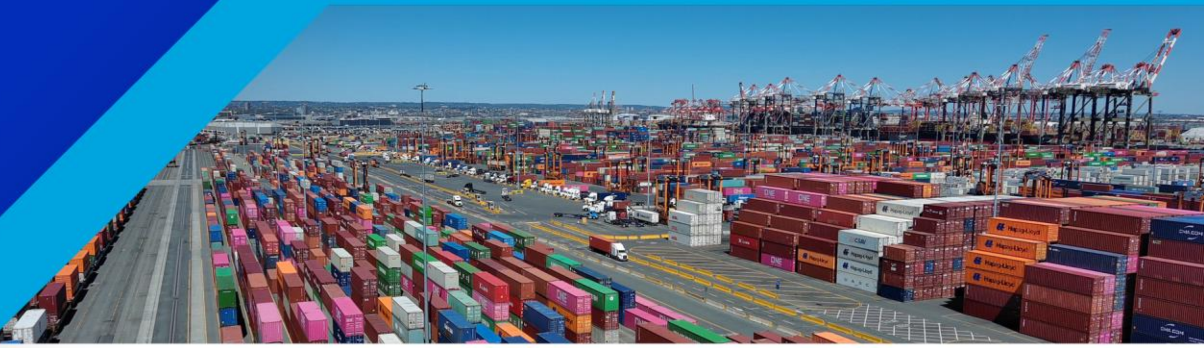
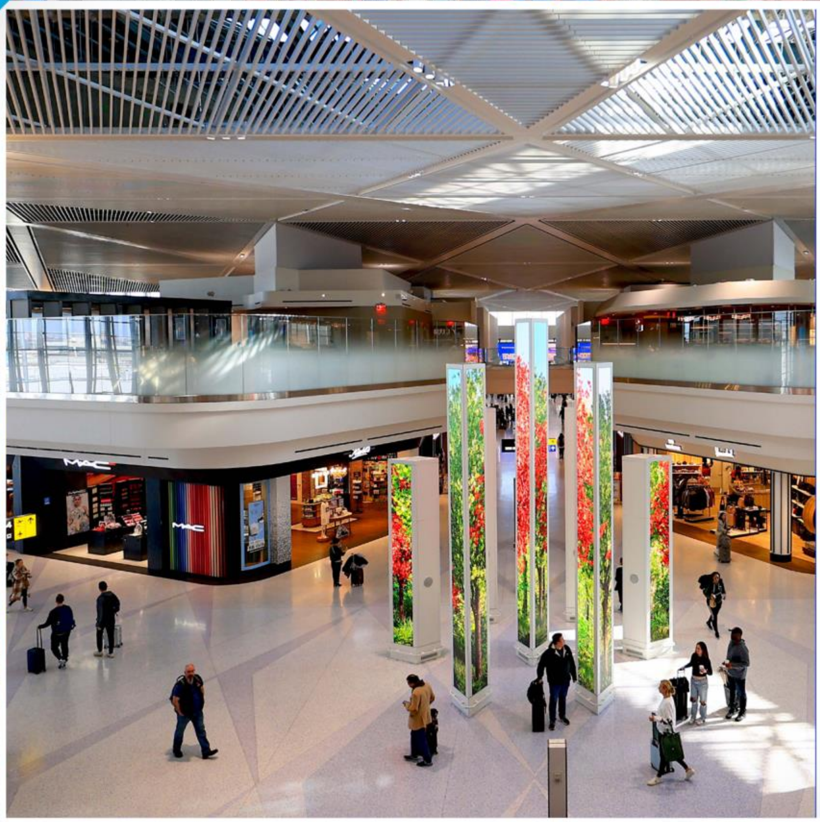
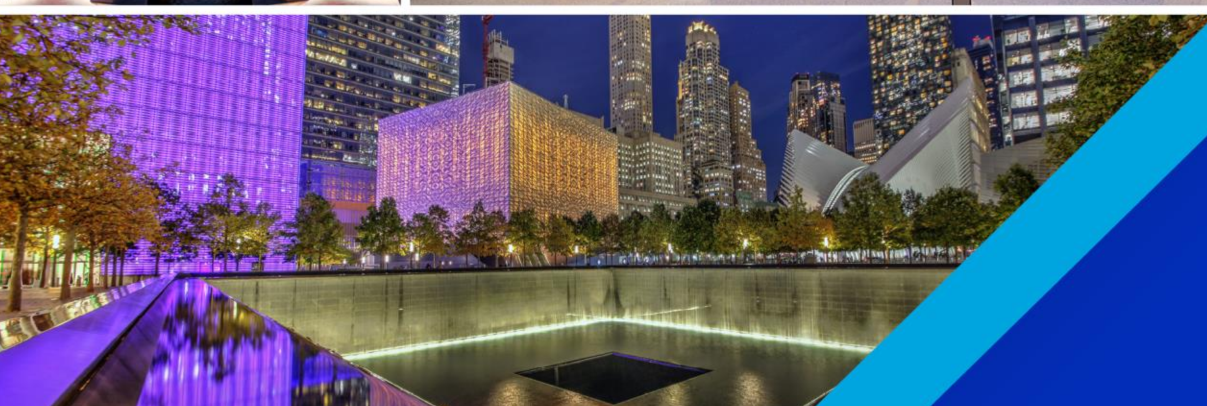
PORT AUTHORITY NY NJ

AIR LAND RAIL SEA







Budget 2025

DECEMBER 12, 2024

Our Mission is to Keep the Region Moving.

Meet the critical transportation infrastructure needs of the bistate region's people, businesses, and visitors by providing the highest quality and most efficient transportation and port commerce facilities and services to move people and goods within the region, provide access to the nation and the world, and promote the region's economic development.

PORT AUTHORITY OF NY & NJ FACILITIES

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ABOUT THE PORT AUTHORITY

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921 (“the Compact”), made by and between the two States, and thereafter consented to by the Congress of the United States. In the Compact the two States recited their confident belief that a better coordination of the terminal, transportation, and other facilities of commerce in the Port of New York would result in great economies benefiting the nation as well as the two States, and that the future development of such facilities would require the cordial cooperation of the two States in the encouragement of the investment of capital and in the formulation and execution of necessary plans.

The two States also recited that such result could best be accomplished through a joint or common agency, and to that end, after pledging, each to the other, faithful cooperation in the future planning and development of the Port of New York, they created the Port of New York District (“the Port District”) and The Port of New York Authority, the name of which was changed, effective July 1, 1972, to “The Port Authority of New York and New Jersey” (“the Port Authority”)[1]. The Port District comprises an area of about 1,500 square miles in both States centering around New York Harbor. The Port District includes the Cities of New York and Yonkers in the State of New York, and the Cities of Newark, Jersey City, Bayonne, Hoboken, and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States (reference “The Port Authority of NY & NJ Facilities” map on page 2).

Today, the Port Authority’s facilities include two tunnels and four bridges between the States of New York and New Jersey, the Port Authority Trans Hudson commuter rail system (“PATH”), two bus terminals, trans Hudson ferry service, five airports, four marine terminals, the World Trade Center (“WTC”) campus, two waterfront development facilities, four industrial development facilities, a resource recovery facility, and certain regional development facilities.

For more detailed information on the Port Authority, see History of the Port Authority Information | Port Authority of New York and New Jersey (panynj.gov).

[1]The Compact has been amended and supplemented from time to time by legislation adopted by the two States.

LETTER FROM THE BOARD OF COMMISSIONERS & EXECUTIVE DIRECTOR

Dear Governors,

As the Board of Commissioners for the Port Authority of New York and New Jersey, we are proud to present the agency's approved 2025 Budget of $9.4 billion that was developed to support our mission of building and managing vital transportation infrastructure in the New York-New Jersey region. We adopted this Budget at our December 2024 meeting.

Our Budget approval vote capped a momentous 2024 for the Port Authority. The Port Authority's three major airports set passenger records. Our vehicular crossings continued to reach or exceed pre-pandemic levels. The Port of New York & New Jersey continued to hold its position as the second-busiest seaport in the nation in terms of loaded cargo. The Midtown Bus Terminal replacement project received approval with respect to both the federal National Environmental Policy Acy ("NEPA") environmental review process and the local Uniform Land Use Review Procedure ("ULURP") permitting process; thus, with all the federal and local approvals secured, the agency was able to award the project's first early works contracts. And critical progress was made on the PATH Forward project designed to improve PATH's over 100 year-old infrastructure to enhance PATH reliability. All of this was accomplished as the Port Authority continued its efforts delivering on our goal to provide a world-class travel experience.

The 2025 Budget supports ongoing efforts to rebuild and renew legacy infrastructure and advance several major projects across the region, while operating and maintaining our assets safely and efficiently. Our 2025 Budget reflects a deliberate and prudent allocation of our resources to the agency's strategic priorities noted below:

- **Funding for Safety, Security, & Cybersecurity Efforts** exceeds $1 billion and adds record levels of Port Authority Police Department ("PAPD") funding necessary to respond to the evolving threat landscape as well as critical investments to strengthen and enhance the agency's cybersecurity defenses.

- **21st Century Facilities** will be funded by Capital Spending to deliver modern, world-class infrastructure while accommodating future growth, amounting to $3.6 billion in 2025. These projects follow in the footsteps of: 1) the new LaGuardia airport ("LGA") which in October 2024 won the Forbes Travel Award for Best Airport in the United States; and, 2) the new Newark Liberty International Airport ("EWR") Terminal A which in February 2024 won SkyTrax's Best New Airport in the World Award.

  The 2025 Capital Spending Budget advances: 1) the ongoing $19 billion transformation of JFK and the start of construction of the new Midtown Bus Terminal; 2) reliability improvements and station modernizations across the PATH system; and, 3) airport ground access initiatives at EWR and LGA, including a wholly new AirTrain at EWR. The 2025 Capital Spending Budget also funds Port Newark's Port Street Corridor roadway network project.

- **Customer Experience & Operational Excellence Initiatives** include $2.1 billion for the operation and maintenance of the agency's assets focused on providing operational excellence and a best-in-class customer experience.

- **Sustainability & Resiliency Efforts** to further the agency's commitment to reach net zero emissions by 2050 and ensuring the climate resilience of Port Authority assets amidst the increasing frequency and intensity of extreme weather events. The 2025 Budget includes over $91 million to advance a net zero emissions future, in addition to over $121 million for severe storm and climate change resiliency-related Capital projects.

Of note, the 2025 Budget provides the resources necessary to achieve the agency's goal of reducing direct greenhouse gas emissions by 35% by the end of 2025, remove additional gas-powered vehicles from the agency's vehicle fleet to exceed its 2025 50% light-duty electric vehicle ("EV") goal, support the continued expansion of EV charging infrastructure, and complete the agency's first ever net zero building to provide a template to renovate all agency buildings to net zero by 2050.

- **Innovation & New Technology** to embed innovative thinking and 21st century technologies across the agency into everyday business practices and operations. The 2025 Budget includes $254 million to maintain and invest in technologies and systems that support innovation.
- **Employer of Choice Initiatives** that foster an agency employee experience that attracts, develops, and retains highly skilled and dedicated workforce. The 2025 Budget dedicates over $33 million focused on employee engagement, training, retention, and development.

The 2025 Budget ensures that the Port Authority can aggressively drive forward the agency's work to rebuild, modernize, and enhance the region's transportation network, while offering customers a safe, seamless, and efficient journey. We thank you for your leadership and the opportunity to serve this agency with a mission so critically important to the region and the country.

Kevin J. O'Toole, *Chairman*

Jeffrey H. Lynford, *Vice Chairman*

J. Christian Bollwage, *Commissioner*

Leecia Eve, *Commissioner*

Elizabeth R. Fine, *Commissioner*

Winston Fisher, *Commissioner*

George Helmy, *Commissioner*

Joseph Kelley, *Commissioner*

Gary LaBarbera, *Commissioner*

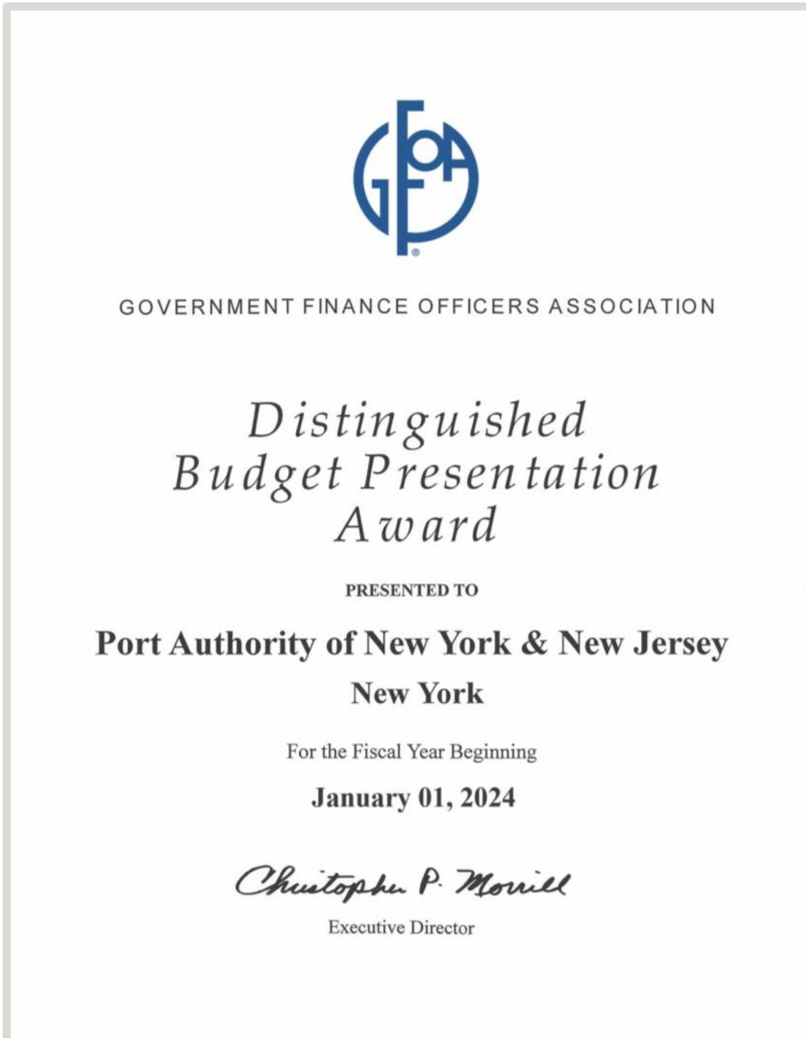
Kevin P. McCabe, *Commissioner*

Michelle E. Richardson, *Commissioner*

Rossana Rosado, *Commissioner*

Richard Cotton, Executive *Director*

GOVERNMENT FINANCE OFFICERS ASSOCIATION AWARD



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Port Authority of New York & New Jersey

New York

For the Fiscal Year Beginning

January 01, 2024

Christopher P. Morrill

Executive Director

The Government Finance Officers Association of the United States and Canada (“GFOA”) presented a Distinguished Budget Presentation Award to the Port Authority for its Annual Budget for the fiscal year beginning January 01, 2024. To receive this award a governmental unit must publish a Budget document that meets program criteria as a policy document, as a financial plan, as an operations guide, and as a communications device. This award is valid for a period of one year only. The Port Authority believes its current Budget continues to conform to program requirements and is submitting it to GFOA to determine its eligibility for another award.

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Budget
Summary

The Port Authority's $19B transformation of JFK into a world-class global gateway that will include two new terminals with evocative public art and locally inspired retail options, two expanded and modernized terminals and an entirely new, efficient roadway network when complete.

2025 BUDGET OVERVIEW

The Port Authority's mission is simple yet economically vital to the New York and New Jersey metropolitan region: to "Keep the Region Moving". And the Port Authority has been doing this for over one-hundred years. The Port Authority's vital network of facilities moves millions of people and millions of tons of cargo locally, nationally, and globally as it operates some of the busiest transportation systems in the nation and the world.

The 2025 Budget advances the Port Authority's mission and reflects a deliberate and responsible allocation of agency resources that is laser-focused on advancing key long-term strategic goals/priorities across all agency operations. These long-term strategic goals/priorities include:

- **Safety, Security, & Cybersecurity** The Port Authority's priority is to provide peace of mind through world-class protection, thereby ensuring the safety and security of the traveling public, the agency's dedicated employees, and agency facilities.

  The 2025 Safety & Security Budget exceeds $1B and adds record levels of Port Authority Police Department ("PAPD") funding necessary to respond to the evolving threat landscape as well as critical investments to strengthen and enhance the agency's cybersecurity defenses.

- **21st Century Facilities** The Port Authority is committed to rebuilding and revitalizing the agency's aging infrastructure with 21st century facilities designed to enhance customer experience and accommodate future growth, including building new state-of-the-art facilities.

  The 2025 Budget includes $3.6B of Capital Spending. The 2025 Capital Spending Budget advances the ongoing $19B transformation of JFK, starts construction of the new Midtown Bus Terminal, improves reliability and modernizes stations across the PATH system, and advances airport ground access initiatives at EWR and LGA, including a wholly new AirTrain at EWR. The 2025 Capital Spending Budget also funds essential state of good repair ("SGR") work, including major SGR construction at the George Washington Bridge ("GWB") and its approaches, as well as Port Newark's Port Street Corridor roadway network.

- **Customer Experience & Operational Excellence** The Port Authority is committed to improving the public's day-to-day experience across all of its facilities and providing exemplary operations.

  The 2025 Budget includes $2.1B for the operation and maintenance of the agency's assets focused on providing operational excellence and a best-in-class customer experience. Of note, the 2025 Budget adds targeted resources to enhance customer experience through increasing PATH train service, deploying a new bridge and tunnel E-ZPass and Toll by Mail ("TbM") Customer Service Center ("CSC"), completing the implementation of PATH's new, modern, and convenient "tap-and-go" fare payment system, and providing for critical traffic mitigation measures amidst unprecedented construction efforts, particularly at the airports.

- **Sustainability & Resiliency** The agency is committed to taking concrete steps towards a net zero emissions future and ensuring the climate resilience of its assets amidst the increasing frequency and intensity of extreme weather events.

  The 2025 Budget includes over $91M to advance a net zero emissions future in addition to over $121M for severe storm and climate change resiliency-related Capital projects. Of note, the 2025 Budget provides the resources necessary to achieve the agency's goal of reducing direct greenhouse gas ("GHG") emissions by (35%) by the end of 2025, remove additional gas-powered vehicles from the agency's vehicle fleet to exceed its 2025 50% light-duty electric vehicle ("EV") goal, support the continued expansion of EV charging infrastructure, and complete the agency's first ever net zero building to provide a template to renovate all agency buildings to net zero by 2050.

- **Innovation** The Port Authority is focused on embedding innovative thinking and 21st century technologies into everyday business practices and operations.

  The 2025 Budget includes $254M to maintain and invest in technologies and systems that support innovation, including funding for the agency's Innovation Hub which explores new technologies that may be of high value to the agency.

- **Employer of Choice** The Port Authority is committed to fostering an employee experience that attracts, develops, and retains highly skilled and dedicated workforce.

  The 2025 Budget dedicates over $33M focused on employee engagement, training, retention, and development.

Behind these long-term, agency-wide strategic goals/priorities are six standards that underpin the Port Authority's work. These six standards include: 1) unwavering integrity; 2) prioritizing diversity and inclusion; 3) implementing global best practices; 4) leveraging 21st century technology; 5) embracing collaboration; and, 6) executing initiatives with speed. These strategic goals/priorities and standards are ingrained into the agency's operations and the realization of its mission, which are reflected through the Port Authority's allocation of Budgeted resources[2].

The 2025 Budget represents the fiscal embodiment of the agency's priorities and standards, charting a roadmap for the year ahead while ensuring that the agency advances its core mission to "Keep the Region Moving".

$9.4B 2025 SOURCES BUDGET

- $7.1B of Gross Operating Revenues
- $1.5B of Debt Issuances & Other Sources
- $0.5B of Grants & Contributions
- $0.3B of Passenger Facility Charges

$9.4B 2025 USES BUDGET

- $4.1B for Operating Expenses
- $3.6B for Capital Spending
- $1.6B for Debt Service to Operations
- $0.1B for Deferred Spending

2 In addition to the overview of how 2025 Budgeted resources are allocated to advance the agency's long-term strategic goals/priorities, the *Departmental Budget Summaries* include *Strategic Priorities/Goals, Objectives, & Performance Measures* sections that highlight specific action plans, strategies, and projects detailing how these strategic goals/priorities will be accomplished. Further detail on the process for creating the strategic goals/priorities, as well as how Budgeted resources are allocated and prioritized in alignment with the strategic priorities/goals, is included in the *Budget Process & Financial Policies* section.

2025 Sources Budget Overview

(Gross Operating Revenues, Debt Issuances & Other, Grants & Contributions, Application of PFCs)

The 2025 Sources Budget totals $9.4B and is comprised of the following:

- **Gross Operating Revenues** Gross Operating Revenues are projected to total $7.1B in 2025 and reflect an increase of $399M, or 6.0% versus the 2024 Gross Operating Revenue Budget.

  This projected Budget-to-Budget growth is driven by: 1) increased Aviation Fee revenues of $170M driven by higher recoverable Operating and Capital costs at the three major airports, in part due to the new airline cost recovery agreements that became effective January 1, 2024; 2) increased rental revenues of $105M resulting from higher activity, scheduled escalations, and more favorable terms in new lease agreements; and, 3) increased PATH fare revenues of $17M driven by an automatic inflation-based fare adjustment of $0.25 effective January 12, 2025 (*authorized by the Board in 2019*) and forecasted ridership growth, which is partially offset by the new reduced fare for PATH riders with a qualifying disability. Bridge and tunnel toll revenues are also projected to increase $113M driven by: 1) an annual automatic inflation-based toll adjustment for autos and trucks (*authorized by the Board in 2019*) which will raise auto peak E-ZPass tolls by $0.43 and truck peak E-ZPass tolls by $0.58 per axle effective January 5, 2025; and, 2) toll adjustments as detailed further below.

  The toll adjustments include an increase of $0.25 for autos, motorcycles, and trucks effective January 5, 2025, as well as additional $0.25 increases above the annual automatic inflation-based toll adjustments for autos, motorcycles, and trucks in each of the next three years. The adjustments preserve lower rates and discounts, including the Staten Island Bridges Plan.

  Two other changes to existing toll rates will affect only 10% to 15% of transactions: 1) to incentivize enrollment in the E-ZPass program by drivers who are not yet enrolled by increasing the TbM rate to a level consistent with the two-way TbM rate charged by the Metropolitan Transportation Authority (“MTA”) at its bridges and tunnels (*$22.38 for autos*); and, 2) to incentivize drivers who have enrolled in the E-ZPass program but whose transponders are not being read by the E-ZPass overhead gantry equipment to ensure proper positioning of their transponders by introducing a new Mid-Tier toll rate for all vehicle classes (*$18.72 for autos*). To give drivers time to plan for the changes and enroll in the E-ZPass program, these changes will not be effective until July 6, 2025. During this period, the Port Authority intends to engage in an intensive communications plan to urge drivers to take action to enroll in E-ZPass and to properly display transponders to take advantage of the lower E-ZPass toll rates.

  Another change would affect less than 0.5% of truck accounts. This change would eliminate the 10% truck volume discount program that is used by truck companies whose trucks make more than 100 off-peak trips in a month. To give drivers time to plan for the change it will not be effective until July 6, 2025.

  Overall, these adjustments are necessary to: 1) address the negative impacts of COVID-19 on the agency’s revenues (*loss of $3B over the 24-month period of March 2020 through March 2022*) and the continuing inflationary impacts on Operating and Capital costs; and, 2) continue to invest in the ambitious Capital agenda for the agency’s tunnel, bridge, terminal, and PATH facilities as laid out in the 2017-2026 Capital Plan.

- **Debt Issuances & Other Sources**[3] are projected to total $1.5B in the 2025 Budget, which includes an assumed $900M of new money Consolidated Bond issuances, $150M in short-term borrowings, and $300M of assumed Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan drawdowns in alignment with the funding strategy and needs of the 2025 Capital Spending Budget.
- **Grants & Contributions**—which includes contributions in aid of construction and grant revenues from various federal aid programs—are projected to total $531M in 2025 and reflect an increase of $48M, or 10% versus the 2024 Grants & Contributions Budget. This projected Budget-to-Budget increase is driven by new grant funding anticipated to be received as part of the Bipartisan Infrastructure Law's Airport Infrastructure Grant ("AIG") program which is partially offset by: 1) the cessation of COVID-19 federal funding in 2024; and, 2) lower Superstorm Sandy reimbursements as certain projects reach completion.
- **Application of Passenger Facility Charges ("PFC")**—which reflects fees collected from passengers utilizing the airports which are then applied to eligible airport Capital projects—are projected to total $309M in 2025 and reflect an increase of $8M, or 2.5% versus the 2024 Application of PFC Budget driven by projected passenger growth.

3 *Other Sources* includes unspent proceeds from previous debt issuances, financial income, and the application of monies from the Consolidated Bond Reserve Fund for purposes of funding Capital investments in Port Authority facilities.

2025 Uses Budget Overview

(Operating Expenses, Capital Spending, Debt Service, Deferred Spending)

The 2025 Uses Budget totals $9.4B and is comprised of the following:

- **Operating Expenses** total $4.1B in 2025. The 2025 Operating Expense Budget provides for *inflationary escalations of $104M, or 2.7%* necessary for the continuity of operations across all facilities.

  An additional *$101M of priority spending* above inflation is included to:

  – *Bolster Safety, Security, & Cybersecurity* adding $32M necessary to ensure the safety and security of the traveling public amidst the escalating threat landscape and to fortify the agency's cybersecurity defenses;

  – *Operate New or Larger Facilities & Assets* adding $21M directly related to: 1) the operation and maintenance of new or expanded facilities, assets, and systems in the agency's portfolio (*such as new airport facilities*); and, 2) PATH train service enhancements to increase train service frequency and capacity;

  – *Provide Temporary Support for Capital Construction* adding $15M to mitigate traffic congestion impacts resulting from Capital construction (these Operating Expenses are fully offset through the 2025 Capital Spending Budget but are recorded as Operating Expenses based on Generally Accepted Accounting Principle ("GAAP) standards); and,

  – *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* adding $33M for increased contractual City Rent payments at the three major airports as a direct result of projected revenue growth as well as to provide resources necessary to address regulatory changes and requirements.

  In total, the 2025 Operating Expense Budget—both the baseline inflationary escalations of $104M plus the additional $101M of priority spending—equates to $205M, or 5.3% increase versus the 2024 Operating Expense Budget.

- **Capital Spending** totals $3.6B in 2025 and continues to advance the agency's core transportation mission and commitment to rebuilding the agency's aging infrastructure with 21st century facilities in alignment with the agency's 2017-2026 Capital Plan.

  The 2025 Capital Spending Budget advances the ongoing transformation of JFK, starts construction on the first phase of the new Midtown Bus Terminal, continues spending on a wholly new AirTrain at EWR, improves reliability and modernizes stations across the PATH system, begins funding for airport ground access initiatives at LGA, and continues advancing the Port Street Corridor Improvement project, to name a few.

- **Debt Service**[4] payments total $1.6B in 2025. The 2025 Debt Service Budget includes principal and interest payments on current outstanding debt that was issued in support of the Capital Plan as well as incremental debt included in the 2025 Plan of Finance in support of the Capital Plan.

4 Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

- **Deferred Spending** for expenditures that are made in the current year but that benefit multiple years—such as vehicle purchases, software/hardware purchases, and investments/renovations in properties leased or owned by the Port Authority—totals $138M in 2025 and reflects an increase of $3M, or 2% versus the 2024 Deferred Spending Budget driven by the purchase of airport EV buses.

Overall, the 2025 Uses Budget ensures that the agency maintains its commitment to high standards of safety, security, cleanliness, and customer experience while continuing to rebuild the agency's aging infrastructure with 21st century facilities designed to enhance customer experience and accommodate future growth.

REVENUES & RESERVES

Pursuant to Port Authority Bond Resolutions

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
	Year ended December 31st			
Gross Operating Revenues*	$6,625,057	$6,695,203	$6,886,852	**$7,093,712**
Operating Expenses*	4,099,569	3,851,939	4,007,975	**4,057,086**
Net Operating Revenues	**$2,525,488**	**$2,843,264**	**$2,878,877**	**$3,036,626**
Contributions in Aid of Construction	225,680	380,363	345,354	**500,711**
Application of PFCs	488,053	301,075	301,927	**308,741**
Financial Income & Other	191,284	157,930	208,810	**160,516**
Tower 4 Liberty Bond Contributions	34,732	34,717	34,720	**34,699**
Grants in Connection with Operating Activities	111,886	104,005	232,990	**32,127**
1 WTC Equity Distribution	(16,193)	–	(11,000)	**(9,719)**
Pass-Through Grant Program Payments	(12,156)	(1,025)	(56,752)	**(1,280)**
Non-Operating Revenues	**$1,023,286**	**$977,065**	**$1,056,049**	**$1,025,795**
Net Revenues Available for Debt Service & Reserves	**$3,548,774**	**$3,820,329**	**$3,934,926**	**$4,062,421**
Interest on Bonds & Other Asset Obligations	1,081,532	1,075,196	1,055,538	**1,029,171**
Debt Maturities & Retirements	478,055	515,545	515,545	**534,060**
Goethals Bridge Replacement DFA	60,392	61,298	61,297	**62,217**
Repayment of Asset Financing Obligations	1,735	1,826	1,826	**21,821**
Subtotal Debt Service to Operations	**$1,621,714**	**$1,653,865**	**$1,634,206**	**$1,647,269**
Interest Expense Incurred During Construction**	127,566	180,000	166,317	**210,789**
Total Debt Service	**$1,749,280**	**$1,833,865**	**$1,800,523**	**$1,858,058**
Revenues After Debt Service & Transfers to Reserves	**$1,799,494**	**$1,986,464**	**$2,134,403**	**$2,204,363**
Direct Investment in Facilities	(943,156)	(2,370,000)	(1,830,400)	**(2,240,800)**
Non-Cash Pension & OPEB Adjustments***	–	(102,470)	(271,990)	**(206,900)**
Non-Cash Fair Value of Investments	87,215	–	69,002	**–**
Change in Accounting Principles****	(24,086)	(25,773)	(25,775)	**(27,579)**
(Decrease) / Increase in Reserves†	**$919,467**	**($511,779)**	**$75,240**	**($270,916)**
Reserve Balances, January 1st*****	$3,888,303	$4,726,483	$4,807,770	**$4,883,010**
Reserve Balances, December 31st †	**$4,807,770**	**$4,214,704**	**$4,883,010**	**$4,612,094**

* Pursuant to Port Authority Bond Resolutions treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements, including subscription-based information technology arrangements.

** Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

*** Non-Cash Pension & Other Post-Employment Benefits ("OPEB") Adjustments reflect actual and projected annual actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" to isolate potential volatility (which could either increase or decrease Operating Expenses as shown above) associated with these valuations. Budget and actual/projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB.

**** Change in Accounting Principles reflects GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," as amended by GASB Statement No. 85 "Omnibus 2017," implemented by the Port Authority as of January 1, 2018.

***** 2025 Budget beginning reserves based on estimates prior to year-end 2024.

† Decrease of Reserve Balances as of December 31st 2025 of ($0.4B) versus the 2024 Estimate is driven by Direct Investment in Facilities in-line with the financing plan for the unusually high Budget-to-Estimate increase in planned Capital Spending as detailed in the *Capital Spending* section below.

2025 TOTAL EXPENDITURE BUDGET ("USES")

($ in thousands)	Operating Expenses	Capital Spending	Debt Service & Deferred Spending	Total Uses
Aviation	$1,092,379	$660,878	$4,902	$1,758,159
PATH	324,186	140,534	–	464,720
Tunnels, Bridges, & Terminals	329,857	128,717	–	458,574
World Trade Center	195,411	38,075	–	233,486
Operation Services	116,354	6,377	86,911	209,642
Port	76,521	43,128	–	119,649
Office of the Chief Operating Officer	13,914	–	–	13,914
Total Line Departments	**2,148,622**	**1,017,709**	**91,813**	**3,258,144**
Engineering	**117,050**	**1,742,305**	**11,755**	**1,871,110**
Port Authority Police Department	673,071	–	883	673,954
Security Operations Department	142,821	16,163	1,915	160,899
Security Operations & Programs	11,277	7,021	–	18,298
Security Business Resource Management	12,684	–	–	12,684
Preparedness, Intelligence, & Inspections	11,512	–	–	11,512
Office of the Chief Security Officer	10,573	–	–	10,573
Total Security Departments	**861,938**	**23,184**	**2,798**	**887,920**
Major Capital Projects	**11,615**	**504,959**	**–**	**516,574**
Technology Department	**123,046**	**1,799**	**31,494**	**156,339**
Treasury	15,683	–	–	15,683
Comptrollers'	15,523	–	–	15,523
Management & Budget	6,324	–	–	6,324
Financial Planning	3,397	1,252	–	4,649
Storm Mitigation & Resilience	4,480	–	–	4,480
Office of the Chief Financial Officer	3,748	–	–	3,748
Total Finance Departments	**49,155**	**1,252**	**–**	**50,407**
Inspector General	20,449	19,586	–	40,035
Audit	13,218	2,756	–	15,974
Total Inspector General	**33,667**	**22,342**	**–**	**56,009**
Total General Counsel & Ethics	**37,193**	**13,919**	**–**	**51,112**
Human Resources	27,467	–	–	27,467
Labor Relations	3,222	–	–	3,222
Chief Human Capital Officer	1,166	–	–	1,166
Total Human Capital	**31,855**	**–**	–	**31,855**
Project Management Office	–	8,650	–	8,650
Office of Sustainability	7,042	–	–	7,042
Real Estate	5,627	–	–	5,627
Planning & Regional Development	5,236	–	–	5,236
Office of the Chief Development Officer	2,135	–	–	2,135
Office of Continuous Improvement	1,420	–	–	1,420
Total Development Departments	**21,460**	**8,650**	**–**	**30,110**
Procurement	**16,962**	**2,121**	**–**	**19,083**
Marketing	8,186	–	–	8,186
Media Relations	3,148	–	–	3,148
PA Studio	1,796	–	–	1,796
Office of the Chief Communication Officer	1,796	–	–	1,796
Total Communication Departments	**14,926**	**–**	**–**	**14,926**
Chief Health & Safety Officer	**13,830**	**3,334**	**–**	**17,164**
Office of Diversity, Equity & Inclusion	**10,299**	**782**	**–**	**11,081**
Office of the Secretary	**6,938**	**–**	**–**	**6,938**
Intergovernmental Affairs	**4,852**	**372**	**–**	**5,224**
Executive Director	**2,254**	**–**	**–**	**2,254**
Chief Gateway Office	**285**	**–**	**–**	**285**
Debt Service	–	210,789	1,647,269	1,858,058
Municipal Rents & PILOTs	420,111	–	–	420,111
Purchased & Self Insurance	192,076	27,539	–	219,615
Corporate Allocations	(61,048)	–	–	(61,048)
Total Corporate	**551,139**	**238,328**	**1,647,269**	**2,436,736**
Total Budget Uses	**$4,057,086**	**$3,581,056**	**$1,785,129**	**$9,423,271**

Budget Details

PONYNJ, the second-busiest seaport in the nation, is the gateway to one of the largest consumer markets in the country, providing a competitive edge to get goods to the consumers quickly.

SOURCES & USES OF FUNDS

Unlike similar agencies that operate and maintain critical infrastructure, the Port Authority is a self-funded agency with no power to levy taxes or assessments and receives no tax revenue from the states of New York or New Jersey. Accordingly, the Port Authority raises the necessary funds (“Sources”) for the operation, improvement, construction, or acquisition of its facilities (“Uses”) primarily upon the basis of its own credit, including through the issuance of Consolidated Bonds backed by its revenues.

The Port Authority’s revenues are derived principally from the tolls, fares, takeoff and landing fees, dockage fees, rentals, and other charges for the use of, and privileges at, certain Port Authority facilities. The Port Authority works aggressively to generate maximal revenues from non-toll and non-fare sources and has succeeded, with approximately 65% of its projected 2025 Gross Operating Revenues coming from non-toll and non-fare sources. Certain Port Authority facilities operate at a deficit, and do not generate surplus revenue or are non-revenue producing to the Port Authority.

As a matter of fiscal discipline, the agency ensures that its Sources of Funds equals its Uses of Funds to maintain a balanced Budget. Sources of funds for the 2025 Budget are projected to total $9.4B.

Sources of Funds

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Gross Operating Revenues	$6,625,057	$6,695,203	$6,886,852	**$7,093,712**
Debt Issuances & Other Sources*	387,946	1,779,818	854,395	**1,489,260**
Grants & Contributions	325,410	483,343	521,592	**531,558**
Application of PFCs	488,053	301,075	301,927	**308,741**
Total	**$7,826,466**	**$9,259,439**	**$8,564,766**	**$9,423,271**

* *Other Sources* includes unspent proceeds from prior years' bond issuances, financial income, Tower 4 Liberty Bonds, and the application of monies from the Consolidated Bond Reserve Fund for purposes for funding capital investments in the Port Authority’s facilities.

Uses of funds for the 2025 Budget total $9.4B to fund investments that ensure the Port Authority maintains its commitment to high standards of safety, security, cleanliness, and customer experience while continuing to rebuild the agency’s aging infrastructure with 21st century facilities.

Uses of Funds

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Operating Expenses†	$4,099,569	$3,851,939	$4,007,975	**$4,057,086**
Capital Spending*	2,040,211	3,619,001	2,826,475	**3,581,056**
Debt Service to Operations**	1,621,714	1,653,865	1,634,206	**1,647,269**
Deferred Spending	64,972	134,634	96,110	**137,860**
Total	**$7,826,466**	**$9,259,439**	**$8,564,766**	**$9,423,271**

* The 2024 Capital Spending Budget and the 2025 Capital Spending Budget excludes Capital Project-related expenditures that are included in the Capital Plan but due to GAAP are required to be included as Operating Expenses of ($17M) and ($26M), respectively.

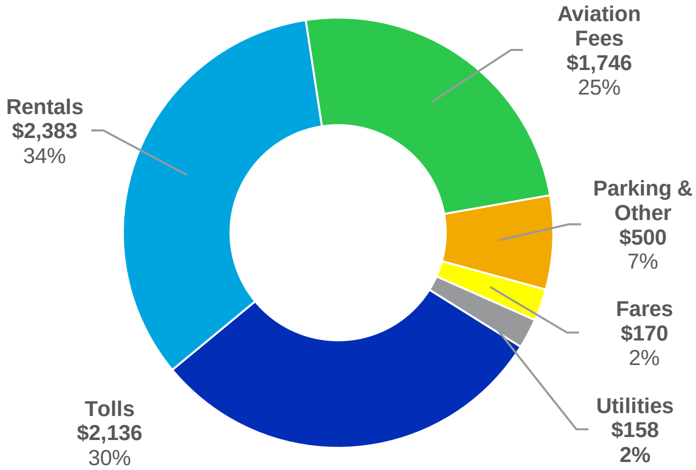
** Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period.” This GASB provision requires that the Port Authority account for interest expense forecasted during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency’s Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

† Operating Expense Budget and Estimates excludes Non-Cash Pension & OPEB Adjustments pursuant to GASB Statement No. 75 “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions” and per GASB Statement No. 68 “Accounting and Financial Reporting for Pensions” to isolate potential volatility (which could either increase or decrease Operating Expenses as shown above) associated with these valuations.

GROSS OPERATING REVENUES

The projected 2025 Gross Operating Revenue Budget totals $7.1B and reflects a projected increase of $399M, or 6.0% versus the 2024 Gross Operating Revenue Budget.

2025 GROSS OPERATING REVENUE BUDGET BY CATEGORY
($ in millions)



This projected Budget-to-Budget growth is driven by: 1) increased Aviation Fee revenues of $170M as a result of higher recoverable Operating and Capital costs, in part due to the new airline cost recovery agreements; 2) increased rental revenues of $105M resulting from higher projected activity, scheduled escalations, and more favorable terms in new lease agreements; and, 3) increased PATH fare revenues of $17M driven by an automatic inflation-based fare adjustment of $0.25 (*authorized by the Board in 2019*) and forecasted ridership growth, which is partially offset by a new reduced fare for PATH riders with a qualifying disability.

Bridge and tunnel toll revenues are also projected to increase $113M driven by: 1) an annual automatic inflation-based toll adjustment for autos and trucks (*authorized by the Board in 2019*) which will raise auto peak E-ZPass tolls by $0.43 and truck peak E-ZPass tolls by $0.58 per axle effective January 5, 2025; and, 2) toll adjustments as detailed further below.

2025 Gross Operating Revenue Budget by Category & Business Segment

($ in thousands)	Total	TB&T	PATH	Aviation	Port	WTC	Other*
Rentals	$2,383,428	$39,339	$9,210	$1,675,128	$280,167	$364,683	$14,901
Bridge & Tunnel Tolls	2,135,888	2,135,888	–	–	–	–	–
Aviation Fees	1,746,453	–	–	1,746,453	–	–	–
Parking & Other	500,326	4,961	3,189	333,270	114,733	30,711	13,462
PATH Fares	169,566	–	169,566	–	–	–	–
Utilities	158,051	1,713	164	130,745	1,876	20,972	2,581
Total	**$7,093,712**	**$2,181,901**	**$182,129**	**$3,885,596**	**$396,776**	**$416,366**	**$30,944**

* *Other* includes the agency's Development facilities and Gateway Development Commission ("GDC") reimbursements for agency construction support services of the new Hudson River Tunnel Core and Shell project in alignment with the Support or Executing Party Agreement ("SEP").

- **Rentals**—which are derived from fixed and percentage rental agreements with tenants operating at agency facilities—reflect a projected increase of $105M, or 5% versus the 2024 Budget driven by: 1) activity-driven increases across the airports and seaports; 2) new or adjusted lease agreements with more favorable terms, particularly at the airports and seaports; and, 3) scheduled contractual increases. These projected increases are partially offset by lower forecasted activity at the WTC Observation Deck.

  Rental projections are developed by Port Authority staff based on contractual rental terms and agreements, including assumptions regarding new or renewed leases, if any.

- **Bridge & Tunnel Tolls** reflect a projected increase of $113M, or 6% versus the 2024 Budget driven by: 1) an annual automatic inflation-based toll adjustment for autos and trucks (*authorized by the Board in 2019*) which will raise auto peak E-ZPass tolls by $0.43 and truck peak E-ZPass tolls by $0.58 per axle effective January 5, 2025; and, 2) toll adjustments as detailed further below.

The toll adjustments include an increase of $0.25 for autos, motorcycles, and trucks effective January 5, 2025, as well as additional $0.25 increases above the annual automatic inflation-based toll adjustments for autos, motorcycles and trucks in each of the next three years. The adjustments preserve lower rates and discounts, including the Staten Island Bridges Plan.

Two other changes to existing toll rates affect only 10% to 15% to: 1) incentivize enrollment in the E-ZPass program by drivers who are not yet enrolled by increasing the TbM rate to a level consistent with the two-way TbM rate charged by the MTA at its bridges and tunnels (*$22.38 for autos*); and, 2) incentivize drivers who have enrolled in the E-ZPass program but whose transponders are not being read by the E-ZPass overhead gantry equipment to ensure proper positioning of their transponders by introducing a new Mid-Tier toll rate for all vehicle classes (*$18.72 for autos*). To give drivers time to plan for the changes and enroll in the E-ZPass program, these changes will not be effective until July 6, 2025. During this period, the Port Authority intends to engage in an intensive communications plan to urge drivers to take action to enroll in E-ZPass and to properly display transponders to take advantage of the lower E-ZPass toll rates.

Another change would affect less than 0.5% of truck accounts. This change would eliminate the 10% truck volume discount program that is used by truck companies whose trucks make more than 100 off-peak trips in a month. To give drivers time to plan for the change this change it will not be effective until July 6, 2025.

These adjustments are necessary to: 1) address the negative impacts of COVID-19 on the agency's revenues (loss of $3B over the 24-month period of March 2020 through March 2022) and the continuing inflationary impacts on Operating and Capital costs; and, 2) continue to invest in the ambitious Capital agenda for the agency's tunnel, bridge, terminal, and PATH facilities as laid out in the 2017-2026 Capital Plan.

Bridge and tunnel toll projections are developed by Port Authority staff based on a common set of econometric variables that feeds into proprietary modeling of bridge and tunnel vehicle activity (see Departmental Budget Summary sections for Activity Volume assumptions and trends).

- **Aviation Fees**—which are comprised of: 1) flight fee cost recovery revenues from airlines operating at the agency's three major airports; 2) AirTrain fares; and, 3) Airport Ground Transportation Access Fees ("Access Fees") for for-hire-vehicles ("FHV") and taxis—reflect a projected increase of $170M, or 11% versus the 2024 Budget.

  This projected Budget-to-Budget increase is driven by: 1) higher recoverable costs in-line with the 2025 Aviation Budget Uses; and, 2) higher AirTrain fare and airport Access Fee revenues driven by higher projected activity.

  Aviation Fee projections are developed by Port Authority staff based on a number of factors, including: 1) contractual flight fee cost recoveries in alignment with the Aviation Budget Uses; and, 2) proprietary modeling of aviation passenger activity (see Aviation's Departmental Budget Summary Activity Volume section for assumptions and trends) for Access Fee and AirTrain fare revenues.

- **Parking & Other Fees**—which are derived from public and tenant parking, Port activity fees, WTC tenant service fees, and various other fees such as third-party reimbursements—reflect a projected decrease of ($14M), or (3%) versus the 2024 Budget. This projected Budget-to-Budget decrease is driven by: 1) lower aviation parking revenues as a result of fewer passengers projected to park at the airports, instead arriving at the airports in another manner, in part due to disruptions resulting from the ongoing Redevelopment programs; and, 2) a reduction in available revenue-producing public parking spaces at the Port Authority Bus Terminal ("PABT") which will be used to support construction efforts for the Midtown Bus Terminal replacement program.

This projected Budget-to-Budget decrease is partially offset by incremental Gateway Development Commission (“GDC”) reimbursements for agency construction support services of the new Hudson River Tunnel Core and Shell project in alignment with the Support or Executing Party Agreement (“SEP”).

Parking & Other Fee projections are developed by Port Authority staff based on a number of factors including: 1) contractual reimbursement agreements with various third parties in alignment with certain Operating Expense projections; and, 2) proprietary modeling of activity-driven parking and Port activity fees (see Departmental Budget Summary sections for Activity Volume assumptions and trends).

- **PATH Fares** reflect a projected increase of $17M, or 11% versus the 2024 Budget. This projected Budget-to-Budget increase is driven by: 1) a scheduled automatic inflation-based PATH fare adjustment of $0.25 (*authorized by the Board in 2019*); and, 2) projected ridership growth. These projected increases are partially offset by a new reduced fare for PATH riders with a qualifying disability.

  Pursuant to the September 2019 Board action on PATH fares, an automatic inflation-based fare adjustment was triggered because the cumulative increase of CPI since September 2021 was greater than $0.25. As such, a $0.25 adjustment is scheduled for implementation on January 12, 2025 which will increase the Single Ride Fare from $2.75 to $3.00. The Single Ride Fare was last adjusted in October 2014, more than a decade ago. All existing multi-trip and discounted fares will be maintained with appropriate adjustments.

  The new reduced fare program is for riders with qualifying disabilities. Riders who qualify under this program would pay the same reduced fare rate as a senior citizen, or $1.50 per ride, effective once the new TAPP “tap-and-go” fare system is fully operational, which is estimated for Summer 2025.

  PATH Fare projections are developed by Port Authority staff based on a common set of econometric variables that feeds into proprietary modeling of PATH ridership activity (see Departmental Budget Summary sections for Activity Volume assumptions and trends).

- **Utilities**—which are derived from the resale of electricity, water, steam, and other fuels—reflect a projected increase of $8M, or 5% versus the 2024 Budget. This projected Budget-to-Budget increase is driven by higher projected recoverable utility expenses resulting from higher projected energy prices.

  Utility projections are developed by Port Authority staff in alignment with contractual tenant cost recovery agreements across certain Port Authority facilities.

Gross Operating Revenue Category Descriptions

Aviation Fees Amounts derived from various cost recovery formulas contained in agreements with airlines operating at the Port Authority's three major airports based on the Port Authority's Operating Expenses and Capital Spending. These fees include Flight Fees, Landing Fees, Monorail Fees, Fuel Service Fees, and Federal Inspection Fees.

This category also includes AirTrain fares and the Airport Ground Transportation Access Fee which is assessed on FHV trips (both pick-ups and drop-offs) and taxi trips (only pick-ups) accessing the airports.

Parking & Other Amounts derived from hourly or daily fee rates for the use of public and tenant parking lots.

This category also includes various other fees such as Port Cargo Facility Charges ("CFC") which are paid by ocean carriers to reimburse Port Authority investments in eligible intermodal transportation and road capacity projects at the seaports, Port dockage and wharfage fees which are tariffs charged for use of public berths, One WTC Tenant Service Recoveries which reimburse the Port Authority for services provided to tenants, and the full reimbursement by the GDC to the Port Authority for agency-incurred Operating Expenses associated with construction support services of the new Hudson River Tunnel Core and Shell project, amongst others.

Rentals Amounts charged for the use of space at various Port Authority facilities. There are two primary types of rentals: 1) fixed rentals, which are fixed monthly amounts stipulated in tenant lease agreements; and, 2) percentage and variable rentals, which are based on certain types of revenue producing activities.

Tolls Amounts generated from tolls collected at the Port Authority's six vehicular bridge and tunnel crossings.

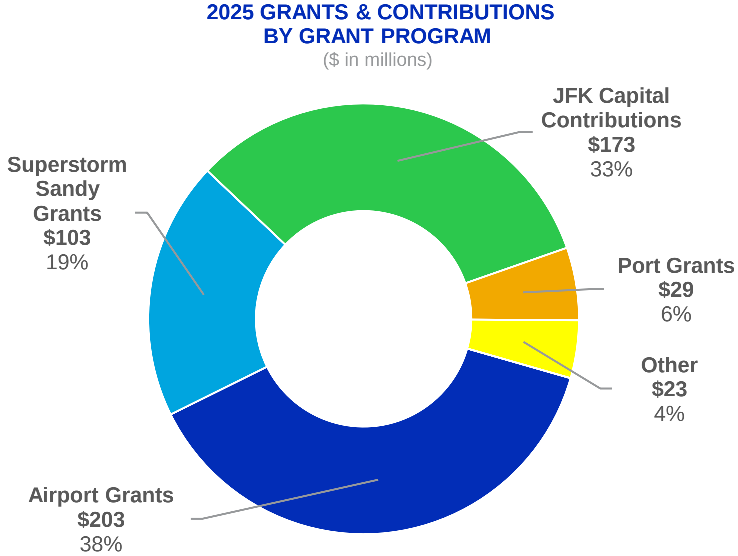
Fares Amounts generated from fares charged to riders using the PATH mass transit system.

Utilities Amounts derived from the resale of electricity, water, steam, and other fuels to tenants based on consumption levels.

GRANTS & CONTRIBUTIONS

The 2025 Grants & Contributions Budget—which includes contributions in aid of construction and grants in connection with operating activities from various federal aid programs—totals $531M in 2025 and reflects an increase of $48M, or 10% versus the 2024 Grants & Contributions Budget.

This Budget-to-Budget increase is driven by new grant funding anticipated to be received as part of the Bipartisan Infrastructure Law's Airport Infrastructure Grant ("AIG") program which is partially offset by: 1) the cessation of COVID-19 federal funding in 2024; and, 2) lower Superstorm Sandy reimbursements as certain projects reach completion.



2025 Grants & Contributions Budget by Grant Program

($ in thousands)	2023 Actual	2024 Budget*	2024 Estimate	2025 Budget
Airport Grants	$26,174	$22,277	$33,648	**$203,355**
Superstorm Sandy Grants	101,204	157,681	129,414	**102,791**
JFK Capital Contributions	77,726	176,210	167,661	**173,060**
Port Grants	6,994	25,641	27,994	**29,313**
Other Grants & Contributions	56,760	25,335	28,330	**23,039**
COVID-19 Federal Funding	56,552	76,199	134,545	–
Total	**$325,410**	**$483,343**	**$521,592**	**$531,558**

* 2024B restated to exclude reimbursements for Tower 4 Liberty Bond principal and interest debt service payments, which is now reflected in Debt Issuances & Other Sources.

- **Airport Grants**—which include AIG grants as well as Federal Aviation Administration ("FAA") Noise Compatibility and Airport Improvement Programs ("AIP") grants—reflect an increase of $181M versus the 2024 Budget driven by new funding anticipated to be received through the AIG program for various runway and taxiway rehabilitation projects across the airports.

- **Superstorm Sandy Grants**—which includes Federal Emergency Management Agency ("FEMA") and Federal Transit Authority ("FTA") funding—reflect a decrease of ($55M), or (35%) versus the 2024 Budget as a portion of the portfolio of Superstorm Sandy projects wind-down as they reach completion.

- **JFK Capital Contributions**—which includes payments from developers to be received as part of their contractual contributions in aid of construction in addition to other stakeholder construction reimbursements—reflect a decrease of ($3M), or (2%) versus the 2024 Budget driven by the timing of accounting recognition of planned contractual contributions from developers.

- **Port Grants**—which includes various grants in support of construction and maintenance activities at the agency's ports and marine terminals—reflect an increase of $3M, or 14% versus the 2024 Budget driven by: 1) a new grant award in support of Port Newark's Port Street Corridor Improvement Program; and, 2) incremental United States Army Corps of Engineers' Harbor Maintenance Tax funds for Port maintenance dredging.

- **Other Grants & Contributions** reflect a decrease of ($2M), or (9%) versus the 2024 Budget driven by the wind-down of the Cross Harbor Freight Movement Program Environmental Impact Statement (“EIS”) and Economic Development Administration (“EDA”) grants.

Grants & Contributions Category Descriptions

Airport Grants Multiple airport-related grants, including: 1) the Bipartisan Infrastructure Law's AIG program for investments to modernize airports; and, 2) FAA grants in support of the nation's airport and airspace systems, primarily for airport Noise Compatibility Program projects that aim to mitigate noise in communities surrounding airports and the AIP grants for airport planning and development.

COVID-19 Federal Funding Federal relief funding provided through FEMA and three legislative Acts to aid in the agency's recovery from the COVID-19 pandemic.

JFK Capital Contributions Fixed contributions to be received in relation to the JFK New Terminal One ("NTO") Developers and other third-party stakeholders for improvements to various assets such as roadways, parking lots, and AirTrain stations.

Other Grants & Contributions Various grants and contributions from third parties, including: 1) multiple federal risk management grant programs that support programs and activities that protect critical surface transportation infrastructure and the travelling public from acts of terrorism, major disasters, and other emergencies; 2) contributions related to the agency's development of the WTC campus; and, 3) various other smaller grants and contributions.

Port Grants Various grants in support of the agency's ports and marine terminals, including: 1) Federal Highway Administration ("FHWA") funding for the Cross Harbor Freight Movement Program EIS at Greenville Yard; 2) EDA grants to ensure present and future generations of large commercial vessels can be accommodated at the agency's ports; and, 3) Harbor Maintenance Tax funds provided through the United States Army Corps of Engineers for harbor maintenance, such as dredging and pier rehabilitation.

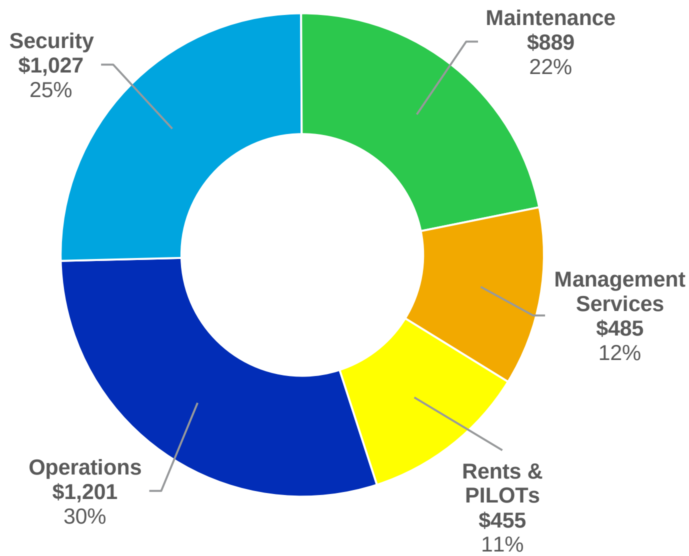
Superstorm Sandy Grants FEMA and FTA grant funding for eligible expenses related to the emergency response, recovery, and restoration of the Port Authority's infrastructure following the substantial damage incurred after Superstorm Sandy in 2011.

OPERATING EXPENSES

Operating Expenses

The 2025 Operating Expense Budget totals $4.1B and includes *inflationary escalations of $104M, or 2.7%* versus the 2024 Operating Expenses Budget to invest in the agency's key priority areas—including operational excellence, safety and security, climate, resiliency, and sustainability, innovation, cyber security, and customer experience—that has been allocated based on Departmental need.

2025 OPERATING EXPENSE BUDGET BY CATEGORY
($ in millions)



An additional *$101M of priority spending* above inflation is included to:

1. *Bolster Safety, Security, & Cybersecurity* adding $32M necessary to ensure the safety and security of the traveling public amidst the escalating threat landscape and fortify the agency's cybersecurity defenses;
2. *Operate New or Larger Facilities & Assets* adding $21M directly related to: 1) the operation and maintenance of new or expanded facilities, assets, and systems in the agency's portfolio (*such as its new airports*); and, 2) PATH train service enhancements to increase frequency and capacity;
3. *Provide Temporary Support for Capital Construction* adding $15M to mitigate traffic congestion impacts resulting from Capital construction[5]; and,
4. *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* adding $33M for increased contractual City Rent payments at the three major airports as a direct result of projected revenue growth as well as to provide incremental resources necessary to address regulatory changes and requirements.

In total, the 2025 Operating Expense Budget—both the baseline inflationary escalations of $104M plus the additional $101M of priority spending—equates to $205M, or 5.3% increase versus the 2024 Operating Expense Budget.

[5] *These Operating Expenses are fully offset through the 2025 Capital Spending plan but due to GAAP are required to be included as Operating Expenses*

2025 Operating Expense Budget by Category & Business Segment

($ in thousands)	Total	TB&T	PATH	Aviation	Port	WTC	Allocated & Other
Operations	**$1,200,997**	$202,825	$182,831	$668,207	$33,323	$90,287	$23,524
Security	**$1,026,639**	215,755	87,668	569,610	35,019	87,469	31,118
Maintenance	**$889,024**	155,924	177,142	373,986	58,637	100,414	22,921
Management Services	**$484,858**	39,770	47,628	93,441	36,254	26,169	241,596
Rents & PILOTs	**$455,568**	4,651	1,631	339,792	25,070	68,231	16,193
Total	**$4,057,086**	**$618,925**	**$496,900**	**$2,045,036**	**$188,303**	**$372,570**	**$335,352**

- **Operations**—which provides ongoing funding for facility operations, utilities, customer care, revenue collection, property and liability insurance, and AirTrain, shuttle bus, parking lot, and taxi dispatch operations, amongst others—reflects an increase of $70M, or 6% versus the 2024 Operating Expense Operations Budget. This Budget-to-Budget increase includes *inflationary escalations of $35M* and additional *priority spending above inflation of $35M*.

  The additional *$35M of priority spending* above inflation *(of the agency's total $101M priority spending)* is provided to:

  – *Operate New or Larger Facilities & Assets* of $17M including PATH train service enhancements, the completion of PATH's "tap-and-go" fare payment system, and the operation and maintenance of newly opened airport terminals as well as the bridges' and tunnels' open road all-electronic tolling ("AET") system maintenance contract and E-ZPass and TbM CSC;

  – *Provide Temporary Support for Capital Construction* of $12M driven by construction activities associated with the Airport Redevelopment programs, particularly at JFK; and,

  – *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $7M to address new PATH Federal Railroad Administration ("FRA") certification requirements and provide for increased contractual EWR Terminal A concessions management fees as a direct result of revenue growth.

- **Security**—which funds police, civilian, and cybersecurity investments—reflects an increase of $61M, or 6% versus the 2024 Operating Expense Security Budget. This Budget-to-Budget increase includes *inflationary escalations of $26M* and additional *priority spending above inflation of $35M*.

  The additional *$35M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to:

  – *Bolster Safety & Security* of $32M to address the evolving threat landscape and enhance the agency's cybersecurity program; and,

  – *Provide Temporary Support for Capital Construction* of $3M to provide for PAPD traffic mitigation initiatives.

- **Maintenance**—which provides ongoing maintenance of property, facilities, and equipment—reflects an increase of $18M, or 2% versus the 2024 Operating Expense Maintenance Budget. This Budget-to-Budget increase includes *inflationary escalations of $12M* and additional *priority spending above inflation of $6M*.

  The additional *$6M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to:

  – *Operate New or Larger Facilities & Assets* of $4M to provide for increased maintenance routines associated with PATH train service enhancements; and,

- *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $2M to address new PATH FRA and Aviation FAA requirements.

- **Management Services**—which provides ongoing corporate support and oversight, technology and communication services, and self-insurance—reflects an increase of $31M, or 6% versus the 2024 Operating Expense Management Services Budget. This Budget-to-Budget increase includes *inflationary escalations of $22M* and additional *priority spending above inflation of $9M.*

  The additional *$9M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to:

  - *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $8.5M for fully reimbursable agency construction support services and address new or enhanced PATH FRA and Aviation FAA requirements; and,

  - *Provide Temporary Support for Capital Construction* of $0.5M to provide alternative shuttle bus transportation during the 25-day Hoboken Station closure in February to facilitate necessary work associated with the PATH Forward improvement program.

- **Rents & PILOTs**—which funds payments to governmental agencies and other landlords in return for the use of land, buildings, offices, or other property in alignment with contractual lease terms—reflect an increase of $25M, or 6% versus the 2024 Operating Expense Rents & PILOTs Budget. This Budget-to-Budget increase includes *inflationary escalations of $9M* and additional *priority spending above inflation of $16M*.

  The additional *$16M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* for increased contractual City Rent payments to the cities of Newark and New York as a direct result of projected revenue growth at the three major airports.

Operating Expense Category Descriptions

Allocated & Other Costs for Staff Department and development expenses allocated to facilities' Operating Expense and Capital Spending Budgets in accordance with the agency's allocation policies.

Maintenance Costs incurred to keep property, facility structures, and equipment operating at a high level of performance. Activities include electrical, general maintenance (including for elevators and escalators, tunnel pumps, automotive maintenance, and servicing, etc.), inspections, mechanical, janitorial/grounds keeping, and snow and ice removal.

Management Services Costs incurred for functions that support facility business operations as well as agency-wide management, including corporate costs related to agency oversight and support and Departmental management.

Operations Costs incurred for facility operations, including utilities, PATH train operations and railcar and signal system inspections, customer care representatives, revenue collection contracts, insurance, and AirTrain, shuttle bus, parking lot, and taxi dispatch operations.

Rents & Payments in Lieu of Taxes ("PILOT") Payments to governmental agencies and other landlords in return for the use of land, buildings, offices, or other property.

Security Costs incurred—both police and civilian—to provide safe and secure facilities by maintaining vigilance for potential threats and investing in infrastructure and new technology (including cybersecurity).

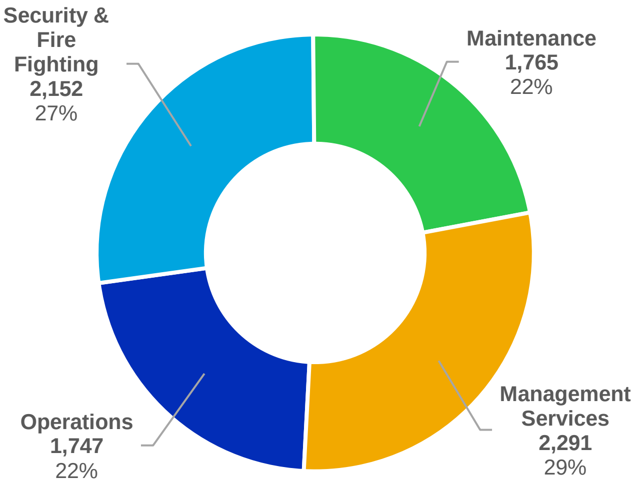
AUTHORIZED POSITIONS

The 2025 Budget holds the agency's authorized headcount flat to 2024 authorized levels of 7,955 represented and non-represented positions.

Nearly 70% of the agency's workforce are represented employees of various collective bargaining units, all of which support the agency's core operations, maintenance, policing, and airport rescue and firefighting activities.

The balance are the agency's non-represented employees that represent approximately 30% of the agency's workforce. These employees support day-to-day operations across all business functions, including management and advisory, supervisory, technical, engineering, and administrative support roles.

2025 AUTHORIZED POSITIONS BY FUNCTION



These positions support both the Operating Expense and Capital Spending Budgets and are allocated according to the type of work being performed.

Category	2023 Budget*	2024 Budget*	2025 Budget
Total Authorized Positions	**7,955**	**7,955**	**7,955**
Airport Redevelopment	76	81	**132**
PATH New Fare Payment System	13	13	**13**
PATH Fare Evasion Program	–	7	**21**
PATH Forward (19) & Other Capital	–	–	**23**
Trades Helper & EV Infrastructure Programs	–	19	**19**
Agile Maintenance Cadre & Temp. Snow Staff	–	–	**41**
PABT Redevelopment	–	–	**6**
CSO EWR Terminal A Compliance	–	1	**1**
Total Temporary, Project-Based Positions	**89**	**121**	**256**

* Reflects reallocation between Departments.

Authorized Positions Category Descriptions

Maintenance Employees that keep the agency's facilities performing at a high level of service, including: 1) daily maintenance activities, such as preventative maintenance; 2) craft-based maintenance programs to ensure the structural integrity of the agency's assets, including code and regulatory compliance; and, 3) emergency response.

Management Services Employees that support business operations and Capital program delivery, including: 1) strategic business and transportation planning; 2) revenue program management; 3) oversight and implementation of contractual agreements; 4) Department-wide administrative services; and, 5) facility management and Departmental oversight, including financial services and analyses.

Operations Employees that ensure facilities are operating at high level of performance and provide an exemplary customer experience.

Security & Airport Rescue Fire Fighting Uniformed employees in PAPD and aviation Aircraft Rescue and Firefighting ("ARFF") Departments to provide safe and secure facilities and emergency preparedness to protect the region and those who traverse it.

BOARD OF COMMISSIONERS

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.

CHAIRMAN
KEVIN J. O'TOOLE
Managing Partner
O'Toole/Scrivo, LLC

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

J. CHRISTIAN BOLLWAGE
Mayor
City of Elizabeth, New Jersey

LEECIA EVE
Partner
Ichor Strategies

ELIZABETH R. FINE
Commissioner

WINSTON C. FISHER
Partner, Fisher Brothers
CEO, AREA15

GEORGE HELMY
Executive Vice President, Chief External Affairs and Policy Officer
RWJBarnabas Health

JOSEPH KELLEY
Partner
CHA Partners, Inc.

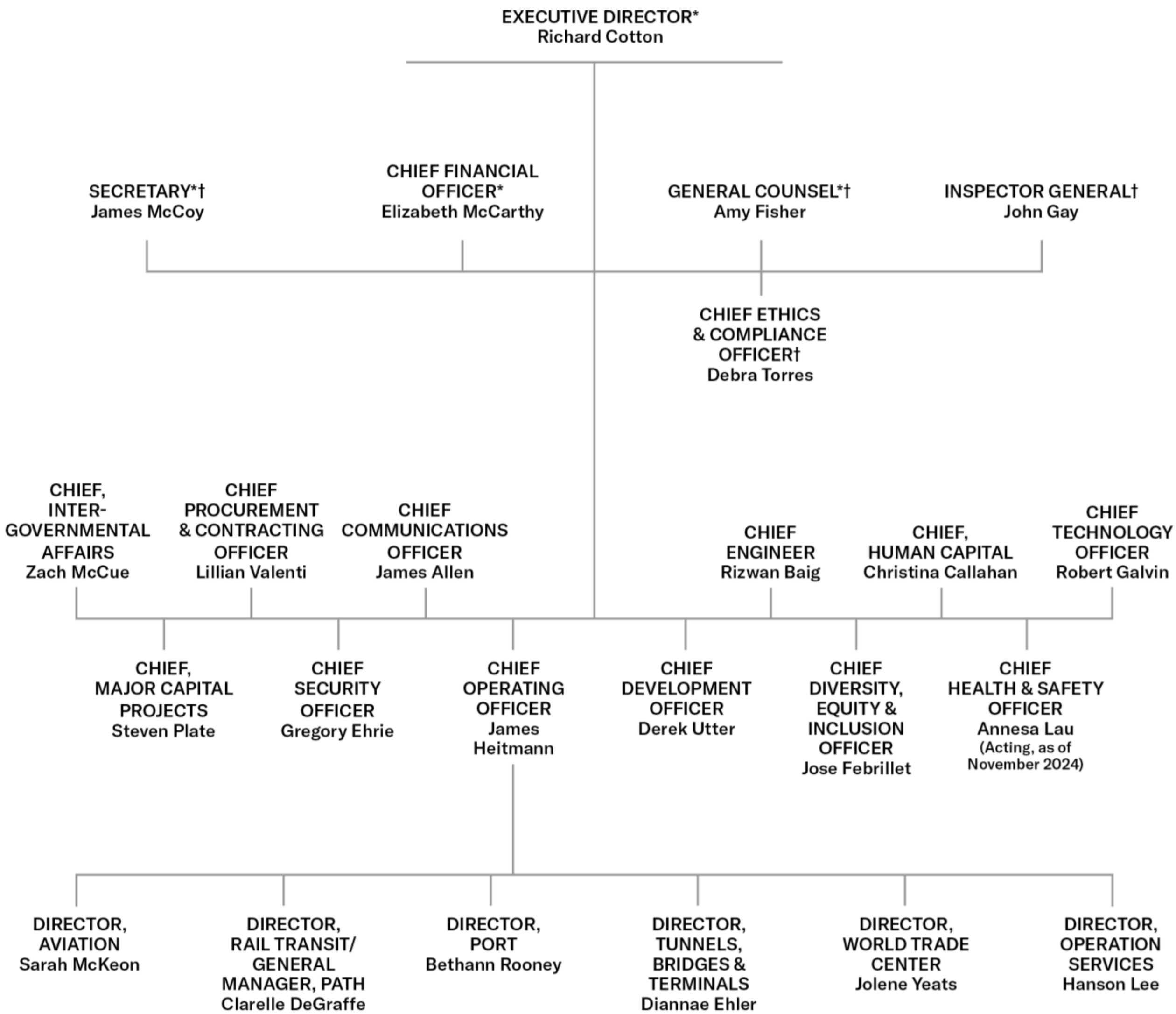
GARY LABARBERA
President
Building and Construction Trades Council of Greater New York

KEVIN P. MCCABE
Partner
River Crossing Strategy Group

MICHELLE E. RICHARDSON
Executive Director
Hudson County Economic Development Corporation

ROSSANA ROSADO
Commissioner
NYS Division of Criminal Justice Services

OFFICERS & EXECUTIVE MANAGEMENT



* Positions reflect Officers of the Port Authority. In addition to those listed here, pursuant to the Port Authority's By-Laws, the following also serve as Officers of the Port Authority: 1) a Chairman (Kevin J. O'Toole); 2) a Vice Chairman (Jeffrey Lynford); 3) a Deputy Executive Director (Vacant); 4) a Comptroller (Daniel McCarron); and, 5) a Treasurer (Sherien Khella)

† Also has reporting line to the Board of Commissioners

CAPITAL SPENDING

The 2025 Capital Spending Budget totals $3.6B and continues to advance the agency's core transportation mission and commitment to rebuilding the agency's aging infrastructure with 21st century facilities in alignment with the agency's 2017-2026 Capital Plan.

Funding is included to advance a number of significant projects, including substantial investments in JFK Redevelopment to transform the airport into a unified, world-class international gateway, planning and initial construction efforts for the new Midtown Bus Terminal, continued spending to build a wholly new AirTrain at EWR, investments in PATH's railcar fleet and track infrastructure to reduce delays and improve reliability, and the continuation of major construction on the Port Street Corridor improvement project at Port Newark, to name a few.

Capital Spending by Line Department*

($ in thousands)	2023 Actual	2024 Budget†	2024 Estimate	2025 Budget†
Aviation	$939,584	$1,914,502	$1,584,629	**$2,072,063**
Tunnels, Bridges, & Terminals	543,544	1,001,567	646,806	**960,089**
PATH	381,577	460,370	398,828	**338,481**
Port	52,844	120,992	83,314	**133,927**
World Trade Center***	105,055	121,570	111,146	**73,996**
Gateway	17,607	–	1,752	**2,500**
Total**	**$2,040,211**	**$3,619,001**	**$2,826,475**	**$3,581,056**

* Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense forecasted during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

** Capital Spending Budget funding sources includes Consolidated Bonds, Variable Rate Master Notes, Consolidated Bond Reserve Funds, PFCs, and Contributions in Aid of Construction.

*** World Trade Center Capital Spending includes investments for PATH's WTC Station.

† The 2024 Capital Spending Budget and the 2025 Capital Spending Budget excludes Capital Project-related expenditures that are included in the Capital Plan but due to GAAP are required to be included as Operating Expenses of ($17M) and ($26M), respectively.

The 2025 Capital Spending Budget builds on the significant milestones that the agency achieved for the Capital Plan in 2024, including:

- At the airports, JFK saw the steel topping-off at the new Terminals 1 and 6, the start of construction for a Terminal 8 concessions overhaul, and the groundbreaking of a complete rebuild of a much simpler on-airport roadway network. The substantially completed "A Whole New LGA" and the new EWR Terminal A both received global recognition in 2024 as extraordinary aviation facilities. Plans advanced to replace AirTrain EWR with a wholly new, modern, and reliable AirTrain system. Furthermore, funding was approved for the construction of a new publicly accessible entry point to the EWR Airport Rail Station which will improve airport accessibility for underserved Newark and Elizabeth neighborhoods. The EWR Vision Plan was also unveiled, providing a wide-ranging blueprint setting the course for the airport's continued development over the coming decades with modern terminals and infrastructure, a more intuitive roadway network, and a redesigned taxiway network.

- At the bridges and tunnels, the agency's ambitious $2B "Restoring the George" program continued with significant construction progress. The replacement of each of the bridge's 592 steel suspender cables is nearing completion with just two dozen cables anticipated to be completed in 2025 and work to rehabilitate the underside of the lower level was initiated. Additionally, significant progress was made to advance the new world-class Midtown Bus Terminal with Board authorization of the first construction contracts for the Dyer Avenue deck-overs.

- At PATH, the delivery and acceptance of 72 new railcars to help add capacity and reduce delays was completed and the new TAPP "tap-and-go" fare payment system was deployed to all PATH stations allowing passengers to conveniently pay their fares with the tap of a contactless debit or credit card, smartphone, or wearable device. Additionally, as part of the Superstorm Sandy Program, the final construction contract under the FTA grant-funded $1.6B Hurricane Sandy Recovery & Resiliency Program was issued for the replacement of the Hoboken station tracks and interlocking system.

- At the Ports, construction on the Port Street Corridor Improvement project advanced, including the completion of the Kellogg Street relocation, the demolition of the Corbin Street Ramp, and the start of the construction of the new Corbin Street Ramp. The project will ultimately improve the movement of goods at Port Newark while alleviating traffic and improving air quality for the surrounding communities. At the Elizabeth-Port Authority Marine Terminal the first work package under the Wharf Rehabilitation Program was successfully awarded which will support the maintenance of critical wharf structures. Additionally, the Pre-Construction Engineering and Design ("PED") phase of the Harbor Deepening Channel Improvements ("HDCI") project began which would deepen the federal channels into the Port to 55-feet to accommodate the increasingly large vessels that utilize the agency's ports.

The 2025 Capital Spending Budget continues to build upon the substantial progress the agency has made and advances key projects including:

- At the airports, construction activities under the JFK Redevelopment program will advance in support of the opening of the first gates at the new Terminal 1 and a new Terminal 6, newly expanded and refurbished concourses at Terminals 4 and 8, and the demolition of the existing Terminal 7 to make way for the second phase of the new Terminal 6. At EWR, the last phases of construction for Terminal A airfield improvements will be completed and preliminary planning for a new EWR Terminal B will begin (the first step in the process to develop a plan for replacement of the existing 50+ year-old Terminal). The AirTrain EWR replacement program will also advance to replace the current AirTrain which is past its useful life with a wholly new AirTrain system designed to meet increasing passenger demand and enhance customer experience. To improve public transit access, ground access initiatives will also advance through the EWR Station Access Project and the LGA Ground Access Program.

- At the bridges and tunnels, major construction activities will begin on the first phase of the new, world-class Midtown Bus Terminal, including platforms over Lincoln Tunnel's Dyer Avenue ramps and the start of work of a new bus staging and storage facility that will serve as the main terminal once that building is demolished. Overall, the Midtown Bus Terminal Replacement will be constructed in phases to allow for the continued operation of the main terminal with minimal service disruptions for bus customers. Work will also continue to advance the remaining components of the $2B "Restoring the George" program which will maintain the structural health of the GWB for use by millions of customers each year.

- At PATH, funding is included as part of the PATH Forward program to improve performance and availability of PATH's railcar fleet, reduce delays, and improve reliability of the entire PATH system. Additionally, the replacement of the outdated PATH fare collection system with the new and modern TAPP "tap-and-go" fare payment system will be completed, which will further the agency's provision of world-class customer service.

- At the Ports, construction on the Corbin Street Ramp will be completed in 2025 and brought into service as part of the Port Street Corridor Improvement Project. Additionally, work on the Wharf Rehabilitation Program will continue and the final design phase of the reconstruction of Berths 10 and 12 will kick-off to ensure the maintenance of critical Port infrastructure.

- At WTC, funding is included for certain One WTC capital maintenance and for the continuation of regulatory-related upgrades to the River Water Pump Station.

The Port Authority’s 2017-2026 Capital Plan

The Port Authority’s 2017-2026 Capital Plan was developed using a comprehensive planning process and risk-based prioritization that considers asset condition, operational and revenue impacts, threat assessments, customer service, regional benefits, regulatory and statutory requirements, and long-term affordability. The comprehensive planning process includes an annual assessment of the factors that impact the continuing operations of the Port Authority’s facilities, such as contractual, municipal leases, and other relationships, as well as regional needs, customer demands, and industry specific business environments. These factors provide inputs to the Port Authority’s integrated financial model, which is used to determine available capital capacity and the size of the Capital Plan.

The capital capacity assumed in the Capital Plan is allocated to the various projects under consideration using a comprehensive risk-based approach. In determining funding allocation the priority is to ensure sufficient funds to deliver the projects that are currently in construction. Next, funds are allocated to maintain assets in full operational capacity and to provide for projects required by law or for security purposes. Funds are then allocated to provide for projects that will restore and fortify assets damaged by Superstorm Sandy, and finally to other high-priority projects that will expand and improve transportation assets.

For additional details on the agency’s process of selecting and identifying capital projects to be funded and the listing of capital projects, refer to the Port Authority’s current 2017-2026 Capital Plan: https://www.panynj.gov/port-authority/en/about/capital-plan.html.

DEBT SERVICE

The Port Authority is projected to have a total of $29.9B of total Obligations (at par value) outstanding as of December 31, 2024, including approximately $26.9B of Consolidated Bonds. The Port Authority's Debt Service Budget reflects the principal and interest payments for these Obligations, in addition to the cost of issuing new debt. The 2025 Debt Service Budget—including interest expense during construction—totals $1.9B and reflects an increase of $24M, or 1% versus the 2024 Debt Service Budget. This Budget-to-Budget increase is driven by the planned issuance of new debt and an increase in scheduled principal payments for both Consolidated Bonds and Special Obligations.

Debt Service

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Consolidated Bonds				
Interest on Consolidated Bonds	$1,144,072	$1,183,787	$1,158,051	**$1,174,601**
Principal on Consolidated Bonds	478,055	515,545	515,545	**534,060**
Cost of Issuance	1,678	1,757	2,320	**2,372**
Subtotal Consolidated Bonds	**$1,623,805**	**$1,701,089**	**$1,675,916**	**$1,711,033**
Special Obligations				
Interest on Special Obligations*	$26,464	$32,933	$24,510	**$26,359**
Principal on Special Obligations*	–	–	–	**19,900**
Debt Service on MOTBY Obligation	3,887	3,828	3,828	**3,767**
Tower 4 Liberty Bonds**	34,732	34,717	34,720	**34,699**
Goethals Bridge Developer Financing Arrangement	60,392	61,298	61,298	**62,217**
GDC Contract Payments***	–	–	66	**68**
MBTR TIFIA Loan***	–	–	185	**15**
Subtotal Special Obligations	**$125,475**	**$132,776**	**$124,607**	**$147,025**
Total Debt Service	**$1,749,280**	**$1,833,865**	**$1,800,523**	**$1,858,058**
Less Interest Expense Incurred During Construction****	(127,566)	(180,000)	(166,317)	**(210,789)**
Debt Service to Operations	**$1,621,714**	**$1,653,865**	**$1,634,206**	**$1,647,269**

* Includes Variable Rate Master Notes and a Bank Financing Facility.

** Debt service related to 4WTC Liberty Bonds are reimbursable to the agency by the 4 WTC Net Lessee and are included in the Grants & Contributions Budget.

*** Includes the GDC funding agreement and a Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan currently under negotiation.

**** Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period." This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

- **Debt Service on Consolidated Bonds**—*which comprise 92% of the 2025 Debt Service Payment Budget*—total $1.7B in 2025 and reflect an increase of $10M, or 1% versus the 2024 Consolidated Bond Debt Service Payment Budget driven by higher scheduled principal payments based on the maturity schedule of existing Consolidated Bonds.

- **Debt Service on Special Obligations**, including Subordinate Debt—*which comprise 8% of the 2025 Debt Service Payment Budget*—total $147M in 2025 and reflect an increase of $14M, or 11% versus the 2024 Special Obligation Debt Service Payment Budget driven by higher scheduled principal payments based on the maturity schedule of existing Variable Rate Master Notes ("VRMNs"). This Budget-to-Budget increase is partially offset by a forecasted decrease in short-term rates for the VRMNs and Revolving Credit Facility in 2025 versus the 2024 Budget.

OUTSTANDING OBLIGATIONS & FINANCING

The Port Authority is financially self-sustaining, and as such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities primarily upon the basis of its own credit. The Port Authority's credit quality allows the agency to access capital markets at competitive interest rates to finance long-term capital investments made for its facilities.

Ratings for both Consolidated Bonds and Special Obligations issued by the Port Authority are typically assigned by S&P Global Ratings, Fitch Ratings, and Moody's Investors Service, Inc. at the time of each debt issuance and published in the corresponding official offering statement. The Port Authority's most recent ratings—including an explanation of the significance of such rating—may be obtained from the ratings service issuing such rating. The Port Authority's Annual Report also contains a summary of credit ratings assigned to the Port Authority's outstanding debt obligations as of the date of each publication.

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. There is no assurance that any rating will continue for any period or that it will not be revised or withdrawn. A revision or withdrawal of a rating may influence the market price of Port Authority obligations.

The table below shows the Port Authority's outstanding and planned obligations and financing resulting from current assumptions regarding the financing of the 2025 Capital Spending Budget. Budgeted amounts are subject to change based on market conditions and Capital Plan needs. To review annual debt service requirements of the outstanding obligations reference Note D – Outstanding Financing Obligations of the Annual Report.

			As of December 31st				
($ in thousands)	**2023 Actual**	**Issued/ Accreted**	**2024 Repaid/ Refunded**	**2024 Estimate**	**2025 Issued/ Accreted**	**2025 Repaid/ Refunded**	**2025 Budget**
Consolidated Bonds	**$26,463,300**	$1,809,340	($1,757,880)	**$26,514,760**	$1,200,000	($534,060)	**$27,180,700**
Tower 4 Liberty Bonds	**1,232,505**	–	(2,200)	**1,230,305**	–	(2,200)	**1,228,105**
Goethals Replacement DFA	**1,020,299**	–	(2,844)	**1,017,455**	–	(4,106)	**1,013,349**
Short-Term Borrowing	**539,455**	125,240	(150,000)	**514,695**	175,222	–	**689,917**
MOTBY Obligation	**38,144**	2,003	(5,000)	**35,147**	1,845	(5,000)	**31,992**
Variable Rate Master Notes	**44,600**	–	–	**44,600**	–	(19,900)	**24,700**
Total Obligations *(at PAR Value)*	**$29,338,303**	**$1,936,583**	**($1,917,924)**	**$29,356,962**	**$1,377,067**	**($565,266)**	**$30,168,763**
Unamortized Premium/ *(Discount)**	**1,843**	198	(191)	**1,850**	–	(83)	**1,767**
Total Obligations *(at Book Value)*	**$29,340,146**	**$1,936,781**	**($1,918,115)**	**$29,358,812**	**$1,377,067**	**($565,349)**	**$30,870,530**

* Includes unamortized issuance premiums and discounts related to Consolidated Bonds.

Limitations applicable to Port Authority obligations are not, unless otherwise indicated, "legal limits" established by State constitutions or laws but rather are set forth in, or calculated in accordance with, the contracts with the holders of such obligations as adopted by the Port Authority's Board. Port Authority obligations are subject to the issuance tests and limitations contained in the various resolutions pertaining to such obligations and by policies established by the Port Authority.

There are two broad categories of the Port Authority's outstanding obligations as described in further detail below.

1. **Consolidated Bonds** are established pursuant to the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 (the "Consolidated Bond Resolution"), under which additional

Consolidated Bonds may not be issued, except such Consolidated Bonds issued to refund other Consolidated Bonds, except under one or another of three conditions, each of which requires that a certain future calendar year's debt service is met at least 1.3 times by certain revenues.

Under the current Board resolution establishing and authorizing the issuance of particular series of Consolidated Bonds ("Series Resolution"), Consolidated Bonds may be issued for purposes in connection with financing additional facilities in addition to those for which the Port Authority has already issued bonds secured by a pledge of its General Reserve Fund ("GRF") only if the Port Authority has first certified its opinion that such issuance will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds as more specifically set forth in such Series Resolution.

All Consolidated Bonds are equally and ratably secured by a pledge of the Net Revenues as defined in the Consolidated Bond Resolution of all existing facilities of the Port Authority and any additional Port Authority facility which may hereafter be financed in whole or in part through Consolidated Bonds. Consolidated Bonds are further secured by a pledge of the Port Authority's GRF in the manner and to the extent set forth provided in Section 6 of the Consolidated Bond Resolution and by a pledge of the moneys in the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution.

The proceeds of Consolidated Bonds may be used for any purpose for which at the time of issuance of Consolidated Bonds the Port Authority is authorized by law to issue its obligations.

2. **Special Obligations** of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds 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 Port Authority monies legally available for such payments when due.

   Net Revenues—for purposes of defining the Port Authority's special obligations—with respect to any date of calculation, are the Port Authority's revenues pledged under the Consolidated Bond Resolution and remaining after: 1) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; 2) payment into the GRF of the amount necessary to maintain it at the amount specified in the General Reserve Fund Statutes; and, 3) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

   These Special Obligations are not secured by, or payable from, the GRF. Additionally, they do not create any lien on, pledge of, or security interest in any revenues, reserve funds, or other of the Port Authority.

   The Port Authority's Special Obligations as shown in the table above include:

   - **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 $1.2B (the "Tower 4 Liberty Bonds").

     In connection with the issuance of the Tower 4 Liberty Bonds, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 Trustee to make 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) to the Tower 4 bond trustee during the term of the agreement through November 15, 2051.

Certain Port Authority debt service payments related to Tower 4 Liberty Bonds 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 from the issuance date of the original Tower 4 Liberty Bond financing.

In September 2021, the Tower 4 Liberty Bonds were refinanced to achieve debt service savings. The final maturity of the Tower 4 Liberty Bonds is unchanged.

- **Goethals Bridge Replacement Developer Financing Arrangement ("DFA")** 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"). Starting in July 2018, the Port Authority was required to make a payment to the private developer in the amount of $1B, subject to certain adjustments, for the construction of the Replacement Bridge.

  In lieu of a cash payment, the private developer extended a loan in that principal amount to the Port Authority, to be repaid in monthly payments of principal and interest (the "DFA Payments") to the private developer. The DFA Payments are payable over the term of the Project Agreement, which has a scheduled expiration date of June 30, 2053—the 35th anniversary of the substantial completion date of the Replacement Bridge. The 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.

- **Short-Term Borrowing** This category consists of: 1) a Special Obligation Institutional Loan Program; and, 2) Commercial Paper Obligations, as described in further detail below.

  i. **Special Obligation Institutional Loan Program** The Port Authority established a Special Obligation Institutional Loan Program to provide for alternative debt instruments to borrow funds from financial institutions, the repayment of which are special obligations of the Port Authority and are subordinate to Consolidated Bonds. The total maximum amount that may be outstanding at any time under the Special Obligation Institutional Loan Program is limited to $1.25B and includes the principal amount of outstanding Commercial Paper notes and outstanding amounts under liquidity facilities pertaining to Commercial Paper notes, outstanding amounts drawn under Bank Lines, and outstanding principal amount of any Bank Loans.

     On January 20, 2023, the Port Authority entered into two separate Revolving Credit Agreements, each establishing a Bank Line, for a combined $750M available to draw thereunder and used $501M on January 24, 2023 to refund the principal and interest of all of the Port Authority's Commercial Paper Obligations as of such date.

  ii. **Commercial Paper Obligations** These Port Authority obligations are issued to provide interim financing for authorized Capital projects at Port Authority facilities and may be outstanding until December 2025, under the current approved program, which consists of three separate series known as Series A, Series B, and Series C. The maximum aggregate principal amount that may be outstanding at any one time is $250M for Commercial Paper Series A, $250M for Series B, and $250M for Series C. To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amount and the interest due at maturity the Port Authority had entered into liquidity facilities for each Series. The liquidity facilities had not been drawn upon and expired on January 31, 2023.

- **Marine Ocean Terminal at Bayonne Peninsula (“MOTBY”) Obligation** A Port Authority obligation representing the amounts due to the Bayonne Local Redevelopment Authority for the purchase of certain parcels of the Marine Ocean Terminal at Bayonne Peninsula.
- **Variable Rate Master Notes** These Port Authority obligations may be issued in a total aggregate principal amount outstanding at any one time not to exceed $400M under the current authorized program. The proceeds of each note shall be used for: 1) Capital Spending in connection with any one or more of the Port Authority’s facilities; 2) refunding directly, by offers to exchange, or otherwise, all or any part of any bonds, notes, or other Port Authority obligations; and, 3) for incidental purposes, including certain costs of, and relating to, such Notes.
- **GDC Contract Payments** In July 2024 the agency entered into an agreement with GDC to provide contract payments in support of one of its Railroad Infrastructure Improvement Financing (“RRIF”) loans. To date, GDC has not drawn down any proceeds from the RRIF loan. The 2025 Debt Service Budget includes no contract payments to GDC, as the earliest such payments would be due from the Port Authority to GDC is 2034, pursuant to the terms of the agreement.
- **Midtown Bus Terminal Replacement TIFIA Loan** The agency is seeking a TIFIA loan with the U.S. Department of Transportation through its Build America Bureau (“BAB”) to support the construction of the first phase of the replacement of the midtown bus terminal. The 2025 Debt Service Budget includes no principal or interest payments as at this time loan terms are under negotiation, and if closed, no payments from the Port Authority under the loan would be required in 2025.

DEFERRED SPENDING

Deferred Spending reflects expenditures that are made in the current year but that benefit multiple years. As such, the expenditures are deferred and are then recognized over their useful life. The agency's primary categories of Deferred Spending include: 1) vehicle purchases and replacements; 2) software and hardware technology investments; and, 3) leased and owned property investments and renovations, primarily for office space relocations and alterations. The 2025 Deferred Spending Budget totals $138M and reflects an increase of $3M, or 2% versus the 2024 Deferred Spending Budget as detailed below.

Deferred Spending by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Vehicle Purchase Program	$14,435	$50,037	$37,839	**$72,774**
Technology Investments*	30,701	31,299	23,720	**31,494**
Office Moves & Alterations	2,662	13,955	15,877	**14,137**
Enterprise Asset Management*	3,942	15,855	11,017	**11,755**
Security & Other	5,130	16,289	3,000	**7,700**
NY Customer Service Center	8,102	7,199	4,657	**–**
Total	**$64,972**	**$134,634**	**$96,110**	**$137,860**

* Reflects reallocation costs between Departments.

- **Vehicle Purchase Program**—which funds the purchase of new vehicles/equipment or replacement of vehicles/equipment which are beyond their useful life or damaged beyond repair, including electric vehicles ("EV")—totals $73M in 2025 and reflects an increase of $23M, or 45% versus the 2024 Budget. This increase is driven by the purchase of additional airport EV buses to support AirTrain EWR operations during planned Replacement program-related closures as well as EV bus replacements.

- **Technology Investments**—which include investments in hardware and software to maintain and improve the agency's technology infrastructure—totals $32M in 2025 and is relatively flat to the 2024 Budget. Funding is included to continue a comprehensive end-of-life technology replacement program, upgrade the agency's outdated desktop operating systems, and provide for new cybersecurity investments.

- **Office Moves & Alterations**—which includes funding for office space relocations and alterations of owned or leased property—totals $14M in 2025 and remains flat to the 2024 Budget.

- **Asset Management**—which funds the ongoing implementation of the Enterprise Asset Management ("EAM") asset lifecycle management program—totals $12M in 2025 and reflects a decrease of ($4M) versus the 2024 Budget as the program continues its operational deployment.

- **Security & Other**—which includes security-related software/hardware and equipment purchases, for example police radios and body cameras—totals $8M in 2025 and reflects a decrease of ($8M), or (53%) versus the 2024 Budget driven by the completion of significant end-of-life technology replacements in 2024 which are not required in 2025. Overall, funding is included for end-of-life security camera replacements, the cyclical replacement of certain PAPD equipment, and other various security purchases.

- **NY Customer Service Center**—which funds the third-party design and implementation of a new CSC system for E-ZPass and TbM bridge and tunnel toll processing—reflects the assumed completion of the program.

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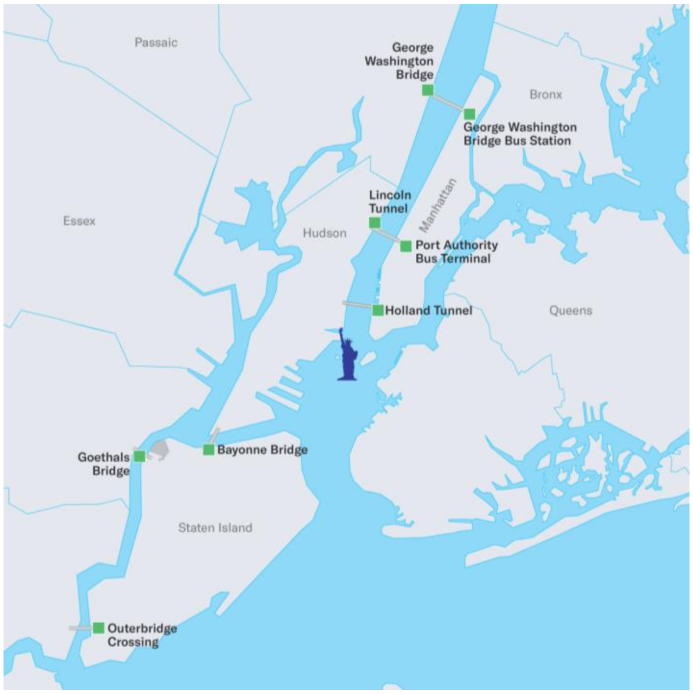
Departmental
Budget Summaries

First opened in 1931, the George Washington Bridge remains structurally sound and vital today due to the agency's commitment to maintenance and investment through the $2B "Restoring the George" program. Every year, more than 50 million eastbound vehicles travel across the bridge, making it the busiest bridge in the world.

TUNNELS, BRIDGES, & TERMINALS (“TB&T”)

Mission

TB&T’s mission is to “Keep the Region Moving” by connecting the road networks of New York and New Jersey facilitate the movement of millions of people and goods safely, efficiently, and conveniently throughout the region.



Facilities

TB&T’s facilities—*which operate 24 hours-a-day, 7 days-a-week, 365 days-a-year*—connect New York and New Jersey to the rest of the country. TB&T facilities include:

- **Vehicular Bridges** The George Washington Bridge (“GWB”)—*the busiest bridge in the world*—and three Staten Island Bridges (“SIB”), which consist of the Bayonne Bridge (“BB”), the Goethals Bridge (“GB”), and the Outerbridge Crossing (“OBX”);
- **Vehicular Tunnels** The Lincoln Tunnel (“LT”) and Holland Tunnel (“HT”); and,
- **Bus Terminals** The Port Authority Bus Terminal (“PABT”)—*the largest bus terminal in the nation and the busiest in the world*—and the GWB Bus Station (“GWBBS”).

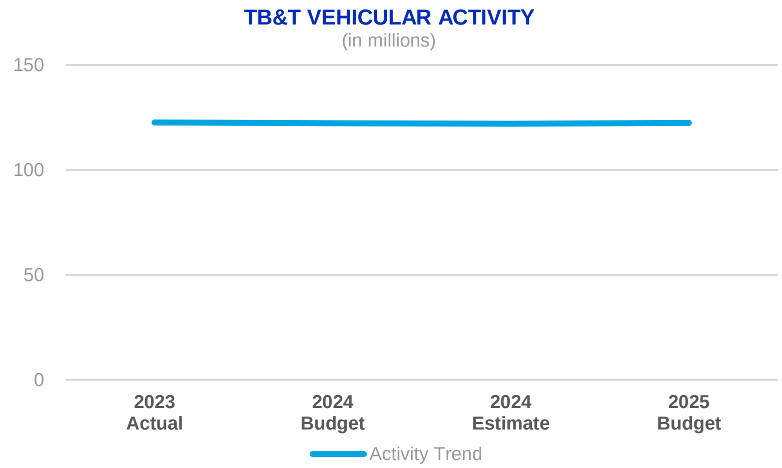
A rendering of the bus staging and storage facility as part of the Midtown Bus Terminal’s transformation into a world-class gateway designed to reduce congestion and improve commuter and community experience by moving commuter buses out of street level and accommodating intercity buses.

Core Functions

- Operate and maintain four long-span vehicular bridges, two trans-Hudson vehicular tunnels, and two bus terminals.
- Deliver a Capital Spending and Operating Expense program that: 1) ensures best-in-class safety and security standards across all TB&T facilities; and, 2) provides for the future needs of the region.
- Attract and maintain a diverse, inclusive, and skilled workforce to manage, operate, and provide Port Authority patrons best-in-class facilities and customer experience.
- Provide a state-of-the-art toll revenue collection system comprised of an AET environment at all bridge and tunnel toll crossings.

Activity Volumes

In 2025 approximately 122M vehicles are projected to use the Port Authority's bridge and tunnel crossings. This reflects an increase of 0.9M vehicles, or 0.7% versus the 2024 Budget.



Staffing

TB&T's 792 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the facilities.

Operations staff are responsible for facility management, incident and emergency response, traffic and electronic toll collection management, and bus and passenger operations. *Maintenance* staff perform daily maintenance activities including preventive and corrective maintenance routines. *Management* staff support the operations and maintenance of the facilities and provide department-wide management oversight, including Capital project delivery.

Strategic Priorities/Goals, Objectives, & Performance Measures

TB&T's strategic objectives focus on advancing the agency's long-term strategic priorities/goals of enhancing operational excellence, safety and security, and customer experience by improving facility mobility at interstate vehicle crossings, mitigating crashes at those facilities, and increasing elevator and escalator reliability and restroom satisfaction at the PABT. In addition, TB&T supports the agency's strategic priority/goal to revitalize the region's transportation infrastructure through the Capital investments detailed in the 2025 Capital Spending section below.

In alignment with executive guidance, TB&T prioritizes and allocates its Budgeted resources to advance these critical strategic priorities/goals, objectives, and performance measures, which are detailed further below.

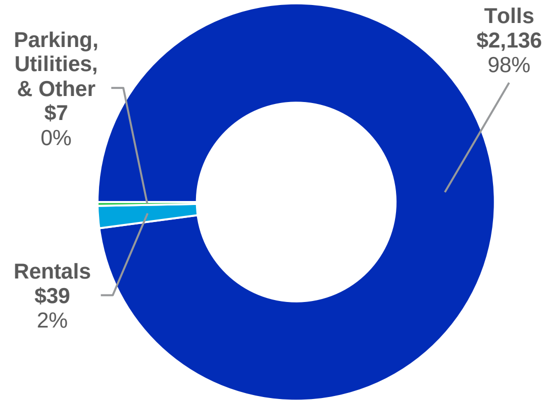
Strategic Priorities/ Goals & Definitions	2025 Objectives*	2024 Actuals	2023 Actuals
Operational Excellence			
Maintain median travel speeds during weekdays from 6am to 10pm at all vehicular crossings to facilitate the efficient movement of goods and people.	Median vehicular speeds at the crossings during weekdays from 6am to 10pm in both the eastbound and westbound directions will meet a minimum of **84%** of the posted speed limit.	Eastbound: **83.8%** Westbound: **89.5%**	Eastbound: **83.9%** Westbound: **89.7%**
Safety & Security			
Facilitate safety and travel time reliability by ensuring key crash locations are monitored and mitigations are implemented to reduce crashes.	1. Reduce the overall average crash rate as compared to the 2024 crash rate of **12.1** crashes per million vehicles. 2. Reduce the number of crashes at the top 10 incident hot spots by **(5%)** as compared to 2024.	Overall Crash Rate Reduction: **(1%)** decrease compared to 2023 – *Avg. Overall Crash Rate*: **12.1** crashes per million vehicles Crash Reduction for Top 10 Hot Spots: **(12%)** decrease in crashes at these locations compared to 2023	Overall Crash Rate Reduction: **(14.0%)** decrease compared to 2022 – *Avg. Overall Crash Rate*: **12.3** crashes per million vehicles Crash Reduction for Top 10 Hot Spots: **(11.8%)** decrease in crashes at these locations compared to 2022
Customer Experience			
Maintain positive customer experience and satisfaction at PABT restrooms and achieve high availability levels of PABT's elevators and escalators.	1. Achieve an overall restroom satisfaction rating minimum of **85%**. 2. Achieve an overall escalator and elevator availability minimum of **95%**.	Overall Restroom Satisfaction: **84%** Overall Escalator and Elevator Availability: **95%**	Overall Restroom Satisfaction: **84%** Overall Escalator and Elevator Availability: **94%**

* Objectives measure performance through year-end 2025.

Gross Operating Revenues

TB&T's 2025 Gross Operating Revenue Budget totals $2.2B and reflects an increase of $107M, or 5% versus TB&T's 2024 Gross Operating Revenue Budget.

This projected Budget-to-Budget increase is driven by:



- **Bridge & Tunnel Toll** revenues reflect an increase of $113M, or 6% versus the 2024 Budget driven by: 1) an annual automatic inflation-based toll adjustment for autos and trucks (*authorized by the Board in 2019*) which will raise auto peak E-ZPass tolls by $0.43 and truck peak E-ZPass tolls by $0.58 per axle effective January 5, 2025; and, 2) toll adjustments as detailed further below.

  The toll adjustments include an increase of $0.25 for autos, motorcycles, and trucks effective January 5, 2025, as well as additional $0.25 increases above the annual automatic inflation-based toll adjustments for autos, motorcycles, and trucks in each of the next three years. The adjustments preserve lower rates and discounts, including the Staten Island Bridges Plan.

  Two other changes to existing toll rates affect only 10% to 15% of transactions to: 1) incentivize enrollment in the E-ZPass program by drivers who are not yet enrolled by increasing the TbM rate to a level consistent with the two-way TbM rate charged by the MTA at its bridges and tunnels (*$22.38 for autos*); and, 2) incentivize drivers who have enrolled in the E-ZPass program but whose transponders are not being read by the E-ZPass overhead gantry equipment to ensure proper positioning of their transponders by introducing a new Mid-Tier toll rate for all vehicle classes ($*18.72 for autos*). To give drivers time to plan for the changes and enroll in the E-ZPass program these changes will not be effective until July 6, 2025. During this period, the Port Authority intends to engage in an intensive communications plan to urge drivers to take action to enroll in E-ZPass and to properly display transponders in order to take advantage of the lower E-ZPass toll rates.

  Another change would affect less than 0.5% of truck accounts. This change would eliminate the 10% truck volume discount program that is used by truck companies whose trucks make more than 100 off-peak trips in a month. To give drivers time to plan for the change it will not be effective until July 6, 2025.

  These adjustments are necessary to: 1) address the negative impacts of COVID-19 on the agency's revenues (loss of $3B over the 24-month period of March 2020 through March 2022) and the continuing inflationary impacts on Operating and Capital costs; and, 2) continue to invest in the ambitious Capital agenda for the agency's tunnel, bridge, terminal, and PATH facilities as laid out in the 2017-2026 Capital Plan.

- **Rentals** reflect a decrease of ($1M), or (3%) versus the 2024 Budget driven by a reduction of PABT bus parking leases whose space will be used to support construction efforts for the Midtown Bus Terminal replacement program.

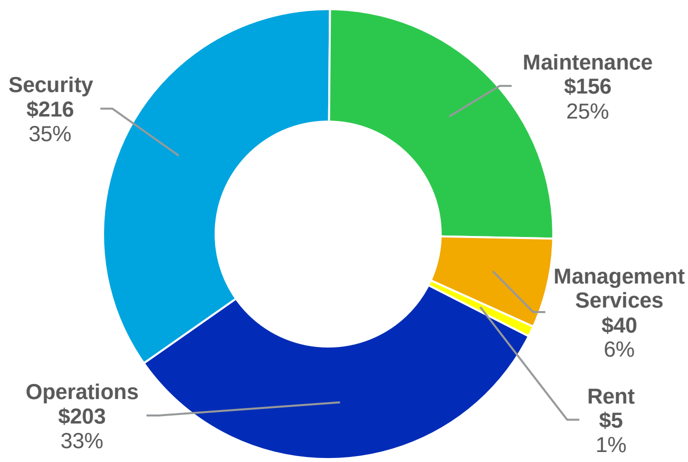
- **Parking & Other** reflect a decrease of ($5M), or (49%) versus the 2024 Budget driven by a reduction in available revenue-producing PABT public parking spaces which will be used to support construction efforts for the Midtown Bus Terminal replacement program.

Gross Operating Revenue by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Bridge & Tunnel Tolls	$1,936,355	$2,023,243	$2,005,074	**$2,135,888**
Rentals	42,439	40,456	39,169	**39,339**
Parking & Other	7,573	9,767	7,500	**4,961**
Utilities	1,722	1,906	1,916	**1,713**
Total	**$1,988,089**	**$2,075,372**	**$2,053,659**	**$2,181,901**

Operating Expenses

2025 OPERATING EXPENSE BUDGET BY CATEGORY
($ in millions)



TB&T's 2025 Operating Expense Budget—which funds the ongoing maintenance, traffic management, cleaning, and customer service to provide safe and reliable facility operations—totals $687M and reflects an increase of $34M, or 5% versus TB&T's 2024 Operating Expense Budget.

This Budget-to-Budget increase includes *inflationary escalations of $19M, or 3%* including funding to maximize caseloads for the New York Department of Motor Vehicle ("DMV") Suspension program to further deter toll evasion. An additional *$15M of priority spending* above inflation (*of the agency's total $101M priority spending*) is included to:

– *Operate New or Larger Facilities & Assets* of $9M to provide for the new open road AET system maintenance contract and E-ZPass and TbM CSC; and,

– *Bolster Safety & Security* of $6M to add policing resources necessary to respond to the evolving threat landscape and provide for the expansion of license plate reader ("LPR") technology and resources to enhance counterterrorism, law enforcement, and toll enforcement efforts.

Operating Expense by Category

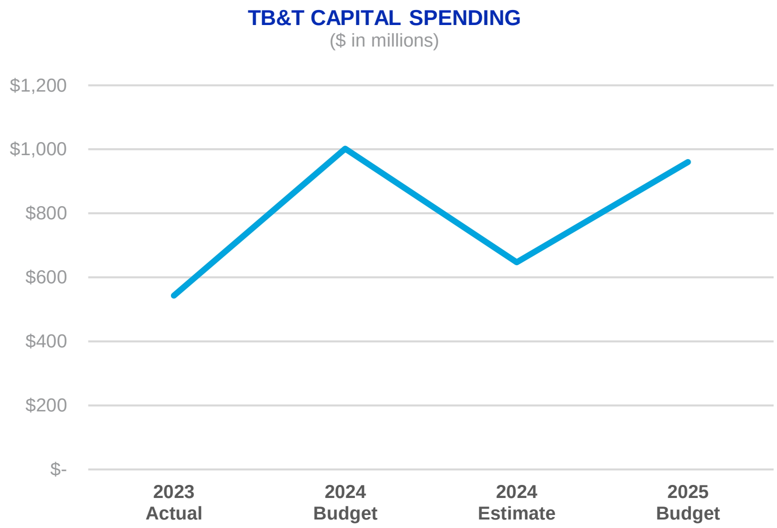
($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Operations	$180,547	$188,379	$203,923	$202,825
Security	196,261	202,968	213,297	215,755
Maintenance	145,769	154,466	146,532	155,924
Management Services	36,106	38,589	39,684	39,770
Rent	4,014	4,182	4,165	4,651
Subtotal	**$562,697**	**$588,584**	**$607,601**	**$618,925**
Allocated	59,311	64,764	66,709	68,165
Total**	**$622,008**	**$653,348**	**$674,310**	**$687,090**

** Budget and Actual/Projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB and excludes Non-Cash Pension & OPEB actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

Capital Spending

TB&T's 2025 Capital Spending Budget totals $960M and reflects a decrease of ($41M), or (4%) versus TB&T's 2024 Capital Spending Budget driven by the timing of project spend.

Funding is included to begin construction on the new world-class Midtown Bus Terminal including early construction for the Dyer Avenue deck-overs and staging and storage facility. Work will also continue to advance the remaining components of the "Restoring the George" program which will maintain the structural health of the bridge for use by millions of customers each year.



Further detail on Significant Capital Projects included in the 2025 Capital Spending Budget is provided below.

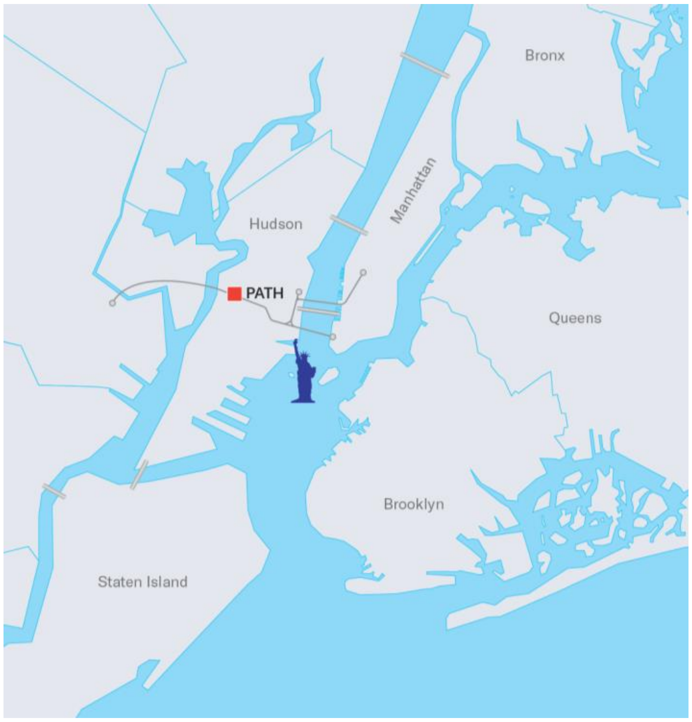
Significant Capital Projects *($ in thousands)*

Project Title & Description	Operational Impacts	2025 Budget
Midtown Bus Terminal Replacement		
Provides for the first phase of construction with Dyer Avenue deck overs and Staging & Storage Facility and ramps contracts. Continues design and engineering activities for other elements of the new Midtown Bus Terminal and related infrastructure.	Advances the initial construction activities as well as the design for the replacement of the existing terminal to meet future capacity and customer service requirements.	$503,564
“Restoring the George” Program		
Continues the planned, high-priority projects at the GWB. Major ongoing construction includes the replacement of suspender ropes on the bridge’s south side to be completed in 2025, as well as the rehabilitation of the underside of the lower-level deck.	Maintains the GWB’s structural integrity through state of good repair projects.	$205,146
Temporary Bus Operations at 30th Street		
Provides for improvements to the customer and pedestrian experience at 30th Street between 9th and 10th Avenue, including the installation of new bus gates, covered waiting areas, and widening of the north sidewalk on 30th Street.	Improves bus operations at the intersection of Dyer Avenue and 30th Street, in turn alleviating traffic upstream to and from the LT.	$19,789

PORT AUTHORITY TRANS-HUDSON ("PATH")

Mission

PATH's mission is to "Keep the Region Moving" as a vital connection between New Jersey and New York by providing safe, reliable, and efficient rail transit service that contributes to enhanced regional mobility and economic development for millions of riders each year.



Facilities

The PATH transit system encompasses 14 route miles and 13 stations—*6 in New York and 7 in New Jersey*—as well as the Journal Square Transportation Center ("JSTC"). The system is comprised of a complex network of electrical cables, communications equipment, and signal, track, and tunnel infrastructure.

PATH's train fleet operates 24-hours a day, 7 days a week, making it one of the few 24-hour rail transit systems in the world.

TAPP, the new "tap-and-go" fare payment system, allows riders to pay their fares with contactless credit/debit card, smartphone, or wearable devices. The quick and seamless payment options enhance the modern, 21st century public transit rider experience.

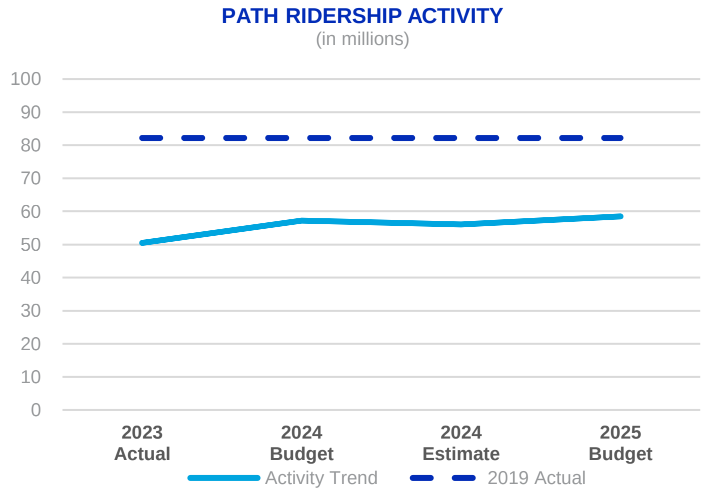
Core Functions

- Operate and maintain a safe, reliable, and efficient rail transit system and bus transportation terminal at JSTC.
- Continue to improve the reliability, timeliness, and cleanliness of rail service and advance efforts to enhance customer experience.
- Deliver a Capital program that focuses on supporting 9-Car train operations on the Newark to WTC line, advance state of good repair spending necessary to reduce train delays, and close-out Superstorm Sandy resiliency efforts.
- Comply with federal safety and environmental rules and regulations.

Activity Volumes

In 2025 59M riders are projected to use the PATH transit system. This reflects an increase of 2M riders, or 4% versus the 2024 Budget driven by continued office occupancy growth and strong regional employment, partially offset by construction-related closures of Hoboken Station for 25 days in February 2025.

Projected 2025 ridership is 71% of 2019 pre-pandemic levels, reflecting PATH's slow ridership recovery from the COVID-19 pandemic.



Staffing

PATH's 1,313 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the PATH transit system and JSTC bus transportation terminal.

Operations staff manage the movement of trains, develop and maintain train schedules, and provide passenger information and customer care programs throughout the stations, including compliance with FRA regulations. *Maintenance* staff ensure reliable and efficient train movement by inspecting, repairing, or replacing components of railcars, tracks, station structures, signals, and power distribution and communication systems. *Management* and administrative staff support the operation and maintenance of facilities and provide Department-wide oversight, including Capital program delivery.

Strategic Priorities/Goals, Objectives, & Performance Measures

PATH's strategic objectives focus on advancing the agency's long-term strategic priorities/goals of enhancing operational excellence and customer experience by driving improvements in on-time train performance, service reliability, and delay reduction. In addition, PATH supports the agency's strategic priority/goal to revitalize the region's transportation infrastructure through the Capital investments detailed in the 2025 Capital Spending section below.

In alignment with executive guidance, PATH prioritizes and allocates its Budgeted resources to advance these critical strategic priorities/goals, objectives, and performance measures, which are detailed further below.

Strategic Priorities/ Goals & Definitions	2025 Objective*	2024 Actuals	2023 Actuals
Operational Excellence & Customer Experience			
Limit the percentage of train trips delayed or annulled in a 24-hour time frame.	Limit the average number of train trips delayed or annulled to a maximum of **2.0%** each quarter.	Quarterly Average: **1.8%** – Q1: 2.1% – Q2: 1.3% – Q3: 1.5% – Q4: 2.1%	Quarterly Average: **2.4%** – Q1: 2.3% – Q2: 4.3% – Q3: 1.6% – Q4: 1.5%
Operational Excellence			
Operate a high percentage of AM and PM peak period revenue service train trips on-time as compared to total scheduled trains during peak periods.	Achieve both an AM and PM peak period on-time trip performance of a minimum of **98%** each quarter.	AM Peak Period On-Time Trips Average: **98.1%** – Q1: 96.3% – Q2: 99.1% – Q3: 99.0% – Q4: 98.0% PM Peak Period On-Time Trips Average: **98.9%** – Q1: 99.7% – Q2: 98.8% – Q3: 98.5% – Q4: 98.6%	AM Peak Period On-Time Trips Average: **97.3%** – Q1: 98.1% – Q2: 94.4% – Q3: 99.0% – Q4: 98.0% PM Peak Period On-Time Trips Average: **95.9%** – Q1: 98.6% – Q2: 89.8% – Q3: 97.1% – Q4: 98.3%
Operational Excellence			
Achieve a planned mean distance between failure reflecting the number of miles, on average, a PATH train travels before breakdown or failure occurs that results in a delay.	Achieve a minimum mean distance between failure of **100,000 miles**.	Mean Distance Between Failure: **128,790 miles**	Mean Distance Between Failure: **63,763 miles**

* Unless otherwise stated, Objectives measure performance through year-end 2025.

Gross Operating Revenues

PATH's 2025 Gross Operating Revenue Budget totals $182M and reflects an increase of $18M, or 11% versus PATH's 2024 Gross Operating Revenue Budget.

This projected Budget-to-Budget increase is driven by:

- **PATH Fare** revenues reflect an increase of $17M, or 11% versus the 2024 Budget driven by: 1) the scheduled automatic inflationary fare adjustment of $0.25 per ride (*authorized by the Board in 2019*); and, 2) modest ridership growth. This increase is partially offset by a new reduced fare for PATH riders with a qualifying disability.

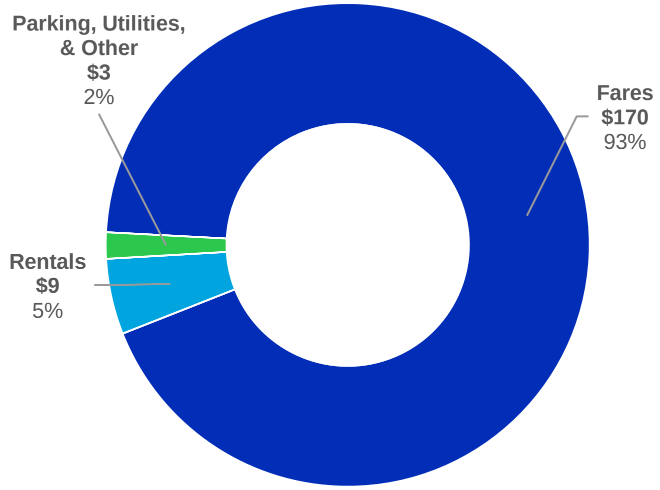
  Pursuant to the September 2019 Board action on PATH fares, an automatic inflation-based fare adjustment was triggered because the cumulative increase of CPI since September 2021 was greater than $0.25. As such, a $0.25 adjustment is scheduled for implementation on January 12, 2025 which will increase the Single Ride Fare from $2.75 to $3.00. The Single Ride Fare was last adjusted in October 2014, more than a decade ago. All existing multi-trip and discounted fares will be maintained with appropriate adjustments.

  The new reduced fare program is for riders with qualifying disabilities. Riders who qualify under this program would pay the same reduced fare rate as a senior citizen, or $1.50 per ride, effective once the new TAPP "tap-and-go" fare system is fully operational, which is estimated for Summer 2025.

- **Rentals** reflect an increase of $0.3M, or 4% versus the 2024 Budget driven by contractual escalations.

- **Parking & Other** reflects an increase of $1M, or 32% versus the 2024 Budget driven by: 1) increased parking rates at Journal Square; and, 2) a new parking agreement at Harrison Station resulting in a new parking revenue stream in 2025.

2025 GROSS OPERATING REVENUE BUDGET BY CATEGORY
($ in millions)



Gross Operating Revenue by Category

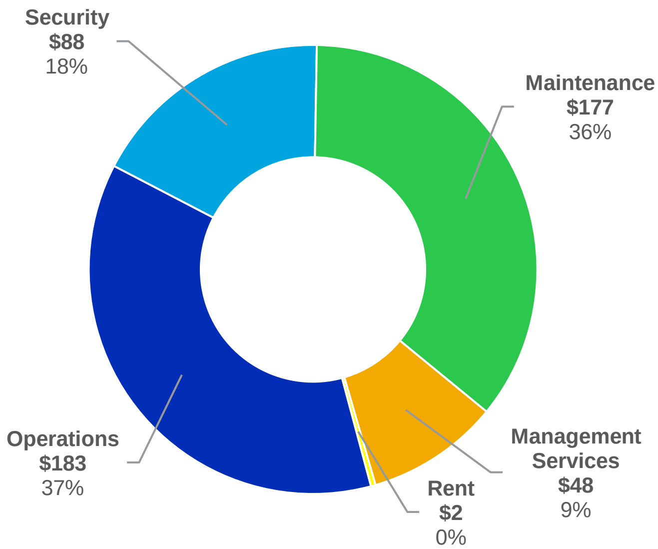
($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
PATH Fares	$134,307	$152,300	$149,364	**$169,566**
Rentals	9,846	8,896	8,614	**9,210**
Parking & Other	4,083	2,422	4,071	**3,189**
Utilities	172	$165	165	**164**
Total	**$148,408**	**$163,783**	**$162,214**	**$182,129**

Operating Expenses

PATH's 2025 Operating Expense Budget—which includes resources to provide safe, reliable, and efficient rail transit service—totals $570M and reflects an increase of $38M, or 7% versus PATH's 2024 Operating Expense Budget.

This Budget-to-Budget increase includes *inflationary escalations of $12M, or 3%*. An additional *$26M of priority spending* above inflation (*of the agency's total $101M priority spending*) is included to:

2025 OPERATING EXPENSE BUDGET BY CATEGORY
($ in millions)



- *Operate New Facilities or Assets* of $16M to increase PATH service levels and 9-car train operations as well as to complete the implementation of the new TAPP "tap-and-go" fare payment system;
- *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $7M to address new FRA regulatory certification, reporting, and auditing requirements as well as expand PATH's fare evasion mitigation program;
- *Bolster Safety & Security* of $2M to add policing resources necessary to respond to the evolving threat landscape; and,
- *Provide Temporary Support for Capital Construction* of $0.5M to provide alternative shuttle bus transportation during the planned 25-day Hoboken Station closure in February to facilitate necessary work associated with the PATH Forward improvement program.

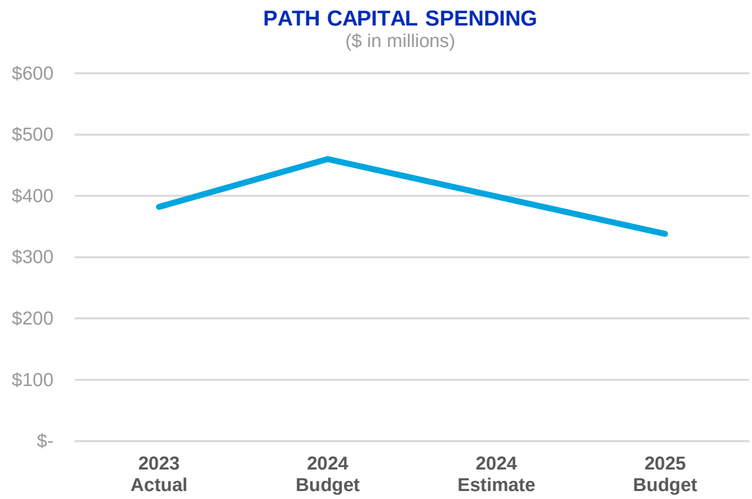
Operating Expense by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Operations	$171,317	$164,479	$180,059	**$182,831**
Security	77,980	83,090	83,962	**87,668**
Maintenance	155,476	171,332	168,340	**177,142**
Management Services	49,551	44,122	49,300	**47,628**
Rent	1,783	1,553	2,139	**1,631**
Subtotal	**$456,107**	**$464,576**	**$483,800**	**$496,900**
Allocated	59,648	68,154	74,665	**73,586**
Total**	**$515,755**	**$532,730**	**$558,465**	**$570,486**

** Budget and Actual/Projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB and excludes Non-Cash Pension & OPEB actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

Capital Spending

PATH's 2025 Capital Spending Budget totals $338M and reflects a decrease of ($122M), or (26%) versus PATH's 2024 Capital Spending Budget driven by the timing of project spend, particularly the complete delivery and acceptance of 72 new railcars in 2024.



Funding is included for the ongoing Rail and Track State of Good Repair Program necessary to reduce train delays and enhance customer service. The replacement of the outdated PATH fare collection system with the new and modern TAPP "tap-and-go" contactless fare payment system will also be completed by the end of 2025 to further the agency's priority of providing world-class customer experience.

Further detail on Significant Capital Projects included in the 2025 Capital Spending Budget is provided below.

Significant Capital Projects *($ in thousands)*

Project Title & Description	Operational Impacts	2025 Budget
PATH Railcar & Track State of Good Repair Program Provides for PATH railcar rehabilitation and acceleration of track work on the most critical rail segments in the PATH system.	Improves performance and availability of PATH's railcar fleet as well as reduces delays and improves reliability of the PATH system.	$103,908
Replacement of Substation 2 Provides for construction of a new substation and compressor plant to replace the existing Substation 2 in Jersey City, NJ.	Replaces the existing substation which has reached the end of its useful life.	$54,282
Restoration of Stations Provides for the restoration of the Hoboken, Newport, Exchange Place, and Grove Street stations, including architectural, structural, electrical, and other support systems damaged by flooding during Superstorm Sandy.	Returns damaged assets to a state of good repair.	$33,262
Replacement of Fare Collection System Provides for the replacement of the outdated PATH fare collection system with an account-based "tap-and-go" system that will support contactless media.	Provides for world-class customer service and ensures that the reliability of the fare collection system can meet the demands of PATH's growing ridership.	$20,175
Replacement of Track in Open Areas Provides for the replacement of the existing Kearny Pocket track interlocking and the installation of a new track interlocking located west of the Hackensack River Bridge.	Returns damaged assets to a state of good repair. The new track interlocking provides additional operational flexibility.	$18,123

AVIATION

Mission

Aviation's mission is to "Keep the Region Moving" by ensuring the safety, security, and efficiency of the region's airport system and by building infrastructure that meets the air transportation demand of people, goods, and related services.

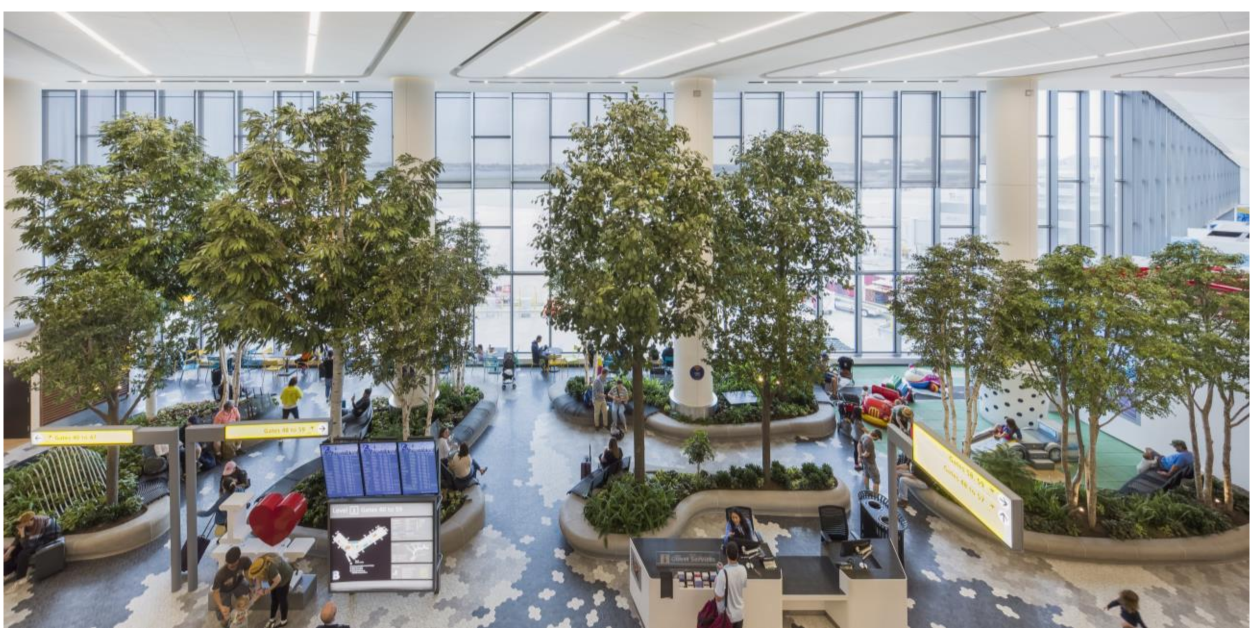
Facilities

The Port Authority's airports represent the largest network of airports in the world, enabling millions of passengers' journeys each year.

John F. Kennedy International Airport ("JFK") serves as the region's chief international gateway, while Newark Liberty International Airport ("EWR") serves both national and international markets. LaGuardia Airport ("LGA") serves as the premier short-haul facility in the region. New York Stewart International Airport ("SWF") provides short-haul and low-cost international service while Teterboro Airport ("TEB") serves general aviation clients.

All three of Aviation's major airports—*EWR, JFK, and LGA*—are undergoing a $30B transformation to become modern, world-class gateways, with both LGA and EWR receiving global accolades to-date for their remarkable transformations.

LGA Terminal B's spacious interiors, floor-to-ceiling windows, inspiring public art, state-of-the-art technology, and iconic restaurants and shops combine to provide passengers with a world-class experience from curb to gate.

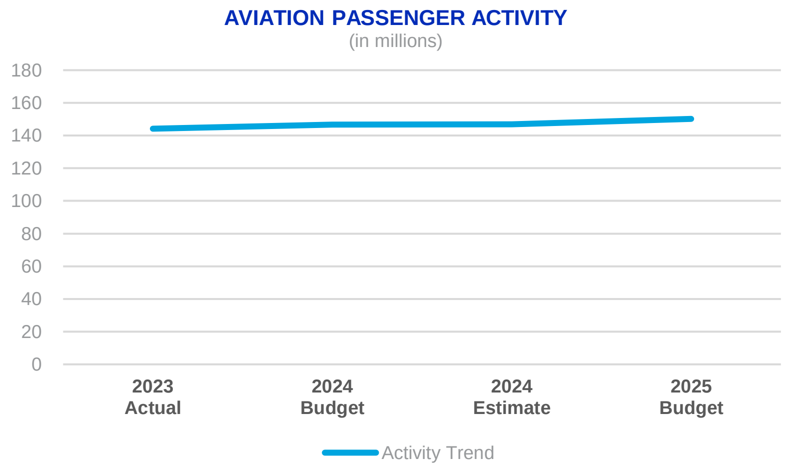


Core Functions

- Continue the transformation of the Port Authority's airports into 21st century gateways to the region that meet global best-in-class standards.
- Develop, manage, and maintain passenger terminals, runways, and cargo facilities in compliance with FAA regulatory standards.
- Negotiate agreements and handle tenant relationships with airlines that rent passenger terminals and terminal gates, hangars, and cargo spaces, as well as with retail merchants and concessionaires.
- Manage security and coordinate with the TSA and Customs and Border Protection ("CBP") to ensure passenger safety and security.

Activity Volumes

In 2025 a ***record 150M passengers*** are projected to use the Port Authority's airports. This reflects an increase of 4M passengers, or 2% versus the 2024 Budget driven by strong demand for international travel, as well as a modest increase in leisure travel.



Staffing

Aviation's 1,541 authorized positions consist of employees dedicated to operating, maintaining, managing, and providing Capital support to the airports.

Operations staff operate and manage aeronautical, landside, security, and customer care functions while complying with FAA rules and regulations. *Maintenance* staff ensure each airport's assets, infrastructure, and equipment are maintained to operate at a high level of performance and meet code and regulatory compliance. *Management* staff provide Department-wide oversight and support to facility operations and maintenance, including Capital program delivery. *Security* staff reflect the aircraft rescue and firefighting ("ARFF") police force who represent the first line of defense in the event of an airport ground emergency or a fire that breaks out on an aircraft or airport facility.

Strategic Priorities/Goals, Objectives, & Performance Measures

Aviation's strategic objectives focus on advancing the agency's long-term strategic priorities/goals of enhancing operational excellence, safety and security, and customer experience by improving the movement of goods and people, ensuring airside safety, and improving airport passenger satisfaction. In addition, Aviation supports the agency's strategic priority/goal to revitalize the region's transportation infrastructure through the Capital investments detailed in the 2025 Capital Spending section below.

In alignment with executive guidance, Aviation prioritizes and allocates its Budgeted resources to advance these critical strategic priorities/goals, objectives, and performance measures, which are detailed further below.

Strategic Priorities/ Goals & Definitions	2025 Objective*	2024 Actuals	2023 Actuals
Operational Excellence & Customer Experience			
Limit the average time an aircraft spends taxiing to the runway ("taxi-out time") or taxiing to the gate ("taxi-in time").	Limit the number of taxi-in/ taxi-out events of greater than 90 minutes to a maximum **0.3%** of aircraft operations at JFK, EWR, and LGA.	JFK: 1,098 out of 387,321 operations, or **0.26%** LGA: 1,046 out of 330,439 operations, or **0.3%** EWR: 1,187 out of 367,401 operations, or **0.3%**	JFK: 1,718 out of 374,595 operations, or **0.4**% LGA: 814 out of 258,239 operations, or **0.3**% EWR: 858 out of 364,752 operations, or **0.2**%
Customer Experience			
Improve on-time scheduled performance measured as percent of all flights departing and arriving within 15 minutes of their scheduled time.	Achieve a minimum on-time schedule performance of: – EWR: **80.3%** – JFK: **82.1%** – LGA: **83.1%**	On-Time Performance: – EWR: **78.8%** – JFK: **80.7%** – LGA: **81.6 %**	On-Time Performance: – EWR: **76.9%** – JFK: **78.4** – LGA: **80.7**
Customer Experience			
Improve overall airport passenger satisfaction as measured by Airport Council International's Airport Service Quality ("ASQ") survey. Ratings are on a scale of 1 (low) to 5 (high).	Achieve a minimum ASQ overall satisfaction rating of: – JFK: **4.00** – EWR: **4.08** – LGA: **4.33**	Overall ASQ Rating: – JFK: **3.81** – EWR: **3.98** – LGA: **4.30**	Overall ASQ Rating: – JFK: **3.76** – EWR: **3.90** – LGA: **4.24**

* Unless otherwise stated, Objectives measure performance through year-end 2025.

Gross Operating Revenues

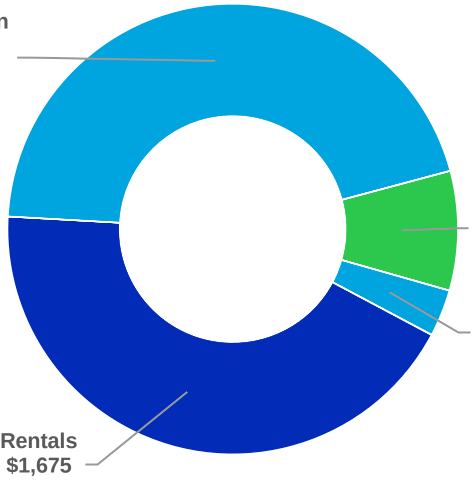
Aviation's 2025 Gross Operating Revenue Budget totals $3.9B and reflects an increase of $247M, or 7% versus Aviation's 2024 Gross Operating Revenue Budget.

This projected Budget-to-Budget increase is driven by:

- **Aviation Fees**—which includes: 1) flight fees cost recoveries; 2) AirTrain fares; and, 3) the Airport Ground Transportation Access Fee—reflect an increase of $170M, or 11% versus the 2024 Budget.

  This increase is driven by:
  1) higher recoverable operating and capital costs, in part due to the amended airline cost recovery agreements; and, 2) higher Ground Transportation Access Fee and AirTrain fare revenues resulting from projected activity increases.

2025 GROSS OPERATING REVENUE BUDGET BY CATEGORY
($ in millions)



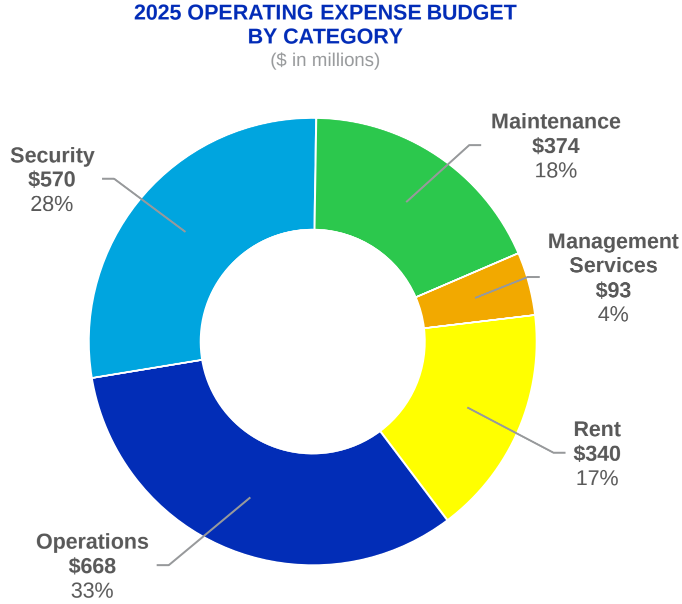
- **Rentals**—including both fixed and activity-based percentage rentals—reflect an increase of $88M, or 6% versus the 2024 Budget driven by: 1) activity-driven concessionaire percentage rentals; 2) new or adjusted lease agreements with more favorable terms; and, 3) scheduled contractual increases.
- **Parking & Other Fees** reflect a decrease of ($21M), or (6%) versus the 2024 Budget driven by: 1) lower parking revenues as a result of fewer passengers projected to park at the airports, in part due to impacts of the ongoing Redevelopment programs; and, 2) a reduction in NYSDOT reimbursements for construction work close to AirTrain JFK infrastructure due to timing of work.
- **Utilities** reflect an increase of $10M, or 8% versus the 2024 Budget driven by higher forecasted utility recoveries resulting from: 1) higher forecasted energy rates; and, 2) increased consumption associated with the operation of new and larger terminals and facilities.

Gross Operating Revenue by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Aviation Fees	$1,606,056	$1,576,313	$1,642,694	**$1,746,453**
Rentals	1,559,518	1,587,374	1,718,751	**1,675,128**
Parking & Other	374,724	354,553	356,993	**333,270**
Utilities	117,687	120,792	119,878	**130,745**
Total	**$3,657,985**	**$3,639,032**	**$3,838,316**	**$3,885,596**

Operating Expenses

Aviation's 2025 Operating Expense Budget—which funds the ongoing cleaning, maintenance, traffic management, customer experience, and safety and security initiatives that provide the traveling public with world-class airports—totals $2.2B and reflects an increase of $115M, or 6% versus Aviation's 2024 Operating Expense Budget.



This Budget-to-Budget increase includes *inflationary escalations of $59M, or 3%.* An additional *$56M of priority spending* above inflation (*of the agency's total $101M priority spending*) is included to:

- *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $25M providing for increased contractual City Rent payments and EWR Terminal A concessions management fees as a direct result of revenue growth, as well as regulatory resources to meet enhanced FAA requirements and ensure compliance with Transportation Security Agency ("TSA") screening requirements;
- *Bolster Safety & Security* of $14M to add incremental policing and security guard resources necessary to respond to the evolving threat landscape;
- *Provide Temporary Support for Capital Construction* of $12M to support the Airport Redevelopment programs including JFK Redevelopment traffic mitigation initiatives and alternative transportation associated with planned AirTrain EWR station closures; and,
- *Operate New or Larger Facilities & Assets* of $5M to support new terminals with a larger footprint to operate and maintain.

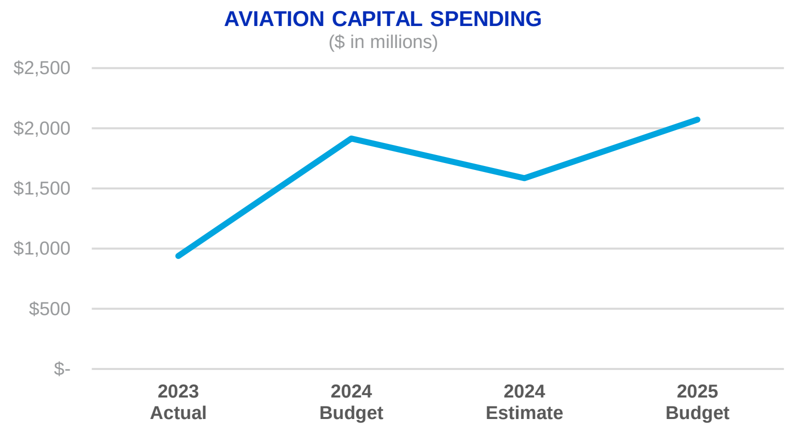
Operating Expense by Category

($ in thousands)	2023 Actual	2024 Budget*	2024 Estimate	2025 Budget
Operations	$715,501	$623,144	$653,175	**$668,207**
Security	546,074	542,643	572,008	**569,610**
Maintenance	345,704	362,814	363,882	**373,986**
Management Services	113,721	89,007	89,443	**93,441**
Rent	320,897	319,792	331,798	**339,792**
Subtotal	**$2,041,897**	**$1,937,400**	**$2,010,306**	**$2,045,036**
Allocated	140,757	140,950	148,781	**148,101**
Total**	**2,182,654**	**$2,078,350**	**$2,159,087**	**$2,193,137**

* Reflects reallocations of costs between Categories.

** Budget and Actual/Projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB and excludes Non-Cash Pension & OPEB actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

Capital Spending



Aviation's 2025 Capital Spending Budget totals $2.1B and reflects an increase of $158M, or 8% versus Aviation's 2024 Capital Spending Budget driven by the airport Redevelopment projects.

Of note, construction activities under the JFK Redevelopment program will accelerate to deliver a unified, modern airport with world-class passenger amenities, expanded gate capacity, state-of-the-art security, and streamlined roadway access. At EWR, preliminary planning for a new EWR Terminal B will begin as part of the EWR Visioning Plan's blueprint that sets a course for the airport's continued redevelopment to accommodate passenger growth and deliver 21st century facilities. Construction for the AirTrain EWR replacement program will continue which is designed to replace the aging system which is past its useful life with a wholly new AirTrain to meet increasing passenger demand and enhance customer experience. Ground access initiatives will also advance through the EWR Station Access Project and the LGA Ground Access Program to improve public transit access to the airports.

Further detail on Significant Capital Projects included in the 2025 Capital Spending Budget is provided below.

Significant Capital Projects *($ in thousands)*

Project Title & Description	Operational Impacts	2025 Budget
JFK Redevelopment Provides for airport infrastructure improvements and program support for third-party terminal developments, including airside enhancements and roadway modifications to improve efficiency and reduce delays.	Supports the modernization and transformation of JFK to accommodate passenger growth and provide best-in-class terminals, roadway networks, and customer experience.	$850,000
AirTrain EWR Advances the replacement of the existing AirTrain EWR system which has reached the end of its useful life.	Replaces the outdated system to meet increasing passenger demand and improve reliability.	$450,589
LGA Ground Access Program Provides for improvements to the existing MTA Q70 LaGuardia Link bus service and new non-stop airport service from Ditmars Boulevard, the terminus of the N/W subway line in Astoria, Queens.	Provides better and faster transit access to LGA.	$83,471
Rehabilitation of EWR Runway 4L-22R Provides for the rehabilitation of existing asphalt runway pavement and replacement of airfield lighting, signage, and pavement markings at EWR Runway 4L-22R.	Maintains state of good repair of critical runway infrastructure.	$78,539
Rehabilitation of JFK Taxiways A & B East & South Provides for the milling and overlay between Taxiways A & B East & South, including pavement, drainage, signage, markings, and lights in accordance with FAA circulars.	Maintains state of good repair of critical taxiway infrastructure.	$72,848
Expansion of the Kennedy International Airport Cogeneration Facility (“KIAC”) Provides for the design, construction, and installation of critical thermal equipment and components, as well as system upgrades. This includes the replacement and upgrade of the heaters and coolers and the installation of switchgear to provide electricity directly to JFK’s Terminals 1 and 6.	Replaces thermal equipment at the end of its useful life and expands the facility’s capacity to meet increased passenger demand.	$70,862
EWR Station Access Provides for the design and construction of a new at-grade and elevated facility at EWR that will connect the existing Northeast Corridor Commuter Rail Station and the AirTrain Newark Rail Link Station to the Newark South Ward local neighborhood.	Provides new multi-modal street level access to existing Amtrak, NJ Transit, and AirTrain EWR rail services.	$56,965

* Dollars represent Port Authority capital investment and does not include private capital investments.

PORT

Mission

Port's mission is to "Keep the Region Moving" by developing and managing competitive port infrastructure and services that expedite the movement of cargo and cruise passengers in a secure, environmentally sound, and fiscally responsible manner.

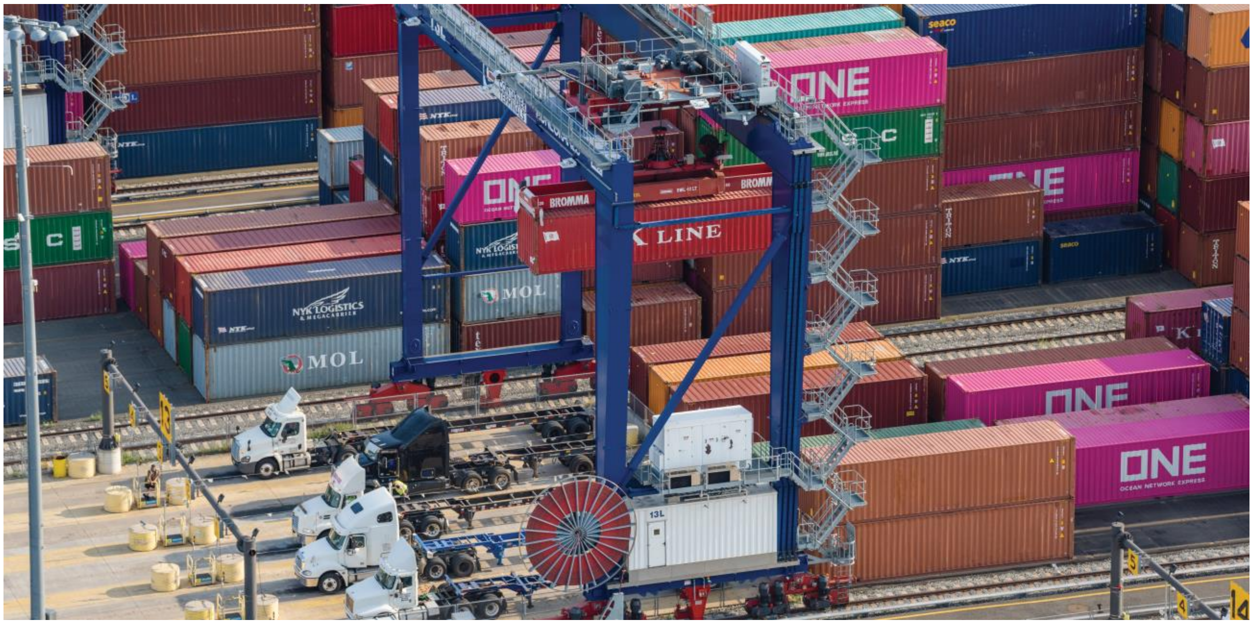
Facilities

The Port of New York and New Jersey ("PONYNJ") is at the center of the largest consumer region in the country, serving more than 28M local consumers with 5M containers loaded and unloaded at its docks each year.

PONYNJ is comprised of the following facilities: 1) Port Newark; 2) Elizabeth-Port Authority Marine Terminal; 3) Port Jersey-Port Authority Marine Terminal; 4) Howland Hook Marine Terminal; and, 5) the Greenville Yard-Port Authority Marine Terminal.

The Port Department also operates: 1) the Elizabeth Industrial Park; 2) ferry transportation; and, 3) a Class 1 freight railroad—New York-New Jersey Rail, LLC—which provides local cross-harbor transportation for freight railcars across the Hudson River utilizing a float barge system.

PONYNJ offers numerous options to move cargo, providing unmatched access to one of the largest and most concentrated consumer markets in the world as well as fast access to key inland and northern markets.

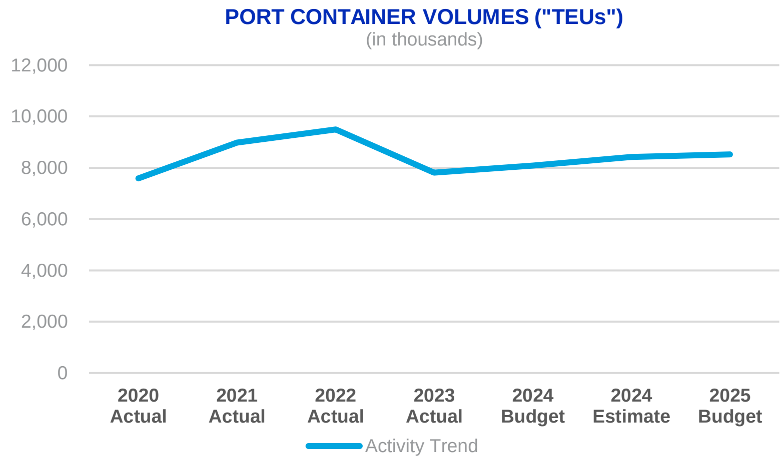


Core Functions

- Develop and maintain all Port facility common areas and marine terminals, focusing on asset management, service reliability, service efficiency, security, and environmental stewardship.
- Promote Port facilities as the premier gateway port on the East Coast for cargo owners, ocean carriers, logistics service providers, automotive manufacturers, bulk cargo businesses, and cruise lines.
- Manage and deliver Port Capital programs, including terminal development, port-wide rail facilities, and landside infrastructure.
- Oversee the management of Port's real estate portfolio, including leasing, administration, and facilitation of improvements, programs, and initiatives across Port facilities.
- Undertake innovative planning for future Port development and partner with stakeholders, regional governments, and the business community on implementation.

Activity Volumes

In 2025 Port twenty-foot equivalent unit ("TEU") Containers are projected to total 8.5M. This reflects an increase of 0.4M, or 5% versus the 2024 Budget driven by steady growth in-line with macro-economic trends.



Staffing

Port's 181 authorized positions consist of employees dedicated to operating, maintaining, managing, marketing, and providing Capital support across Port facilities.

Operations staff ensure that the facilities are operated in a manner that allows for the safe and efficient movement of international cargo to and from Port facilities. *Maintenance* staff maintain the marine terminals and port system and ensure compliance with applicable codes and regulations. *Management* staff support the operations and maintenance of facilities and provide Department-wide oversight, including Capital program delivery.

Strategic Priorities/Goals, Objectives, & Performance Measures

Port's strategic objectives focus on advancing the agency's long-term strategic priorities/goals of enhancing operational excellence and sustainability by increasing cargo volumes and the movement of cargo by rail and improving port productivity by decreasing container dwell times. In addition, Port supports the agency's strategic priority/goal to revitalize the region's transportation infrastructure through the Capital investments detailed in the 2025 Capital Spending section below.

In alignment with executive guidance, Port prioritizes and allocates its Budgeted resources to advance these critical strategic priorities/goals, objectives, and performance measures, which are detailed further below.

Strategic Priorities/ Goals & Definitions	2025 Objective*	2024 Actuals	2023 Actuals
Operational Excellence & Sustainability			
Increase intermodal rail utilization by growing the volume of cargo moved by rail.	Achieve a minimum of **652,450** containerized cargo shipments moved by rail.	Cargo Shipments by Rail: **639,657** – **42.6**% of ExpressRail System capacity, an increase of **1.7%** YoY	Cargo Shipments by Rail: **629,193** – **41.9%** of ExpressRail System capacity, a decrease of (**10.9%**) YoY
Operational Excellence & Sustainability			
Increase the percentage of truck visits that exchange more than one container on the same trip and reduce the container dwell time.	**1.** Increase the percentage of truck visits that exchange more than one container to **29.3%**, or a 3% increase as compared to 2024. **2.** Reduce the import container dwell time at less than **4.0** days wait time.	Trucks Exchanging More than One Container: **28.4%**, a **16.1**% increase YoY Container Dwell Time: **3.4 days**	Trucks Exchanging More than One Container: **26.3%****, a **5**% increase YoY Container Dwell Time: **4.1 days**
Operational Excellence			
Continue moving critical goods throughout the region and the world.	Recover US container market share above **16%**.	US Import Container Market Share: **14.8%**	US Import Container Market Share: **16.0%**

* Unless otherwise stated, Objectives measure performance through year-end 2025.

** Calculated based on a change in methodology as compared to previous Budget Books.

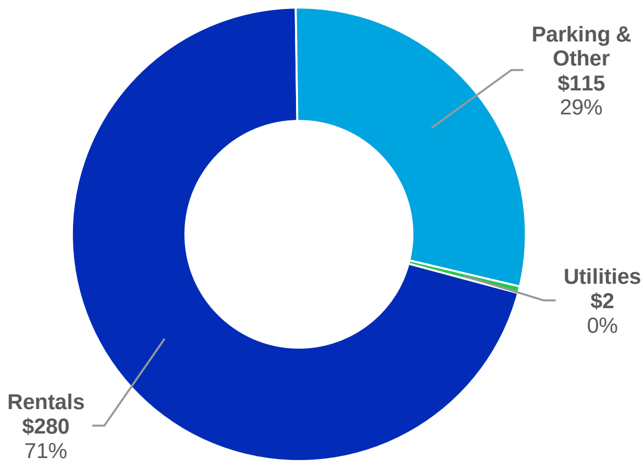
Gross Operating Revenues

Port's 2025 Gross Operating Revenue Budget totals $397M and reflects an increase of $12M, or 3% versus Port's 2024 Gross Operating Revenue Budget.

This Budget-to-Budget increase is driven by:

- **Parking & Other**—which consist of CFCs as well as dockage and wharfage fees—reflects an increase of $5M, or 5% versus the 2024 Budget driven by: 1) higher projected activity versus the 2024 Budget; 2) an annual adjustment to the assessed CFC rate; and, 3) increased bulk rental rates for various lease agreements executed in 2024.

2025 GROSS OPERATING REVENUE BUDGET BY CATEGORY
($ in millions)



- **Rentals**—which are derived from leased property corresponding to fixed land rents from various tenant agreements and throughput fees derived from container and other activity—reflect an increase of $9M, or 3% versus the 2024 Budget driven by: 1) increased rental rates for various lease agreements executed in 2024; 2) higher container throughput revenues; and, 3) contractual escalations. This Budget-to-Budget growth is partially offset by the loss of lease revenues associated with the exchange of agency ownership of the Brooklyn Port Authority Marine Terminal ("BPAMT") for NYC's ownership of Howland Hook, which is fully offset by Operating Expense cost savings.

- **Utilities** reflect a decrease of ($2M), or (50%) versus the 2024 Budget driven by lower recoverable electricity expenses as various tenants are planned to transition to direct service at Port Jersey, which is fully offset by Operating Expense cost savings.

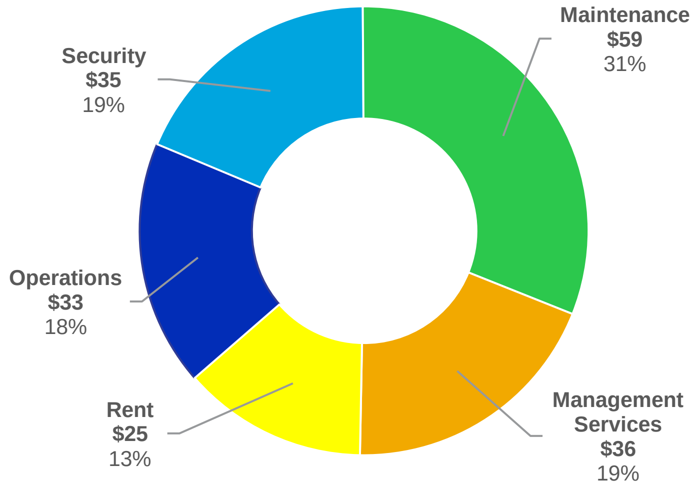
Gross Operating Revenue by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Rentals	$270,152	$271,104	$280,199	**$280,167**
Parking & Other	100,008	109,768	107,640	**114,733**
Utilities	3,025	3,742	3,307	**1,876**
Total	**$373,185**	**$384,614**	**$391,146**	**$396,776**

Operating Expenses

Port's 2025 Operating Expense Budget—which provides resources to support the ongoing operation and maintenance of the agency's Port facilities—totals $202M and reflects a decrease of ($3M), or (2%) versus Port's 2024 Operating Expense Budget. This Budget-to-Budget decrease is driven by ($15M) of cost savings associated with the exchange of agency ownership of BPAMT as the agency is no longer required to operate, maintain, and provide security services for the site.

2025 OPERATING EXPENSE BUDGET BY CATEGORY
($ in millions)



Excluding these cost savings, Port's 2025 Operating Expense Budget reflects an increase of $12M, or 6% versus Port's 2024 Operating Expense Budget. This Budget-to-Budget increase includes *inflationary escalations of $6M, or 3%*. An additional *$6M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to:

- *Provide Temporary Support for Capital Construction* of $3M for traffic mitigation associated with the Port Street Corridor Capital improvement program;
- *Fund Non-Discretionary Regulatory & Revenue-Driven Costs* of $2M for incremental fully reimbursable harbor maintenance dredging; and,
- *Bolster Safety & Security* of $1M for a new joint Port Security and Operations Center to more efficiently protect the supply chain.

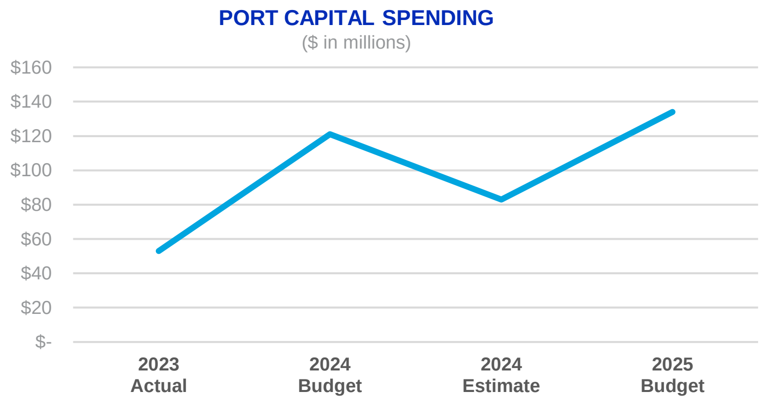
Operating Expense by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Operations	$38,569	$43,669	$36,925	**$33,323**
Security	31,674	32,159	33,604	**35,019**
Maintenance	49,671	59,488	72,985	**58,637**
Management Services	30,171	30,672	34,321	**36,254**
Rent	28,330	25,840	24,284	**25,070**
Subtotal	**$178,415**	**$191,828**	**$202,119**	**$188,303**
Allocated	10,912	13,382	11,710	**13,497**
Total**	**$189,327**	**$205,210**	**$213,829**	**$201,800**

** Budget and Actual/Projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB and excludes Non-Cash Pension & OPEB actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

Capital Spending

Port's 2025 Capital Spending Budget totals $134M and reflects an increase of $13M, or 11% versus Port's 2024 Capital Spending Budget.



Funding is included to advance key components of the Port Street Corridor Improvement project including the completion of the Corbin Street Ramp as part of the overall effort to modernize the road network leading into Port Newark. Work on the Wharf Rehabilitation Program will also continue with the final design phase kicking-off for the reconstruction of Berths 10 and 12 to ensure the maintenance of critical Port infrastructure.

Further detail on Significant Capital Projects included in the 2025 Capital Spending Budget is provided below.

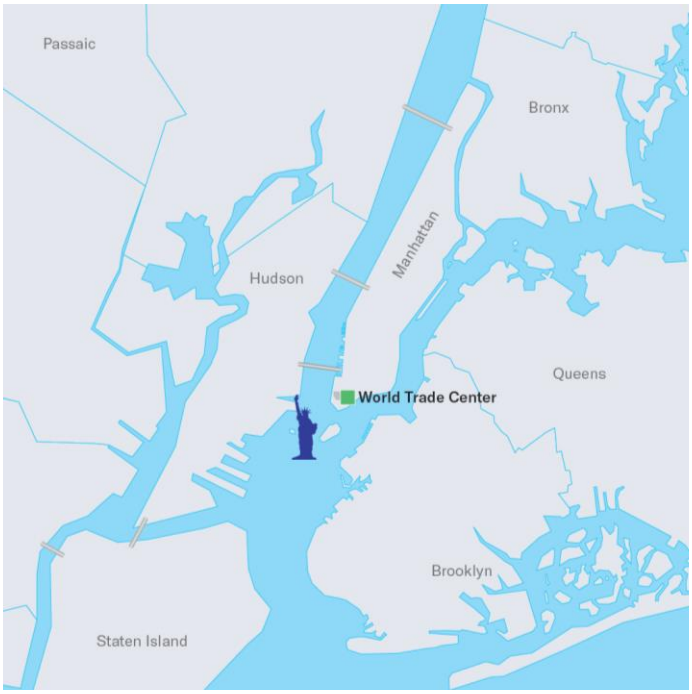
Significant Capital Projects *($ in thousands)*

Project Title & Description	Operational Impacts	2025 Budget
Port Street Corridor Improvements		
Provides for the replacement of the Corbin Street ramp and the realignment of Kellogg, Marlin, and Port Streets and associated roadways at Port Newark's northern access.	State of good repair of critical roadway system infrastructure, as well as improved traffic flow and safety.	$46,491
Rehabilitation of Berths		
Provides for priority rehabilitation and/or replacement of wharves, piers, and berths at multiple New Jersey Marine Terminal and New York Marine Terminal Port facilities.	Maintains structural integrity and state of good repair of critical wharf structures.	$36,127
Rehabilitation of Building Roofs at Port Newark		
Provides for the rehabilitation of roofs at three Port Newark buildings.	Maintains state of good repair and structural integrity of large roofs.	$8,801
Harbor Deepening Channel Improvements		
Provides for studies and preliminary planning related to potential deepening of water pathways and widening of channels at Port Newark, Elizabeth Port Authority Marine Terminal, Port Jersey, and Howland Hook marine terminals.	Improves navigational efficiency for commercial vessels serving the terminals.	$6,721

WORLD TRADE CENTER ("WTC")

Mission

WTC's mission is to "Keep the Region Moving" by operating, maintaining, and promoting the WTC campus including preserving the WTC's status as a landmark of remembrance and international significance, managing stakeholder relationships through open communication and teamwork, and overseeing regulatory guidelines.



Facilities

The WTC is a 16-acre campus home to the Oculus, Transportation Hub, One WTC, 3 WTC, 4 WTC, 7 WTC, the 9/11 Memorial & Museum, Liberty Park, Saint Nicholas National Shrine, and the Ronald O. Perelman Performing Arts Center ("PAC").

These facilities are either owned and operated by the Port Authority or operated by respective stakeholders. Port Authority owned facilities include:

- The Transportation Hub;
- Liberty Park;
- The Vehicle Security Center, below-grade Vehicle Roadway Network, and other site-wide infrastructure; and,
- One WTC (a joint venture of the Port Authority and the Durst Organization).

The WTC campus is an award-winning NYC destination with a unique mix of public and private space recognized for its excellence in architecture, engineering, sustainability achievements (LEED certification), and community engagement.

Core Functions

- Operate and maintain all Port Authority spaces at the WTC site, including public areas, critical infrastructure, and the Transportation Hub.
- Oversee site-wide processes and functions, including compliance with applicable agency-wide guidelines, codes, rules, and regulations.
- Maintain WTC campus security equipment and manage WTC campus credentialing functions in coordination with the PAPD and the New York City Police Department.
- Negotiate, implement, and manage business partner agreements and stakeholder relationships to maximize the value of the WTC.

Staffing

WTC's 29 authorized positions consist of employees who provide Department-wide oversight, handle real estate and business relationships, facilitate property and revenue management, and ensure an exceptional customer experience for the public.

Strategic Priorities/Goals & Objectives

WTC's strategic objectives focus on advancing the agency's long-term strategic priorities/goals of enhancing operational excellence, safety and security, and customer experience by implementing protective measures and critical infrastructures inundated by Superstorm Sandy, overseeing site-wide property management services to attract and improve tenant experience, and ensuring the safety and security of the site. In addition, WTC supports the agency's strategic priority/goal to maintain and revitalize the region's transportation infrastructure through the Capital investments detailed in the 2025 Capital Spending section below.

In alignment with executive guidance, WTC prioritizes and allocates its Budgeted resources to advance these critical strategic priorities/goals, objectives, and performance measures.

Strategic Priorities/ Goals & Definitions	2025 Objective*	2024 Actuals	2023 Actuals
Customer Experience			
Expand programming at the WTC campus by improving overall customer satisfaction. Ratings are on a scale of 1 (low) to 5 (high).	Achieve overall customer satisfaction score of **4.1** or greater for events.	**4.1**	**N/A**

* Unless otherwise stated, Objectives measure performance through year-end 2025.

Gross Operating Revenues

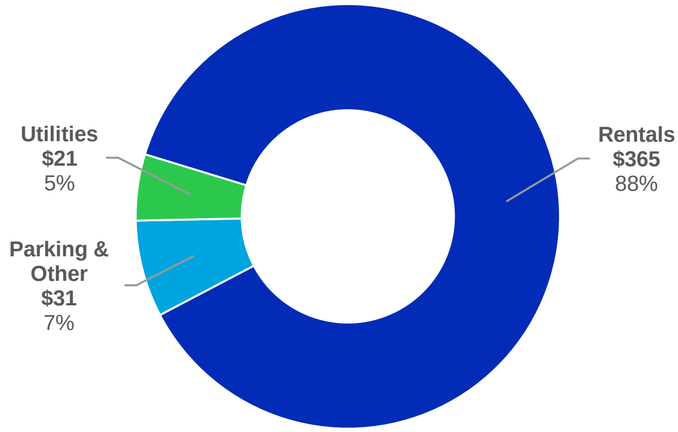
WTC's 2025 Gross Operating Revenue Budget totals $416M and reflects an increase of $5M, or 1% versus WTC's 2024 Gross Operating Revenue Budget.

This projected Budget-to-Budget increase is driven by:

- **Rentals** reflect an increase of $7M, or 2% versus the 2024 Budget driven by scheduled contractual increases which is partially offset by lower One WTC Observation Deck revenues resulting from lower visitor volumes than assumed in 2024.
- **Parking & Other** reflects a decrease of ($1M), or (4%) versus the 2024 Budget driven by a reduction of one-time insurance reimbursements received in 2024.
- **Utilities** reflect a decrease of ($1M), or (4%) versus the 2024 Budget driven by lower recoverable electricity expenses.

2025 GROSS OPERATING REVENUE BUDGET BY CATEGORY

($ in millions)



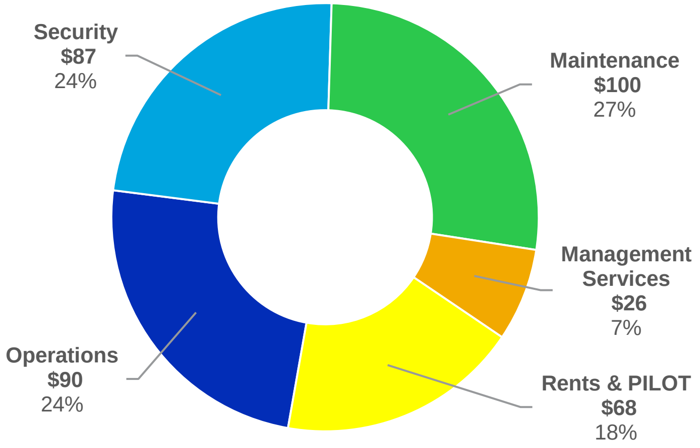
Gross Operating Revenue by Category

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Rentals	$348,333	$357,495	$351,604	**$364,683**
Parking & Other	61,855	32,113	34,558	**30,711**
Utilities	22,060	21,916	24,867	**20,972**
Total	**$432,248**	**$411,524**	**$411,029**	**$416,366**

Operating Expenses

WTC's 2025 Operating Expense—which supports the ongoing cleaning, customer experience, security, and maintenance expenses required to operate a world-class facility—totals $384M and reflects an increase of $12M, or 3% versus WTC's 2024 Operating Expense Budget.

This Budget-to-Budget increase includes *inflationary escalations of $9M, or 2%*. An additional *$3M of priority spending* above inflation *(of the agency's total $101M priority spending)* is included to *Operate New & Larger Facilities or Assets* for maintenance and security costs for the newly opened West Bathtub Vehicular Area as well as operations of the new WTC Property Management Facility.



Operating Expense by Category

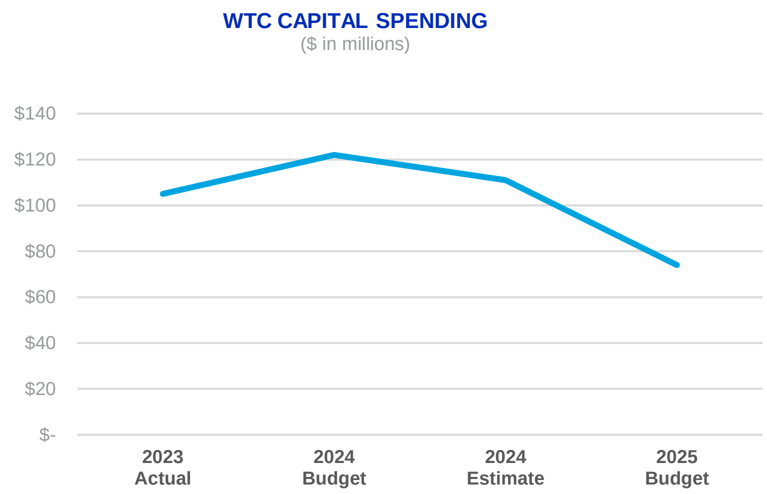
($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget
Operations	$95,976	$91,556	$91,915	**$90,287**
Security	85,675	85,072	84,712	**87,469**
Maintenance	80,246	95,665	95,210	**100,414**
Management Services	30,032	24,289	32,885	**26,169**
Rents & PILOTs	59,682	63,789	64,277	**68,231**
Subtotal	**$351,611**	**$360,371**	**$368,999**	**$372,570**
Allocated	10,617	11,518	11,926	**11,764**
Total**	**$362,228**	**$371,889**	**$380,925**	**$384,334**

** Budget and Actual/Projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB and excludes Non-Cash Pension & OPEB actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions".

Capital Spending

WTC's 2025 Capital Spending Budget totals $74M and reflects a decrease of ($48M), or (39%) versus WTC's 2024 Capital Spending Budget driven by the continued completion of projects across the WTC campus.

Funding is included for certain One WTC capital maintenance and for the continuation of regulatory-related upgrades to the River Water Pump Station.



Further detail on Significant Capital Projects included in the 2025 Capital Spending Budget is provided below.

Significant Capital Projects *($ in thousands)*

Project Title & Description	Operational Impacts	2025 Budget
One WTC		
Projects to maintain the base building in a state of good repair and provide for tenant improvement allowances associated with occupancy.	Maintains and attracts new tenants to remain competitive in the current leasing environment.	$19,524
WTC River Water Pump Station Upgrade		
State of good repair rehabilitation of the existing pump station headhouse and replacement of the existing sluice gates and infrastructure, advancing the facility towards compliance with environmental regulations.	Ensures compliance with the New York State Department of Environmental Conservation permit.	$9,709
Flood Mitigation Below Grade		
Provides Water Intrusion Protection Systems in below grade areas of One WTC and the West Bathtub Vehicle Entrance.	Reduces risk of water infiltration into below grade areas following extreme precipitation events.	$5,558

SUSTAINABILITY AT THE PORT AUTHORITY

The Port Authority is committed to the long-term sustainability of the region while meeting the critical infrastructure needs of New York and New Jersey.

Environmental sustainability has been a focus for the Port Authority since 1993 when the agency first developed its Environmental Policy Statement. This was followed by the creation of sustainability guidelines for design and construction in 2004, the agency's GHG emissions inventory in 2006, and its inaugural sustainability policy in 2008. And in 2018, the Port Authority became the first public transportation agency in the United States to set aggressive interim GHG reduction targets that called for a 35% reduction by 2025 and an 80% reduction by 2050. In October 2021, the Port Authority raised its climate action targets to align with new U.S. economy-wide goals, committing to a 50% GHG reduction by 2030 for its direct GHG emissions and "net zero" emissions by 2050 across all of its activities, including those attributed to the third parties operating at or visiting agency facilities.

Fundamentally, sustainability—from advancing alternative, renewable, and energy efficiency projects, to focusing on waste reduction, to advancing electrification efforts—is at the core of how the Port Authority operates. Sustainability is one of six of the agency's strategic priorities/goals that guides its decision making, and ultimately, its Budget. Accordingly, the agency's 2025 Budget dedicates over $91M to advance a net zero emissions futures, which provides the resources necessary to achieve the agency's goal of reducing direct GHG emissions by (35%) by the end of 2025, remove additional gas-powered vehicles from the agency's vehicle fleet to exceed its 2025 50% light-duty EV goal, support the continued expansion of EV charging infrastructure, and complete the agency's first ever net zero building to provide a template to renovate all agency buildings to net zero by 2050.

The Port Authority also invests considerable effort to enable and encourage its third-party tenants and stakeholders to transition to zero emissions vehicles and invest in energy efficiency projects, amongst other, to meet the agency's target of net zero emissions by 2050.

Mission, Goals, Objectives, & Performance Measures

The Port Authority's sustainability mission, goals, and objectives are directly linked to its commitment to meeting a 50% GHG reduction by 2030 for its direct GHG emissions and "net zero" emissions by 2050 across all of its activities, including those attributed to the third parties operating at or visiting agency facilities.

Strategic Priorities/ Goals & Definitions	2025 Objective*	2024 Actuals**	2023 Actuals
Sustainability			
Reduce direct GHG emissions (35%) by 2025 in alignment with the Port Authority's GHG reduction commitments.	Achieve a cumulative GHG reduction of **(35%)**.	***(31%)***, or a reduction of 7,254 metric tons from 2023 (*includes app. 2% from reduced carbon intensity of the agency's electricity supply*).	***(29%)***, or a reduction of 4,884 metric tons from 2022 (*includes app. 2% from reduced carbon intensity of the agency's electricity supply*).

* Objectives measure performance through year-end 2024.

** 2024 Actuals reflect the year-end estimate as final results will be reported in late 2025.

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Budget Process & Financial Policies

In addition to service on the PATH Newark-World Trade Center line, the Harrison PATH station provides connections to NJ TRANSIT buses, vehicle parking for commuters who wish to park and ride, and safe and secure free-to-use bicycle parking.

BUDGET PROCESS

Each calendar year, consistent with longstanding Port Authority policy and governance best practices, the Port Authority undertakes a comprehensive and collaborative planning process to develop the ensuing year's annual Budget. As prescribed by its By-Laws, the Port Authority's Board approves an annual Expenditure Budget ("Uses") comprised of: 1) Operating Expenses; 2) annual Capital Spending; 3) Debt Service; and, 4) Deferred Spending.

In tandem with developing the annual Uses Budget, the agency develops its annual Sources Budget, which is comprised of: 1) Gross Operating Revenues; 2) Bond Issuances & Other Sources; 3) aviation Passenger Facility Charges ("PFC"); and, 4) Grants & Contributions.

As policy, the agency aligns its Uses Budget with its Sources Budget to ensure a balanced plan.

Developing the Annual Budget

The Port Authority's Management and Budget Department ("MBD") is responsible for leading the annual Budget process in close coordination with each Department across the agency.

Overall, Departments are instructed to prioritize and allocate resources in alignment with the agency's six long-term strategic priorities/goals and standards. Executive leadership established these strategic priorities/goals to set the foundation needed to achieve the agency's mission to "keep the region moving" (see the *2025 Budget Overview* section for a description of the agency's strategic priorities/goals and standards). The alignment of Budgeted resources with the agency's six long-term strategic priorities/goals and six standards is articulated throughout this Budget document, particularly in the *2025 Budget Overview* section, as well as the *Strategic Priorities/Goals, Objectives, & Performance Measures* in the *Departmental Budget Summaries*.

The process for developing each component of the agency's annual Uses Budget in alignment with the agency's six long-term strategic priorities/goals and six standards is detailed below.

- **Operating Expense & Deferred Spending Budgets** MBD sets preliminary Departmental targets for the Operating Expense and Deferred Spending Budgets, which typically reflect long-term inflationary escalations for labor and materials & services (non-labor) and incorporates other known impacts due to changing business needs and/or operations in line with the agency's strategic priorities/goals and standards. These initial Budget targets are then reviewed by the agency's Chief Financial Officer ("CFO") and other executive leadership, adjusted as necessary, and released to the Departments with planning and Budget instructions.

  Departmental finance teams then work across their businesses and facilities to develop Departmental Budgets that prioritize and allocate resources within their assigned Budget target and in alignment with the planning and Budget instructions. During this process Departments also develop their revenue Budgets based on a common set of economic and business variables as provided by the agency's Planning and Regional Development Department, in addition to known contractual and other business environment changes.

- **Annual Capital Spending Budget** In coordination with MBD, the Port Authority's Project Management Office ("PMO") develops the annual Capital Spending Budget in close collaboration with each Department. The Capital Spending Budget is set in alignment with the spending approved in the agency's ten-year Capital Plan, which advances the agency's strategic priority/goal to maintain and revitalize the region's critical transportation infrastructure. As projects advance through the different stages of the project delivery life cycle, the agency's Capital Plan Oversight Committee ("CPOC") reviews and monitors individual project's spending plans. The annual Capital Spending Budget is then based on the forecasted spending for all active capital projects, as well as projects expected to start in the following year.

- **Debt Service Budget** The Debt Service Budget is developed by the agency's Treasury Department, taking into consideration the scheduled principal and interest on currently outstanding obligations, as well as debt service on debt expected to be issued in the year to support planned capital spending.

Developing the Long-Range Forecast

As part of the annual Budget process, the agency's Departments work collaboratively to update the agency's Long-Range Forecast ("LRF"). The LRF is a planning tool used to forecast the agency's financial condition and determine its capital capacity and ultimately helps set the agency's annual Budget.

Key assumptions used in developing the LRF include a common set of macroeconomic variables and outputs developed by the agency's Planning & Regional Development Department (see *Appendix 1. Economic Outlooks* for further information) that aid in forecasting activity volumes and inflationary escalations, as well as incorporating adjustments for known or anticipated operational, contractual, or business environment changes that may impact revenues and expenses. Ultimately, the LRF ensures that resources are prioritized and allocated to achieve the agency's six long-term strategic priorities/goals and six standards.

The Port Authority's Board regularly monitors the LRF and capital capacity using current information to ensure the agency has sufficient resources to: 1) continue investing in Capital Projects at roughly the pace and the cost that has been planned; and, 2) maintain its commitment to high standards of safety, security, cleanliness, and customer experience as outlined in its annual Budget.

See *Appendix 2. Revenues & Reserves, Multi-Year Projections* to review the Port Authority's 3-year projections developed in alignment with the process described above.

Reviewing, Adopting, & Amending the Budget

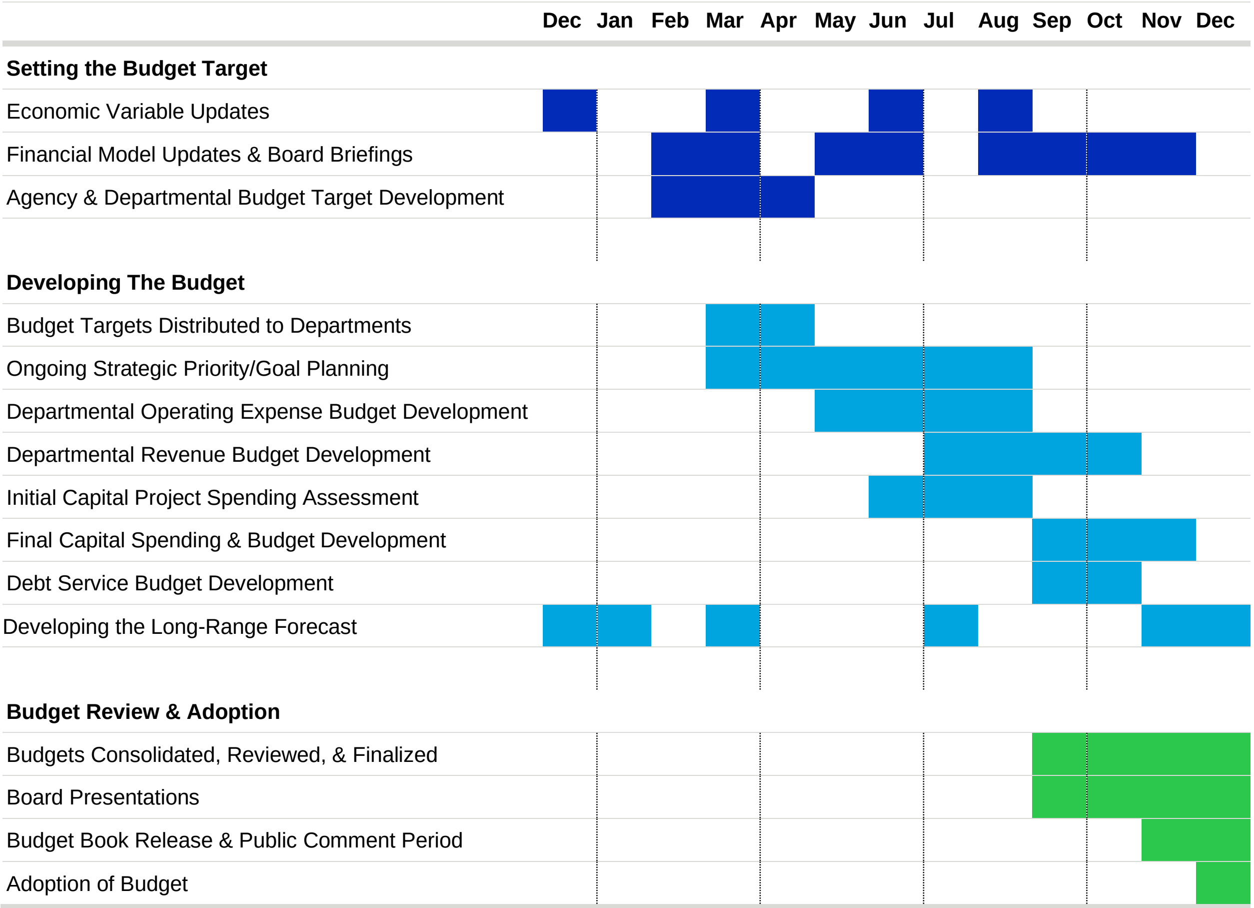
Departments submit their Budgets for review and consolidation by MBD, the Office of Financial Planning, and PMO, typically during the second half of the of the year. Submissions are reviewed and evaluated, with adjustments made as necessary. Executive leadership is briefed on the Budget submissions and an iterative process ensues to ensure Departmental Budgets align with the agency's Budget target and strategic priorities/goals, standards, and objectives.

Throughout this process the Board's Committees on Finance and Operations are briefed regularly. A proposed Budget is formally presented to the Board in November, followed by posting a proposed Budget Book online for public review and comment in advance of the Board's consideration for formal approval of the Budget. Public comments are reviewed, assessed, and summarized to the Board, with any recommended modifications or adjustments included. A Budget package is then presented to the Board to request authorization, generally at the December Board Meeting.

With this authorization, the Port Authority's Executive Director is delegated the authority to implement the Budget in conjunction with his authority under the agency's By-Laws and other applicable authorizations. There is no formal process to amend the Budget, as the annual Budget is a blueprint for future spending and does not supplant the Board's authorization process for specific expenditures, projects, and contracts. Specific authorization is made from time to time by the Board of Commissioners consistent with statutory, contractual, and other commitments of the Port Authority, including agreements with the holders of its obligations.

In general, developing the Port Authority's annual Budget is a 12-month process as illustrated below. When circumstances warrant, the process may be modified or extended.

Typical Budget Process Timeline



Current and future communications regarding the Budget are available in the Port Authority Press Room https://www.panynj.gov/port-authority/en/press-room.html and at the Port Authority's handle @PANYNJ on social media platform X (formerly Twitter). The 2025 Budget was published on the agency's corporate website (panynj.gov), highlighted in a press release, and featured on the agency's social media accounts.

FINANCIAL POLICIES

Financial Structure

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey and raises the necessary funds for the improvement, construction, or acquisition of its facilities, primarily upon the basis of its own operations and credit. The Port Authority has no power to levy taxes or assessments. Further, its Consolidated Bonds and other Special Obligations are not obligations of the two States or of either of them and are not guaranteed by the States or by either of them. The Port Authority's revenues are principally derived from the tolls, fares, fees, rentals, and other charges for the use of, and privileges at, its facilities. These revenues are used to operate, maintain, and provide security throughout all Port Authority facilities.

Basis of Accounting & Budgeting

The Port Authority budgets in an enterprise fund (which includes the accounts of the Port Authority and its blended component units) using the accrual basis of accounting, meaning revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Port Authority follows GAAP as prescribed by GASB.

The Port Authority's Budget is prepared pursuant to the Port Authority's Bond Resolutions which differs in some respects from GAAP. The primary differences between the Port Authority's Budget based on its Bond Resolution versus GAAP are as follows:

1. The inclusion of principal amortization on outstanding Port Authority debt in lieu of depreciation and amortization related to Capital investments. This is intended to demonstrate to bondholders and the public that the Port Authority is generating sufficient cash flows to meet its Debt Service obligations.

2. The recognition of PFCs as a reimbursement of previous Capital cash outlays when allowed by the FAA in lieu of when accrued based on flight activity.

3. The recognition of lease and subscription-based information technology income and expenses on the basis of the terms of the lease or subscription agreements rather than as financing arrangements as required by the GAAP-based GASB Statement No. 87 "Leases" and GASB Statement No. 96 "SBITA". The primary difference is the elimination of the GAAP basis lease amortization and the classification of certain revenues and expenses as Operating versus Non-Operating.

4. Exclusion of unearned rental income related to the 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

As a policy, the Port Authority strives for a balanced Budget, which is achieved when the revenues (Sources of Funds) are equal to the expenses (Uses of Funds) for the fiscal year.

For further information regarding the reconciliation of the Port Authority's GAAP basis financial statements to the Bond Resolution basis, see Note A-4 of the Port Authority's Consolidated Financial Statements.

Reserve Funds

The Port Authority and its Board have established various financial measures designed to ensure that the agency is able to sustain its projects, plan for the future, manage through economic downturns, and fund Debt Service. The Port Authority maintains two reserve funds which were established in accordance with applicable laws, statutes, and resolutions: 1) the General Reserve Fund; and, 2) the Consolidated Bond Reserve Fund.

- **The General Reserve Fund ("GRF")** was established pursuant to Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, which have been amended and supplemented, and is pledged in support of the Port Authority's Consolidated Bonds. The GRF requires that the Port Authority apply surplus revenues from its facilities to maintain the GRF in an amount equal to 10% of the par value of outstanding bonds legal for investment. Amounts deposited into the GRF may be accumulated or applied only to the purposes set forth in the GRF statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the GRF.

- **The Consolidated Bond Reserve Fund ("CBRF")** was established by the Port Authority's Consolidated Bond Resolution as adopted on October 9, 1952, and serves as additional security for all Consolidated Bonds. The CBRF is funded through the balance remaining of the Port Authority's Net Revenues (as defined in the Consolidated Bond Resolution) after deducting payments for Debt Service upon all Consolidated Bonds and the amount necessary to maintain the GRF at its statutorily required amount. Amounts deposited into the CBRF may be accumulated or applied only for the purpose of the CBRF.

The agency has set specific targets for the balances of the reserve funds at any given time, as well as other debt-related ratios, including the Additional Bonds Test (as set forth in Section 3 of the Consolidated Bond Resolution). Of note, the Port Authority has a long-standing policy of maintaining, to the extent practicable, 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 GRF.

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 $1M.

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 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 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.

CBRF and GRF amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the CBRF and the GRF (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 GRF.

Operating funds may be invested in various items including: 1) 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; 2) 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; 3) commercial paper obligations having only the highest short-term ratings separately issued by two nationally recognized rating agencies; 4) United States Treasury and municipal bond futures contracts; 5) certain interest rate exchange contracts with banks and investment firms; and, 6) certain interest rate options contracts that are limited to $50M of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board 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 Port Authority's CFO. Further, the Board's Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The Port Authority has, from time to time, entered in 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.

Compliance

The Port Authority Budget complies with all financial policies and procedures presented above. For further information on the Port Authority's Investment Policies, please reference the most current Official Statements for Port Authority's Consolidated Bonds & Notes and Financial Statements: Consolidated Bonds & Notes | Port Authority of New York and New Jersey and Financial Statements Information | Port Authority of New York and New Jersey (panynj.gov).

Appendix

The Port Authority Police Department ("PAPD") is proud to serve the region and its people by making sure that every one of the Port Authority's customers, commuters, and employees is safe.

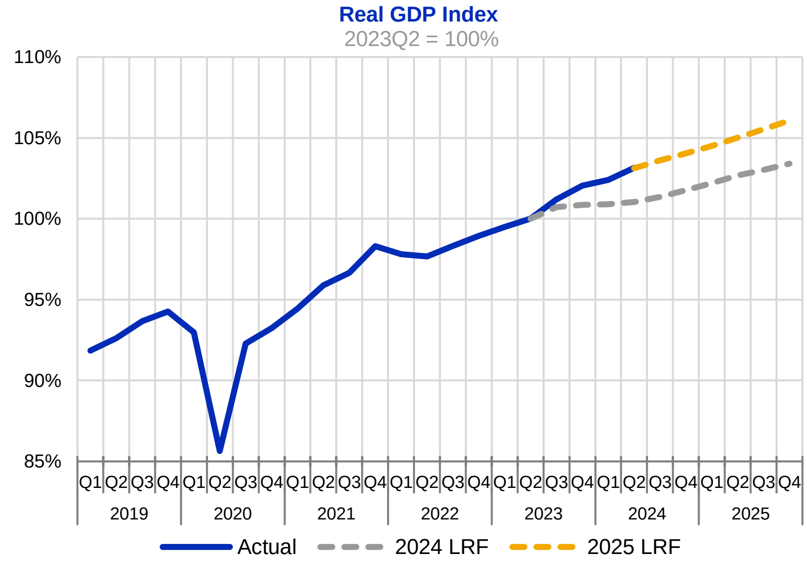
APPENDIX 1. ECONOMIC OUTLOOK

As a part of the annual Budget process, the Port Authority's Planning & Regional Development Department develops an Economic Outlook that underlie forecasts, both short-term and long-term, of agency activity volumes, expenses, and revenues. These projections ultimately inform the agency's Long-Range Forecast ("LRF") and Budget. The information provided herein is based on contemporary data and forecasts obtained from various third-party sources including Oxford Economics, S&P Global Market Intelligence, Moody's Analytics, Blue Chip Economic Indicators, and the National Association of Business Economists ("NABE")[6]. The agency's Economic Outlook strives to strike a balance across the wide range of views and is subject to the uncertainty of underlying assumptions that may ultimately differ from actual events.

While the agency's proprietary models utilize a wide variety of economic indicators, this Appendix focuses on three primary areas: 1) economic output, with a specific attention to personal consumption expenditures; 2) employment and labor markets; and, 3) inflation.

Economic Output ("GDP")

Economic output as measured by gross domestic product ("GDP") is tracked by the Bureau of Economic Analysis ("BEA"). The accurate measurement of GDP post-pandemic has been fraught with several challenges due to significant changes in the economy that have resulted in notably large revisions of recent historical performance. These issues, coupled with BEA's recent switch to 2017[7] as the reference year for price normalization, creates difficulties in comparing current GDP forecasts to projections that were developed a year ago.



Given these challenges, analysis and comparison of GDP performance and outlooks has been facilitated by indexing all data series to 2023 Q2, thereby focusing on growth trajectories leading to, and emanating from, that common point in time. The indexed values show that the economy outperformed the 2024 LRF expectations from a year ago. Actual GDP in 2024 is on track to grow 2.6% as compared to initial expectations of 1.0% which assumed that the high-interest rate environment created by the Federal Reserve to fight inflation would stymie growth. However, consumer spending, which comprises the largest share of the economy (over 65%), has as of pre-Trump tariff announcements, remained surprisingly resilient and is expected to continue driving broad-base economic growth of 2.0% in 2025.

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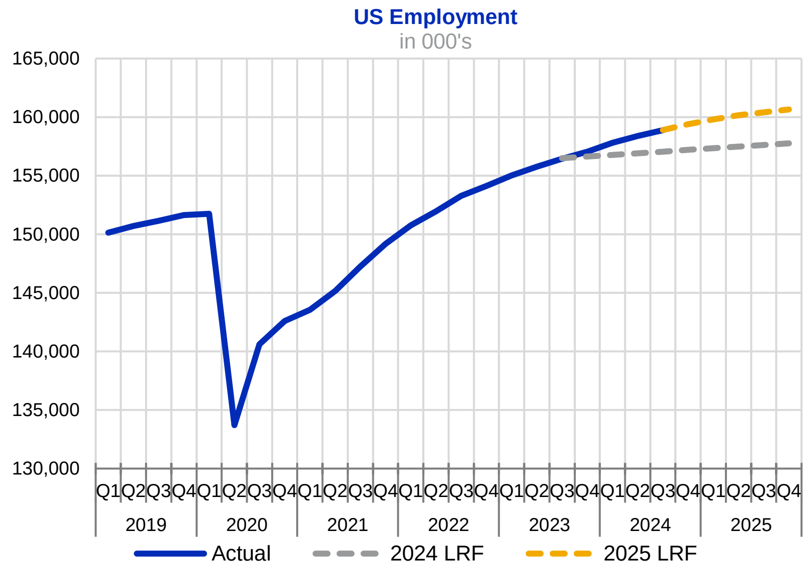
[6] Each month since 1976, Blue Chip Economic Indicators polls 40 to 50 of America's business economists, collecting their forecasts of U.S. economic growth, inflation, interest rates, and a host of other critical indicators of future business activity. The median of all economists surveyed is reported out as the consensus view along with high and low projections that represent the average of the ten highest and lowest opinions. NABE conducts a similar survey across a panel of 40 to 50 professional forecasters each quarter.

[7] BEA used 2012 as the reference year for output and price measures up till September of 2023.

Employment

Despite high interest rates that worked to cool the labor market, 2024 job growth beat expectations and is on track to end the year with net gains of approximately 200,000 jobs per month. This strong performance is compared to initial modest job gain expectations of approximately 75,000 jobs per month.

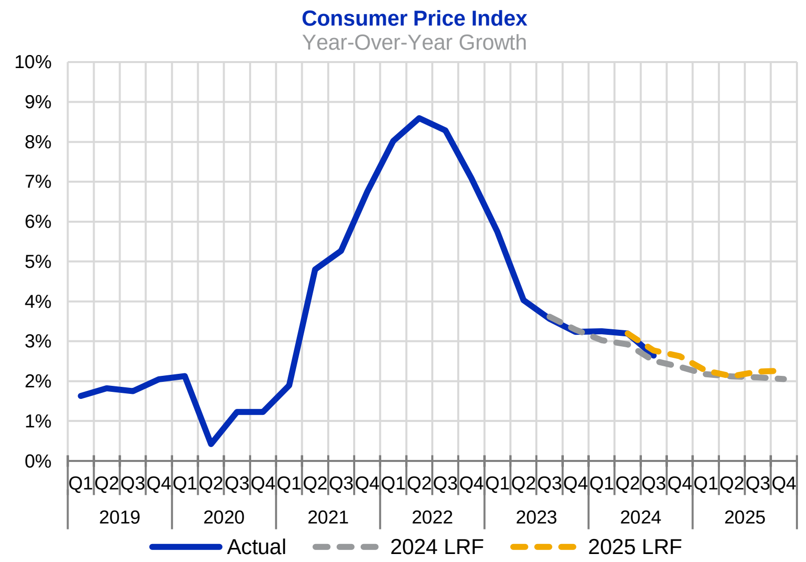
The US labor market recently experienced significant shortages in the supply of workers relative to demand. This imbalance pushed employers to compete for workers by raising wages. As a result, average monthly gains of approximately 500,000 and 300,000 jobs per month were observed in 2022 and 2023 respectively. The labor market has cooled considerably as it approaches a greater balance between labor demand and supply. Nonetheless, as of pre-Trump tariff announcements, the economy is poised to add 135,000 payroll positions per month in 2025.



Increased migration into the country has been a major driver of the recent strong labor market performance. Changes in the U.S. administration and corresponding shifts in immigration policy pose the most significant risks to future performance.

Inflation

Inflation—as measured by year-over-year growth in the Consumer Price Index ("CPI")—as of pre-Trump tariff announcements, is projected to continue slowing down in 2025 as the labor market cools. The steady state target rate of 2.2% is projected to be achieved in 2025, which is 20 basis points higher than the 2.0% steady state assumed in 2024. This slightly higher steady state rate is based on the Blue Chip consensus outlook and aligns with the expectation that the Federal Reserve's long-term neutral interest rate is expected to settle at a slightly higher rate than predicted last year.



Volatility of fuel prices will remain a potential risk that is likely tilted more to the downside. Tariff policy may also create additional inflationary pressures.

Conclusion

Despite the Port Authority’s best forecasting efforts, the current economic environment continues to remain uncertain and is subject to many developments and actions outside of the Port Authority’s control. The Port Authority continuously monitors regional, national, and international economic trends to facilitate appropriate responses to any deviations to its forecasts.

APPENDIX 2. REVENUES & RESERVES, MULTI-YEAR

The Revenues & Reserves, Muti-Year schedule includes forward looking Budget projections based on the agency's Long-Range Forecast ("LRF"), as described in further detail in the Budget Process section above.

Overall, the Revenues & Reserves, Multi-Year projections are based on a set of assumptions, including annual inflationary escalations based on the Consumer Price Index ("CPI") and Employment Cost Index ("ECI"), proprietary forecasting and modeling of activity volumes, and adjustments for known or anticipated changes in operations or contracts that are projected to impact revenues and expenses.

Key assumptions include:

- Inflationary escalations equating to app. 2.8% per year, including employee compensation growth forecasted at ECI rates of app. 3.2% and non-labor growth forecasted at either CPI rates of app. 2.2% or a blended rate of ECI and CPI for labor intensive contracts.
- Activity forecasts by business segment, using proprietary econometric models, which are the basis for the development of revenue and activity-driven revenues and expenses across the agency's facilities.
- Known or anticipated operational, contractual, or business environment changes and adjustments that are projected to impact revenues and expenses. These include, but are not limited to, contractual requirements associated with existing contract, leases, and other agreements as well as assumptions regarding renewals, and the impacts of previously approved Board actions, such as toll, fare, and other fee revenue adjustments.
- Incremental costs associated with new assets being placed into beneficial use.
- Debt Service projections based on existing obligations and the projected debt issuances at projected interest rates in alignment with the funding strategy and needs of the Capital Plan.

Pursuant to Port Authority Bond Resolutions

($ in thousands)	2023 Actual	2024 Budget	2024 Estimate	2025 Budget	*2026 Budget*	*2027 Budget*
Gross Operating Revenues*	$6,625,057	$6,695,203	$6,886,852	**$7,093,712**	*$7,274,851*	*$7,646,938*
Operating Expenses*	4,099,569	3,851,939	4,007,975	**4,057,086**	*4,176,198*	*4,333,636*
Net Operating Revenues	**$2,525,488**	**$2,843,264**	**$2,878,877**	**$3,036,626**	***$3,098,653***	***$3,313,302***
Contributions in Aid of Construction	225,680	380,363	345,354	**500,711**	*350,151*	*254,401*
Application of PFCs	488,053	301,075	301,927	**308,741**	*315,273*	*321,925*
Earnings on Securities & Other	175,091	157,930	197,810	**150,797**	*121,883*	*145,179*
Tower 4 Liberty Bond Contributions	34,732	34,717	34,720	**34,699**	*35,054*	*57,778*
Grants in Connection with Operating Activities	111,886	104,005	232,990	**32,127**	*20,462*	*3,444*
Pass-Through Grant Program Payments	(12,156)	(1,025)	(56,752)	**(1,280)**	–	–
Non-Operating Revenues	**$1,023,286**	**$977,065**	**$1,056,049**	**$1,025,795**	***$842,823***	***$782,727***
Net Revenues Available for Debt Service & Reserves	**$3,548,774**	**$3,820,329**	**$3,934,926**	**$4,062,421**	***$3,941,476***	***$4,096,029***
Interest on Consolidated Bonds & Notes	1,018,184	1,005,544	994,306	**946,367**	*989,182*	*1,036,379*
Debt Maturities & Retirements	478,055	515,545	515,545	**534,060**	*553,475*	*571,585*
Interest on Special Obligations	119,566	125,906	117,486	**138,715**	*115,782*	*121,167*
Special Obligation Maturities & Retirements	5,909	6,870	6,869	**28,127**	*9,898*	*58,756*
Subtotal Debt Service to Operations	**$1,621,714**	**$1,653,865**	**$1,634,206**	**$1,647,269**	***$1,668,337***	***$1,787,887***
Interest Expense Incurred During Construction**	127,566	180,000	166,317	**210,789**	*200,000*	*200,000*
Total Debt Service	**$1,749,280**	**$1,833,865**	**$1,800,523**	**$1,858,058**	***$1,868,337***	***$1,987,887***
Revenues After Debt Service & Transfers to Reserves	**$1,799,494**	**$1,986,464**	**$2,134,403**	**$2,204,363**	***$2,073,139***	***$2,108,142***
Direct Investment in Facilities	(943,156)	(2,370,000)	(1,830,400)	**(2,240,800)**	*(2,577,821)*	*(1,449,470)*
Non-Cash Pension & OPEB Adjustments***	–	(102,470)	(271,990)	**(206,900)**	–	–
Non-Cash Fair Value of Investments	87,215	–	69,002	–	–	–
Change in Accounting Principles****	(24,086)	(25,773)	(25,775)	**(27,579)**	*(29,507)*	*(31,572)*
(Decrease) / Increase in Reserves†	**$919,467**	**($511,779)**	**$75,240**	**($270,916)**	***($534,189)***	***$627,100***
Reserve Balances, January 1st*****	3,888,303	4,726,483	4,807,770	**4,883,010**	*$4,612,094*	*$4,077,905*
Reserve Balances, December 31st †	**$4,807,770**	**$4,214,704**	**$4,883,010**	**$4,612,094**	***$4,077,905***	***$4,705,005***

* Pursuant to Port Authority Bond Resolutions, treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements, including subscription-based information technology arrangements.

** Effective January 1, 2021, the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

*** Non-Cash Pension & Other Post-Employment Benefits ("OPEB") Adjustments reflects actual and projected annual actuarial plan valuations per GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and per GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" to isolate potential volatility (which could either increase or decrease Operating Expenses as shown above) associated with these valuations. Budget and actual/projected Operating Expenses reflect the agency's cash contributions for both pension and OPEB.

**** Change in Accounting Principles reflects GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", as amended by GASB Statement No. 85 "Omnibus 2017", implemented by the Port Authority as of January 1, 2018.

***** 2025 Budget beginning reserves based on estimates prior to year-end 2024.

† Decrease of Reserve Balances as of December 31st 2025 of ($0.4B) versus the 2024 Estimate is driven by Direct Investment in Facilities in-line with the financing plan for the unusually high Budget-to-Estimate increase in planned Capital Spending as detailed in the *Capital Spending* section above.

APPENDIX 2A. FREE CASH FLOW STATEMENT

Pursuant to Port Authority Bond Resolutions ($ in thousands)	Gross Operating Revenues*	Operating Expenses*	EBIDA***	Grants, Contr., & PFCs	Capital Spending**	2025 Budget Free Cash Flow	2024 Estimate Free Cash Flow
Interstate Transportation Network							
Holland Tunnel	$251,885	$118,947	**$132,938**	$15,484	$31,265	**$117,157**	$127,636
Lincoln Tunnel	334,983	143,785	**191,198**	1,559	191,073	**1,684**	54,951
George Washington Bridge & Bus Station	996,993	158,962	**838,031**	1,338	152,650	**686,719**	620,673
Bayonne Bridge	55,743	29,386	**26,357**	34	8,313	**18,078**	15,554
Goethals Bridge	308,797	29,839	**278,958**	17	4,478	**274,497**	262,026
Outerbridge Crossing	200,284	21,060	**179,224**	17	3,842	**175,399**	171,490
Port Authority Bus Terminal	33,216	185,111	**(151,895)**	1,467	29,904	**(180,332)**	(339,258)
Midtown Bus Terminal Replacement	–	–	**–**	–	503,564	**(503,564)**	(150,031)
Subtotal Tunnels, Bridges, & Terminals	**$2,181,901**	**$687,090**	**$1,494,811**	**$19,916**	**$925,089**	**$589,638**	**$763,041**
PATH	175,625	536,670	**(361,045)**	83,238	324,535	**(602,342)**	(671,698)
WTC Transportation Hub	–	15,911	**(15,911)**	–	2,847	**(18,758)**	(18,214)
Journal Square Transportation Center	6,504	17,905	**(11,401)**	–	13,946	**(25,347)**	(26,931)
Subtotal PATH	**$182,129**	**$570,486**	**($388,357)**	**$83,238**	**$341,328**	**($646,447)**	**($716,843)**
Total Interstate Transportation Network	**$2,364,030**	**$1,257,576**	**$1,106,454**	**$103,154**	**$1,266,417**	**($56,809)**	**$46,198**
Aviation							
LaGuardia Airport	555,067	409,344	**145,723**	9,510	155,328	**(95)**	(7,938)
John F. Kennedy International Airport	1,837,557	949,376	**888,181**	322,815	1,119,028	**91,968**	289,081
Newark Liberty International Airport	1,416,807	767,485	**649,322**	44,528	778,470	**(84,620)**	142,286
Teterboro Airport	65,633	38,781	**26,852**	7,866	10,904	**23,814**	29,283
Stewart International Airport	10,532	28,151	**(17,619)**	3,906	8,333	**(22,046)**	(1,804)
Passenger Facility Charges	–	–	**–**	308,742	–	**308,742**	301,927
Total Aviation	**$3,885,596**	**$2,193,137**	**$1,692,459**	**$697,367**	**$2,072,063**	**$317,763**	**$752,835**
Port							
Port Newark	126,491	109,954	**16,537**	17,325	70,745	**(36,883)**	(31,279)
Elizabeth Marine Terminal	195,104	41,235	**153,869**	8,199	32,165	**129,903**	157,586
Brooklyn Marine Terminal	–	3,127	**(3,127)**	100	338	**(3,365)**	(9,320)
Red Hook Container Terminal	–	976	**(976)**	–	–	**(976)**	(2,599)
Howland Hook Marine Terminal	22,603	11,865	**10,738**	450	3,964	**7,224**	797
Greenville Yard	1,249	204	**1,045**	–	–	**1,045**	1,017
New York & New Jersey Rail, LLC	7,618	8,149	**(531)**	3,565	12,184	**(9,150)**	(2,053)
Port Jersey Marine Terminal	37,922	25,305	**12,617**	900	14,174	**(657)**	10,776
PA Industrial Park at Elizabeth	5,138	240	**4,898**	–	–	**4,898**	6,224
Ferry Transportation	651	745	**(94)**	–	357	**(451)**	(655)
Total Port	**$396,776**	**$201,800**	**$194,976**	**$30,539**	**$133,927**	**$91,588**	**$130,494**
Development							
Essex County Resource Recovery Facility	3,265	314	**2,951**	–	–	**2,951**	3,173
Bathgate Industrial Park	–	50	**(50)**	–	–	**(50)**	48
Teleport	4,514	7,314	**(2,800)**	–	–	**(2,800)**	(3,604)
Newark Legal & Communications Center	–	43	**(43)**	–	–	**(43)**	(101)
Hoboken Waterfront	8,731	284	**8,447**	–	–	**8,447**	8,258
Queens West Waterfront	2,201	–	**2,201**	–	–	**2,201**	2,158
Total Development	**$18,711**	**$8,005**	**$10,706**	**–**	**–**	**$10,706**	**$9,932**
World Trade Center							
WTC Site	4,649	169,386	**(164,737)**	10,241	40,882	**(195,378)**	(207,643)
WTC Retail, LLC	23,913	9,720	**14,193**	–	6,198	**7,995**	3,447
One World Trade Center	260,086	149,481	**110,605**	–	24,069	**86,536**	75,955
WTC 2, 3, 4, & 7	127,718	55,747	**71,971**	34,699	–	**106,670**	102,977
Total World Trade Center	**$416,366**	**$384,334**	**$32,032**	**$44,940**	**$71,149**	**$5,823**	**($25,264)**
Regional & Other	12,233	12,234	**(1)**	–	37,500	**(37,501)**	(2,556)
Total Port Authority	**$7,093,712**	**$4,057,086**	**$3,036,626**	**$876,000**	**$3,581,056**	**$331,570**	**$911,639**

* Effective January 1, 2022 the Port Authority adopted GASB statement No. 87 "Leases". This GASB provision requires that the Port Authority classify certain lease agreements containing "fixed" lease payments, for both lessor and lessee, as a financing arrangement for the right to use an asset. Pursuant to Port Authority Bond Resolutions, treatment of rental income and rent expense are recognized based on the rental terms contained in the respective lease agreements.

** Effective January 1, 2021 the Port Authority adopted GASB statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period". This statement requires that the Port Authority account for interest expense incurred during construction periods as an Operating Expense, however, prior to this the agency Budgeted these amounts in the Capital Spending Budget as part of the total cost to carry out the agency's 2017-2026 Capital Plan. As such, these amounts are accounted for in the agency's Total Debt Service Budget, but for Budgeting purposes are reflected in Capital Spending.

*** Earnings Before Interest, Depreciation, and Amortization ("EBIDA") equates to Gross Operating Revenues less Operating Expenses.

APPENDIX 3. GLOSSARY

Additional Bonds Test A debt service coverage ratio test required under the Port Authority's Consolidated Bond Resolution. This test sets forth that prior to the issuance of Consolidated Bonds it must be determined that Net Revenues will be sufficient to cover the annual maximum debt service amount by at least 1.3x.

Airport Infrastructure Grant ("AIG") A part of the $25B Bipartisan Infrastructure Law for airport and air traffic control infrastructure improvements. The funds awarded to modernize airports can be invested in runways, taxiways, safety and sustainability projects, as well as terminal, airport-transit connections, and roadway projects.

Airport Improvement Program ("AIP") Provides grants to public agencies and, in some cases to private owners and entities, for the planning and development of public-use airports that are included in the National Plan of Integrated Airport Systems ("NPIAS").

Allocated Expenses Expenses allocated from centralized general management and administrative services to Operating facilities and Capital projects, using labor as the basis for allocation.

Balanced Budget A balanced budget is achieved when the Sources of Funds is equal to the planned spending or Uses of Funds for the fiscal year.

Budget A formal financial estimate of expected Sources and Uses setting forth the Port Authority's financial operations for a calendar year, formally adopted as an annual Budget.

Capital Spending Expenditures for projects that are either expected to prolong the service lives of existing assets beyond their originally assigned life or lead to the development of a new or improved asset or a higher level of service at a facility.

Capital Plan Reflects the current assessment of the anticipated need for Capital Spending over a specific period of time for the modernization, renovation, rehabilitation, expansion, or acquisition of existing and additional facilities.

Cargo Facility Charges ("CFC") Cost-recovery fee for capital infrastructure investments made by the Port Authority at its Ports. This fee applies to all laden cargo containers, vehicles and bulk cargo, break-bulk cargo, general cargo, heavy lift cargo, and other special cargo discharged from, or loaded onto, vessels at Port Authority leased and public berths.

Contributions in Aid of Construction Funding provided by federal, state, and other entities in aid of the Port Authority's capital construction.

Consolidated Bonds Long-term direct and general obligations of the Port Authority issued pursuant to the Port Authority's Consolidated Bond Resolution for which the full faith and credit of the Port Authority is pledged for the payment of principal thereof and interest thereon.

Consolidated Bond Reserve Fund ("CBRF") A special reserve fund created by Section 7 of the Port Authority's Consolidated Bond Resolution. The CBRF consists of the balance remaining of all Net Revenues of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and any amount necessary to maintain the General Reserve Fund at its statutorily required amount. This Fund is pledged as additional security for all outstanding Consolidated Bonds.

Consolidated Bond Resolution The Port Authority's Consolidated Bond Resolution, adopted in 1952, authorized and established the Port Authority's ability to issue Consolidated Bonds for purposes for which the Port Authority is authorized by law to issue bonds secured by a pledge of its General Reserve Fund. Such purposes include financing Port Authority facilities, as well as the refunding of outstanding Port Authority bonds and other debt obligations.

Debt Service Represents interest payments, accruals, and mandatory and accelerated amortization (by sinking fund payments, serial maturities, bank loan payments, etc.) on outstanding debt charged to the Operating and Reserve Funds.

Deferred Spending Expenditures that are made in the current year but that benefit multiple years, such as vehicle purchases and replacements and software and hardware investments. These expenses are deferred and then amortized and reflected in the agency's Operating Expense Budget over their useful life.

Direct Investment in Facilities Represents funds appropriated from the CBRF and transferred to the Capital fund for capital construction purposes.

EBIDA A common financial acronym standing for Earnings Before Interest, Depreciation, and Amortization.

Facility A location classification defining a complete and self-contained unit owned, leased, or operated by the Port Authority. For example, JFK, Elizabeth Marine Terminal, and the HT are all facilities of the Port Authority.

Flight Fees Fees paid to the Port Authority by airlines operating at JFK, LGA, and EWR as compensation for the Port Authority's ongoing design, construction, operation, and maintenance of certain public aircraft facilities.

General Reserve Fund ("GRF") A special Port Authority reserve fund established by the States of New York and New Jersey pursuant to statutes adopted in 1931 and amended and supplemented thereafter that is pledged to support all outstanding Port Authority Consolidated Bonds.

The GRF is funded through surplus revenues from all existing Port Authority facilities and is statutorily required to be maintained at an amount equal to 10% of the par value of all outstanding Port Authority bonds legal for investment (as defined in the statutes).

Gross Operating Revenues Revenues derived from the operation of Port Authority facilities, including rentals, tolls, fares, aviation fees, and other charges derived in connection with the use of, and privileges granted at, Port Authority facilities.

Net Operating Revenues ("NOR") The amount of Gross Operating Revenues remaining after deducting the Port Authority's Operating Expenses, as more specifically defined in the Consolidated Bond Resolution.

Net Position Represents the difference between Port Authority assets and deferred outflows of resources, and liabilities and deferred inflows of resources.

Operating Asset Obligations Principal and interest expenses solely related to the Fund for Regional Development Buy-Out Obligation, which ended in 2021.

Operating Expenses Expenses incurred in connection with the operation, maintenance, security, management, and administration of Port Authority facilities, including direct, prorated, and allocated expenses.

Passenger Facility Charges ("PFC") Pursuant to the Federal Aviation Safety and Capacity Expansion Act of 1990, as amended, the Port Authority is authorized to impose a PFC on passengers utilizing its airports. Pursuant to federal law, the collection and expenditure of PFCs requires prior approval of the FAA and is restricted to aviation-related, PFC-eligible projects.

Port District A geographical area of about 1,500 square miles in the States of New York and New Jersey centering about New York Harbor.

Prorated Expenses Centralized Line Department operations and maintenance services and engineering general expenses that are prorated directly to individual operating facilities and business programs based on their prorated share of direct labor costs.

Sources of Funds Includes: 1) Gross Operating Revenues, 2) Debt Issuances & Other Sources, 3) Grants & Contributions; and, 4) Application of PFCs.

Special Obligation Institutional Loan Program Includes any short- or medium-term loans to provide interim financing for the payment of capital spending and or to refund certain Port Authority obligations. The obligation to repay each loan under the program shall be a "subordinated" special obligation of the Authority payable from the proceeds of obligations issued for such purposes, including Consolidated Bonds or from certain specified net revenues deposited to the Consolidated Bond Reserve Fund.

Special Project Bonds ("SPB") Special limited obligations of the Port Authority that may be issued from time to time for the purpose of financing a single project for any lessee or for the purpose of refunding all or any part of a prior series of SPB, or a combination of such purposes. Neither the full faith and credit of the Port Authority nor any of its reserve funds are pledged for the payment of principal and interest.

Subordinate Bonds Special obligations of the Authority that are subordinate to Consolidated Bonds. The principal of and interest on Subordinate Bonds will be payable from Net Revenues deposited to the CBRF. Subordinate Bonds are on parity with other special obligations of the Authority including Commercial Paper Obligations, Variable Rate Master Notes, and Versatile Structure Obligations.

Uses of Funds Includes: 1) Operating Expenses; 2) Capital Spending; 3) Debt Service; and, 4) Deferred Spending.

Variable Rate Master Notes ("VRMN") Certain special obligations of the Port Authority authorized to be issued for purposes of payment for Capital Spending, to refund prior Port Authority obligations, and for certain incidental purposes. VRMN carry variable interest rates in accordance with specified indices and are subject to prepayment at the option of the Port Authority, or upon demand of the holders thereof. Payment of the principal of and interest on VRMN is payable from the proceeds of obligations issued for such purposes, including from Consolidated Bonds or from Net Revenues as defined for purposes of VRMN deposited to the CBRF.

Payment of the principal of and interest on VRMN is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the GRF of the amount necessary to maintain the GRF at the amount specified in the GRF statutes. VRMN, and the interest thereon, are not secured by or payable from the GRF.

4WTC Associated Payments The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2021A (4 World Trade Center Project) issued by the New York Liberty Development Corporation. In connection with the issuance, 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. Port Authority debt service payments related to Tower 4 Liberty Bonds in whole or in part are reimbursable to the Port Authority from the 4 WTC Net Lessee under the terms of the Tower 4 Repayment Agreement.

APPENDIX 4. ACRONYMS

AET All-Electronic Tolling

AIG Airport Infrastructure Grant

AIP Airport Improvement Program

ALPR Automatic License Plate Reader

ARFF Aircraft Rescue and Fire Fighting

ASQ Airport Service Quality

BB Bayonne Bridge

BEA Bureau of Economic Analysis

BPAMT Brooklyn Port Authority Marine Terminal

CBRF Consolidated Bond Reserve Fund

CBP Customs & Border Protection

CFC Cargo Facility Charges

CFO Chief Financial Officer

CP Commercial Paper

CPI Consumer Price Index

CPOC Capital Plan Oversight Committee

CSC Customer Service Center

CSO Chief Security Officer

DEI Diversity, Equity, & Inclusion

DFA Developer Financing Arrangement

DMV Department of Motor Vehicle

EAM Enterprise Asset Management

ECI Employment Cost Index

EDA Economic Development Administration

EIS Environmental Impact Statement

EV Electric Vehicle

EWR Newark Liberty International Airport

EBIDA Earnings Before Interest, Depreciation, & Amortization

EPAMT Elizabeth Port Authority Marine Terminal

FAA Federal Aviation Administration

FDIC Federal Deposit Insurance Corporation

FEMA Federal Emergency Management Agency

FHV For-Hire-Vehicle

FHWA Federal Highway Administration

FPLS Fire Protection Life Safety

FRA Federal Railroad Administration

FTA Federal Transit Authority

GAAP Generally Accepted Accounting Principles

GASB Government Accounting Standards Board

GB Goethals Bridge

GDC Gateway Development Commission

GDP Gross Domestic Product

GFOA The Government Finance Officers Association

GHG Green House Gas

GRF General Reserve Fund

GUDPA Government Unit Deposit Protection Act

GWB George Washington Bridge

GWBBS George Washington Bridge Bus Station

HDCI Harbor Deepening-Channel Improvements

HT Holland Tunnel

JFK John F. Kennedy International Airport

JFKIAT JFK International Air Terminal, LLC

JSTC Journal Square Transportation Center

KIAC Kennedy International Airport Cogeneration Facility

LGA LaGuardia Airport

LPR License Plate Reader

LRF Long-Range Forecast

LT Lincoln Tunnel

MBD Management & Budget Department

M&S Material & Services

MOTBY Marine Ocean Terminal at Bayonne

NOR Net Operating Revenue

NTO New Terminal One

NYSDOT New York State Department of Transportation

OPEB Other Post-Employment Benefits

OBX Outerbridge Crossing

PABT Port Authority Bus Terminal

PAC Performance Arts Center

PAPD Port Authority Police Department

PATH Port Authority Trans-Hudson

PED Pre-Construction Engineering and Design

PFC Passenger Facility Charge

PILOT Payment in Lieu of Taxes

PMO Project Management Office

PONYNJ Port of New York & New Jersey

REPO Repurchase Agreement

SEP Support or Executing Party Agreement

SIB Station Island Bridges

SPB Special Project Bonds

SWF New York Stewart International Airport

TAPP Total Access PATH Payment

TbM Toll-by-Mail

TB&T Tunnels, Bridges, & Terminals

TEB Teterboro Airport

TEU Twenty Foot Equivalent Unit

TIFIA Transportation Infrastructure Finance & Innovation Act

TSA Transportation Security Administration

UASI Unban Area Security Initiatives

VRMN Variable Rate Master Notes

WBVA West Bathtub Vehicular Area

WTC World Trade Center

VPD Vehicle/Pedestrian Deviations

USACE United States Army Corps of Engineers

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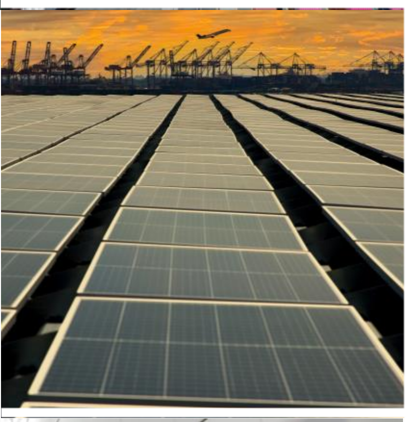
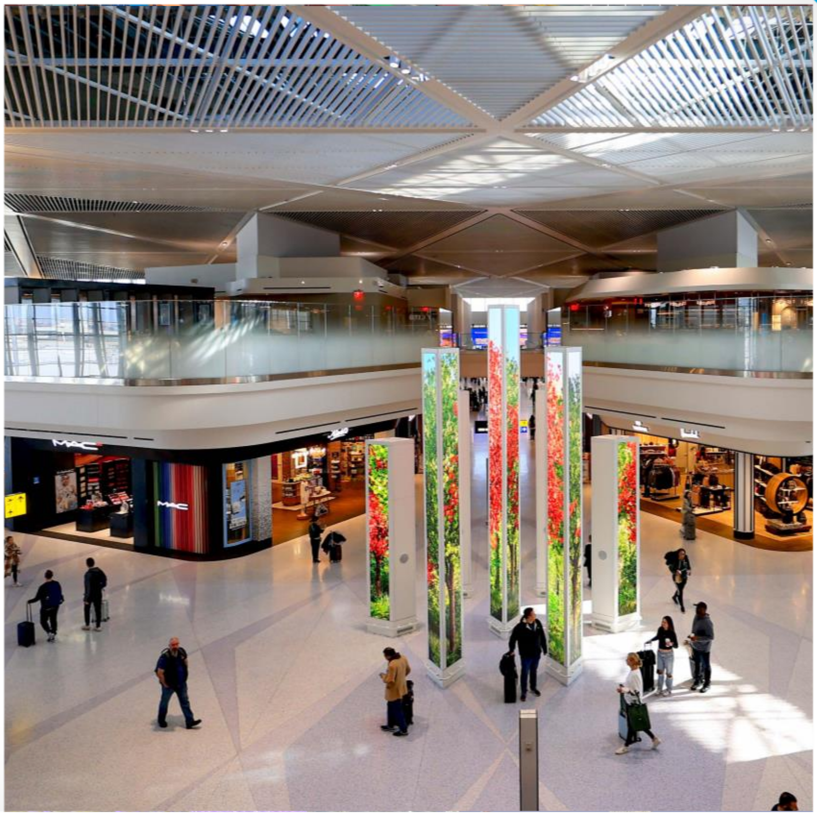
PORT AUTHORITY NY NJ
AIR LAND RAIL SEA





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