,039
Reserve balances, January 1		4,028,039	<b>4,028,039</b>	3,976,000
Reserve balances, December 31		\$ 3,201,008	<b>\$ 3,201,008</b>	\$ 4,028,039

See Notes to Financial Statements



## Schedule B – Assets and Liabilities

(pursuant to Port Authority bond resolutions)

	December 31, 2020				2019
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
<b>ASSETS</b>	(In thousands)				
Current assets:					
Cash	\$ 163,690	\$ 102	\$ 142,679	\$ 306,471	\$ 93,315
Restricted cash:					
Passenger Facility Charges	4,578	—	—	4,578	—
Port Authority Insurance Captive Entity, LLC	70,165	—	—	70,165	64,586
Other, including Asset Forfeiture Funds	12,355	—	—	12,355	12,403
Investments	243,908	117,219	566,277	927,404	1,228,711
Restricted Investments – PAICE	1,250	—	—	1,250	2,604
Restricted Investments – PFC	2,200	—	—	2,200	18,838
Interfund balances	(281,461)	42,599	238,862	—	—
Current receivables, net	893,096	2,000	—	895,096	681,361
Other current assets	81,895	80,385	—	162,280	143,213
Restricted receivables and other assets	26,518	—	—	26,518	80,730
Total current assets	1,218,194	242,305	947,818	2,408,317	2,325,761
Noncurrent assets:					
Restricted cash	4,766	—	—	4,766	4,813
Investments	—	—	2,253,190	2,253,190	2,564,584
Restricted investments – PAICE	21,263	—	—	21,263	127,542
Other amounts receivable, net	144,385	36,638	—	181,023	178,796
Other noncurrent assets	1,710,839	1,804	—	1,712,643	1,688,033
Restricted other noncurrent assets – PAICE	5,950	—	—	5,950	6,954
Amounts receivable – Special Project Bonds Projects	—	—	—	—	1,150,415
Amounts receivable – Tower 4 Liberty Bonds	—	1,225,520	—	1,225,520	1,225,520
Invested in facilities	—	65,449,795	—	65,449,795	62,883,408
Total noncurrent assets	1,887,203	66,713,757	2,253,190	70,854,150	69,830,065
Total assets	3,105,397	66,956,062	3,201,008	73,262,467	72,155,826
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension related amounts	556,005	—	—	556,005	277,938
OPEB related amounts	157,234	—	—	157,234	141,943
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	309,798	747,318	—	1,057,116	1,316,914
Accrued interest and other current liabilities	484,870	9,965	—	494,835	508,385
Restricted other liabilities – PAICE	745	—	—	745	8,866
Accrued payroll and other employee benefits	339,269	—	—	339,269	500,945
Unapplied Passenger Facility Charges	267	—	—	267	55,814
Current portion bonds and other asset financing obligations	93,138	1,038,941	—	1,132,079	1,045,117
Total current liabilities	1,228,087	1,796,224	—	3,024,311	3,436,041
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	2,020,090	—	—	2,020,090	1,538,117
Other noncurrent liabilities	256,159	21,036	—	277,195	263,932
Restricted other noncurrent liabilities – PAICE	36,099	—	—	36,099	41,001
Amounts payable – Special Project Bonds	—	—	—	—	1,150,415
Amounts payable – Tower 4 Liberty Bonds	—	1,225,520	—	1,225,520	1,225,520
Consolidated Notes, series AAA	1,100,000	—	—	1,100,000	—
Bonds and other asset financing obligations	373,255	22,532,271	—	22,905,526	22,858,395
Total noncurrent liabilities	3,785,603	23,778,827	—	27,564,430	27,077,380
Total liabilities	5,013,690	25,575,051	—	30,588,741	30,513,421
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related amounts	40,210	—	—	40,210	102,956
OPEB related amounts	462,460	—	—	462,460	275,406
<b>NET POSITION</b>	\$ (1,697,724)	\$ 41,381,011	\$ 3,201,008	\$ 42,884,295	\$ 41,683,924
<b>Net position is comprised of:</b>					
Facility infrastructure investment	—	41,381,011	—	\$ 41,381,011	\$ 39,373,270
Change in accounting principle - pension / OPEB	(1,697,724)	—	—	(1,697,724)	(1,717,385)
Reserves	—	—	3,201,008	3,201,008	4,028,039
<b>NET POSITION</b>	\$ (1,697,724)	\$ 41,381,011	\$ 3,201,008	\$ 42,884,295	\$ 41,683,924

See Notes to Financial Statements

## Schedule C – Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
	(In thousands)			
Balance, January 1	\$ 2,388,243	\$ 1,639,796	<b>\$ 4,028,039</b>	\$ 3,976,000
Increase in reserve funds*	13,260	709,202	<b>722,462</b>	1,754,790
	2,401,503	2,348,998	<b>4,750,501</b>	5,730,790
Applications:				
Repayment of special obligations	—	608	<b>608</b>	(81)
Interest on asset financing obligations	—	130,857	<b>130,857</b>	133,537
Direct investment in facilities	—	1,398,366	<b>1,398,366</b>	1,550,920
Change in Accounting Principle - pension / OPEB	—	19,662	<b>19,662</b>	18,375
Total applications	—	1,549,493	<b>1,549,493</b>	1,702,751
<b>Balance, December 31</b>	<b>\$ 2,401,503</b>	<b>\$ 799,505</b>	<b>\$ 3,201,008</b>	<b>\$ 4,028,039</b>

\* Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling \$640.8 million, plus financial income generated on reserve funds of \$81.6 million in 2020.





Construction progresses on the Delta Terminal headhouse at LaGuardia Airport.



# Statistical and Other Supplemental Information

*For the Year Ended December 31, 2020*

The Statistical and Other Supplemental Information section presents additional information as a means to provide context to the information contained in the financial statements, note disclosures and schedules.

## **Selected Statistical Financial Trends Data – Schedule D-1** (Pursuant to GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal condition has changed over time.

## **Selected Statistical Debt Service – Schedule D-2** (Pursuant to Port Authority bond resolutions)

The Port Authority has several forms of outstanding financing obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D – Outstanding Financing Obligations*, and reserve funds are described in *Note E – General and Consolidated Bond Reserve Funds* to the financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

## **Selected Statistical Financial Data by Business Segment – Schedule D-3** (Pursuant to GAAP)

Schedule provides information on gross operating revenues, operating expenses and capital investment, summarized by Port Authority business segments.

## **Information on Port Authority Operations – Schedule E** (Pursuant to GAAP)

Detailed information on Port Authority's operating results including income from operations, non-operating expenses, net interest expense, capital contributions, and net income is provided on a Port Authority operating facility level.

## **Information on Capital Investment in Port Authority Facilities – Schedule F** (Pursuant to GAAP)

Schedule provides information on capital investment, summarized by Port Authority operating facilities, including current year capital investment and depreciation.

## **Port Authority Facility Traffic – Schedule G** (Unaudited)

This schedule provides comparative information on Port Authority facility traffic relative to vehicles, passengers, containers, cargo, waterborne vehicles and plane movements.

## Schedule D-1 – Selected Statistical Financial Trends Data

(pursuant to GAAP)

	2020	2019	2018
	(In thousands)		
Revenues, Expenses and Changes in Net Position:			
Gross operating revenues:			
Tolls and fares	\$ 1,571,827	\$ 1,876,911	\$ 1,865,384
Rentals <sup>(a)</sup>	1,421,467	1,748,683	1,673,994
Aviation fees	907,314	1,287,263	1,192,454
Parking and other	240,329	408,609	384,088
Utilities	112,008	144,176	149,008
Rentals — Special Project Bonds Projects	81,129	74,073	79,080
Gross operating revenues	4,334,074	5,539,715	5,344,008
Operating expenses:			
Employee compensation, including benefits <sup>(d)</sup>	1,395,588	1,413,979	1,338,277
Contract services	929,520	1,046,216	934,821
Rents and amounts in-lieu-of taxes ("PILOT")	403,661	388,462	396,048
Materials, equipment and other	290,033	315,676	298,121
Utilities	163,078	191,770	195,968
Interest on Special Project Bonds	81,129	74,073	79,080
Operating expenses	3,263,009	3,430,176	3,242,315
Net insurance recoverables	4,033	175,678	—
Depreciation of facilities	(1,533,267)	(1,420,696)	(1,329,283)
Amortization of costs for regional programs	(33,217)	(36,730)	(41,874)
Income from operations <sup>(d)</sup>	(491,386)	827,791	730,536
Income on investments (including fair value adjustment) <sup>(b)</sup>	81,961	87,948	89,304
Interest expense on bonds and other asset financing <sup>(b)</sup>	(1,011,896)	(968,242)	(937,983)
Net gain/(loss) on disposition of assets	—	—	—
Pass-through grant program payments	(26,853)	(3,142)	(1,438)
4 WTC associated payments	65,293	65,293	65,293
Grants in connection with operating activities	489,228	25,665	24,006
Contributions in aid of construction	258,925	261,054	252,225
Passenger facility charges	75,509	292,568	286,395
1 WTC LLC/WTC Retail LLC insurance proceeds	—	—	—
(Decrease) / increase in net position December 31, <sup>(d)</sup>	\$ (559,219)	\$ 588,935	\$ 508,338
Net position is comprised of			
Net investment in capital assets	\$ 14,954,997	\$ 14,620,518	\$ 14,190,682
Restricted	538,552	550,736	500,610
Unrestricted <sup>(d)</sup>	414,561	1,296,075	1,187,102
Net Position December 31, <sup>(c)</sup>	\$ 15,908,110	\$ 16,467,329	\$ 15,878,394

(a) Commencing in 2014, Rentals include the recognition of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2009 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2012 restated amounts include the cumulative impact of \$160 million related to the adoption of GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities*.

(d) 2017 restated amounts include the cumulative impact of \$1.7 billion related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

See accompanying independent auditors' report.

2017 (Restated)	2016	2015	2014	2013	2012 (Restated)	2011
(In thousands)						
\$ 1,873,622	\$ 1,865,481	\$ 1,718,770	\$ 1,553,625	\$ 1,462,957	\$ 1,337,372	\$ 1,148,061
1,618,439	1,564,527	1,446,980	1,300,818	1,228,491	1,208,730	1,150,569
1,128,352	1,112,436	1,063,902	1,058,416	934,459	904,666	895,356
377,421	399,178	359,631	321,760	315,111	338,178	339,131
139,502	138,987	144,580	149,052	139,835	152,945	154,810
83,053	86,755	92,719	98,141	103,186	108,125	112,553
5,220,389	5,167,364	4,826,582	4,481,812	4,184,039	4,050,016	3,800,480
1,318,935	1,290,334	1,178,967	1,187,877	1,114,397	1,038,243	1,037,681
880,331	852,926	833,903	797,516	684,411	749,106	726,883
390,576	352,293	356,162	362,627	301,582	304,020	280,237
252,533	264,977	252,071	277,174	220,859	215,937	219,183
183,482	165,802	186,830	199,919	171,833	174,016	188,432
83,053	86,755	92,719	98,141	103,186	108,125	112,553
3,108,910	3,013,087	2,900,652	2,923,254	2,596,268	2,589,447	2,564,969
18,323	—	123	53,530	28,229	(30,000)	—
(1,231,139)	(1,173,747)	(1,124,383)	(932,149)	(875,979)	(884,239)	(852,727)
(44,164)	(64,765)	(64,665)	(64,484)	(64,275)	(77,719)	(77,537)
854,499	915,765	737,005	615,455	675,746	468,611	305,247
35,326	(3,974)	4,215	20,060	(2,714)	29,161	(53,227)
(908,343)	(900,914)	(882,840)	(648,204)	(612,031)	(647,813)	(552,781)
—	—	—	19,043	4,423	(4)	—
(19,717)	(10,695)	(51,429)	(107,606)	(176,848)	(56,446)	(11,507)
65,293	41,521	36,766	6,128	36,660	65,293	8,343
39,845	64,315	101,074	207,898	188,409	52,161	23,727
187,473	674,950	586,295	700,267	689,898	997,441	767,010
275,785	264,363	248,707	233,172	224,301	222,614	214,456
—	—	—	—	—	3,525	—
\$ 530,161	\$ 1,045,331	\$ 779,793	\$ 1,046,213	\$ 1,027,844	\$ 1,134,543	\$ 701,268
\$ 13,179,105	\$ 12,746,144	\$ 11,810,573	\$ 10,402,894	\$ 9,442,138	\$ 9,273,213	\$ 10,020,306
760,912	567,443	456,429	470,857	454,467	392,389	294,460
1,430,039	3,261,307	3,262,561	3,900,789	3,831,722	3,034,881	1,411,125
\$ 15,370,056	\$ 16,574,894	\$ 15,529,563	\$ 14,774,540	\$ 13,728,327	\$ 12,700,483	\$ 11,725,891



## Schedule D-2 – Selected Statistical Debt Service Data

(Pursuant to Port Authority bond resolutions)

	2020	2019	2018
		(In thousands)	
Gross Operating Revenues*	\$ 4,324,814	\$ 5,530,455	\$ 5,334,748
Operating expenses	(3,263,009)	(3,430,176)	(3,242,315)
Operating and maintenance contingencies	—	—	—
Net insurance recoverables	4,033	175,678	—
Amounts in connection with operating asset obligations	(5,851)	(9,529)	(12,921)
Net operating revenues	1,059,987	2,266,428	2,079,512
Financial income	81,867	87,440	86,250
Grants and contributions in aid of construction, net	712,295	252,765	220,741
Application of WTC Retail Joint Venture Payments*	—	—	—
Application of Passenger Facility Charges	131,149	289,639	433,326
Application of 4 WTC associated payments	65,293	65,293	65,293
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	—	—	—
Restricted Net Revenues – PAICE	—	—	—
Net revenues available for debt service and reserves <sup>(a)</sup>	2,050,591	2,961,565	2,885,122
<b>DEBT SERVICE – OPERATIONS</b>			
Interest on bonds and other asset financing obligations <sup>(b)</sup>	(940,309)	(872,275)	(868,510)
Times, interest earned (a/b)	2.18	3.40	3.32
Debt maturities and retirements (c)	(387,820)	(334,500)	(319,090)
Times, debt service earned [a/(b+c)]	1.54	2.45	2.43
<b>APPLICATION OF RESERVES</b>			
Direct investment in facilities	(1,398,366)	(1,550,920)	(1,771,900)
Debt retirement acceleration	—	—	(8,300)
Appropriations for self-insurance and changes in accounting principles	(19,662)	(18,375)	—
Interest on bonds and other asset financing obligations	(130,857)	(133,537)	(103,056)
Repayment of asset financing obligations	(608)	81	(188)
Acceleration of unamortized brokerage commissions	—	—	—
Net increase / (decrease) in reserves	(827,031)	52,039	(185,922)
<b>RESERVE BALANCES</b>			
January 1	4,028,039	3,976,000	4,161,922
December 31	3,201,008	4,028,039	3,976,000
Reserve funds balances represented by:			
General Reserve	2,401,503	2,388,243	2,297,475
Consolidated Bond Reserve	799,505	1,639,796	1,678,525
Total	\$ 3,201,008	\$ 4,028,039	\$ 3,976,000
<b>FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)</b>			
Consolidated Bonds and Notes	\$ 23,388,115	\$ 22,161,860	\$ 20,898,775
Fund for regional development buy-out obligation	52,898	100,258	143,939
MOTBY obligation	46,268	48,711	51,032
Amounts payable – Special Project Bonds	—	1,150,415	1,245,835
Variable rate master notes	69,600	69,600	69,600
Commercial paper obligations	557,325	500,565	480,765
Port Authority equipment notes	—	—	—
Tower 4 Liberty Bonds	1,225,520	1,225,520	1,225,520
Goethals Bridge Replacement Developer Financing Arrangement	1,023,398	1,022,518	1,021,023
Total financing obligations	\$ 26,363,124	\$ 26,279,447	\$ 25,136,489

\* Commencing in 2014, Gross operating revenues exclude the recognition of unearned income related to the March 2014 transfer of the Port Authority interests in the WTC Retail Joint Venture. For bond resolution financial reporting, amounts due the Port Authority related to this transfer are recognized in their entirety in the year in which they are received.

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

See accompanying independent auditors' report.

2017	2016	2015	2014	2013	2012	2011
(In thousands)						
\$ 5,211,129 (3,132,918)	\$ 5,158,795 (3,013,087)	\$ 4,818,831 (2,900,652)	\$ 4,475,193 (2,923,254)	\$ 4,184,039 (2,596,268)	\$ 4,050,016 (2,589,447)	\$ 3,800,480 (2,564,969)
—	—	(50,000)	—	—	—	—
18,323 (16,050)	— (18,871)	123 (21,387)	53,530 (23,734)	28,229 (25,908)	(30,000) (27,956)	— (29,580)
2,080,484	2,126,837	1,846,915	1,581,735	1,590,092	1,402,613	1,205,931
33,574	(4,784)	4,080	14,687	(2,964)	29,121	(53,270)
193,381	347,390	321,980	565,444	540,746	565,976	499,516
—	77,869	66,963	652,104	—	—	—
285,335	229,921	273,721	221,156	175,421	110,015	215,645
65,293	41,520	36,766	6,128	36,660	65,293	8,343
—	—	—	—	—	17,962	57,340
—	—	—	—	4,305	2,710	644
2,658,067	2,818,753	2,550,425	3,041,254	2,344,260	2,193,690	1,934,149
(858,694)	(824,586)	(810,356)	(635,262)	(556,824)	(539,436)	(480,623)
3.10	3.42	3.15	4.79	4.21	4.07	4.02
(300,905)	(268,520)	(259,315)	(226,205)	(204,000)	(169,770)	(140,390)
2.29	2.58	2.38	3.53	3.08	3.09	3.11
(1,623,347)	(1,132,915)	(1,949,785)	(1,473,432)	(1,059,756)	(691,079)	(742,001)
—	—	—	—	—	(54,635)	(6,100)
—	—	—	28,100	10,414	37,547	1,949
(69,570)	(81,601)	(66,461)	(11,542)	(38,689)	(87,764)	(37,702)
(1,276)	6,669	(51,928)	(105,562)	(15,701)	(16,514)	(20,258)
—	—	—	—	(46,863)	—	—
(195,725)	517,800	(587,420)	617,351	432,841	672,039	509,024
4,357,647	3,839,847	4,427,267	3,809,916	3,377,075	2,705,036	2,196,012
4,161,922	4,357,647	3,839,847	4,427,267	3,809,916	3,377,075	2,705,036
2,297,475	2,297,475	2,297,475	2,131,711	2,029,051	2,026,605	1,783,370
1,864,447	2,060,172	1,542,372	2,295,556	1,780,865	1,350,470	921,666
\$ 4,161,922	\$ 4,357,647	\$ 3,839,847	\$ 4,427,267	\$ 3,809,916	\$ 3,377,075	\$ 2,705,036
\$ 20,672,365	\$ 20,429,565	\$ 21,019,925	\$ 19,229,020	\$ 18,212,063	\$ 18,076,497	\$ 15,550,039
184,230	221,393	253,732	283,562	311,077	336,453	359,859
53,237	55,332	44,383	48,254	52,329	78,060	105,141
1,327,680	1,391,170	1,451,170	1,530,510	1,605,515	1,675,825	1,741,440
77,900	77,900	77,900	77,900	77,900	77,900	77,900
464,615	388,315	425,760	448,185	348,110	384,625	396,155
—	—	—	31,500	46,925	49,565	68,160
1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520
934,198	744,401	430,800	210,316	—	—	—
\$ 24,939,745	\$ 24,533,596	\$ 24,929,190	\$ 23,084,767	\$ 21,879,439	\$ 21,904,445	\$ 19,524,214

## Schedule D-3 Selected Statistical Financial Data by Business Segment

(pursuant to GAAP)

	2020	2019	2018
	(In thousands)		
<b>Gross Operating Revenues:</b>			
Tunnels, Bridges and Terminals	\$ 1,542,081	\$ 1,740,044	\$ 1,737,458
PATH	82,110	210,610	203,800
Port	327,665	322,061	310,637
Aviation	2,032,359	2,913,161	2,762,279
Development	21,370	24,380	25,632
World Trade Center	328,455	329,212	303,995
Other <sup>(a)</sup>	34	247	207
<b>Total</b>	<b>\$ 4,334,074</b>	<b>\$ 5,539,715</b>	<b>\$ 5,344,008</b>
<b>Operating Expenses: <sup>(b)</sup></b>			
Tunnels, Bridges and Terminals	\$ 552,976	\$ 553,759	\$ 524,212
PATH	447,034	457,515	447,552
Port	163,395	174,213	166,405
Aviation	1,752,439	1,886,112	1,754,801
Development	11,612	11,475	11,786
World Trade Center	335,014	346,535	333,848
Other <sup>(c)(f)</sup>	539	567	3,711
<b>Total</b>	<b>\$ 3,263,009</b>	<b>\$ 3,430,176</b>	<b>\$ 3,242,315</b>
<b>Capital Investment: <sup>(d)</sup></b>			
Tunnels, Bridges and Terminals	\$ 582,366	\$ 697,449	\$ 931,539
PATH (including WTC Transportation Hub)	339,882	358,166	340,635
Port	43,999	120,019	146,153
Aviation <sup>(g)</sup>	1,101,960	1,588,820	989,693
Development	1	111	3,682
World Trade Center	216,441	266,795	314,472
Other <sup>(e)</sup>	5,182	6,307	39,547
<b>Total</b>	<b>\$ 2,289,831</b>	<b>\$ 3,037,667</b>	<b>\$ 2,765,721</b>

(a) Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, and Regional Facilities and Programs.

(b) Amounts include all direct and allocated operating expenses.

(c) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program and administrative expenses related to PAICE.

(d) Capital investment includes contributed capital amounts and write-offs related to capital construction.

(e) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program, and Gateway Early Work Program.

(f) 2017 restated amount includes \$ (24) million related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

(g) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$277 million in 2020, \$297 million in 2019 and \$289 million in 2018, respectively.

See accompanying independent auditors' report.



2017 (Restated)	2016	2015	2014	2013	2012	2011
(In thousands)						
\$ 1,739,552	\$ 1,742,028	\$ 1,599,575	\$ 1,447,896	\$ 1,369,559	\$ 1,258,125	\$ 1,078,977
202,880	191,261	184,560	168,668	150,604	134,382	121,102
295,651	300,569	270,263	248,443	262,526	249,609	236,461
2,682,523	2,646,213	2,537,233	2,479,106	2,321,300	2,276,018	2,221,157
24,967	25,956	26,561	51,077	29,492	87,521	100,800
274,029	260,655	207,634	85,942	50,087	44,107	41,816
787	682	756	680	471	254	167
\$ 5,220,389	\$ 5,167,364	\$ 4,826,582	\$ 4,481,812	\$ 4,184,039	\$ 4,050,016	\$ 3,800,480
\$ 525,862	\$ 509,529	\$ 499,873	\$ 510,383	\$ 493,429	\$ 468,263	\$ 460,960
423,384	415,251	389,276	401,273	338,926	329,663	322,133
160,495	167,724	175,976	172,545	176,459	190,043	185,053
1,693,563	1,612,470	1,557,926	1,623,190	1,466,692	1,410,070	1,385,582
12,399	10,853	13,659	15,737	15,497	79,620	82,637
312,242	293,864	258,748	192,789	94,312	76,149	106,277
(19,035)	3,396	5,194	7,337	10,953	35,639	22,327
\$ 3,108,910	\$ 3,013,087	\$ 2,900,652	\$ 2,923,254	\$ 2,596,268	\$ 2,589,447	\$ 2,564,969
\$ 885,311	\$ 1,179,307	\$ 956,231	\$ 961,854	\$ 413,946	\$ 233,637	\$ 168,759
274,429	454,031	268,428	512,415	559,104	743,136	720,797
106,455	133,874	93,729	210,496	180,760	184,750	228,747
772,520	584,996	791,805	715,456	468,319	351,535	243,995
893	1,569	2,110	1,977	527	140	(26,556)
311,122	846,597	904,787	1,674,030	1,373,328	1,802,009	2,087,741
150,409	290	3,144	3,822	3,221	6,767	9,464
\$ 2,501,139	\$ 3,200,664	\$ 3,020,234	\$ 4,080,050	\$ 2,999,205	\$ 3,321,974	\$ 3,432,947

## Schedule E – Information on Port Authority Operations

Year ended December 31, 2020

2019

	Gross Operating Revenues	Operating Expenses <sup>(a)</sup>	Depreciation & Amortization	Income (Loss) from Operations	Interest Grants & Other Expenses <sup>(b)</sup>	Capital Contributions & PFCs	Increase/ (Decrease) in Net Position	Increase (Decrease) in Net Position
(In thousands)								
<b>INTERSTATE TRANSPORTATION NETWORK</b>								
George Washington Bridge & Bus Station	\$ 740,102	\$ 132,516	\$ 51,869	\$ 555,717	\$ 29,306	\$ 1,800	\$ 528,211	\$ 565,159
Holland Tunnel	156,842	91,924	23,923	40,995	12,718	14,547	42,824	88,005
Lincoln Tunnel	208,386	122,387	86,719	(720)	55,257	2,867	(53,110)	7,752
Bayonne Bridge	35,592	15,370	34,351	(14,129)	56,720	—	(70,849)	(64,351)
Goethals Bridge	218,680	34,161	42,403	142,116	97,616	—	44,500	52,460
Outerbridge Crossing	154,077	17,858	7,422	128,797	3,365	—	125,432	129,108
Port Authority Bus Terminal	28,402	138,760	32,480	(142,838)	14,389	—	(157,227)	(114,487)
Subtotal – Tunnels, Bridges & Terminals	1,542,081	552,976	279,167	709,938	269,371	19,214	459,781	663,646
PATH	77,667	418,817	131,052	(472,202)	185,430	134,489	(523,143)	(406,091)
WTC Transportation Hub	—	12,976	79,213	(92,189)	—	—	(92,189)	(89,926)
Journal Square Transportation Center	4,443	15,241	4,248	(15,046)	1,959	—	(17,005)	(13,734)
Subtotal – PATH	82,110	447,034	214,513	(579,437)	187,389	134,489	(632,337)	(509,751)
Ferry Transportation	34	470	5,279	(5,715)	2,892	—	(8,607)	(8,379)
Access to the Regions Core (“ARC”)	—	2	7,586	(7,588)	796	—	(8,384)	(11,543)
Moynihan Station Transportation Program	—	18	10,000	(10,018)	4,520	—	(14,538)	(14,878)
Gateway Early Work Program	—	49	—	(49)	—	—	(49)	—
Total Interstate Transportation Network	1,624,225	1,000,549	516,545	107,131	464,968	153,703	(204,134)	119,095
<b>AVIATION</b>								
LaGuardia <sup>(c)</sup>	326,552	342,727	168,672	(184,847)	(58,379)	18,273	(108,195)	(24,422)
JFK International <sup>(c)</sup>	920,388	816,449	220,667	(116,728)	(123,225)	58,833	65,330	409,620
Newark Liberty International <sup>(c)</sup>	739,600	544,024	151,632	43,944	(82,744)	45,880	172,568	368,481
Teterboro	37,788	28,967	15,140	(6,319)	1,339	1,350	(6,308)	2,084
New York Stewart International <sup>(c)</sup>	8,031	20,272	10,592	(22,833)	(7,245)	3,397	(12,191)	(19,679)
Total Aviation	2,032,359	1,752,439	566,703	(286,783)	(270,254)	127,733	111,204	736,084
<b>PORT</b>								
Port Newark	97,695	83,657	35,479	(21,441)	23,456	1,186	(43,711)	(39,654)
Elizabeth Port Authority Marine Terminal	170,360	23,344	26,089	120,927	26,433	—	94,494	80,675
Brooklyn Port Authority Marine Terminal	7,702	12,149	2,880	(7,327)	2,372	—	(9,699)	(8,143)
— Red Hook Terminal	717	5,506	62	(4,851)	—	—	(4,851)	(4,392)
Howland Hook Marine Terminal	15,816	16,065	18,638	(18,887)	12,762	3,315	(28,334)	(24,564)
Greenville Yard Port Authority Marine Terminal	896	160	—	736	—	—	736	766
— NYNJ Rail LLC	5,656	6,333	4,396	(5,073)	3,813	6,911	(1,975)	5,209
Port Jersey – Port Authority Marine Terminal	28,823	16,181	14,009	(1,367)	17,054	2,109	(16,312)	(18,565)
Total Port	327,665	163,395	101,553	62,717	85,890	13,521	(9,652)	(8,668)
<b>DEVELOPMENT</b>								
Essex County Resource Recovery Facility	3	72	—	(69)	211	—	(280)	(315)
Industrial Park at Elizabeth	1,286	32	249	1,005	169	—	836	667
Bathgate Industrial Park	2,880	2,654	1,254	(1,028)	26	—	(1,054)	(194)
Teleport	8,034	8,490	1,543	(1,999)	188	—	(2,187)	(1,573)
Newark Legal & Communications Center	16	133	—	(117)	—	—	(117)	10
Queens West Waterfront Development	1,029	1	576	452	979	—	(527)	(177)
Hoboken South Waterfront Development	8,122	230	2,785	5,107	1,619	—	3,488	3,704
Total Development	21,370	11,612	6,407	3,351	3,192	—	159	2,122
<b>WORLD TRADE CENTER</b>								
WTC Campus	3,128	139,177	100,521	(236,570)	(1,274)	6,472	(228,824)	(182,114)
One World Trade Center	197,318	135,246	118,378	(56,306)	108,160	24,000	(140,466)	(124,171)
WTC Towers 2, 3 & 4	68,272	33,935	77,841	(43,504)	—	9,005	(34,499)	(53,612)
WTC Tower 7	34,351	17,099	—	17,252	—	—	17,252	5,969
WTC Retail	25,386	9,557	45,319	(29,490)	3,030	—	(32,520)	(31,230)
Total World Trade Center	328,455	335,014	342,059	(348,618)	109,916	39,477	(419,057)	(385,158)
<b>Regional Facilities and Programs</b>	—	—	33,217	(33,217)	8,555	—	(41,772)	(50,218)
<b>Net insurance recoverables</b>	—	—	—	4,033	—	—	4,033	175,678
<b>Total Port Authority</b>	\$ 4,334,074	\$ 3,263,009	\$ 1,566,484	\$ (491,386)	\$ 402,267	\$ 334,434	\$ (559,219)	\$ 588,935

(a) Amounts include all direct and allocated operating expenses.

(b) Amounts include net interest expense (interest expense less financial income), Tower 4 Liberty Bond debt service reimbursements, Pass-through grant program payments, Grants in connection with operating activities and gains or losses generated by the disposition of assets, if any.

(c) Facility amounts include Passenger Facility Charge activities.

See accompanying independent auditors' report.

## Schedule F – Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2019	Capital Investment <sup>(a)</sup>	Depreciation	Dispositions	Facilities, net Dec. 31, 2020
(In thousands)					
<b>INTERSTATE TRANSPORTATION NETWORK</b>					
George Washington Bridge & Bus Station	\$ 1,354,302	\$ 246,342	\$ 51,869	\$ —	\$ 1,548,775
Holland Tunnel	503,926	78,227	23,923	—	558,230
Lincoln Tunnel	1,697,535	186,207	86,719	—	1,797,023
Bayonne Bridge	1,609,005	2,846	34,351	—	1,577,500
Goethals Bridge	1,530,133	6,484	42,403	—	1,494,214
Outerbridge Crossing	127,414	5,266	7,422	—	125,258
Port Authority Bus Terminal	569,029	56,994	32,480	—	593,543
Subtotal – Tunnels, Bridges & Terminals	7,391,344	582,366	279,167	—	7,694,543
PATH	2,976,479	320,963	131,052	—	3,166,390
WTC Transportation HUB	3,414,371	15,085	79,213	—	3,350,243
Journal Square Transportation Center	63,674	3,834	4,248	—	63,260
Subtotal – PATH	6,454,524	339,882	214,513	—	6,579,893
Ferry Transportation	87,942	82	5,279	—	82,745
Access to the Region's Core ("ARC")	37,813	—	7,586	—	30,227
Moynihan Station Transportation Program	129,128	—	10,000	—	119,128
Gateway Early Work Program	44,044	5,100	—	—	49,144
Total Interstate Transportation Network	14,144,795	927,430	516,545	—	14,555,680
<b>AVIATION <sup>(b)</sup></b>					
LaGuardia <sup>(e)</sup>	2,682,764	151,585	168,672	—	2,665,677
JFK International	3,724,604	234,752	220,667	—	3,738,689
Newark Liberty International	3,251,530	690,772	151,632	—	3,790,670
Teterboro	220,730	6,543	15,140	—	212,133
New York Stewart International	153,931	18,308	10,592	—	161,647
Total Aviation	10,033,559	1,101,960	566,703	—	10,568,816
<b>PORT</b>					
Port Newark	789,602	16,432	35,479	—	770,555
Elizabeth Port Authority Marine Terminal	942,179	—	26,089	—	916,090
Brooklyn Port Authority Marine Terminal/Red Hook Terminal	75,435	4,016	2,942	—	76,509
Howland Hook Marine Terminal	469,391	—	18,638	—	450,753
Greenville Yard Port Authority Marine Terminal/NY NJ Rail LLC	167,494	10,858	4,396	—	173,956
Port Jersey-Port Authority Marine Terminal	496,486	12,693	14,009	—	495,170
Total Port	2,940,587	43,999	101,553	—	2,883,033
<b>DEVELOPMENT</b>					
Essex County Resource Recovery Facility	5,805	—	—	—	5,805
Industrial Park at Elizabeth	5,036	—	249	—	4,787
Bathgate Industrial Park	1,254	—	1,254	—	—
Teleport	6,402	—	1,543	—	4,859
Queens West Waterfront Development	83,620	—	576	—	83,044
Hoboken South Waterfront Development	58,626	1	2,785	—	55,842
Total Development	160,743	1	6,407	—	154,337
<b>WORLD TRADE CENTER</b>					
WTC Campus <sup>(c)</sup>	3,924,076	131,214	100,521	—	3,954,769
One World Trade Center	3,269,628	58,679	118,378	—	3,209,929
WTC Towers 2, 3 & 4 <sup>(d)</sup>	2,797,128	13,561	77,841	—	2,732,848
WTC Retail	1,746,468	12,987	45,319	—	1,714,136
Total World Trade Center	11,737,300	216,441	342,059	—	11,611,682
<b>FACILITIES, net</b>	<b>\$ 39,016,984</b>	<b>\$ 2,289,831</b>	<b>\$ 1,533,267</b>	<b>\$ —</b>	<b>\$ 39,773,548</b>
<b>REGIONAL FACILITIES &amp; PROGRAMS</b>	<b>\$ 93,456</b>	<b>\$ —</b>	<b>\$ 33,217</b>	<b>\$ —</b>	<b>\$ 60,239</b>

(a) Capital investment includes contributed capital amounts and write-offs related to capital construction.

(b) Facility capital investment amounts include projects funded with Passenger Facility Charges.

(c) Capital investment includes campus wide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

(d) Includes WTC net lessee required capital contributions related to the construction of WTC Tower 2, 3 and 4.

(e) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$277 million.

See accompanying independent auditors' report.



## Schedule G – Port Authority Facility Traffic (Unaudited)\*

	2020	2019	2018
<b>TUNNELS AND BRIDGES (Eastbound Traffic)</b>			
<b>AUTOMOBILES</b>			
George Washington Bridge	38,784,000	47,700,000	47,264,000
Lincoln Tunnel	11,514,000	15,317,000	15,742,000
Holland Tunnel	11,062,000	15,033,000	14,460,000
Staten Island Bridges	27,573,000	33,636,000	32,373,000
<b>Subtotal Automobiles</b>	<b>88,933,000</b>	<b>111,686,000</b>	<b>109,839,000</b>
<b>BUSES</b>			
George Washington Bridge	253,000	440,000	448,000
Lincoln Tunnel	1,396,000	2,186,000	2,170,000
Holland Tunnel	53,000	159,000	168,000
Staten Island Bridges	105,000	167,000	186,000
<b>Subtotal Buses</b>	<b>1,807,000</b>	<b>2,952,000</b>	<b>2,972,000</b>
<b>TRUCKS</b>			
George Washington Bridge	3,705,000	3,821,000	3,792,000
Lincoln Tunnel	773,000	1,031,000	1,048,000
Holland Tunnel	324,000	443,000	443,000
Staten Island Bridges	2,287,000	2,295,000	2,163,000
<b>Subtotal Trucks</b>	<b>7,089,000</b>	<b>7,590,000</b>	<b>7,446,000</b>
<b>TOTAL VEHICLES</b>			
George Washington Bridge	42,742,000	51,961,000	51,504,000
Lincoln Tunnel	13,683,000	18,534,000	18,960,000
Holland Tunnel	11,439,000	15,635,000	15,071,000
Staten Island Bridges	29,965,000	36,098,000	34,722,000
<b>Subtotal Vehicles</b>	<b>97,829,000</b>	<b>122,228,000</b>	<b>120,257,000</b>
<b>PATH</b>			
Total passengers	27,005,307	82,219,587	81,733,402
Passenger weekday average	90,287	284,380	280,860
<b>MARINE TERMINALS</b>			
General cargo <sup>(a)</sup> (Metric tons)	34,829,323	41,090,000	37,577,000
Containers (in twenty foot equivalent units)	7,585,819	7,471,131	7,179,788
International waterborne vehicles	469,529	570,023	573,035
Waterborne bulk commodities (in metric tons)	3,010,322	3,639,822	3,686,686
<b>CONTAINERS</b>			
New Jersey Marine Terminals	4,038,301	3,950,890	3,828,434
New York Marine Terminals	217,200	287,217	267,020
<b>Subtotal Containers</b>	<b>4,255,501</b>	<b>4,238,107</b>	<b>4,095,454</b>
<b>BUS TERMINALS</b>			
<b>BUS DEPARTURES</b>			
Port Authority Bus Terminal	835,000	1,190,000	1,203,000
George Washington Bridge Bus Station	103,000	166,000	171,000
PATH Journal Square Transportation Center Bus Station	291,921	482,725	479,960
<b>Total Departures</b>	<b>1,229,921</b>	<b>1,838,725</b>	<b>1,853,960</b>
<b>AVIATION</b>			
<b>PLANE MOVEMENTS</b>			
John F. Kennedy International Airport	197,487	456,060	455,495
LaGuardia Airport	139,172	374,078	371,905
Newark Liberty International Airport	213,927	446,320	453,377
New York Stewart International Airport	19,986	33,222	32,542
<b>Subtotal Plane Movements</b>	<b>570,572</b>	<b>1,309,680</b>	<b>1,313,319</b>
<b>DOMESTIC PASSENGERS</b>			
John F. Kennedy International Airport	8,219,917	28,233,791	28,117,337
LaGuardia Airport	7,795,189	28,875,041	27,857,697
Newark Liberty International Airport	12,300,652	32,004,140	31,730,735
New York Stewart International Airport	97,994	366,124	366,130
<b>Subtotal Domestic Passengers</b>	<b>28,413,752</b>	<b>89,479,096</b>	<b>88,071,899</b>
<b>INTERNATIONAL PASSENGERS</b>			
John F. Kennedy International Airport	8,172,515	34,317,281	33,518,898
LaGuardia Airport	389,051	2,209,853	2,224,430
Newark Liberty International Airport	3,703,518	14,332,312	14,128,785
New York Stewart International Airport	—	159,591	324,281
<b>Subtotal International Passengers</b>	<b>12,265,084</b>	<b>51,019,037</b>	<b>50,196,394</b>
<b>TOTAL PASSENGERS</b>			
John F. Kennedy International Airport	16,392,432	62,551,072	61,636,235
LaGuardia Airport	8,184,240	31,084,894	30,082,127
Newark Liberty International Airport	16,004,170	46,336,452	45,859,520
New York Stewart International Airport	97,994	525,715	690,411
<b>Subtotal Passengers</b>	<b>40,678,836</b>	<b>140,498,133</b>	<b>138,268,293</b>
<b>CARGO-TONS</b>			
John F. Kennedy International Airport	1,150,978	1,338,415	1,422,160
LaGuardia Airport	5,804	6,376	5,996
Newark Liberty International Airport	682,631	825,266	848,161
New York Stewart International Airport	23,017	23,606	22,808
<b>Subtotal Cargo-tons</b>	<b>1,862,430</b>	<b>2,193,663</b>	<b>2,299,125</b>
<b>Revenue mail-tons</b>	<b>133,332</b>	<b>177,413</b>	<b>154,244</b>

\* Certain 2020 and 2019 numbers reflect estimated data based on available year-end information and are subject to revision.

(a) International oceanborne general and bulk cargo as recorded in the New York – New Jersey Customs District.

See accompanying independent auditors' report.

2017	2016	2015	2014	2013	2012	2011
47,594,000	47,497,000	46,361,000	45,136,000	45,364,000	45,042,000	46,116,000
15,841,000	15,993,000	15,706,000	15,597,000	15,580,000	15,909,000	16,644,000
14,247,000	14,727,000	14,763,000	14,915,000	15,511,000	15,489,000	15,968,000
31,430,000	30,303,000	28,883,000	28,317,000	28,997,000	29,455,000	29,700,000
109,112,000	108,520,000	105,713,000	103,965,000	105,452,000	105,895,000	108,428,000
442,000	440,000	429,000	426,000	429,000	430,000	487,000
2,161,000	2,164,000	2,165,000	2,151,000	2,128,000	2,106,000	2,156,000
179,000	191,000	199,000	209,000	220,000	234,000	268,000
180,000	177,000	176,000	172,000	171,000	187,000	200,000
2,962,000	2,972,000	2,969,000	2,958,000	2,948,000	2,957,000	3,111,000
3,684,000	3,692,000	3,666,000	3,475,000	3,609,000	3,639,000	3,794,000
1,037,000	1,055,000	1,061,000	1,043,000	1,038,000	1,000,000	1,029,000
446,000	447,000	447,000	446,000	427,000	395,000	354,000
2,153,000	2,085,000	2,091,000	2,131,000	2,214,000	2,367,000	2,434,000
7,320,000	7,279,000	7,265,000	7,095,000	7,288,000	7,401,000	7,611,000
51,720,000	51,629,000	50,456,000	49,037,000	49,402,000	49,111,000	50,397,000
19,039,000	19,212,000	18,932,000	18,791,000	18,746,000	19,015,000	19,829,000
14,872,000	15,365,000	15,409,000	15,570,000	16,158,000	16,118,000	16,590,000
33,763,000	32,565,000	31,150,000	30,620,000	31,382,000	32,009,000	32,334,000
119,394,000	118,771,000	115,947,000	114,018,000	115,688,000	116,253,000	119,150,000
82,812,915	78,553,560	76,541,453	73,679,425	72,748,729	72,563,052	76,555,644
283,719	269,081	258,425	250,071	244,484	241,725	256,186
35,450,000	32,556,203	36,781,069	35,370,355	34,059,540	34,322,209	33,896,217
6,710,817	6,251,953	6,371,720	5,772,303	5,467,347	5,529,908	5,503,485
577,223	505,150	477,170	393,391	452,778	426,943	387,656
3,975,000	3,212,603	5,050,519	5,042,690	3,732,292	3,240,189	3,885,614
3,599,514	3,416,144	3,427,226	3,098,049	2,895,769	2,782,059	2,652,744
246,910	186,364	236,787	244,237	274,066	428,750	544,272
3,846,424	3,602,508	3,664,013	3,342,286	3,169,835	3,210,809	3,197,016
1,199,000	1,193,000	1,179,000	1,166,000	1,155,000	1,127,000	1,132,000
172,000	172,000	170,000	168,000	167,000	163,000	153,000
478,900	478,640	478,560	470,060	469,900	469,304	407,200
1,849,900	1,843,640	1,827,560	1,804,060	1,791,900	1,759,304	1,692,200
448,366	448,753	439,298	423,421	406,181	401,728	408,730
369,152	369,987	358,609	360,834	370,861	369,989	365,870
438,578	431,594	413,873	396,386	413,774	414,127	410,024
34,787	37,295	37,834	36,881	38,905	42,123	46,530
1,290,883	1,287,629	1,249,614	1,217,522	1,229,721	1,227,967	1,231,154
26,961,081	27,245,463	26,806,854	25,021,432	23,913,096	24,217,083	23,757,976
27,474,292	27,996,763	26,684,923	25,157,202	24,953,572	24,274,029	23,086,756
30,330,568	27,995,353	25,693,128	23,762,627	23,716,837	22,836,683	22,189,669
307,621	275,421	281,754	309,357	320,682	364,848	412,053
85,073,562	83,513,000	79,466,659	74,250,618	72,904,187	71,692,643	69,446,454
32,518,263	31,693,184	30,079,898	28,198,994	26,541,183	25,057,093	23,886,084
2,087,936	1,790,006	1,752,745	1,814,893	1,727,528	1,433,755	1,035,722
12,891,846	12,324,428	11,805,317	11,848,060	11,299,399	11,147,344	11,509,823
141,077	—	—	—	—	—	1,601
47,639,122	45,807,618	43,637,960	41,861,947	39,568,110	37,638,192	36,433,230
59,479,344	58,938,647	56,886,752	53,220,426	50,454,279	49,274,176	47,644,060
29,562,228	29,786,769	28,437,668	26,972,095	26,681,100	25,707,784	24,122,478
43,222,414	40,319,781	37,498,445	35,610,687	35,016,236	33,984,027	33,699,492
448,698	275,421	281,754	309,357	320,682	364,848	413,654
132,712,684	129,320,618	123,104,619	116,112,565	112,472,297	109,330,835	105,879,684
1,394,509	1,311,191	1,332,091	1,343,855	1,321,035	1,319,226	1,382,949
6,878	7,586	7,721	7,140	6,720	7,009	7,390
822,589	746,770	405,214	666,840	663,155	742,898	812,341
20,834	18,729	15,144	15,227	17,490	18,781	16,263
2,244,810	2,084,276	1,760,170	2,033,062	2,008,400	2,087,914	2,218,943
153,733	140,418	126,026	112,524	158,778	174,242	184,696

## Selected Statistical Demographic and Economic Data

The New York-New Jersey Metropolitan Region, one of the largest and most diversified in the nation, consists of the five New York boroughs of Manhattan, Brooklyn, Queens, Staten Island and The Bronx; the four suburban counties of Nassau, Rockland, Suffolk and Westchester; and the nine northern New Jersey counties of Bergen, Essex, Hudson, Middlesex, Morris, Monmouth, Passaic, Somerset and Union. The following demographic information is provided for this eighteen county region that comprises approximately 4,500 square miles.

Year <sup>(1)</sup>	Population	Personal Disposable Income	Per-Capita Personal Disposable Income	Employment	Unemployment Rate
(\$ In thousands)					
<b>2020</b>	<b>18,195</b>	<b>1,300,908</b>	<b>\$71.50</b>	<b>8,467</b>	<b>8.4%</b>
2019	18,211	1,238,146	\$67.99	9,398	3.7%
2018	18,271	1,193,662	\$65.33	9,262	4.0%
2017	18,319	1,137,668	\$62.10	9,135	4.5%
2016	18,333	1,066,863	\$58.19	8,970	4.8%
2015	18,318	1,017,906	\$55.57	8,806	5.3%
2014	18,278	980,548	\$53.65	8,620	6.5%
2013	18,219	936,334	\$51.39	8,450	7.9%
2012	18,141	943,759	\$52.02	8,312	8.7%
2011	18,037	890,633	\$49.38	8,181	8.6%

### Leading Employment by Major Industries (% of Total) <sup>(2)</sup>

	2020 <sup>(3)</sup>	2011
Education & Health Services	<b>20.0%</b>	16.3%
Professional & Business Services	<b>14.6%</b>	13.3%
Trade Transportation and Utilities	<b>14.5%</b>	16.1%
Government	<b>12.6%</b>	13.3%
Financial Activities	<b>8.5%</b>	7.4%
Retail Trade	<b>7.6%</b>	8.9%
Leisure & Hospitality	<b>6.0%</b>	7.4%
Information	<b>3.5%</b>	2.7%
Other Services	<b>3.4%</b>	3.8%
Wholesale Trade	<b>3.4%</b>	4.1%
Construction	<b>3.4%</b>	3.1%
Manufacturing	<b>2.5%</b>	3.8%
	<b>100.0%</b>	100.0%

Source: Oxford Economics and BLS

(1) Data is preliminary and subject to revision

(2) Industry definitions can be found at the US Department of Labor Statistics website at [www.bls.gov/bls/naics.htm](http://www.bls.gov/bls/naics.htm).

(3) BLS Data is preliminary and subject to revision



## TOP 20 SALARIED STAFF AS OF DECEMBER 31, 2020

### JAMES R. GILL<sup>1</sup>

*General Manager,  
Newark Liberty International Airport*  
2020 total compensation: \$290,195  
B.S., Duquesne University  
M.B.A., Duquesne University  
Over 20 years of senior leadership  
experience in the aviation industry.

### MICHAEL E. FARBIARZ<sup>2</sup>

*General Counsel*  
2020 total compensation: \$299,970  
J.D., Yale Law School  
B.A., Harvard College  
Extensive legal experience, including  
in senior public sector posts.

### ELIZABETH M. MCCARTHY

*Chief Financial Officer*  
2020 total compensation: \$297,422  
B.S., St. Louis University  
More than 30 years of financial experience  
in the public and private sectors.

### STEVEN P. PLATE

*Chief, Major Capital Projects*  
2020 total compensation: \$330,730  
B.S., Manhattan College  
More than 30 years of experience in  
program management in the private and  
public sectors.

### HUNTLEY A. LAWRENCE<sup>3</sup>

*Director, Aviation Department*  
2020 total compensation: \$299,367  
M.B.A., Dowling College  
B.S., Florida Institute of Technology  
More than 30 years of aviation  
leadership experience.

### DEREK H. UTTER

*Chief Development Officer*  
2020 total compensation: \$278,754  
M.B.A., the Wharton School of the  
University of Pennsylvania  
B.A., University of California, Los Angeles  
More than 25 years of infrastructure, corporate  
finance, and government experience.

### BENJAMIN M. BRANHAM

*Chief Communications Officer*  
2020 total compensation: \$275,689  
Master in Public Policy, Harvard University,  
Kennedy School of Government  
B.A. English, Linguistics, University of Illinois  
More than 18 years of strategic  
communications experience in the public,  
private, and nonprofit sectors.

### RICHARD COTTON

*Executive Director*  
2020 total compensation: \$275,300  
J.D., Yale Law School A.B., Harvard College  
More than 30 years of private sector, legal,  
and public sector management experience.

### MICHAEL G. MASSIAH

*Chief Diversity & Inclusion Officer*  
2020 total compensation: \$287,707  
M.P.A., SUNY Albany  
B.A., Le Moyne College  
More than 30 years of public experience in  
human resources and financial services.

### JAMES O. STARACE

*Chief Engineer*  
2020 total compensation: \$286,068  
M.S., Stevens Institute of Technology  
B.S., State University of New York,  
Maritime College  
More than 30 years of engineering, project,  
and construction management experience.

### ALAN L. REISS<sup>4</sup>

*Director, World Trade Center  
Construction*  
2020 total compensation: \$303,205  
B.S., Northeastern University  
More than 30 years of engineering,  
project management, and executive  
management experience.

### JOHN BILICH

*Chief Security Officer*  
2020 total compensation: \$263,544  
B.S., St. Joseph's College  
More than 30 years of experience in  
law enforcement and security.

### MARY LEE HANNELL

*Chief, Human Capital*  
2020 total compensation: \$277,392  
B.A., Drew University  
More than 30 years of professional  
experience in human resources in the  
private and public sectors.

### AMY H. FISHER

*First Deputy General Counsel*  
2020 total compensation: \$262,460  
J.D., Columbia University School of Law  
B.A., Wesleyan University  
More than 35 years of legal experience,  
including regulatory affairs and compliance.

### ROBERT E. GALVIN

*Chief Technology Officer*  
2020 total compensation: \$254,917  
B.S., Central Michigan University  
More than 25 years of information  
technology experience in the public  
and private sectors.

### DIANNAE C. EHLE

*Director, Tunnels, Bridges, & Terminals*  
2020 total compensation: \$250,467  
M.B.A., Fordham University  
M.C.E., Manhattan College  
B.C.E., Manhattan College  
More than 30 years of transportation  
leadership experience.

### JAMES D. HEITMANN<sup>5</sup>

*Deputy Director*  
2020 total compensation: \$232,233  
B.E., Stevens Institute of Technology  
More than 35 years of engineering,  
project management, and aviation  
leadership experience.

### CLARELLE D. DEGRAFFE

*Director/General Manager,  
Port Authority Trans-Hudson (PATH)*  
2020 total compensation: \$249,661  
B.E., Stevens Institute of Technology  
More than 17 years of public and  
private sector railroad construction  
and logistics experience.

### NATHANIEL M. RUDA

*Director, Port*  
2020 total compensation: \$246,087  
B.A., Rutgers University  
More than 28 years of transportation  
leadership experience.

### VALENTI, LILLIAN D

*Chief Procurement & Contracting Officer*  
2020 total compensation: \$253,188  
M.A., Columbia University  
B.A., Lafayette College  
More than 15 years of public sector  
leadership and management experience.

<sup>1</sup> Mr. Gill joined the Port Authority on January 27, 2020.

<sup>2</sup> Mr. Farbiarz has also been serving as Acting Inspector General since February, 2020.

<sup>3</sup> Mr. Lawrence was named Acting Chief Operating Officer as of January 2021.

<sup>4</sup> Mr. Reiss also served as Interim Director of the World Trade Center Department from June 2020 to April 2021.

<sup>5</sup> Mr. Heitmann became Deputy Director, Aviation Development on September 7, 2020.

Notes: Total compensation includes paid wages and imputed income on taxable employer provided fringe benefits earned during calendar year 2020.

