

OFFICIAL STATEMENT DATED AUGUST 7, 2019

**\$289,550,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWELFTH SERIES**

**\$311,670,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED THIRTEENTH SERIES**

**\$200,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FOURTEENTH SERIES***

**\$400,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FIFTEENTH SERIES****

**\$100,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED SIXTEENTH SERIES**

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Twelfth Series, Consolidated Bonds, Two Hundred Thirteenth Series, Consolidated Bonds, Two Hundred Fourteenth Series, Consolidated Bonds, Two Hundred Fifteenth Series and Consolidated Bonds, Two Hundred Sixteenth Series with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

The Bonds are direct and general obligations of The Port Authority of New York and New Jersey pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. The Bonds are secured equally and ratably with all other Consolidated Bonds (which includes Consolidated Notes) heretofore or hereafter issued by a pledge of (a) the net revenues of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds, (b) the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund and (c) the Consolidated Bond Reserve Fund established in connection with Consolidated Bonds. The Port Authority has no power to levy taxes or assessments. The Port Authority's bonds, notes and other obligations are not obligations of the States of New York and New Jersey or of either of them, and are not guaranteed by said States or by either of them.

Ratings: Each rating below 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 the Bonds or as to market price or suitability of any maturity of the Bonds for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating on the Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating on the Bonds may have an effect on the market price of the Bonds.

Moody's Investors Service: Aa3

S&P: AA-

Fitch Ratings: AA-

Delivery: The Bonds shall be delivered upon original issuance on or about August 16, 2019, on a full book-entry basis. (See "Denominations, Registration and Exchange" and "Delivery" in Section I hereof.)

Legal Opinion: In connection with the delivery upon original issuance of Consolidated Bonds, Two Hundred Twelfth Series (the "Two Hundred Twelfth Series Bonds"), Consolidated Bonds, Two Hundred Thirteenth Series (the "Two Hundred Thirteenth Series Bonds"), Consolidated Bonds, Two Hundred Fourteenth Series (the "Two Hundred Fourteenth Series Bonds"), Consolidated Bonds, Two Hundred Fifteenth Series (the "Two Hundred Fifteenth Series Bonds") and Consolidated Bonds, Two Hundred Sixteenth Series (the "Two Hundred Sixteenth Series Bonds") by the Port Authority to the Underwriters (as defined at "Underwriters" in Section I hereof), Bond Counsel (see "Bond Counsel" in Section I hereof) shall render a legal opinion on such date of delivery, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, (i) to the effect that interest on the Two Hundred Twelfth Series Bonds, the Two Hundred Thirteenth Series Bonds, the Two Hundred Fourteenth Series Bonds and the Two Hundred Sixteenth Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and (ii) to the effect that interest on the Two Hundred Fifteenth Series Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the opinion that interest on the Two Hundred Fourteenth Series Bonds is a specific preference item for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Two Hundred Twelfth Series Bonds, the Two Hundred Thirteenth Series Bonds and the Two Hundred Sixteenth Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that the Bonds and interest thereon are exempt from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof. A complete copy of the proposed form of opinion of Bond Counsel, setting forth its scope and conditions, is set forth at "Form of Legal Opinion of Bond Counsel" in Section VI hereof.

Orrick, Herrington & Sutcliffe LLP shall serve as Bond Counsel and Disclosure Counsel for the Port Authority in connection with the issuance of the Bonds. General Counsel of the Port Authority will pass upon certain legal matters pertaining to the Bonds for the Port Authority. Nixon Peabody LLP shall pass upon certain legal matters pertaining to the Bonds for the Underwriters.

This cover page contains certain information for quick reference only; it is not a summary of the terms of the Bonds. This Official Statement must be read in its entirety to obtain information essential to the making of an informed decision with respect to the Bonds. The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof. The Port Authority has not taken any action in connection with this Official Statement or the Bonds that would permit a public offering of the Bonds or the distribution of any information in connection with the Bonds and the Port Authority and its finances in any jurisdiction where action for that purpose is required. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Bonds, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Goldman Sachs & Co. LLC

Siebert Cisneros Shank & Co., L.L.C.

BofA Merrill Lynch

Citigroup

Ramirez & Co., Inc.

UBS

Blaylock Van, LLC

J.P. Morgan

Oppenheimer & Co. Inc.

Rice Financial Products Company

* AMT.

** Subject to federal taxation.

\$289,550,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWELFTH SERIES

Dated: Date of delivery.

Maturities: \$289,550,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Twelfth Series (the “Two Hundred Twelfth Series Bonds”), shall be issued in two installments as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields* and CUSIP Numbers**

**First Installment \$65,935,000 Serial Bonds
Not Subject to Redemption Prior to Maturity**

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2020	\$4,905,000	5.000%	0.870%	73358WY24
September 1, 2021	4,925,000	5.000	0.880	73358WY32
September 1, 2022	5,155,000	5.000	0.900	73358WY40
September 1, 2023	7,690,000	5.000	0.910	73358WY57
September 1, 2024	5,995,000	5.000	0.940	73358WY65
September 1, 2025	6,390,000	5.000	1.010	73358WY73
September 1, 2026	7,660,000	5.000	1.100	73358WY81
September 1, 2027	7,315,000	5.000	1.200	73358WY99
September 1, 2028	7,795,000	5.000	1.290	73358WZ23
September 1, 2029	8,105,000	5.000	1.390	73358WZ31

**Second Installment \$223,615,000 Serial Bonds
Subject to Redemption Prior to Maturity as Set Forth Herein**

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2030	\$19,895,000	5.000%	1.480%	73358WZ49
September 1, 2032	27,915,000	5.000	1.630	73358WZ56
September 1, 2033	13,565,000	5.000	1.690	73358WZ64
September 1, 2034	28,130,000	5.000	1.750	73358WZ72
September 1, 2035	31,090,000	5.000	1.830	73358WZ80
September 1, 2036	12,775,000	5.000	1.860	73358WZ98
September 1, 2037	30,220,000	4.000	2.120	73358W2A1
September 1, 2038	30,080,000	4.000	2.160	73358W2B9
September 1, 2039	29,945,000	4.000	2.200	73358W2C7

Optional Redemption: The Second Installment of the Two Hundred Twelfth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on

* The yields on the Second Installment of the Two Hundred Twelfth Series Bonds are calculated to the optional call date of September 1, 2029.

** Copyright, American Bankers Association (the “ABA”). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and neither the Port Authority nor the Underwriters makes any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Twelfth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twelfth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Twelfth Series Bonds, see “*Description of the Bonds—Description of the Two Hundred Twelfth Series Bonds*” and “*Additional Information Pertaining to the Bonds*” in Section I hereof.

\$311,670,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED THIRTEENTH SERIES

Dated: Date of delivery.

Maturities: \$311,670,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Thirteenth Series (the “Two Hundred Thirteenth Series Bonds”), shall be issued in two installments as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields* and CUSIP Numbers**

**First Installment \$64,990,000 Serial Bonds
Not Subject to Redemption Prior to Maturity**

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2020	\$ 2,020,000	5.000%	0.870%	73358W2D5
September 1, 2021	3,730,000	5.000	0.880	73358W2E3
September 1, 2022	3,915,000	5.000	0.900	73358W2F0
September 1, 2023	1,960,000	5.000	0.910	73358W2G8
September 1, 2024	4,210,000	5.000	0.940	73358W2H6
September 1, 2025	8,995,000	5.000	1.010	73358W2J2
September 1, 2026	8,685,000	5.000	1.100	73358W2K9
September 1, 2027	9,945,000	5.000	1.200	73358W2L7
September 1, 2028	10,490,000	5.000	1.290	73358W2M5
September 1, 2029	11,040,000	5.000	1.390	73358W2N3

**Second Installment \$246,680,000 Serial Bonds
Subject to Redemption Prior to Maturity as Set Forth Herein**

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2030	\$ 7,190,000	5.000%	1.480%	73358W2P8
September 1, 2031	35,970,000	5.000	1.550	73358W2Q6
September 1, 2032	6,440,000	5.000	1.630	73358W2R4
September 1, 2033	48,990,000	5.000	1.690	73358W2S2
September 1, 2034	34,180,000	5.000	1.750	73358W2T0
September 1, 2035	20,970,000	5.000	1.830	73358W2U7
September 1, 2036	28,710,000	5.000	1.860	73358W2V5
September 1, 2037	21,455,000	5.000	1.900	73358W2W3
September 1, 2038	21,520,000	5.000	1.940	73358W2X1
September 1, 2039	21,255,000	5.000	1.970	73358W2Y9

Optional Redemption: The Second Installment of the Two Hundred Thirteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on

* The yields on the Second Installment of the Two Hundred Thirteenth Series Bonds are calculated to the optional call date of September 1, 2029.

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the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Thirteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Thirteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Thirteenth Series Bonds, see “*Description of the Bonds—Description of the Two Hundred Thirteenth Series Bonds*” and “*Additional Information Pertaining to the Bonds*” in Section I hereof.

\$200,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FOURTEENTH SERIES*

Dated: Date of delivery.

Maturities: \$200,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Fourteenth Series (the “Two Hundred Fourteenth Series Bonds”), shall be issued in two installments as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields and CUSIP Numbers*****

First Installment \$128,495,000 Serial Bonds
Subject to Redemption Prior to Maturity as Set Forth Herein

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2030	\$ 7,930,000	5.000%	1.750%	73358W2Z6
September 1, 2031	8,325,000	5.000	1.810	73358W3A0
September 1, 2032	8,740,000	5.000	1.880	73358W3B8
September 1, 2033	12,770,000	5.000	1.940	73358W3C6
September 1, 2034	13,410,000	5.000	1.990	73358W3D4
September 1, 2035	14,075,000	5.000	2.030	73358W3E2
September 1, 2036	14,785,000	5.000	2.080	73358W3F9
September 1, 2037	15,525,000	4.000	2.350	73358W3G7
September 1, 2038	16,145,000	4.000	2.380	73358W3H5
September 1, 2039	16,790,000	4.000	2.420	73358W3J1

Second Installment \$71,505,000 4.000% Term Bonds Due September 1, 2043 –Yield 2.510%
CUSIP Number 73358W3K8
Subject to Redemption Prior to Maturity as Set Forth Herein

Optional Redemption: The Two Hundred Fourteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Mandatory Periodic Retirement: When necessary to meet the schedule of mandatory periodic retirement for the Second Installment of the Two Hundred Fourteenth Series Bonds, the Second Installment of the Two Hundred Fourteenth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2040 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Fourteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Fourteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020

* AMT.

** The yields on the Two Hundred Fourteenth Series Bonds are calculated to the optional call date of September 1, 2029.

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and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Fourteenth Series Bonds, see “*Description of the Bonds—Description of the Two Hundred Fourteenth Series Bonds*” and “*Additional Information Pertaining to the Bonds*” in Section I hereof.

\$400,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FIFTEENTH SERIES*

Dated: Date of delivery.

Maturity: \$400,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Fifteenth Series (the “Two Hundred Fifteenth Series Bonds”), shall be issued as a term bond as follows:

\$400,000,000 3.287% Term Bonds Due August 1, 2069 – Initial Offering Price 100%
CUSIP Number 73358W3L6**
Subject to Redemption Prior to Maturity as Set Forth Herein

Optional Redemption: The Two Hundred Fifteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time, in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at the “Make-Whole Redemption Price,” as defined at “*Description of the Bonds—Description of the Two Hundred Fifteenth Series Bonds—Optional Redemption*” in Section I hereof.

Mandatory Periodic Retirement: When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds, the Two Hundred Fifteenth Series Bonds shall be subject to redemption, on prior notice, on August 1, 2065 and on any August 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption.

Interest: Interest on the Two Hundred Fifteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Fifteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on February 1, 2020 and on each August 1 and February 1 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 3.287% per annum.

For additional information pertaining to the Two Hundred Fifteenth Series Bonds, see “*Description of the Bonds—Description of the Two Hundred Fifteenth Series Bonds*” and “*Additional Information Pertaining to the Bonds*” in Section I hereof.

* Subject to federal taxation.

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\$100,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED SIXTEENTH SERIES

Dated: Date of delivery.

Maturities: \$100,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Sixteenth Series (the “Two Hundred Sixteenth Series Bonds”), shall be issued in two installments as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields* and CUSIP Numbers**

First Installment \$32,590,000 4.000% Term Bonds Due September 1, 2045 – Yield 2.330%
CUSIP Number 73358W3M4

Subject to Redemption Prior to Maturity as Set Forth Herein

Second Installment \$67,410,000 4.000% Term Bonds Due September 1, 2049 – Yield 2.390%
CUSIP Number 73358W3N2

Subject to Redemption Prior to Maturity as Set Forth Herein

Optional Redemption: The Two Hundred Sixteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Mandatory Periodic Retirement: When necessary to meet the schedule of mandatory periodic retirement for the First Installment of the Two Hundred Sixteenth Series Bonds, the First Installment of the Two Hundred Sixteenth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2043 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption.

When necessary to meet the schedule of mandatory periodic retirement for the Second Installment of the Two Hundred Sixteenth Series Bonds, the Second Installment of the Two Hundred Sixteenth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2046 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Sixteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Sixteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Sixteenth Series Bonds, see “*Description of the Bonds—Description of the Two Hundred Sixteenth Series Bonds*” and “*Additional Information Pertaining to the Bonds*” in Section I hereof.

* The yields on the Two Hundred Sixteenth Series Bonds are calculated to the optional call date of September 1, 2029.

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INFORMATION CONCERNING OFFERING RESTRICTIONS IN CERTAIN JURISDICTIONS OUTSIDE THE UNITED STATES

The information set forth below provides a brief summary of offering restrictions in certain jurisdictions outside of the United States. References under this caption to the “Issuer” mean the Port Authority and references to “Bonds” or “Securities” mean the Bonds offered hereby.

Notice to Prospective Investors Located in Australia

NO PROSPECTUS OR OTHER DISCLOSURE DOCUMENT (AS DEFINED IN THE CORPORATIONS ACT 2001 OF AUSTRALIA (“CORPORATIONS ACT”)) IN RELATION TO THE OFFER OF THE BONDS HAS BEEN OR WILL BE LODGED WITH THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION (“ASIC”) OR ANY OTHER REGULATORY AUTHORITY IN AUSTRALIA. THE OFFER OF THE BONDS AND THE DISTRIBUTION OF THIS OFFICIAL STATEMENT IS UNDERTAKEN SOLELY ON THE BASIS THAT THE OFFER DOES NOT REQUIRE DISCLOSURE TO INVESTORS IN ACCORDANCE WITH PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT. IN ADDITION:

- (A) NO OFFERS OR APPLICATIONS WILL BE MADE OR INVITED FOR THE PURCHASE OF ANY BONDS IN AUSTRALIA (INCLUDING AN OFFER OR INVITATION WHICH IS RECEIVED BY A PERSON IN AUSTRALIA); AND
- (B) THIS OFFICIAL STATEMENT OR ANY OTHER OFFERING MATERIAL OR ADVERTISEMENT RELATING TO ANY BONDS WILL NOT BE DISTRIBUTED OR PUBLISHED IN AUSTRALIA,

UNLESS (I) THE AGGREGATE CONSIDERATION PAYABLE BY THE ISSUER IS AT LEAST A\$500,000 (OR ITS EQUIVALENT IN OTHER CURRENCIES, IN EACH CASE, DISREGARDING MONEYS LENT BY THE OFFEROR OR ITS ASSOCIATES) OR THE OFFER OR INVITATION OTHERWISE DOES NOT REQUIRE DISCLOSURE TO INVESTORS IN ACCORDANCE WITH PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT; (II) SUCH ACTION COMPLIES WITH ALL APPLICABLE LAWS AND REGULATIONS; (III) SUCH ACTION DOES NOT REQUIRE ANY DOCUMENT TO BE LODGED WITH ASIC OR ANY OTHER REGULATORY AUTHORITY IN AUSTRALIA; AND (IV) THE OFFER OR INVITATION DOES NOT CONSTITUTE AN OFFER TO A “RETAIL CLIENT” WITHIN THE MEANING OF SECTION 761G OF THE CORPORATIONS ACT.

YOU HAVE BEEN SENT THIS OFFICIAL STATEMENT ON THE BASIS THAT, AMONGST OTHER MATTERS, IF YOU ARE A RESIDENT OF AUSTRALIA, YOU ARE A WHOLESALE CLIENT FOR THE PURPOSES OF SECTION 761G OF THE CORPORATIONS ACT OR OTHERWISE A PERSON TO WHOM DISCLOSURE IS NOT REQUIRED UNDER PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT.

ANY DOCUMENTS PROVIDED IN CONNECTION WITH THIS OFFICIAL STATEMENT ARE FURNISHED SOLELY FOR INFORMATION PURPOSES ONLY AND MAY NOT BE REPRODUCED OR REDISTRIBUTED TO ANY OTHER PERSONS EXCEPT WITH OUR PRIOR WRITTEN CONSENT. THE DOCUMENTS ARE STRICTLY CONFIDENTIAL.

THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SUBSCRIBE FOR OR TO PURCHASE ANY OF THE BONDS AND NEITHER THIS OFFICIAL

STATEMENT NOR ANYTHING CONTAINED IN IT WILL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT ON THE PART OF THE ISSUER OR UNDERWRITER TO ISSUE OR TRANSFER BONDS TO ANY PERSON.

Notice to Prospective Investors in the European Economic Area

THE BONDS ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA (“EEA”). FOR THESE PURPOSES, A RETAIL INVESTOR MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, “MIFID II”); OR (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, THE “INSURANCE MEDIATION DIRECTIVE”), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE “PROSPECTUS DIRECTIVE”). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE “PRIIPS REGULATION”) FOR OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE BONDS OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT HAS BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF THE BONDS TO ANY PERSON THAT IS LOCATED WITHIN A MEMBER STATE OF THE EEA WILL BE MADE PURSUANT TO AN EXEMPTION UNDER ARTICLE 3 OF THE PROSPECTUS DIRECTIVE, AS IMPLEMENTED IN MEMBER STATES OF THE EEA, FROM THE REQUIREMENT TO PRODUCE A PROSPECTUS FOR OFFERS OF THE SECURITIES. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THE EEA OF THE BONDS SHOULD ONLY DO SO IN CIRCUMSTANCES IN WHICH NO OBLIGATION ARISES FOR THE ISSUER OR ANY OF THE INITIAL PURCHASERS TO PRODUCE A PROSPECTUS FOR SUCH OFFER. NEITHER THE ISSUER NOR THE INITIAL PURCHASERS HAVE AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF BONDS THROUGH ANY FINANCIAL INTERMEDIARY, OTHER THAN OFFERS MADE BY THE INITIAL PURCHASERS, WHICH CONSTITUTE THE FINAL PLACEMENT OF THE BONDS CONTEMPLATED IN THIS OFFICIAL STATEMENT.

IN RELATION TO EACH MEMBER STATE OF THE EEA THAT HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A “RELEVANT MEMBER STATE”), WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT RELEVANT MEMBER STATE, THE OFFER OF ANY BONDS WHICH IS THE SUBJECT OF THE OFFERING CONTEMPLATED BY THIS OFFICIAL STATEMENT IS NOT BEING MADE AND WILL NOT BE MADE TO THE PUBLIC IN THAT RELEVANT MEMBER STATE, OTHER THAN: (A) TO ANY LEGAL ENTITY WHICH IS A “QUALIFIED INVESTOR” AS SUCH TERM IS DEFINED IN THE PROSPECTUS DIRECTIVE; (B) TO FEWER THAN 150 NATURAL OR LEGAL PERSONS (OTHER THAN “QUALIFIED INVESTORS” AS SUCH TERM IS DEFINED IN THE PROSPECTUS DIRECTIVE), SUBJECT TO OBTAINING THE PRIOR CONSENT OF THE RELEVANT INITIAL PURCHASER OR THE ISSUER FOR ANY SUCH OFFER OR (C) IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE; PROVIDED THAT NO SUCH OFFER OF THE BONDS SHALL REQUIRE THE ISSUER OR THE INITIAL PURCHASERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE

PROSPECTUS DIRECTIVE OR A SUPPLEMENT TO A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

FOR THE PURPOSES OF THIS PROVISION, THE EXPRESSION AN “OFFER OF SECURITIES TO THE PUBLIC” IN RELATION TO THE BONDS IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE BONDS TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE THE BONDS, AS THE SAME MAY BE VARIED IN THAT RELEVANT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT RELEVANT MEMBER STATE.

EACH SUBSCRIBER FOR OR PURCHASER OF THE SECURITIES IN THE OFFERING LOCATED WITHIN A RELEVANT MEMBER STATE WILL BE DEEMED TO HAVE REPRESENTED, ACKNOWLEDGED AND AGREED THAT IT IS A “QUALIFIED INVESTOR” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE. THE ISSUER AND EACH INITIAL PURCHASER AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATION, ACKNOWLEDGEMENT AND AGREEMENT.

Notice to Prospective Investors in Hong Kong

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE BONDS. IF YOU ARE IN ANY DOUBT ABOUT ANY OF THE CONTENTS OF THIS OFFICIAL STATEMENT, YOU SHOULD OBTAIN INDEPENDENT PROFESSIONAL ADVICE.

THIS OFFICIAL STATEMENT HAS NOT BEEN, AND WILL NOT BE, REGISTERED AS A PROSPECTUS (AS DEFINED IN THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE (CHAPTER 32 OF THE LAWS OF HONG KONG)) IN HONG KONG NOR HAS IT BEEN REVIEWED OR APPROVED BY THE SECURITIES AND FUTURES COMMISSION OF HONG KONG PURSUANT TO THE SECURITIES AND FUTURES ORDINANCE (CHAPTER 571 OF THE LAWS OF HONG KONG) (“SFO”). ACCORDINGLY, THE BONDS MAY NOT BE OFFERED, SOLD OR CONSTITUTED AN OFFER OR INVITATION TO THE PUBLIC IN HONG KONG BY MEANS OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENT, AND THIS OFFICIAL STATEMENT MUST NOT BE ISSUED, CIRCULATED OR DISTRIBUTED IN HONG KONG, OTHER THAN TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY RULES MADE UNDER THE SFO. IN ADDITION, UNLESS PERMITTED BY THE SECURITIES LAWS OF HONG KONG, NO PERSON MAY ISSUE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE BONDS, WHICH IS DIRECTED AT, OR THE CONTENTS OF WHICH ARE LIKELY TO BE ACCESSED OR READ BY, THE PUBLIC OF HONG KONG OTHER THAN WITH RESPECT TO BONDS WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, (B) TO 'PROFESSIONAL INVESTORS' AS DEFINED IN THE SFO AND ANY LEGISLATION MADE UNDER THE SFO.

Notice to Prospective Investors in Japan

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN (LAW NO. 25 OF 1948, AS AMENDED, THE “FIEL”). NEITHER THE BONDS NOR ANY INTEREST THEREIN MAY BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN (WHICH TERM AS USED HEREIN MEANS ANY PERSON RESIDENT IN JAPAN, INCLUDING ANY CORPORATION OR OTHER ENTITY ORGANIZED UNDER THE LAWS OF JAPAN), OR TO OTHERS FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN JAPAN OR TO, OR FOR THE BENEFIT OF, ANY RESIDENT OF JAPAN, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF, AND OTHERWISE IN COMPLIANCE WITH, THE FIEL AND ANY OTHER APPLICABLE LAWS, REGULATIONS AND MINISTERIAL GUIDELINES OF JAPAN.

THE PRIMARY OFFERING OF THE BONDS AND THE SOLICITATION OF AN OFFER FOR ACQUISITION THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER PARAGRAPH 1, ARTICLE 4 OF THE FIEL. AS IT IS A PRIMARY OFFERING, IN JAPAN, THE BONDS MAY ONLY BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY TO, OR FOR THE BENEFIT OF A QUALIFIED INSTITUTIONAL INVESTOR (“QII”) DEFINED IN ARTICLE 10 OF THE CABINET ORDINANCE CONCERNING DEFINITIONS UNDER ARTICLE 2 OF THE FIEL (ORDINANCE NO. 14 OF 1993, AS AMENDED). A PERSON WHO PURCHASED OR OTHERWISE OBTAINED THE BONDS CANNOT RESELL OR OTHERWISE TRANSFER THE BONDS IN JAPAN TO ANY PERSON EXCEPT ANOTHER QII.

Notice to Prospective Investors in Korea

THE BONDS HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SERVICES COMMISSION OF KOREA FOR PUBLIC OFFERING IN KOREA UNDER THE FINANCIAL INVESTMENTS SERVICES AND CAPITAL MARKETS ACT OF KOREA AND THE DECREES AND REGULATIONS THEREUNDER (THE “FSCMA”). NONE OF THE BONDS MAY BE OFFERED, SOLD AND DELIVERED DIRECTLY OR INDIRECTLY, OR OFFERED OR SOLD TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA, INCLUDING THE FSCMA AND THE FOREIGN EXCHANGE TRANSACTION LAW OF KOREA AND THE DECREES AND REGULATIONS THEREUNDER (THE “FETL”). FURTHERMORE, THE PURCHASER OF THE BONDS SHALL COMPLY WITH ALL APPLICABLE REGULATORY REQUIREMENTS (INCLUDING BUT NOT LIMITED TO REQUIREMENTS OF KOREA UNDER THE FETL) IN CONNECTION WITH THE PURCHASE OF THE BONDS.

EACH UNDERWRITER WILL REPRESENT AND AGREE THAT IT HAS NOT OFFERED, SOLD OR DELIVERED THE BONDS DIRECTLY OR INDIRECTLY TO ANY PERSON FOR RE-OFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA AND WILL NOT OFFER, SELL OR DELIVER THE BONDS DIRECTLY OR INDIRECTLY TO ANY PERSON FOR REOFFERING OR RESALE, DIRECTLY OR INDIRECTLY, IN KOREA OR TO ANY RESIDENT OF KOREA, EXCEPT AS OTHERWISE PERMITTED UNDER THE APPLICABLE LAWS AND REGULATIONS OF KOREA.

Notice to Prospective Investors in Switzerland

THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE BONDS DESCRIBED HEREIN. THE BONDS MAY NOT BE PUBLICLY OFFERED, SOLD OR ADVERTISED, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM SWITZERLAND AND WILL NOT BE LISTED ON THE SIX SWISS EXCHANGE LTD. OR ON ANY OTHER EXCHANGE OR REGULATED TRADING FACILITY IN SWITZERLAND. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS CONSTITUTES A PROSPECTUS AS SUCH TERM IS UNDERSTOOD PURSUANT TO ARTICLE 652A OR ARTICLE 1156 OF THE SWISS CODE OF OBLIGATIONS OR A LISTING PROSPECTUS WITHIN THE MEANING OF THE LISTING RULES OF THE SIX SWISS EXCHANGE LTD. OR ANY OTHER REGULATED TRADING FACILITY IN SWITZERLAND, AND NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE BONDS MAY BE PUBLICLY DISTRIBUTED OR OTHERWISE MADE PUBLICLY AVAILABLE IN OR FROM SWITZERLAND. ACCORDINGLY, THIS OFFICIAL STATEMENT IS COMMUNICATED IN OR FROM SWITZERLAND TO A LIMITED NUMBER OF SELECTED INVESTORS ONLY. NEITHER THIS OFFICIAL STATEMENT NOR ANY OTHER OFFERING OR MARKETING MATERIAL RELATING TO THE OFFERING, NOR THE ISSUER, NOR THE BONDS HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE BONDS ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, E.G., THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA, AND INVESTORS IN THE BONDS WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

Notice to Prospective Investors in Taiwan (The Republic of China)

THE OFFER OF THE BONDS HAS NOT BEEN AND WILL NOT BE REGISTERED WITH THE FINANCIAL SUPERVISORY COMMISSION OF TAIWAN (THE “FSC”) PURSUANT TO APPLICABLE SECURITIES LAWS AND REGULATIONS OF TAIWAN AND THE BONDS, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS RELATING TO THE BONDS, MAY NOT BE OFFERED, SOLD, DELIVERED OR DISTRIBUTED WITHIN TAIWAN (THE REPUBLIC OF CHINA) THROUGH A PUBLIC OFFERING OR IN CIRCUMSTANCES WHICH CONSTITUTE AN OFFER WITHIN THE MEANING OF THE SECURITIES AND EXCHANGE ACT OF TAIWAN THAT REQUIRES THE REGISTRATION WITH OR APPROVAL OF THE FSC. NO PERSON OR ENTITY IN TAIWAN (THE REPUBLIC OF CHINA) HAS BEEN AUTHORIZED TO OFFER, SELL, DISTRIBUTE, GIVE ADVICE REGARDING OR OTHERWISE INTERMEDIATE THE OFFERING, SALE OR DISTRIBUTION OF THE BONDS. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE BONDS SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

Notice to Prospective Investors in the United Kingdom

THIS OFFICIAL STATEMENT IS FOR DISTRIBUTION ONLY TO, AND IS DIRECTED SOLELY AT, PERSONS WHO (I) ARE INVESTMENT PROFESSIONALS AS SUCH TERM IN DEFINED IN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED (THE “FINANCIAL PROMOTION ORDER”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE

“FSMA”)) IN CONNECTION WITH THE ISSUE OR SALE OF ANY BONDS MAY OTHERWISE BE LAWFULLY COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “RELEVANT PERSONS”). THIS OFFICIAL STATEMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS OFFICIAL STATEMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS OFFICIAL STATEMENT OR ANY OF ITS CONTENTS. THIS OFFICIAL STATEMENT HAS NOT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FSMA AND DOES NOT CONSTITUTE AN OFFER TO THE PUBLIC IN ACCORDANCE WITH THE PROVISIONS OF SECTION 85 OF THE FSMA.

\$289,550,000

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWELFTH SERIES**

\$311,670,000

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED THIRTEENTH SERIES**

\$200,000,000

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FOURTEENTH SERIES***

\$400,000,000

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FIFTEENTH SERIES****

\$100,000,000

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED SIXTEENTH SERIES**

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Twelfth Series, Consolidated Bonds, Two Hundred Thirteenth Series, Consolidated Bonds, Two Hundred Fourteenth Series, Consolidated Bonds, Two Hundred Fifteenth Series and Consolidated Bonds, Two Hundred Sixteenth Series with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

The purpose of this Official Statement (including the cover page) of The Port Authority of New York and New Jersey (the "Port Authority") is to describe the Bonds and to give pertinent data with respect to the Port Authority and its finances. The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof. The Port Authority has not taken any action in connection with this Official Statement or the Bonds that would permit a public offering of the Bonds or the distribution of any information in connection with the Bonds and the Port Authority and its finances in any jurisdiction where action for that purpose is required. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Bonds, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The execution of this Official Statement has been duly authorized by the Port Authority.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

By: /s/ Elizabeth M. McCarthy
Elizabeth M. McCarthy
Chief Financial Officer

Dated: New York, New York August 7, 2019

* AMT.

** Subject to federal taxation.

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INTRODUCTION AND SECURITIES BEING OFFERED

Description of the Port Authority

General

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, 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 States and that the future development of such facilities would require the cordial cooperation of the 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 the cooperation of the two States by and 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 Compact has been amended and supplemented from time to time by legislation adopted by the two States.

Facilities

In general, the purpose of the States of New York and New Jersey in establishing the Port Authority was to provide transportation, terminal and other facilities of commerce within the Port District. For such purpose the States have from time to time authorized specific transportation and terminal facilities and facilities of commerce and economic development, and have given the Port Authority power to borrow money upon its bonds or other obligations, to establish charges for the use of such facilities and, in connection with specific facilities, to acquire real and personal property by condemnation or the exercise of the right of eminent domain or otherwise. The Port District comprises an area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, 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.

The Port Authority’s facilities include two tunnels and four bridges between the States of New York and New Jersey, the Hudson Tubes facility, including the Port Authority Trans-Hudson system (“PATH” or the “PATH system”), two bus terminals, the Trans-Hudson ferry service, five airports, the World Trade Center, six marine terminals, two waterfront development facilities, four industrial development facilities, a resource recovery facility and certain regional development facilities. From time to time on the basis of determinations by the Port Authority that such property was no longer required for the purposes for which it was acquired, the Port Authority has sold certain real property constituting all or part of certain facilities. Descriptions of the Port Authority’s facilities appear at “*Description of the Port Authority and Its Facilities*” in Section II hereof. Information pertaining to capital investment in such facilities as of December 31, 2018 and June 30, 2019, and significant capital projects as of June 30, 2019, appear at “*Information on Capital Investment in Certain Port Authority Facilities*” and “*Significant Capital Projects*” in Section II hereof. Facility activity for calendar year 2018 appears in “*APPENDIX A—Consolidated Financial Statements as of and for the Years Ended December 31, 2018 and December 31, 2017 and Related Schedules*” (hereinafter

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referred to as “Appendix A”). Certain facility traffic information for the six-month periods ending June 30, 2019 and June 30, 2018 appears in “*APPENDIX B—Condensed Consolidated Financial Statements as of and for the Six-Month Period Ended June 30, 2019 (Unaudited)*” (hereinafter referred to as “Appendix B”).

Finances

The Port Authority raises the necessary funds for the improvement, construction or acquisition of its facilities primarily upon the basis of its own credit. The Port Authority has no power to levy taxes or assessments. Its bonds, notes and other 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 revenues of the Port Authority 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 of the Port Authority’s facilities; other facilities operate at a deficit, do not generate surplus revenue or are non-revenue producing to the Port Authority. It is expected that increases from time to time will continue to be necessary in the Port Authority’s tolls, fares, takeoff and landing fees, dockage fees, rentals and other charges, or that either planned capital expenditures will be curtailed or reductions in services and associated expenditures will occur, or both, so that the costs of operations, including expenses incurred with respect to obligations issued in connection with the acquisition of certain equipment by the Port Authority, the payment of debt service and the fulfillment of Port Authority statutory, contractual and other commitments, will continue to be provided for in accordance with the requirements therefor and agreements with the holders of Port Authority obligations. (See Section III hereof, “*Bonds, Notes and Other Obligations.*”)

The costs of operations, including expenses incurred with respect to obligations issued in connection with the acquisition of certain equipment by the Port Authority, and debt service are expected to be derived from gross operating revenues and income on investments, and capital funds are expected to be provided primarily through the application, as appropriate, of the proceeds of issues of Port Authority obligations and from other moneys legally available for such purposes. In order to provide sufficient funds expeditiously and on a temporary basis for certain expenditures, the Port Authority’s annual budget and business planning process provides for temporary applications of available moneys (other than proceeds of Port Authority obligations), subject to reimbursement through the issuance of Port Authority obligations to permit permanent application of such amounts for other authorized purposes.

From time to time, at the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the States and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority’s overall financial capacity. (See “*Regional Development*” in Section II hereof and Note H (Regional Facilities and Programs) in Appendix A hereto.)

The purposes for which the Port Authority’s various funds, including revenues, can be applied are set forth in various statutes and in the agreements with the holders of its obligations. In order to determine the moneys which are or will become available to meet the requirements of any of the Port Authority’s obligations, it is necessary to examine the statutes and resolutions affecting the particular issue. (See Section IV hereof, “*Pertinent Statutes and General Resolutions;*” Section III hereof, “*Bonds, Notes and Other Obligations;*” and Section VI hereof, “*Bond Resolutions and Legal Opinion.*”)

Financial Statements

The consolidated financial statements of the Port Authority as of and for the years ended December 31, 2018 and December 31, 2017, along with the notes, schedules and other supplementary

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information (including management's discussion and analysis of the Port Authority's financial performance and activity), and the independent auditors' report pertaining thereto, are set forth in Appendix A hereto. The financial statements of the Port Authority are prepared in accordance with accounting principles generally accepted in the United States of America; Schedules A, B and C have been prepared on a comprehensive basis of accounting in accordance with the requirements of Port Authority bond resolutions, which differs in some respects from accounting principles generally accepted in the United States of America; and the supplemental information presented in Schedules D, E, F and G is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

On March 6, 2019, in connection with the release of the consolidated financial statements of the Port Authority for the years ended December 31, 2018 and December 31, 2017, the Executive Director, the Chief Financial Officer and the Comptroller certified that to the best of their knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the consolidated financial statements, was accurate in all material respects and was reported in a manner designed to present fairly the Port Authority's net position, changes in net position, and cash flows, in conformity with accounting principles generally accepted in the United States of America; and, that on the basis that the cost of internal controls should not outweigh their benefits, the Port Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America.

While the Port Authority's Consolidated Financial Statements as of and for the years ended December 31, 2018 and December 31, 2017 have been audited by a firm of independent auditors, which conducts such audits in accordance with auditing standards generally accepted in the United States of America, the accuracy of the data and the completeness and fairness of the information presented in the financial statements are the responsibility of management of the Port Authority.

The Audit Committee of the Board of Commissioners of the Port Authority ("Board of Commissioners") meets on a regular basis with the independent auditors, the law firm retained to address certain Audit Committee matters and management of the Port Authority, in connection with its oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes.

Unaudited condensed consolidated financial statements for the Port Authority for the six-month period ended June 30, 2019 have been prepared by the Port Authority, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with accounting principles generally accepted in the United States of America, and appear in Appendix B. Such unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the accompanying notes and schedules of the Port Authority for the year ended December 31, 2018, set forth in Appendix A hereto. The results of operations for the six-month period ended June 30, 2019 set forth in such unaudited condensed consolidated financial statements are not necessarily indicative of the results of operations for the annual period ending December 31, 2019.

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Description of the Bonds

Description of the Two Hundred Twelfth Series Bonds

Purposes

The proceeds of the Two Hundred Twelfth Series Bonds shall be allocated to the refunding, by purchase, call or other payment, of the Port Authority's Consolidated Bonds, One Hundred Fifty-fourth Series on September 16, 2019 and the Port Authority's Consolidated Bonds, One Hundred Sixtieth Series on September 16, 2019, and for purposes of refunding other obligations of the Port Authority; *provided, however*, that such allocation shall not result in the characterization of the Two Hundred Twelfth Series Bonds as "private activity bonds" determined under applicable federal tax principles.

Date

The Two Hundred Twelfth Series Bonds shall be dated as of the date of delivery upon original issuance of the Bonds (see "*Delivery*" in this Section I).

Maturities

The Two Hundred Twelfth Series Bonds shall be comprised of \$289,550,000 in total aggregate principal amount, which shall be issued in two installments as follows:

First Installment — \$65,935,000 in total aggregate principal amount of the Two Hundred Twelfth Series Bonds (which shall not be subject to redemption prior to maturity) shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see "*Description of the Two Hundred Twelfth Series Bonds — Interest*" in this Section I) at the respective stated rates of interest per annum set forth below until maturity.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>
September 1, 2020	\$4,905,000	5.000%	September 1, 2025	\$ 6,390,000	5.000%
September 1, 2021	4,925,000	5.000	September 1, 2026	7,660,000	5.000
September 1, 2022	5,155,000	5.000	September 1, 2027	7,315,000	5.000
September 1, 2023	7,690,000	5.000	September 1, 2028	7,795,000	5.000
September 1, 2024	5,995,000	5.000	September 1, 2029	8,105,000	5.000

Second Installment — \$223,615,000 in total aggregate principal amount of the Two Hundred Twelfth Series Bonds (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority's option, beginning on September 1, 2029 (see "*Description of the Two Hundred Twelfth Series Bonds — Optional Redemption*" in this Section I)) shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see "*Description of the Two Hundred Twelfth Series Bonds — Interest*" in this Section I) at the respective stated rates of interest per annum set forth below until maturity or prior redemption.

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<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>
September 1, 2030	\$19,895,000	5.000%	September 1, 2036	\$12,775,000	5.000%
September 1, 2032	27,915,000	5.000	September 1, 2037	30,220,000	4.000
September 1, 2033	13,565,000	5.000	September 1, 2038	30,080,000	4.000
September 1, 2034	28,130,000	5.000	September 1, 2039	29,945,000	4.000
September 1, 2035	31,090,000	5.000			

Optional Redemption

The Second Installment of the Two Hundred Twelfth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the bonds of the Second Installment then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Twelfth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twelfth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

INTRODUCTION AND SECURITIES BEING OFFERED

Description of the Two Hundred Thirteenth Series Bonds

Purposes

The proceeds of the Two Hundred Thirteenth Series Bonds shall be allocated to the refunding, by purchase, call or other payment, of the Port Authority’s Consolidated Bonds, One Hundred Fifty-sixth Series on September 16, 2019 and the Port Authority’s Consolidated Bonds, One Hundred Sixty-first Series on October 15, 2019, consistent with the characterization of the Two Hundred Thirteenth Series Bonds as “qualified bonds” (which are “exempt facility bonds”) determined under applicable federal tax principles.

Date

The Two Hundred Thirteenth Series Bonds shall be dated as of the date of delivery upon original issuance of the Bonds (see “*Delivery*” in this Section I).

Maturities

The Two Hundred Thirteenth Series Bonds shall be comprised of \$311,670,000 in total aggregate principal amount, which shall be issued in two installments as follows:

First Installment — \$64,990,000 in total aggregate principal amount of the Two Hundred Thirteenth Series Bonds (which shall not be subject to redemption prior to maturity) shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see “*Description of the Two Hundred Thirteenth Series Bonds — Interest*” in this Section I) at the respective stated rates of interest per annum set forth below until maturity.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>
September 1, 2020	\$2,020,000	5.000%	September 1, 2025	\$ 8,995,000	5.000%
September 1, 2021	3,730,000	5.000	September 1, 2026	8,685,000	5.000
September 1, 2022	3,915,000	5.000	September 1, 2027	9,945,000	5.000
September 1, 2023	1,960,000	5.000	September 1, 2028	10,490,000	5.000
September 1, 2024	4,210,000	5.000	September 1, 2029	11,040,000	5.000

Second Installment — \$246,680,000 in total aggregate principal amount of the Two Hundred Thirteenth Series Bonds (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority’s option, beginning on September 1, 2029 (see “*Description of the Two Hundred Thirteenth Series Bonds — Optional Redemption*” in this Section I)) shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see “*Description of the Two Hundred Thirteenth Series Bonds — Interest*” in this Section I) at the respective stated rates of interest per annum set forth below until maturity or prior redemption.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>
September 1, 2030	\$ 7,190,000	5.000%	September 1, 2035	\$20,970,000	5.000%
September 1, 2031	35,970,000	5.000	September 1, 2036	28,710,000	5.000
September 1, 2032	6,440,000	5.000	September 1, 2037	21,455,000	5.000
September 1, 2033	48,990,000	5.000	September 1, 2038	21,520,000	5.000
September 1, 2034	34,180,000	5.000	September 1, 2039	21,255,000	5.000

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Optional Redemption

The Second Installment of the Two Hundred Thirteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the bonds of the Second Installment then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Thirteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Thirteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

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Description of the Two Hundred Fourteenth Series Bonds

Purposes

The proceeds of the Two Hundred Fourteenth Series Bonds shall be allocated to capital projects in connection with facilities of the Port Authority and/or for purposes of refunding other obligations of the Port Authority, in each case, consistent with the characterization of the Two Hundred Fourteenth Series Bonds as “qualified bonds” (which are “exempt facility bonds”) determined under applicable federal tax principles.

Date

The Two Hundred Fourteenth Series Bonds shall be dated as of the date of delivery upon original issuance of the Bonds (see “*Delivery*” in this Section I).

Maturities

The Two Hundred Fourteenth Series Bonds shall be comprised of \$200,000,000 in total aggregate principal amount, which shall be issued in two installments as follows:

First Installment — \$128,495,000 in total aggregate principal amount of the Two Hundred Fourteenth Series Bonds (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority’s option, beginning on September 1, 2029 (see “*Description of the Two Hundred Fourteenth Series Bonds — Optional Redemption*” in this Section I)) shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see “*Description of the Two Hundred Fourteenth Series Bonds — Interest*” in this Section I) at the respective stated rates of interest per annum set forth below until maturity or prior redemption.

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Stated Rate of Interest</u>
September 1, 2030	\$7,930,000	5.000%	September 1, 2035	\$14,075,000	5.000%
September 1, 2031	8,325,000	5.000	September 1, 2036	14,785,000	5.000
September 1, 2032	8,740,000	5.000	September 1, 2037	15,525,000	4.000
September 1, 2033	12,770,000	5.000	September 1, 2038	16,145,000	4.000
September 1, 2034	13,410,000	5.000	September 1, 2039	16,790,000	4.000

Second Installment — \$71,505,000 in total aggregate principal amount of the Two Hundred Fourteenth Series Bonds (which shall be subject to redemption prior to maturity (a) in whole, or, from time to time in part, at the Port Authority’s option, beginning on September 1, 2029 (see “*Description of the Two Hundred Fourteenth Series Bonds — Optional Redemption*” in this Section I) and (b) when necessary to meet the schedule of mandatory periodic retirement for the Second Installment beginning on September 1, 2040 (see “*Description of the Two Hundred Fourteenth Series Bonds — Mandatory Periodic Retirement*” in this Section I)) shall be issued as term bonds with the maturity date of September 1, 2043, and shall bear interest (see “*Description of the Two Hundred Fourteenth Series Bonds — Interest*” in this Section I) at the stated rate of interest of 4.000% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Fourteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than

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all of the bonds of the Two Hundred Fourteenth Series then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

Mandatory Periodic Retirement

Second Installment — The Second Installment shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement for the Second Installment:

<u>Mandatory Periodic Retirement Date</u>	<u>Cumulative Principal Amount</u>
September 1, 2040	\$17,460,000
September 1, 2041	35,620,000
September 1, 2042	54,505,000
September 1, 2043 [†]	71,505,000

[†] stated maturity

When necessary to meet the schedule of mandatory periodic retirement for the Second Installment, the Second Installment shall be subject to redemption, on prior notice, on September 1, 2040 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Second Installment, the bonds of the Second Installment so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Fourteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Fourteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

Description of the Two Hundred Fifteenth Series Bonds

Purposes

The proceeds of the Two Hundred Fifteenth Series Bonds may be allocated to any purpose for which at the time of issuance of the Two Hundred Fifteenth Series Bonds the Port Authority is authorized by law to issue its obligations.

Date

The Two Hundred Fifteenth Series Bonds shall be dated as of the date of delivery upon original issuance of the Bonds (see “*Delivery*” in this Section I).

Maturity

The Two Hundred Fifteenth Series Bonds shall be comprised of \$400,000,000 in total aggregate principal amount (which shall be subject to redemption prior to maturity (a) in whole, or, from time to time in part, at the Port Authority’s option (see “*Description of the Two Hundred Fifteenth Series Bonds — Optional Redemption*” in this Section I) and (b) when necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds beginning on August 1, 2065 (see “*Description of the Two Hundred Fifteenth Series Bonds — Mandatory Periodic Retirement*” in this Section I)), shall be issued as term bonds with the maturity date of August 1, 2069, and shall bear interest (see “*Description of the Two Hundred Fifteenth Series Bonds — Interest*” in this Section I) at the stated rate of interest of 3.287% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Fifteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time, in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at the “Make-Whole Redemption Price.” The “Make-Whole Redemption Price” shall be the greater of (i) the initial offering price as shown on the inside cover page of the Official Statement pertaining to the Two Hundred Fifteenth Series Bonds (but not less than 100% of the principal amount of the Two Hundred Fifteenth Series Bonds to be redeemed); or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Two Hundred Fifteenth Series Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the Two Hundred Fifteenth Series Bonds are to be redeemed, discounted to the date on which the Two Hundred Fifteenth Series Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined below) plus 20 basis points, plus, in each case, accrued and unpaid interest on the Two Hundred Fifteenth Series Bonds to be redeemed on the redemption date. If bonds of the Two Hundred Fifteenth Series are to be called for redemption at the option of the Port Authority, but not all of the Two Hundred Fifteenth Series Bonds then outstanding are to be called for redemption, the bonds of the Two Hundred Fifteenth Series so to be called shall be determined in accordance with the procedures set forth below at “*Description of the Two Hundred Fifteenth Series Bonds — Mandatory Periodic Retirement*” in this Section I.

The following definitions shall apply for purposes of the computation of the “Make-Whole Redemption Price”:

“Treasury Rate” means, with respect to any redemption date for the Two Hundred Fifteenth Series Bonds, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual

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equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (as defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (as defined below), as calculated by the Designated Investment Banker (as defined below).

“Comparable Treasury Issue” means, with respect to any redemption date for the Two Hundred Fifteenth Series Bonds, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Two Hundred Fifteenth Series Bonds to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Two Hundred Fifteenth Series Bonds to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for the Two Hundred Fifteenth Series Bonds, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (as defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

“Designated Investment Banker” means one of the Reference Treasury Dealers (as defined below) appointed by the Port Authority.

“Reference Treasury Dealer” means each of the four firms, specified by the Port Authority from time to time, any or all of which may also be an Underwriter for the Two Hundred Fifteenth Series Bonds, that are primary United States government securities dealers in The City of New York (each a “Primary Treasury Dealer”); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Port Authority will substitute another Primary Treasury Dealer.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date for the Two Hundred Fifteenth Series Bonds, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, at least three business days preceding such redemption date.

Mandatory Periodic Retirement

The Two Hundred Fifteenth Series Bonds shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds:

<u>Mandatory Periodic Retirement Date</u>	<u>Cumulative Principal Amount</u>
August 1, 2065	\$ 74,910,000
August 1, 2066	152,285,000
August 1, 2067	232,200,000
August 1, 2068	314,745,000
August 1, 2069 [†]	400,000,000

[†] stated maturity

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When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds, the Two Hundred Fifteenth Series Bonds shall be subject to redemption, on prior notice, on August 1, 2065 and on any August 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption. During the period in which the Depository (as defined at “*Delivery*” in this Section I) is the sole registered holder of the Two Hundred Fifteenth Series Bonds, if bonds of the Two Hundred Fifteenth Series are to be called for redemption to meet the schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds, the bonds to be redeemed shall be determined on the basis of a pro rata pass-through distribution of the total principal amount of the bonds to be redeemed to the beneficial owners of the Two Hundred Fifteenth Series Bonds in accordance with the Depository’s procedures then in effect at the time of such redemption, and, in the event that the Depository’s procedures do not allow for redemption on the basis of such pro rata pass-through distribution of the total principal amount to be redeemed, then the bonds to be redeemed shall be determined by lot by the Registrar. In the event that the book-entry system applicable to the Two Hundred Fifteenth Series Bonds is discontinued, if bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Two Hundred Fifteenth Series Bonds, the bonds to be redeemed shall be selected by the Registrar on the basis of a pro rata distribution of the total principal amount to be redeemed to the registered holders of the Two Hundred Fifteenth Series Bonds.

Interest

Interest on the Two Hundred Fifteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Fifteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on February 1, 2020 and on each August 1 and February 1 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 3.287% per annum.

Description of the Two Hundred Sixteenth Series Bonds

Purposes

The proceeds of the Two Hundred Sixteenth Series Bonds shall be allocated to capital projects in connection with facilities of the Port Authority.

Date

The Two Hundred Sixteenth Series Bonds shall be dated as of the date of delivery upon original issuance of the Bonds (see “*Delivery*” in this Section I).

Maturities

The Two Hundred Sixteenth Series Bonds shall be comprised of \$100,000,000 in total aggregate principal amount, which shall be issued in two installments as follows:

First Installment — \$32,590,000 in total aggregate principal amount of the Two Hundred Sixteenth Series Bonds (which shall be subject to redemption prior to maturity (a) in whole, or, from time to time in part, at the Port Authority’s option, beginning on September 1, 2029 (see “*Description of the Two Hundred Sixteenth Series Bonds — Optional Redemption*” in this Section I) and (b) when necessary to meet the schedule of mandatory periodic retirement for the First Installment beginning on September 1, 2043 (see “*Description of the Two Hundred Sixteenth Series Bonds — Mandatory Periodic Retirement*” in this Section I)) shall be issued as term bonds with the maturity date of September 1, 2045, and shall bear interest (see “*Description of the Two Hundred Sixteenth Series Bonds — Interest*” in this Section I) at the stated rate of interest of 4.000% per annum until maturity or prior redemption.

Second Installment — \$67,410,000 in total aggregate principal amount of the Two Hundred Sixteenth Series Bonds (which shall be subject to redemption prior to maturity (a) in whole, or, from time to time in part, at the Port Authority’s option, beginning on September 1, 2029 (see “*Description of the Two Hundred Sixteenth Series Bonds — Optional Redemption*” in this Section I) and (b) when necessary to meet the schedule of mandatory periodic retirement for the Second Installment beginning on September 1, 2046 (see “*Description of the Two Hundred Sixteenth Series Bonds — Mandatory Periodic Retirement*” in this Section I)) shall be issued as term bonds with the maturity date of September 1, 2049, and shall bear interest (see “*Description of the Two Hundred Sixteenth Series Bonds — Interest*” in this Section I) at the stated rate of interest of 4.000% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Sixteenth Series Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority’s option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2029 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the bonds of the Two Hundred Sixteenth Series then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

INTRODUCTION AND SECURITIES BEING OFFERED

Mandatory Periodic Retirement

First Installment — The First Installment shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement for the First Installment:

<u>Mandatory Periodic Retirement Date</u>	<u>Cumulative Principal Amount</u>
September 1, 2043	\$ 2,645,000
September 1, 2044	17,325,000
September 1, 2045 [†]	32,590,000

[†] stated maturity

When necessary to meet the schedule of mandatory periodic retirement for the First Installment, the First Installment shall be subject to redemption, on prior notice, on September 1, 2043 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the First Installment, the bonds of the First Installment so to be called shall be determined by lot by the Registrar.

Second Installment — The Second Installment shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement for the Second Installment:

<u>Mandatory Periodic Retirement Date</u>	<u>Cumulative Principal Amount</u>
September 1, 2046	\$15,875,000
September 1, 2047	32,385,000
September 1, 2048	49,555,000
September 1, 2049 [†]	67,410,000

[†] stated maturity

When necessary to meet the schedule of mandatory periodic retirement for the Second Installment, the Second Installment shall be subject to redemption, on prior notice, on September 1, 2046 and on any September 1 thereafter until maturity at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Second Installment, the bonds of the Second Installment so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Sixteenth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Sixteenth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2020 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

Additional Information Pertaining to the Bonds

Security

The Bonds together with all other Consolidated Bonds of the Port Authority (within the meaning of the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 (the “Consolidated Bond Resolution”)) heretofore or hereafter issued are direct and general obligations of the Port Authority pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. (See “*Consolidated Bond Resolution*” in Section III hereof.) The Bonds are secured equally and ratably with all other Consolidated Bonds heretofore or hereafter issued by a pledge of (a) the net revenues of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds (see “*General and Refunding, Air Terminal and Marine Terminal Bonds*” in Section III hereof, which states that the Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all prior lien bonds of the Port Authority), (b) the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund (see “*General Reserve Fund*” in Section III hereof) and (c) the Consolidated Bond Reserve Fund established in connection with Consolidated Bonds (see “*Consolidated Bonds—Consolidated Bond Reserve Fund*” in Section III hereof).

Denominations, Registration and Exchange

The Bonds shall be in fully registered form, registered as to both principal and interest and not as to either alone. During the period in which a book-entry system is applicable to the Bonds, the sole registered holder of the Bonds shall be the Depository (as defined at “*Delivery*” in this Section I) or its nominee, and, unless otherwise determined by the Port Authority, the only authorized denominations for the Bonds shall be the aggregate principal amount of each maturity of the Bonds, as reduced from time to time prior to stated maturity in connection with redemptions or retirements with respect to such maturity. The only authorized denominations for beneficial ownership interests in the Bonds shall be \$5,000 and integral multiples of \$5,000. The book-entry system applicable to the Bonds with the Depository may be discontinued by either the Depository or the Port Authority. In the event the book-entry system is discontinued, if the Port Authority selects another qualified securities depository to become the Depository, the Registrar shall register and deliver a replacement bond for each maturity of the Bonds, fully registered in the name of such depository or its nominee, of like tenor of each maturity of the Bonds then outstanding, in accordance with instructions to be given by the depository to be replaced or its nominee, as registered holder of the Bonds. In the event the book-entry system is discontinued, if the Port Authority does not select another qualified securities depository to become the Depository, the Registrar shall register and deliver replacement bonds of like tenor of the Bonds then outstanding in the form of fully registered certificates, in denominations of \$5,000 or integral multiples of \$5,000 (which, in such event, shall be the only authorized denominations for the Bonds), in accordance with instructions to be given upon termination of the book-entry system applicable to the Bonds by the depository which had maintained such system or its nominee, as registered holder of the Bonds. In such event and thereafter, the Port Authority shall bear the cost incurred by the Port Authority in connection with the registration, authentication, transfer, cancellation, exchange and delivery of the Bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar.

With respect to certain global clearance procedures that may be applicable to the Bonds, “Clearstream” and “Euroclear” may hold omnibus positions on behalf of their participants through customers’ securities accounts in Clearstream’s and Euroclear’s names on the books of their respective depositories. The depositories, in turn, will hold positions in customers’ securities accounts in the depositories’ names on the books of the Depository.

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Payments

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal of each maturity of the Bonds shall be payable at the maturity or, to the extent applicable, the prior redemption of such maturity, upon presentation and surrender of the affected bonds by the registered holders thereof, at the office or offices, designated by the Port Authority, of the Paying Agent appointed by the Port Authority for the Bonds, in a county in whole or in part in the Port District. Interest on the Bonds, which shall be computed on the basis of a 360-day year comprised of twelve 30-day months, shall be payable when due, to the registered holders of the Bonds by check or draft drawn on the Paying Agent appointed for the purpose by the Port Authority and mailed to said registered holders at their last known addresses as appearing on the Port Authority's Registry Books for the Bonds. During the period in which the Depository or its nominee is the sole registered holder of the Bonds, payments with respect to the Bonds shall be made to the Depository or its nominee, as sole registered holder of the Bonds, pursuant to arrangements with respect thereto between the Port Authority and the Depository or its nominee; disbursement of such payments to the Depository's participants is the responsibility of the Depository, and disbursement of such payments to the individual purchasers of beneficial ownership interests in the Bonds is the responsibility of the Depository's participants.

Notices of Redemption

During the period in which the Depository or its nominee is the sole registered holder of the Bonds, any notice of redemption to be provided by the Port Authority shall be provided solely by mail to the Depository or its nominee, as sole registered holder of the Bonds, pursuant to arrangements with respect thereto between the Port Authority and the Depository, without requirement of publication of such notice; provision of such notice to the Depository's participants is the responsibility of the Depository and provision of such notice to the individual purchasers of beneficial ownership interests in the Bonds is the responsibility of the Depository's participants. During any period in which the Depository or its nominee is not the sole registered holder of the Bonds, any such notices to be provided by the Port Authority shall be provided to the registered holders of the Bonds in the manner set forth in the resolution adopted July 26, 2018 by the Board of Commissioners, pertaining to the establishment and the authorization of the issuance of the Bonds (which appears in Section VI hereof, "*Bond Resolutions and Legal Opinion*").

Tax Matters—Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds

Federal Income and State and Local Tax Exemption. In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") (other than with respect to the Two Hundred Thirteenth Series Bonds or Two Hundred Fourteenth Series Bonds for a recipient that is a substantial user (or related person thereto) of facilities provided from the proceeds of the Two Hundred Thirteenth Series Bonds or Two Hundred Fourteenth Series Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder). Bond Counsel is of the opinion that interest on the Two Hundred Fourteenth Series Bonds is a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that interest on the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds and Two Hundred Sixteenth Series Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is of the opinion that the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds and the interest thereon are exempt

INTRODUCTION AND SECURITIES BEING OFFERED

from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof. A complete copy of the proposed form of opinion of Bond Counsel is set forth at “*Form of Legal Opinion of Bond Counsel*” in Section VI hereof.

Tax Certificate. In connection with the delivery upon original issuance of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of such series of the Bonds, a certificate as to the use, investment and disposition of proceeds of, and other actions to be taken in connection with, such Bonds (respectively, the “Tax Certificate”). Among other matters set forth therein, the Port Authority shall agree in the Tax Certificate that it will neither take any actions nor fail to take any actions that will cause interest on the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds to be includible, for federal income tax purposes, in the gross income of the recipients thereof under Section 103 of the Code, and the regulations thereunder (other than a recipient that is a substantial user (or a related person thereto) of facilities provided from the proceeds of the Two Hundred Thirteenth Series Bonds or Two Hundred Fourteenth Series Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder), or to be treated as a preference item in calculating the alternative minimum tax under Section 57 of the Code and the regulations thereunder, as such section and regulations may be applicable to the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds and Two Hundred Sixteenth Series Bonds. Inaccuracy of these certifications or failure to comply with these covenants may result in interest on the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds.

Certain Federal Tax Matters. The Code provides for interest on state and local government obligations, such as the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds, to be taken into account in computing certain elements of individual and corporate taxes that may affect a beneficial owner’s federal, state or local tax liability, including without limitation, the foreign corporations branch profits tax and income taxes on a portion of social security or railroad retirement benefits for individuals. The nature and extent of the federal income tax consequences of these provisions, as well as the original issue discount provisions of the Code, depend on the particular federal income tax status of the individual or corporate taxpayer and the taxpayer’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such federal income tax consequences.

Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The opinion of Bond Counsel assumes the accuracy of the certifications and compliance with the covenants set forth in the Tax Certificate (see “*Tax Certificate*” in this Section I). Bond Counsel has not

INTRODUCTION AND SECURITIES BEING OFFERED

undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds may adversely affect the value of, or the tax status of interest on, the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters. (See "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.)

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Port Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Contemporaneously with the issuance of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds, the Port Authority will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds ends with the issuance of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Port Authority or the beneficial owners regarding the tax-exempt status of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Port Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Port Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds, and may cause the Port Authority or the beneficial owners to incur significant expense.

Federal Tax Legislation. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds. Prospective purchasers of the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Sixteenth Series Bonds should consult their own tax advisors regarding the

INTRODUCTION AND SECURITIES BEING OFFERED

potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

Tax Matters—Two Hundred Fifteenth Series Bonds

State and Local Tax Exemption and Federal Income Taxability. In the opinion of Bond Counsel, based upon an analysis of existing law, regulations, rulings and court decisions, the Two Hundred Fifteenth Series Bonds and interest thereon are exempt from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof, to the extent and as set forth in the legal opinion of Bond Counsel, to be rendered on the date and substantially in the form set forth at “Form of Legal Opinion of Bond Counsel” in Section VI hereof.

Bond Counsel is of the opinion that interest on the Two Hundred Fifteenth Series Bonds is not excluded from gross income for federal income tax purposes under Section 103(a) of the Code. No other opinion will be expressed by Bond Counsel with respect to the consequences of the acquisition, ownership, sale, exchange, redemption, retirement or other disposition of the Two Hundred Fifteenth Series Bonds arising under the Code. (See “Form of Legal Opinion of Bond Counsel” in Section VI hereof.)

Certain Tax Considerations. The following discussion summarizes certain U.S. federal income tax considerations generally applicable to beneficial owners of the Two Hundred Fifteenth Series Bonds that acquire such Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect, and applicable on the date hereof, all of which are subject to change, possibly with retroactive effect. Further, the following discussion does not deal with all U.S. tax considerations applicable to beneficial owners of the Two Hundred Fifteenth Series Bonds or to categories of beneficial owners some of which may be subject to special taxing rules, such as certain U.S. expatriates, banks, real estate investment trusts (REITs), regulated investment companies (RICs), insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, beneficial owners that hold their Two Hundred Fifteenth Series Bonds (x) as part of a hedge, straddle or an integrated or conversion transaction or (y) through a non-U.S. entity, or investors whose “functional currency” is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the taxes imposed under Section 1411 of the Code or (iii) the indirect effects on persons who hold equity interests in a beneficial owner. In addition, this summary generally is limited to beneficial owners that acquire their Two Hundred Fifteenth Series Bonds pursuant to this offering for the issue price that is applicable to such Bonds (i.e., the price at which a substantial amount of the Bonds are sold to the public) and who hold their Two Hundred Fifteenth Series Bonds as “capital assets” within the meaning of Section 1221 of the Code. This summary does not address tax considerations applicable to beneficial owners of the Two Hundred Fifteenth Series Bonds that are not U.S. persons for U.S. federal income tax purposes.

Interest on the Two Hundred Fifteenth Series Bonds generally will be taxable as ordinary interest income at the time such amounts are accrued or received, in accordance with the beneficial owner’s method of accounting for U.S. federal income tax purposes.

Two Hundred Fifteenth Series Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as having amortizable bond premium. A beneficial owner of a Two Hundred Fifteenth Series Bond issued at a premium may make an election, applicable to all debt securities purchased at a premium by such beneficial owner, to amortize such premium, using a constant yield method over the term of such Bond. Beneficial owners of a Two Hundred Fifteenth Series Bond purchased at a premium should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

INTRODUCTION AND SECURITIES BEING OFFERED

Legality for Investment and Eligibility for Deposit in the States of New York and New Jersey

Under existing legislation in the States of New York and New Jersey, the Bonds are legal for investment for state and municipal officers, banks and savings banks, insurance companies, trustees and other fiduciaries in the States of New York and New Jersey and are eligible for deposit with state or municipal officers or agencies of the States of New York and New Jersey for any purpose for which the bonds or other obligations of the States of New York and New Jersey may be deposited.

Registrar

During the period for which a book-entry system is applicable to the Bonds, the Port Authority shall function as Registrar for the Bonds.

Paying Agent

During the period for which a book-entry system is applicable to the Bonds, the Port Authority shall function as Paying Agent for the Bonds.

Trustee

The Bank of New York Mellon, New York, N.Y.

The Trustee is authorized, under Section 8 of the resolution adopted July 26, 2018 by the Board of Commissioners, pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof), to (i) institute any action or proceeding on behalf of the registered holders of the Bonds against the Port Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the registered holders of the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the registered holders of the Bonds. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Port Authority or any of the contracts or agreements of the Port Authority or exercise any of the rights or powers vested in it by Section 8 of such resolution, whether on the Trustee’s initiative or at the request or direction of any of the registered holders of the Bonds. Additionally, the rights and responsibilities of the Trustee and the provisions with respect to the resignation by or removal of the Trustee are set forth in Section 8 of such resolution.

The Bank of New York Mellon currently serves as trustee for all outstanding series of Consolidated Bonds under the resolutions establishing such series.

Bond Counsel

Orrick, Herrington & Sutcliffe LLP (See “*Form of Legal Opinion of Bond Counsel*” in Section VI hereof.)

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

INTRODUCTION AND SECURITIES BEING OFFERED

Financial Advisor to the Port Authority

Frasca & Associates, LLC

Independent Auditors

The consolidated financial statements of the Port Authority as of and for the years ended December 31, 2018 and December 31, 2017 have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein (see Appendix A hereto). KPMG LLP has performed no procedures over the information contained in the unaudited Condensed Consolidated Financial Statements as of and for the six-month period ended June 30, 2019, which appears in Appendix B hereto.

Underwriters

As set forth on the cover of this Official Statement (the “Underwriters”).

Underwriters’ Counsel

Nixon Peabody LLP

Contracts with Registered Holders of the Bonds

The Consolidated Bond Resolution (which appears at “*Consolidated Bond Resolution*” in Section III hereof), and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof), constitute contracts with the holders in whose names the Bonds are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the only registered holder of the Bonds.

In connection with the acceptance by an Authorized Officer of the Port Authority of an offer to purchase the Bonds from the Underwriters, represented by the Bond Purchase Agreement (as defined at “*Underwriting*” in this Section I), the terms of the Bonds, including among other matters, the stated rate of interest with respect to each maturity of the Bonds, shall be established, fixed and determined, and the provisions of the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof) shall be changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to the Bond Purchase Agreement with respect to the Bonds; such description is reflected at “*Description of the Bonds*” and “*Additional Information Pertaining to the Bonds*” in this Section I.

Delivery

The Bonds shall be available for delivery upon original issuance on or about August 16, 2019. All proceedings pertaining to, and the issuance of, the Bonds are subject to the sole unqualified approving legal opinion of Bond Counsel. In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel shall render a legal opinion on such date of delivery, substantially in the form set forth at “*Form of Legal Opinion of Bond Counsel*” in Section VI hereof.

INTRODUCTION AND SECURITIES BEING OFFERED

The Bonds shall be delivered upon original issuance as one fully registered bond for each maturity of the Bonds, in the aggregate principal amount of such maturity, registered in the name of a qualified securities depository or its nominee as sole registered holder of the Bonds. It is presently expected that The Depository Trust Company, New York, N.Y., or its nominee, shall be the sole registered holder of the Bonds at delivery upon original issuance. At the time of such delivery, the Bonds shall be deposited with such depository (or such other qualified securities depository or its nominee, selected by the Port Authority on or prior to such date), and such depository together with any qualified securities depository selected thereafter by the Port Authority with respect to the book-entry system applicable to the Bonds (the "Depository") shall be an automated depository for securities and clearinghouse for securities transactions and shall be responsible for maintaining a book-entry system for recording the ownership interests in the Bonds of its participants, and the transfers of such interests among its participants. The participants of the Depository will generally include certain banks, trust companies and securities dealers, and such participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the Port Authority) made on the books and records of the Depository and its participants in denominations of \$5,000 and integral multiples of \$5,000. Fees imposed by a securities depository in connection with a book-entry system are generally borne by the participants of the securities depository. In the event that The Depository Trust Company or such other qualified securities depository is not selected by the Port Authority on or prior to the date of delivery upon original issuance of the Bonds, the Bonds shall be delivered upon original issuance in the form of fully registered certificates, in denominations of \$5,000 and integral multiples of \$5,000, in accordance with instructions to be given by the Underwriters.

SEC Settlement and Certain Other Matters

The United States Securities and Exchange Commission (“SEC”) conducted a formal investigation into disclosures by the Port Authority in Official Statements issued in January 2012, December 2012, November 2013 and June 2014 concerning the funding by the Port Authority of a portion of the costs of the Route 1&9 Pulaski Skyway, Route 139 (Hoboken and Conrail Viaducts), Route 7 Hackensack River (Wittpenn) Bridge, and Route 1&9T (New Road) projects (collectively, the “Roadway Projects”). The Port Authority reached a settlement with the SEC, embodied in a consent order entered on January 10, 2017 (the “Order”), that it understands resolves this investigation. The Port Authority acknowledged pursuant to the settlement that it “was negligent for failing to disclose” in the relevant Official Statements certain “risks relating to statutory authority with respect to the Roadway Projects” and that its conduct “violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [of 1933].” The principal terms of the settlement are set forth below. The Order is available at <https://emma.msrb.org/ER1034388-ER792161-ER1193627.pdf>.

Under the settlement, the Port Authority agreed to pay a \$400,000 civil monetary penalty which has been timely paid. In addition, the Port Authority agreed to certain procedural changes as they relate to disclosures concerning legal and governance risks in connection with municipal securities offerings. These procedural changes included adoption on December 11, 2017 of written policies and procedures relating to bond offering disclosures, and adoption on December 8, 2017 of a policy requiring the Port Authority’s Law Department to certify in writing to the Port Authority’s Board of Commissioners that any proposed expenditure of the Port Authority’s funds presented to the Board for approval is legally authorized and, with respect to any expenditure of Port Authority funds exceeding \$50 million to provide the Board of Commissioners with a legal opinion that such expenditure is legally authorized.

In addition to the SEC investigation described above, over the last several years the Port Authority has received subpoenas and requests for documents from the United States Attorney’s Office for the District of New Jersey, the District Attorney of the County of New York, the New Jersey Legislative Select Committee on Investigation and the New Jersey State Ethics Commission in connection with certain investigations. The Port Authority believes that such investigations are concluded or inactive with respect to the Port Authority.

Claims and Certain Litigation Against the Port Authority

In 1951, the States of New York and New Jersey adopted legislation consenting to a waiver of certain of the Port Authority’s immunities from suit and from liability, subject to, among other requirements in specific cases, the filing of a valid and timely notice of claim in an action for money damages and commencement of suit in all actions within one year from the date the cause of action accrues. It is presently expected that tort claims presently in litigation against the Port Authority for damages will not result in recoveries against the Port Authority in excess of the amount of applicable public liability insurance. Additionally, it is presently expected that certain other litigated matters which have not been finally concluded, but in which there have been no proceedings for at least ten years, will not result in any significant recoveries against the Port Authority.

Certificate With Respect to Litigation

In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that no litigation of any nature is now pending or threatened in writing against the Port Authority, restraining or enjoining the issuance or delivery of the Bonds, or questioning the proceedings taken for the issuance of the Bonds, or restraining the power and authority of the officers of the Port Authority to fix and collect tolls and charges for the use of the facilities of the Port Authority

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sufficient to provide for the payment of the principal of and interest on the Bonds, or affecting the validity of the Bonds thereunder; and that neither the corporate existence of the Port Authority, nor the boundaries of the Port District, nor the title of any present officer of the Port Authority to their respective office is being contested.

Underwriting

The Bonds shall be purchased pursuant to a bond purchase agreement (the “Bond Purchase Agreement”) dated August 7, 2019, by the Underwriters, for which Goldman Sachs & Co. LLC is acting as the representative, at a purchase price for: (i) the Two Hundred Twelfth Series Bonds equal to \$358,317,756.98 (reflecting an Underwriters’ discount totaling \$1,041,389.07), (ii) the Two Hundred Thirteenth Series Bonds equal to \$400,002,438.49 (reflecting an Underwriters’ discount totaling \$1,144,316.56), (iii) the Two Hundred Fourteenth Series Bonds equal to \$237,741,039.43 (reflecting an Underwriters’ discount totaling \$775,999.02), (iv) the Two Hundred Fifteenth Series Bonds equal to \$398,448,001.95 (reflecting an Underwriters’ discount totaling \$1,551,998.05) and (v) and the Two Hundred Sixteenth Series Bonds equal to \$114,097,044.73 (reflecting an Underwriters’ discount totaling \$387,999.57).

This section provides certain information with respect to the Bond Purchase Agreement. This information does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Purchase Agreement executed by the Underwriters and the Port Authority. No attempt is made herein to summarize the Bond Purchase Agreement. The Bond Purchase Agreement may be examined on reasonable prior notice at the office of the Secretary of the Port Authority during regular business hours on and after the date of its execution.

Under the Bond Purchase Agreement, the Underwriters shall pay the purchase price for the Bonds and shall accept delivery of the Bonds from the Port Authority, subject to certain conditions, on or about August 16, 2019. Pursuant to the Bond Purchase Agreement, the Underwriters shall purchase all of the Bonds if any are purchased.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or yields higher than the initial offering yields for the Bonds. Subsequent to the initial offering, the offering prices and yields for the Bonds may be changed from time to time by the Underwriters. Additionally, in connection with the offering of the Bonds, the Underwriters may over allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time by the Underwriters.

The Underwriters may, from time to time, be engaged in business or other transactions with the Port Authority or may be actual or potential users of Port Authority facilities.

The Underwriters have provided the following information appearing in this section of the Official Statement.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

BofA Securities, Inc., as an Underwriter of the Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Bonds.

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Citigroup Global Markets Inc., an Underwriter of the Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Bonds that such firm sells.

UBS Financial Services Inc. (“UBS”), one of the Underwriters of the Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC (“UBS Securities”) for the distribution of certain municipal securities offerings, including the Bonds. Pursuant to such agreement, UBS will share a portion of its underwriting compensation with respect to the Bonds with UBS Securities. UBS and UBS Securities are each subsidiaries of UBS Group AG.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Port Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Port Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Certificate With Respect to the Preliminary Official Statement and this Official Statement

In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that (a) the Preliminary Official Statement pertaining to the Two Hundred Twelfth Series Bonds, Two Hundred Thirteenth Series Bonds, Two Hundred Fourteenth Series Bonds and Two Hundred Fifteenth Series Bonds dated July 24, 2019* (the “Preliminary Official Statement”) and this Official Statement, as of their respective dates, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (b) since the date of this Official Statement, and as of the date of

* On July 24, 2019, the Port Authority issued a Preliminary Official Statement pertaining to the proposed sale of the Two Hundred Twelfth Series Bonds, the Two Hundred Thirteenth Series Bonds, the Two Hundred Fourteenth Series Bonds and the Two Hundred Fifteenth Series Bonds, indicating that the bond terms were preliminary and subject to change. Subsequent thereto, the Port Authority and the Underwriters determined to split the issuance of the Two Hundred Twelfth Series Bonds into two publicly offered series and sell the Two Hundred Twelfth Series Bonds and Two Hundred Sixteenth Series Bonds in the total aggregate principal amount of \$389,550,000, in the context of the Preliminary Official Statement, in order to enhance the marketability of the Bonds.

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delivery upon original issuance of the Bonds, nothing has come to the attention of such Authorized Officer of the Port Authority to cause such Authorized Officer of the Port Authority to believe that this Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (c) since the date of this Official Statement, and as of the date of delivery upon original issuance of the Bonds, to the knowledge of such Authorized Officer of the Port Authority, there has been no material adverse change in the general affairs of the Port Authority or in its financial condition as set forth in this Official Statement, other than as disclosed in or contemplated by this Official Statement; provided, however, that the certifications set forth in (a) and (b) above do not apply to information provided by the Underwriters for incorporation into the Preliminary Official Statement and this Official Statement.

Certain Information Pertaining to this Official Statement, Continuing Disclosure and the Port Authority

The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof.

The resolution establishing the issue of Consolidated Bonds appearing at “*Consolidated Bond Resolution*” in Section III hereof, and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof), constitute contracts with the holders in whose names the Bonds are registered on the books and records of the Registrar for the Bonds; and neither any public advertisement or notice nor the Bond Purchase Agreement or this Official Statement is to be construed as a contract with any of such holders. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the sole registered holder of the Bonds.

So far as any statements are made involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Unless otherwise indicated, so far as information given relates to past earnings or expenditures of the Port Authority, the figures have been taken from the books of the Port Authority. So far as estimates of future revenues or expenditures of the Port Authority are given, they merely constitute estimates which may or may not be actually realized; so far as statements are made regarding other estimates or future construction, development, plans or other matters, they merely constitute statements of expectations which may or may not be actually fulfilled. All statements involving matters of legal opinion represent the opinions of the party rendering such legal opinion.

For a complete and detailed understanding of the respective rights of the Port Authority and the holders of its outstanding obligations, reference must be made to the State and federal legislation relating to the Port Authority and to the various resolutions adopted by the Port Authority. (See Section IV hereof, “*Pertinent Statutes and General Resolutions*;” Section III hereof, “*Bonds, Notes and Other Obligations*;” and Section VI hereof, “*Bond Resolutions and Legal Opinion*.”) Such statutes and resolutions should be studied in connection with this Official Statement and for the purpose of gaining a complete and detailed understanding of the rights of holders of outstanding Port Authority obligations. All references to resolutions, agreements, documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the resolutions, agreements, documents and other materials referenced, which may be examined on reasonable prior notice at the office of the Secretary of the Port Authority during regular business hours.

Inquiries with respect to this Official Statement may be made to the office of the Treasurer, The Port Authority of New York and New Jersey, 4 World Trade Center, 150 Greenwich Street, 19th Floor, New

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York, N.Y. 10007, Tel. No. (212) 435-7700, during regular business hours. In the Bond Purchase Agreement, the Underwriters shall agree to provide this Official Statement (and any supplements or amendments provided by the Port Authority) to the Municipal Securities Rulemaking Board (“MSRB”), in a format suitable for publication on its EMMA system upon receipt from the Port Authority.

In connection with the delivery upon original issuance of the Bonds, the Port Authority shall agree with the registered holders of the Bonds, and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds, to provide information pertaining to the Port Authority generally of the type set forth in Section (b)(5)(i) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (as such Section is now in effect) (“Rule 15c2-12”), while the Bonds are outstanding. In connection therewith, annual financial information and operating data generally of the type set forth in Section II of this Official Statement and annual audited financial statements, when and if available, prepared consistent with the accounting principles set forth in the notes to such financial statements, in each case, will be provided solely to the MSRB, in a format suitable for publication on its EMMA system, within one hundred twenty days after the close of the Port Authority’s then current fiscal year. Additionally, in connection therewith, notice of the occurrence of any of the following events with respect to the Bonds, including, (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to the rights of the holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds, if material; (11) ratings changes; (12) bankruptcy, insolvency, receivership or similar event of the Port Authority (for the purposes of these events identified in this item (12), the event is considered to occur when any of the following occur — the appointment of a receiver, fiscal agent or similar officer for the Port Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port Authority); (13) the consummation of a merger, consolidation or acquisition involving the Port Authority or the sale of all or substantially all of the assets of the Port Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) of the Port Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Port Authority, any of which affect holders of the Bonds, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Port Authority, any of which reflect financial difficulties; and, (17) any failure of the Port Authority to provide annual financial and operating data as agreed to by the Port Authority, in each case, will be provided solely to the MSRB, in an electronic format as prescribed by the MSRB and suitable for publication on its EMMA system and accompanied by identifying information as prescribed by the MSRB, in a timely manner (i.e., within ten business days after the occurrence of the event). “Financial Obligation” (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12. The Port Authority will agree to

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comply with the events listed in (15) and (16) above, and the definition of “Financial Obligation”, with reference to Rule 15c2-12, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the “2018 Release”), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release. In consideration of such agreement of the Port Authority, the sole and exclusive remedy for any failure of the Port Authority to provide the information in the manner specified in such agreement shall be the right to obtain specific performance of such agreement to provide such information in a judicial proceeding instituted in accordance with applicable legislation pertaining to suits against the Port Authority; *provided, however*, that the Port Authority shall have received written notice of any such failure at least sixty days prior to the commencement of any such judicial proceeding. The agreement described in this paragraph shall constitute a contract with the registered holders of the Bonds and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds.

The Port Authority has met its obligations to provide information of the type specified in Section (b)(5)(i) of Rule 15c2-12, in accordance with its agreements with respect thereto. However, on June 11, 2014, the Port Authority became aware that, on April 7, 2014, when the Port Authority filed its annual audited financial statements, and on April 30, 2014, when the Port Authority filed certain annual financial and operating data, such filings were not linked to the CUSIP numbers for New Jersey Economic Development Authority, Tax-Exempt Private Activity Bonds (The Goethals Bridge Replacement Project), Series 2013. Such filings were linked on June 11, 2014. During the course of a periodic review in August 2014 of its continuing disclosure filings, the Port Authority became aware that in certain other limited instances in the past, notwithstanding its instructions to its disclosure dissemination agent, such agent did not link certain Port Authority filings to all CUSIP numbers associated with the obligations covered by Port Authority continuing disclosure agreements, but such disclosure dissemination agent has corrected such failures as of September 12, 2014.

Upon request, the office of the Treasurer of the Port Authority will provide copies of the most recent publicly available (a) comprehensive annual financial report of the Port Authority, (b) unaudited condensed consolidated schedules and financial information for the Port Authority, (c) budget of the Port Authority, (d) reports, statements or press releases, if any, issued by the Port Authority pertaining to events which may reasonably reflect on the credit quality of Port Authority obligations, and (e) reports of the Port Authority pertaining to certain regional economic considerations and trends.

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Management

Board of Commissioners

The Board of Commissioners of the Port Authority is to consist of twelve Commissioners, six from each State, appointed by the respective Governor thereof with the advice and consent of the respective State Senate. The current Board of Commissioners is set forth below. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners; the actions the Commissioners take at Port Authority meetings are subject to gubernatorial review for a period of ten days (Saturdays, Sundays and public holidays excepted) and may be vetoed by the Governor of their respective State during such period. Actions relating to industrial development projects or facilities are required to be delivered to the leaders of the legislatures of the two States ten calendar days prior to being submitted to the Governors for review. The Governors' veto has been exercised from time to time.

The Commissioners serve without remuneration for six-year overlapping terms. A Commissioner whose term expires continues to serve until reappointment or the appointment and qualification of a successor. Incumbent officers continue to serve upon re-election at the Port Authority's annual meeting or until successors are elected. The Commissioners are engaged in business, professional, governmental or civic activities apart from their offices as Commissioners. In some cases these involve business, professional, governmental, civic or administrative connections or relations with persons, firms, corporations, public agencies, commissions or civic bodies which may do business with the Port Authority, are actual or potential users of Port Authority facilities or review or study the activities of the Port Authority and its facilities. The Commissioners have from time to time expressed, in reaffirmation of the Port Authority's policy and tradition of excellence in public service, their continued commitment to the highest ethical principles of conduct and their intention to conform to the conflicts of interest laws which were applicable to unsalaried public officers of their respective States. On October 26, 2017, the Board of Commissioners, adopted a Code of Ethics for Port Authority Commissioners (the "Commissioners' Code"), establishing clear standards for Commissioners with respect to resolving conflicts of interest, safeguarding confidential information, and interacting with people who hope to do business with the Port Authority. The Commissioners' Code imposes on Commissioners a duty to report wrongdoing, creates appropriate enforcement mechanisms for violations of the Commissioners' Code, and spells out the Board's fiduciary obligations to the Port Authority and the public.

The present Commissioners, their principal activities and the expiration of the current terms to which they have been appointed are as follows:

NEW YORK

JEFFREY H. LYNFORD, *Vice Chairman*—July 1, 2019
President and CEO—Educational Housing Services, Inc.
LEECIA EVE—July 1, 2020
Vice President—Public Policy—Verizon
DANIEL J. HORWITZ—July 1, 2021
Partner—McLaughlin & Stern, LLP
GARY LABARBERA—July 1, 2022
President—Building and Construction Trades Council of
Greater New York
GEORGE T. McDONALD—July 1, 2018
Founder & President—The Doe Fund, Inc.
ROSSANA ROSADO—July 1, 2023
Secretary of State—State of New York
NYS Department of State

NEW JERSEY

KEVIN J. O'TOOLE, *Chairman*—July 1, 2023
Managing Partner—O'Toole Scrivo Fernandez
Weiner Van Lieu LLC
RICHARD H. BAGGER—July 1, 2018
Executive Vice President, Corporate Affairs and
Market Access—Celgene Corporation
KEVIN P. MCCABE—July 1, 2019
President—Carpenter Contractor Trust
RAYMOND M. POCINO—July 1, 2015
Vice President—Laborers International Union of
North America—Eastern Regional Manager
DAVID S. STEINER—July 1, 2014
Chairman—Steiner Equities Group, LLC
VACANT—July 1, 2022

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Staff

The Port Authority, with over 8,000 employees, functions as a public corporation combining sound business and governmental principles and practices. A career staff is headed by an Executive Director who is responsible to the Board of Commissioners.

The following individuals are officers* under the By-Laws of the Port Authority:

Richard Cotton.....	Executive Director
Michael Farbiarz.....	General Counsel
Elizabeth M. McCarthy.....	Chief Financial Officer
Cheryl Yetka.....	Treasurer
Daniel G. McCarron.....	Comptroller
Linda Handel.....	Secretary

Except for the individuals discussed below, all of the aforesaid Port Authority officers have been employed continuously by the Port Authority for more than five years.

Richard Cotton commenced service as Executive Director on August 14, 2017. Prior to joining the Port Authority, Mr. Cotton served as Special Counsellor for Interagency Initiatives for Governor Andrew M. Cuomo from January 2015 to August 2017, serving as the point person within the Governor's office for major downstate infrastructure projects. Prior thereto, he held a number of positions at NBC Universal, from 1989 to 2014, including 20 years as Executive Vice President and General Counsel and four years in London as President and Managing Director of CNBC Europe. He has also served as Executive Secretary to the Department at the U.S. Department of Health, Education and Welfare under Secretary Joseph A. Califano, Jr. and Special Assistant for Renewable Energy to Deputy Secretary of Energy John Sawhill at the U.S. Department of Energy. Mr. Cotton received an A.B. from Harvard College and a J.D. from Yale Law School, and served as a law clerk to Justice William J. Brennan, Jr. on the U.S. Supreme Court.

Michael Farbiarz, who became General Counsel in October 2016, was most recently a Senior Fellow at New York University School of Law, and prior thereto was Assistant U.S. Attorney for the Southern District of New York, where he served for 10 years, and prior thereto was employed by the New York law firm Davis Polk & Wardwell LLP from 2001 to 2004.

Certain Ongoing Port Authority Governance Initiatives

By letter dated May 6, 2014, the Governors of the States of New York and New Jersey advised the Board of Commissioners that they were forming a bi-state Special Panel on the Future of the Port Authority (the "Special Panel"), to review and evaluate reforms of the Port Authority's mission, structure, management, operations and overall governance for the betterment of the region. The Special Panel released a report on December 26, 2014, which was endorsed by the Governors of the States of New York and New Jersey on December 27, 2014, recommending both a comprehensive overhaul of the governance of the Port Authority, with a single Chief Executive Officer selected by and accountable to the Board of Commissioners replacing the current positions of Executive Director and Deputy Executive Director and a reorganization of the leadership of the Board of Commissioners, and a recommitment to the Port

* The Chairman and Vice-Chairman of the Board of Commissioner of the Port Authority (see "Board of Commissioners" in this Section II) are also officers pursuant to the By-Laws of the Port Authority.

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Authority's core transportation mission. On February 19, 2015, the Board of Commissioners endorsed, in concept, the six core structural and strategic recommendations of the Special Panel, organized in two categories: "Governance and Accountability" and "Mission and Stewardship of Assets"; and established a Special Panel Implementation Office to coordinate the implementation of these recommendations. The "Governance and Accountability" recommendations include (i) reorganizing the leadership of the Board of Commissioners and the executive management of the Port Authority to increase accountability and foster regional focus in its day-to-day operations; and (ii) continuing reforms to promote a culture of transparency and ethical conduct at the Port Authority. The "Mission and Stewardship of Assets" recommendations include (iii) refocusing the Port Authority's mission statement, strategic vision and capital plan to return the Port Authority to its core mission of facilitating the efficient movement of people and goods through the region; (iv) revitalizing the Port Authority's core transportation assets, including LaGuardia Airport ("LaGuardia Airport"), John F. Kennedy International Airport ("JFK Airport") and Newark Liberty International Airport ("Newark Airport"), the Port Authority Bus Terminal, Port Commerce and PATH; (v) phasing out real estate ownership and development as an element of the Port Authority's mission; and (vi) employing innovative and flexible financing techniques to increase operational flexibility and financing capacity while maintaining the Port Authority's high standing in the credit markets. The Board of Commissioners also authorized the Chairman and Vice Chairman of the Board of Commissioners to engage an executive search firm to assist the Port Authority in identifying candidates for the position of Chief Executive Officer of the Port Authority in furtherance of the implementation of the "Governance and Accountability" reorganization recommendation. In connection with the implementation of such recommendation, the Chairmanship of the Port Authority will rotate on a two-year basis once the Chief Executive Officer is in place, with the first such designation presently expected to be made by the Governor of New York. The candidate search for the Chief Executive Officer has been temporarily suspended. At its March 19, 2015 meeting, the Board of Commissioners adopted a plan and schedule submitted by the Special Panel Implementation Office for the implementation of the Special Panel's recommendations, and directed the Chairman and Vice Chairman of the Board of Commissioners to arrange for the implementation of such core recommendations, consistent with such approved plan and schedule. The Board of Commissioners received a final progress report in April 2016, and is considering specific actions to be undertaken in furtherance of the implementation of such recommendations.

Integrity Program

On September 28, 2017, the Board of Commissioners directed the Executive Director to implement the following measures to strengthen the Port Authority's existing integrity program to help ensure ethical conduct at all levels of the Port Authority: (i) a revised Code of Ethics for Commissioners (which was subsequently adopted by the Board of Commissioners on October 26, 2017 (see "*Board of Commissioners*" in this Section II)); (ii) an updated Code of Ethics for Port Authority employees (which was distributed to all Port Authority employees on January 25, 2018); (iii) a Code of Ethics for Port Authority Vendors hired by the Port Authority (which subsequently became effective on December 19, 2017); (iv) an integrity training program that meets or exceeds contemporary best-in-class standards (such mandatory integrity program training for all Port Authority employees was launched on January 25, 2018); (v) a False Claims Policy that would provide financial incentives to those who come forward with evidence of fraud against the Port Authority (which subsequently became effective on January 18, 2018); and (vi) to move the search for a Chief Ethics and Compliance Officer to an expeditious conclusion (a Chief Ethics and Compliance Officer was hired on January 2, 2018). Since then, the Office of Ethics and Compliance has implemented a number of initiatives, including a mandatory integrity training program and a Code of Ethics for Port Authority Lessees. The Code of Ethics for Port Authority Lessees became effective after the expiration, on June 3, 2019, of a 30-day comment period.

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Certain Port Authority Financial Information

Annual Budget

The Port Authority's annual budget provides an outline of estimated expenditures for the year. Approval of the budget by the Board of Commissioners, based upon financial projections developed as part of the Port Authority's planning process, does not in itself authorize any specific expenditures, which are authorized from time to time by, or are contemplated by other actions of, the Board of Commissioners consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations. Consistent with the foregoing, the development of specific Port Authority capital projects is undertaken after appropriate required authorizations and certifications by the Board of Commissioners. (See "*Additional Facilities, Capital Improvements and Certain Programs—Certification in Connection with Additional Facilities,*" and "*—Certain Additional Projects Under Study*" in this Section II.)

On December 13, 2018, the Board of Commissioners approved a 2019 annual budget (the "2019 Budget") of approximately \$8.5 billion. The 2019 Budget includes approximately \$3.3 billion in operating expenses and \$3.7 billion in capital investment, with the remaining amount of approximately \$1.5 billion covering debt service and deferred and other expenses.

The \$3.7 billion capital budget aligns with the 10-year, 2017-2026 Capital Plan (see "*2017-2026 Capital Plan*" in this Section II) adopted by the Board of Commissioners in February 2017 and invests in critical regional transportation projects such as: the redevelopment of LaGuardia Airport, advancement of AirTrain LaGuardia, construction of the new state-of-the-art Terminal One at Newark Airport and continuation of JFK Airport redevelopment activities, and planning activities for the new Port Authority Bus Terminal. In addition, the 2019 capital budget includes spending for the completion of the Bayonne Bridge project; the rehabilitation of the George Washington Bridge; PATH's Signal System Replacement Program and continuation of the station and equipment modernization programs; construction and design activities at the port facilities; winding down construction activities at the World Trade Center; and support of the planning phase of the Gateway Program (as defined herein).

2019 Annual Budget Compared to 2018 Actual Expenditures

The 2019 Budget provides for estimated expenditures totaling approximately \$8.5 billion, representing an increase of \$920 million from 2018 actual expenditures. The estimated operating expenses of \$3.3 billion in the 2019 Budget reflect an increase of \$31 million or 1% when compared to 2018 actual operating expenses. This increase is primarily related to the continued implementation of key agency strategic priorities including further enhancement of safety and security across all facilities and enhancing customer experience.

The estimated debt service of approximately \$1.3 billion in the 2019 Budget is \$6 million higher than actual debt service for calendar year 2018 primarily due to higher scheduled interest and principal payments on Consolidated Bonds, Variable Rate Master Notes and Commercial Paper obligations as a result of more assets transferring from construction to operations.

Deferred expenses of approximately \$176 million in the 2019 Budget are \$63 million higher than the actual deferred expenses for calendar year 2018 as a result of the planned replacement cycle of the equipment and auto fleet.

The estimated capital expenditures of \$3.7 billion in the 2019 capital budget are approximately \$695 million higher compared to the actual capital expenditures of \$3.1 billion for calendar year 2018. This increase reflects continued advancement of significant capital projects offset in part by the ramp down in

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

spending related to projects that are nearing completion. See “*Significant Capital Projects*” in Section II hereof for a list of significant projects currently underway.

2017-2026 Capital Plan

On February 16, 2017, the Board of Commissioners adopted a ten-year, 2017-2026 capital plan (the “2017-2026 Capital Plan”). The 2017-2026 Capital Plan, which totals \$32.2 billion includes \$29.5 billion in direct spending on Port Authority facilities, and support of debt service payments on up to \$2.7 billion of Gateway Program Development Corporation low-cost borrowing for Phase 1 of the Gateway Program, subject to facility certification (see “*The Gateway Program*” in this Section II).

The 2017-2026 Capital Plan was developed using a comprehensive planning process and risk-based prioritization that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements and long-term affordability of the plan. 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 lease and other relationships, as well as the 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 the capital capacity for the ten-year period and the size of the capital plan. This capital capacity is then allocated to the various projects under consideration using a comprehensive risk-based approach. In determining funding allocation, the first priority was to ensure sufficient funds to deliver the projects that are currently in construction. Next, funds were allocated to maintain assets in full operational capacity and provide for projects required by law or for security purposes. Finally, funds were allocated to provide for projects that will restore and fortify assets damaged by Superstorm Sandy, and to other high priority projects that will expand and improve critical transportation assets.

The 2017-2026 Capital Plan includes the following four categories: (1) Renewing Port Authority assets to maintain them in a state of good repair, so that the Port Authority can continue providing infrastructure that is efficient, reliable, and safe. This category includes the “Restoring the George” construction program at the George Washington Bridge, as well as projects to rehabilitate runways at JFK Airport, and to replace the Lincoln Tunnel Helix, and represents \$8.8 billion in spending. (2) Expanding capacity, improving connectivity, and advancing the region’s transportation needs by, among other things, funding investments with respect to a replacement for the Port Authority Bus Terminal; redevelopment of Terminals C and D and related infrastructure at LaGuardia Airport; redevelopment of JFK Airport; redevelopment of Terminal A at Newark Airport; a new AirTrain connecting LaGuardia Airport to Willets Point; and an extension of the PATH rail infrastructure from the existing terminus at Newark Penn Station to a station adjacent to the Northeast Corridor Rail Link Station, at Newark Airport, representing \$11.1 billion in spending. (3) Partnering with federal and regional entities to restore infrastructure that was damaged by Superstorm Sandy, to enhance resiliency, and to plan for the future, in the amount of \$4.7 billion. This category also includes the Port Authority’s support of the Gateway Program. (4) Delivering projects that are currently under construction, including: supporting the Terminal B Redevelopment Project at LaGuardia Airport; making upgrades to the Harrison and Grove Street PATH stations, and to a port and rail cargo facility at Greenville Yard-Port Authority Marine Terminal; and completing other large projects, such as the Bayonne Bridge Navigational Clearance Program, the Goethals Bridge Replacement, the PATH Signals Replacement Program (including positive train control) and the World Trade Center site, in the amount of \$7.6 billion. Within this structure, the 2017-2026 Capital Plan provides \$11.6 billion for aviation projects, \$10 billion for tunnels, bridges and terminal projects, \$4.4 billion for PATH projects, \$1.1 billion for port projects, and \$1.8 billion for World Trade Center site projects.

The 2017-2026 Capital Plan is a blueprint for future spending, and does not supplant the Board of Commissioners’ authorization process for specific projects and contracts. As part of the February 16, 2017 authorization, the Board of Commissioners confirmed the process by which performance, plan progress and

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revisions to reflect changes in programs, policies and projects and the environment in which the Port Authority operates will occur. The Committee on Capital Planning, Execution and Asset Management, and the Committee on Finance will continue their current practice of monitoring quarterly capital expenditures and capital capacity. In addition, at least every two years the Board of Commissioners will reassess the 2017-2026 Capital Plan in light of then-current information as to capital capacity and the progress of capital projects, and determine whether there will be sufficient resources to: (1) invest in projects during the remaining period of the 2017-2026 Capital Plan at roughly the pace and the cost that has been planned, and (2) fund necessary expenditures in the subsequent ten-year period. If the Board of Commissioners cannot make this determination, it shall modify the 2017-2026 Capital Plan to ensure that these two conditions can be met and to maintain a balanced plan. The Port Authority has recently undertaken a reassessment of the 2017-2026 Capital Plan and has proposed certain changes to be considered by the Board of Commissioners (see “*Proposed Changes to the 2017-2026 Capital Plan*” in this Section II). In addition, the Board of Commissioners directed Port Authority staff to enhance its “gates” management process for determining when construction may begin on a given capital project set out in the 2017-2026 Capital Plan. This process shall include, among other things, consideration of: the revenue-generating potential and capital capacity impact of the capital project; the relative priority of the project; and the overall capital capacity of the Port Authority. The enhanced gating process provides natural break points in a project’s life cycle, to either continue or modify a specific project. Gate 1 occurs during planning authorization, and ensures proper project definition, scoping and prioritization. Gate 2 occurs during project authorization, and ensures the appropriate level of project development (cost, schedule and scope), and validation of available capacity prior to proceeding to final design. Gate 3 occurs during contract authorization and ensures project compliance with existing budget and authorization, and validation of available capacity prior to proceeding to construction phase. If in the Board of Commissioners’ judgment there is not sufficient capital capacity to complete a project, or other priorities arise, then: (1) construction shall not begin; (2) other projects shall be deferred, eliminated, or modified to the point that there is sufficient capital capacity, at which point construction may begin; or (3) the Board of Commissioners shall consider other fiscally-prudent alternatives, taking into account such factors as revenues, expenses, and anticipated project costs. In determining whether there is sufficient capital capacity, consideration shall be given to steps to reduce expenses (“Savings”), as well as to projected revenue increases and anticipated receipt of proceeds from either third-party grants or monetization of Port Authority assets (collectively, “Additional Funding”), but only to the extent that such Savings and Additional Funding are, in the judgment of the Board of Commissioners, highly likely to be realized.

Proposed Changes to the 2017-2026 Capital Plan

Beginning in 2018, the Port Authority began the process to reassess the 2017-2026 Capital Plan, as directed by the Board of Commissioners (see “*2017-2026 Capital Plan*” in this Section II). On June 27, 2019, Port Authority staff presented the Board of Commissioners with the proposed 2019 reassessment of, and changes to, the 2017-2026 Capital Plan reflecting an increase of \$4.8 billion in total direct spending on Port Authority facilities to a total of \$37 billion. It is projected that approximately \$4.5 billion, or 94%, of the proposed increase would be funded through incremental revenues associated with the projects, including revenue from terminal rents, airline cost recoveries, user fees, approval of passenger facility charges, and receipt of federal grants associated with certain projects.

The proposed changes include (i) the addition of four new projects including (1) the construction of a new AirTrain Newark, (2) PATH capacity enhancements, (3) electric vehicle infrastructure, and (4) planning for a new Terminal Two at Newark Airport, and (ii) adjustments to the 2017-2026 Capital Plan regarding JFK Redevelopment and AirTrain LaGuardia projects and construction of a new Terminal One at Newark Airport, funded by incremental revenues generated by the projects, and other adjustments to projects principally to take into account prior Board actions with respect to those projects.

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At its June 27, 2019 meeting, the Board of Commissioners authorized the Port Authority to conduct public hearings with respect to the proposed changes, to occur concurrently with, and in the same manner as, the hearings conducted for the proposed toll and fare adjustments (see “*Proposed Changes in Tolls, Fares and Other Fees*” in this Section II). Six public hearings were scheduled to be held in locations in New York and New Jersey, and written comments on the proposed actions may be submitted through the end of the public comment period on September 13, 2019. The Board of Commissioners is expected to consider the proposed changes at its September 26, 2019 meeting.

Proceeds of Bonds, Notes and Other Obligations

Periodically, in connection with the Port Authority’s capital program projections, the Board of Commissioners adopts resolutions which authorize the sale of bonds, notes and other obligations by the Port Authority. The proceeds of such bonds, notes or other obligations are authorized to be used for any purpose for which at the time of their issuance the Port Authority is authorized by law to issue its bonds, notes or other obligations. Such purposes include capital projects at Port Authority facilities and refunding Port Authority obligations.

Limitations on Variable Interest Rate Obligations

It is the current policy of the financial departments of the Port Authority to limit the issuance of variable interest rate obligations to a total aggregate principal amount not in excess of 20% of the total aggregate principal amount of all of the Port Authority’s outstanding obligations (excluding Special Project Bonds and Port Authority Equipment Notes). As of July 15, 2019, variable rate obligations outstanding were approximately 2.62% of such total aggregate principal amounts.

Investment Policies of the Port Authority

The investment policies of the Port Authority are established in conformity with the agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. (See Note A(3)(k), Note C and Note E in Appendix A hereto.)

Operations

Climate Risk Mitigation Activities

In October 2012, Superstorm Sandy (“Superstorm Sandy”) disrupted Port Authority activities at the airports, bridges and tunnels, marine terminals, the World Trade Center site, and the PATH system. Most of the Port Authority’s facilities are located in low-lying areas surrounding the New York-New Jersey harbor, and most were affected to varying degrees by wind, storm surge, and power outages. The PATH system sustained the greatest damage, with significant flooding at several stations, under-river tunnels, tracks, and substations. All of the Port Authority’s facilities returned to full operation, with the disruption in service for the most part lasting less than a week. The Port Authority took immediate action after Superstorm Sandy and developed a program of Priority Protective Measures. These interim flood protection projects were designed to withstand another Superstorm Sandy-type event, and these projects were completed or fully implemented at critical Port Authority facilities by the close of 2014.

The current estimate of the Port Authority’s economic loss due to Superstorm Sandy is approximately \$2.8 billion. The Port Authority has spent approximately \$1.2 billion to date to repair or replace assets that were damaged or destroyed by Superstorm Sandy. It is anticipated that available insurance coverage and federal disaster relief funds will substantially cover the Port Authority’s estimated economic loss from Superstorm Sandy.

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As Superstorm Sandy and its associated storm surge demonstrated, business and transportation assets in low-lying areas that are in or proximate to federally-designated flood hazard areas are at risk of storm surge flooding. The Port Authority has undertaken various actions to mitigate the risk of flooding or other storm related damage at its facilities. A site-wide comprehensive flood hazard mitigation plan was developed for the World Trade Center site. This flood hazard mitigation plan which addresses site-wide and project-specific flooding vulnerabilities, flood mitigation strategies and improvement alternatives. Most of these measures have been installed and full implementation of the World Trade Center flood hazard mitigation plan is expected by 2020. The Port Authority has initiated projects to mitigate the risk of storm surge flooding at several other vulnerable facilities. These efforts include: (i) PATH projects to install flood gates, implement flood mitigation procedures, and construction to elevate certain PATH station equipment; (ii) a project at the Holland Tunnel to enhance flood protection for the tunnel's portals and vent buildings; (iii) projects at Port Authority airports to harden key terminals and critical support buildings, enhance drainage and pumping capacity, and elevate substations and other electrical infrastructure; and (iv) projects at Port Authority ports and terminals to harden assets and reconstruct eroded/degraded upland areas.

The Port Authority maintains Climate Resilience Design Guidelines (issued in January 2015, and updated in 2018), administered by the Engineering Department, to proactively address projected climate related risks during the design process. The Climate Resilience Design Guidelines stipulate that all Port Authority capital projects in or proximate to current or future coastal flood hazard areas should be designed to incorporate projected future sea level rise, using projections issued from time to time by the New York City Panel on Climate Change.

Operating and Construction Costs

It is expected that operating costs with respect to individual Port Authority facilities will continue to increase and that there will be an increasing need for capital investment for the renovation or rehabilitation of existing and additional facilities in order for the Port Authority to continue to maintain appropriate levels of service. Construction costs in connection with Port Authority facilities are subject, among other items, to the effects of national and regional economic conditions and the nature of governmental regulations with respect to transportation, security, commerce, energy and environmental permits and approvals and environmental impact analyses. Port Authority operating revenues are also subject to the effects of national and regional economic conditions, including fuel availability and costs, labor and equipment costs and the nature of federal legislation, governmental regulations and judicial proceedings with respect to transportation, security, commerce, energy and environmental protection. Port Authority operating revenues and capital requirements may also be affected by enacted or proposed reductions in various federal programs. Additionally, it is not uncommon in its large construction projects for the Port Authority to face unbudgeted costs due to unexpected delays or project changes, despite the Port Authority's best efforts to impose the costs on the contractors or developers who caused them.

Certain Information with Respect to Security Initiatives at Port Authority Facilities

The Port Authority has undertaken various initiatives with respect to security at its facilities, in certain cases pursuant to the requirements of federal legislation. The implementation of these security initiatives may involve additional capital and/or operating costs to the Port Authority. Certain of these costs have been reimbursed through various federal programs.

Pursuant to the terms of the Aviation and Transportation Security Act, the Transportation Security Administration assumed responsibility for civil aviation security, including day-to-day federal screening operations for passenger air transportation, and is providing federal passenger and baggage screening staff and a federal Security Director at JFK Airport, LaGuardia Airport and Newark Airport.

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The Port Authority Security Department, headed by a Chief Security Officer, provides centralized control over all Port Authority security functions, programs, resources and personnel, including the Port Authority Police Department. Current security initiatives include enhancements to Port Authority security operations, strengthening of the Port Authority's emergency management program, and improvements to the monitoring and protection of Port Authority infrastructure. A designated cadre of Port Authority Police Officers dedicated to aircraft rescue and firefighting has been assigned to the Port Authority's aviation facilities.

Cybersecurity

The Port Authority relies on a complex technology environment to conduct its operations. As a provider of critically needed transportation services, the Port Authority may face multiple cyber threats, including among other things, hacking, viruses, malware and other attacks on computers, corporate business applications, industrial control, and other sensitive networks and systems which could impede the Port Authority's operations. To mitigate this risk of cyber incidents, the Port Authority launched a comprehensive cybersecurity program, beginning in 2015, that provides a broad array of cyber defenses.

The Port Authority has, among other things, maintained a 24/7 dedicated Cybersecurity Operations Center, deployed industry-leading cybersecurity tools and applications, and implemented policies that govern the use of agency computing resources. Nonetheless, no assurances can be made that these measures and controls will be successful in guarding against all cyber attacks, the result of which attacks could seriously damage important Port Authority digital networks and systems and necessitate costly remedial actions.

Insurance

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority's captive insurer, the Port Authority Insurance Captive Entity, LLC ("PAICE") (see "*Port Authority Insurance Captive Entity, LLC*" in this Section II).

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 2019 and expires on June 1, 2020) applies to all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Property damage and loss of revenue insurance on the operating portions of the World Trade Center¹ and related infrastructure is provided in a separate program (which was renewed effective June 1, 2019 and expires on June 1, 2020).

¹ The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority's Tower 4 leased space), Tower 5, the World Trade Center Memorial/Museum and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

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The Port Authority also purchased terrorism insurance with respect to its facilities for a three-year term, effective June 2, 2018. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2015 (“TRIPRA”)² and commercial reinsurers.

Public Liability Insurance Programs

The public liability insurance program for Port Authority aviation facilities (which was renewed effective October 27, 2018 and expires October 27, 2019) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for “non-aviation” facilities (which was renewed effective October 27, 2018 and expires October 27, 2019) applies to such facilities, including components of the World Trade Center. Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers.

The Port Authority renewed its terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, biological, chemical or radiological material for all Port Authority facilities. The program expires October 27, 2021, and is insured through a combination of PAICE, commercial reinsurers and TRIPRA.

Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors’ insurance program for all Port Authority facilities under construction (which was renewed effective June 1, 2017 and expires June 1, 2020) including builders’ risk, construction general liability insurance, and statutory workers’ compensation coverage. PAICE provides portions of the construction general liability insurance while statutory workers’ compensation insurance is provided through commercial insurance. The Port Authority also maintains builders’ risk and terrorism coverage with respect to the Bayonne Bridge Navigational Clearance Program (which was renewed effective September 1, 2017 and expires September 1, 2019), and comprehensive general liability insurance (which was purchased effective June 1, 2017 and expires June 1, 2020).

The Port Authority placed a standalone wrap-up contractors’ insurance program on March 27, 2018, for construction of Terminal One at Newark Airport, which includes builders’ risk, construction general liability insurance, and statutory workers’ compensation insurance is provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers’ compensation insurance is provided through commercial insurance.

Port Authority Insurance Captive Entity, LLC

On October 16, 2006, the District of Columbia approved the establishment of a Port Authority captive insurance company, known as the “Port Authority Insurance Captive Entity, LLC,” for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers’ compensation, general liability, builders’ risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of

² Under TRIPRA, the formula established in 2015 provides that the federal government reinsures 85% of certified terrorism losses in 2015 (and decreases its reinsurance incrementally by 1% per year for the next five years), subject to aggregate industry insured losses of at least \$100 million in 2015 (which increases incrementally by \$20 million per year for the next five years) and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of \$100 billion. For calendar year 2019, under the formula established in 2015, no federal payments would be made under this program until the aggregate industry insured losses from acts of terrorism exceed \$180 million. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

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terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. In addition, as of December 31, 2018, PAICE provides the first \$500,000 in coverage under the general liability aspect of the Port Authority's contractors' insurance program and 5% of the next \$4.5 million of losses that are in excess of the primary \$500,000. Further, effective October 27, 2018, PAICE provides \$500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures \$1.1 billion in excess of \$500 million, which is reinsured by TRIPRA.

Certain facilities of the Port Authority are described below in detail.

Interstate Transportation Network

The Port Authority operates all the interstate vehicular tunnels and bridges in the Port District which, together with the Port Authority Bus Terminal, PATH and the Trans-Hudson Ferry Service, constitute the Port Authority's interstate transportation network. Each of the tunnels and bridges accommodates both eastbound and westbound traffic. For purposes of efficiency and economy in collection, tolls are collected in the eastbound direction only. The Port Authority participates in the E-ZPass® Interagency Group, now known as the E-ZPass® Group, which currently includes various public agencies, including the Port Authority, and certain private toll operators in various states, including New York and New Jersey, in connection with the implementation of a regional electronic toll collection system.

The bridges of the Port Authority now in operation were constructed pursuant to the Federal Bridge Act of 1906 under which the Congress of the United States required that the tolls on bridges constructed thereunder shall be reasonable and just. The Federal-Aid Highway Act of 1987, which retained the just and reasonable requirement of the 1906 Act, has applied to tolls on Port Authority bridges. Pursuant to Port Authority policy, public hearings are held by the Port Authority prior to instituting or changing tolls, fares or other charges in connection with any of its vehicular tunnels and bridges or passenger rail facilities.

The tolls schedule for the Port Authority's six vehicular crossings was revised effective on September 18, 2011 (the "2011 Tolls Schedule"), with the last of five scheduled increases taking effect on December 6, 2015. The current toll is \$15.00 for automobiles paying with cash, \$24.00 for buses carrying 10 or more people paying with cash and \$21.00 per axle for vehicle classes 2-6 paying with cash. Tolls are discounted for users of the E-ZPass® electronic toll collection system, including additional discounts for certain "off-peak" and weekday overnight hours and for users of the Port Authority Carpool Plan, Staten Island Bridges Plan, and the "GreenPass" discount program available to qualifying pre-registered low-emission and fuel efficient vehicles with a green E-ZPass® tag. Port Authority staff recently proposed certain toll and fare adjustments and other revenue initiatives to be considered by the Board of Commissioners (see "*Proposed Changes in Tolls, Fares and Other Fees*" in this Section II).

Consistent with applicable statutory provisions and in the effectuation of the Port Authority's obligations to and for the benefit of the holders of its bonds, on January 4, 2008, the Executive Director of the Port Authority was authorized and directed by the Board of Commissioners to implement periodic changes in the Port Authority's bridge and tunnel tolls, calculated in accordance with annual increases in the Consumer Price Index ("CPI") (see Section IV hereof, "*Pertinent Statutes and General Resolutions*").

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge and on April 24, 2019 at the Outerbridge Crossing. The Board of Commissioners has also authorized conversion of the Goethals Bridge to cashless tolling. It is expected that at its meeting on July 25, 2019, the Board of Commissioners will consider authorizing cashless tolling at the Holland Tunnel, Lincoln Tunnel, and George Washington Bridge. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected

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in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling, but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

In August 2018, a consolidated class action complaint was filed in federal court on behalf of Jason Farina, et al., seeking injunctive relief and damages against the Port Authority and various other governmental agencies. Plaintiffs allege that the Port Authority and other public entities operating cashless tolling facilities improperly collect excessive administrative fees from motorists who are delinquent in paying tolls billed by mail. On September 14, 2018, the defendants, including the Port Authority, filed motions to dismiss the consolidated class action complaint; these motions are pending.

An individual plaintiff instituted an action in September 2011 in the United States District Court for the Southern District of New York against the Port Authority and certain other entities of the States of New York and New Jersey seeking declaratory and injunctive relief for alleged violations of the plaintiff's constitutional rights in connection with the 2011 Tolls Schedule. In October 2011, the District Court dismissed plaintiff's complaint for failure to state a claim on which relief may be granted, among other things. The plaintiff appealed to the United States Court of Appeals for the Second Circuit, which, in September 2012, affirmed the District Court's decision in part, and remanded it to the District Court to consider whether plaintiff had adequately pleaded a constitutional challenge to the reasonableness of the amount of the tolls under the dormant Commerce Clause of the United States Constitution. On December 18, 2018, the District Court dismissed the plaintiff's amended complaint and the plaintiff has filed a notice of appeal which must be perfected by August 16, 2019. The Port Authority disputes the plaintiff's allegations in this matter and is vigorously defending the Port Authority's position that the 2011 Tolls Schedule does not violate the dormant Commerce Clause.

Proposed Changes in Tolls, Fares and Other Fees

On June 27, 2019, the Board of Commissioners authorized the Executive Director to conduct public hearings and solicit public comments with respect to proposed changes in tolls, fares and other fees as outlined below (the "Proposal") at certain Port Authority facilities. Six public hearings are scheduled to be held in locations in New York and New Jersey, and written comments on the proposed actions may be submitted through the end of the public comment period on September 13, 2019. It is presently expected that the Board of Commissioners will consider the Proposal at its September 26, 2019 meeting.

On January 4, 2008, the Executive Director of the Port Authority was authorized and directed by the Board of Commissioners to implement periodic changes in the Port Authority's bridge and tunnel tolls, calculated in accordance with annual increases in the CPI (see "*Interstate Transportation Network*" in this Section II). The tolls schedule for the Port Authority's six vehicular crossings (Outerbridge Crossing, Goethals Bridge, Bayonne Bridge, Holland Tunnel, Lincoln Tunnel, and George Washington Bridge) was revised effective September 18, 2011, marking the first of five scheduled increases the last of which took effect on December 6, 2015 (see "*Interstate Transportation Network*" in this Section II). The automatic increases based on the CPI that were authorized by the Board of Commissioners in 2008, and reaffirmed by the Board of Commissioners in 2011, are triggered when the cumulative impact of inflation on existing E-ZPass® peak auto toll rates reaches \$1.00 as measured from the last increase. The cumulative impact of inflation since the last scheduled toll increase in 2015 will reach this level in 2020.

The Port Authority's Proposal incorporates the previously authorized CPI inflation adjustment for bridge and tunnel tolls, as well as changes to PATH's fare structure, increases to AirTrain fares, and new airport ground transportation access fees, each as described further below. The proposed toll and fare adjustments and other fees would collectively generate approximately \$235 million in incremental annual

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net revenue and support the Port Authority's Capital Plan (see "2017-2026 Capital Plan" in this Section II). The Port Authority's Proposal, including a full schedule of all proposed toll and fare adjustments and other fees, may be found on the Port Authority's website at <https://publiccomments.panynj.gov/toll-fare-hearing/>.

The Proposal, which is subject to Board Authorization as described above, is as follows: beginning on January 5, 2020, at the Port Authority's six vehicular crossings, the cash/toll by mail ("TbM") rate for cars during all hours would increase by \$1.00 from \$15.00 to \$16.00. The discount for autos using E-ZPass® would be reduced by \$0.25, resulting in an increase of \$1.25. After 2020, tolls would be adjusted for the cumulative effect of inflation when applied to the current Class 1 cash/TbM tolls. At the time the first CPI increase reaches \$1.00, tolls for all vehicular classes except classes 8 and 9 (buses) would increase by \$1.00, and the discount for autos using E-ZPass® would be further reduced by \$0.25, resulting in an increase of \$1.25. Thereafter, and when all electronic tolling has been implemented at all crossings, tolls for all vehicular classes would be adjusted annually by the CPI increase. The Proposal also calls for gradual increases in bus tolls through 2026. It also provides for the introduction of an E-ZPass® Off-Peak bus toll beginning in 2020. Under the Proposal, E-ZPass® discounts would be limited to users registered with a New York or New Jersey E-ZPass® Customer Service Center account. All out-of-state E-ZPass® account holders would be charged the cash/TbM rate. In addition, the Carpool Discount Plan would be discontinued in preparation for eventual electronic tolling at all crossings and to address safety concerns, and the Staten Island Bridges Plan for pre-registered E-ZPass® account holders would be revised to require completion of a minimum of ten trips per calendar month (from the three trips currently required). Enrolled motorists would be charged 50% of the then prevailing E-ZPass® Auto Peak toll.

The PATH fare schedule was last revised effective on September 18, 2011, with the last scheduled increases taking effect on October 1, 2014. Under the Proposal, the current rate for a single-ride fare would remain at its current level of \$2.75. The discount for multi-trip purchases would be reduced to provide for a per-ride price of \$2.50 effective November 1, 2019 and \$2.60 effective November 1, 2020. After 2020, PATH fares would be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result in an adjustment of at least \$0.25.

The fares for AirTrain JFK (\$5.00) and AirTrain Newark (\$5.50) were last modified in 2003 and 2005, respectively. The Proposal would adjust the fares for both AirTrain JFK and AirTrain Newark to \$7.75 effective November 1, 2019. Fares would subsequently be adjusted for inflation based on CPI when the cumulative increase in CPI would result in an adjustment of at least \$0.25.

The Proposal would also implement a new Ground Transportation Access fee at JFK Airport, Newark Airport, and LaGuardia Airport of \$4.00 for all for-hire vehicles other than taxis (such as limos and app-based providers) for each pick-up and drop-off, and \$4.00 for each taxi pick-up with no charge for taxi drop-off, effective in mid to late 2020.

Holland Tunnel

The Holland Tunnel, which opened to traffic in 1927 and control of which was vested in the Port Authority in 1931, provides a traffic link under the Hudson River between Lower Manhattan and I-78 (New Jersey Turnpike Extension) and other New Jersey highways at Jersey City, N.J. Each of its two tubes consists of two traffic lanes.

Lincoln Tunnel

The Lincoln Tunnel, also a Hudson River crossing, connects midtown Manhattan in the vicinity of West 39th Street to the New Jersey highway system including I-95 (New Jersey Turnpike) via

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N.J. Route 495 at Weehawken, N.J. Each of its three tubes consists of two traffic lanes. The first tube of the tunnel was opened to traffic in 1937, with the second and third tubes opened to traffic in 1945 and 1957, respectively. Six lanes of traffic can flow at one time and the direction of the two center tube lanes can be varied to accommodate demand.

In recognition of the ongoing needs of the Port Authority's facilities for efficient transportation access and egress for goods and people, at its meeting on March 29, 2011, the Board of Commissioners authorized the effectuation of the Port Authority's participation, in cooperation with the New Jersey Department of Transportation ("NJDOT"), in the Route 1&9 Pulaski Skyway, Route 139 (Hoboken and Conrail Viaducts), Route 7 Hackensack River (Wittpenn) Bridge, and Route 1&9T (New Road) projects (or suitable replacement projects mutually agreed upon with NJDOT) (collectively, the "Lincoln Tunnel Access Infrastructure Improvements"), on a basis consistent with the Port Authority's budget and capital plan. See discussion of Roadway Projects under "*SEC Settlement and Certain Other Matters*" in Section I hereof.

George Washington Bridge

The George Washington Bridge, which opened to traffic in 1931, is a fourteen-lane, two-level suspension bridge over the Hudson River joining upper Manhattan and Fort Lee, N.J. The bridge and its approaches provide connections via I-95 (New Jersey Turnpike), I-80 and other state highways in New Jersey to northern Manhattan, the Bronx and regional highway systems east of the Hudson River. The George Washington Bridge Bus Station is situated over the approach to the bridge (see "*George Washington Bridge Bus Station*" in this Section II).

Beginning in 2011, the Board authorized individual projects associated with the current \$1.92 billion investment known as the "Restoring the George" program. The restoration program is comprised of 11 projects that will provide for the rehabilitation, replacement and modernization of bridge assets to extend their useful life and ensure a state-of-good-repair to protect safety, mobility and revenue generating capacity of the bridge, and is anticipated to be completed during the fourth quarter of 2026.

Bayonne Bridge

The Bayonne Bridge, which opened in 1931 over the Kill Van Kull, connects Bayonne, N.J., and Port Richmond, N.Y., on Staten Island. The bridge accommodates four lanes of vehicular traffic. On April 24, 2013 and December 7, 2017, the Board of Commissioners authorized a project to replace and raise the main span roadway and approach structures at the Bayonne Bridge as part of the Bayonne Bridge Navigational Clearance Program ("BBNCP"). The BBNCP increased the navigational clearance of the Bayonne Bridge to 215 feet, allowing for the passage of larger cargo ships. In June 2019, the BBNCP was substantially completed at a total project cost of approximately \$1.6 billion.

Goethals Bridge

The Goethals Bridge, which opened in 1928 over the Arthur Kill, between Elizabeth, N.J., and Howland Hook, N.Y., on Staten Island, furnishes a direct connection between I 95 (New Jersey Turnpike) and I 278 (Staten Island Expressway).

On April 24, 2013, the Board of Commissioners authorized a project for the Goethals Bridge Modernization Program to advance the implementation and delivery of a replacement Goethals Bridge (the "Replacement Bridge") as a public-private partnership, at an estimated total project cost of \$1.521 billion, comprised of costs of the design and construction of the Replacement Bridge, financing during construction and other construction-related costs, and certain Port Authority-funded project costs. On August 30, 2013, the Port Authority and a private developer entered into an agreement (the "Project Agreement") for a public private partnership for the design, construction, financing and maintenance of the Replacement Bridge, a

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cable stayed bridge consisting of two spans, with a total of six twelve foot wide travel lanes, twelve foot wide outer shoulders, and five foot wide inner shoulders, that will improve safety, alleviate congestion, and accommodate future traffic growth. On November 8, 2013, the private developer obtained certain financing for the construction of the Replacement Bridge through the issuance by the New Jersey Economic Development Authority of \$460,915,000 in tax exempt private activity bonds, and a Transportation Infrastructure Finance and Innovation Act (“TIFIA”) direct loan in the amount of \$473,673,740 (excluding capitalized interest) from the United States Department of Transportation, acting by and through the Federal Highway Administration. Substantial completion of the Replacement Bridge was achieved on June 30, 2018 (“Substantial Completion”), and project completion, including the demolition of the existing bridge, occurred on December 31, 2018 (“D&C Completion”). Pursuant to the Project Agreement which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance.

As of June 30, 2019, the Port Authority has made milestone payments of \$148 million, out of a total amount of \$150 million, which were payable to the private developer upon satisfactory achievement of certain milestones during the construction of the Replacement Bridge. The remaining amount is expected to be paid in the third quarter of 2019. Upon Substantial Completion, the developer extended a loan to the Port Authority in the principal amount of approximately \$1.02 billion, subject to certain adjustments, to be repaid in monthly payments of principal and interest (the “DFA Payments”) over the term of the Project Agreement, which has a scheduled expiration date on the thirty-fifth anniversary of Substantial Completion. Such monthly DFA Payments commenced in July 2018. The DFA Payments are subject to certain deductions for non-compliance by the private developer with the terms of the Project Agreement. The DFA Payments are a special obligation of the Port Authority, 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 to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Project Agreement, “net revenues” are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution. Payment of the DFA Payments is subject in all respects to payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund statutes. The Port Authority’s payment of the DFA Payments is not secured by or payable from the General Reserve Fund. Additionally, the Port Authority’s special obligation with respect to the DFA Payments does not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority. The Port Authority is also required to pay the private developer a monthly capital maintenance payment and a monthly operational maintenance payment, which are also subject to certain deductions for non-compliance by the private developer with the Project Agreement, and which are payable in the same manner as other Port Authority capital and operating expenses.

Outerbridge Crossing

The Outerbridge Crossing, which opened at the same time as the Goethals Bridge, also spans the Arthur Kill between Perth Amboy, N.J., and Tottenville, N.Y., on Staten Island, and provides interconnections between I-95 (New Jersey Turnpike) and the Garden State Parkway via Route 440 to the

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West Shore Expressway, Richmond Parkway and I-278 (Staten Island Expressway), providing access to Long Island via the Verrazano-Narrows Bridge. The bridge accommodates four lanes of vehicular traffic.

Port Authority Bus Terminal

The Port Authority Bus Terminal (the “Bus Terminal”), which occupies approximately one and one-half city blocks between West 40th and West 42nd Streets and between Eighth and Ninth Avenues in midtown Manhattan, one block west of Times Square, began operations in December 1950. The Bus Terminal has two passenger mixing and distribution levels and three automobile parking levels, and serves both commuter and long-haul intercity buses on three bus operating levels. The two upper bus levels have direct off-street ramp connections to the Lincoln Tunnel and the lower bus level has access to the Lincoln Tunnel via a connecting tunnel under Ninth Avenue. The foundation of the North Wing, which was completed in 1981, was constructed to permit the development of a high-rise building in the air space above the North Wing.

On March 24, 2016, the Board of Commissioners committed, in establishing the Port Authority’s 2017-2026 Capital Plan, to allocate funds for the construction of a new Port Authority Bus Terminal, to be located on the West Side of Manhattan, in an amount sufficient to accommodate the anticipated future capacity needs of the new Port Authority Bus Terminal, with the understanding that no bus terminal will be built in New Jersey. On February 16, 2017, the Board of Commissioners authorized the first phase of a comprehensive planning effort for the advancement and further definition of capital projects related to the development of a replacement for the Port Authority Bus Terminal, located on the West Side of Manhattan, including planning for support facilities, such as bus parking and storage facilities. In May 2019, the Port Authority issued a planning-level scoping document for public comment to advance the environmental review of the Port Authority Bus Terminal replacement project, and is conducting a 120-day public outreach process, including public meetings, to solicit comment from elected officials in New York and New Jersey, the City of New York, neighborhood residents, other stakeholders and the public on plans for a new Port Authority Bus Terminal. Further, on February 16, 2017, the Board also authorized the planning for potential intermediate bus staging and storage facilities and other initiatives for the efficient operation of the interstate bus network, including the existing Port Authority Bus Terminal facility. The total estimated aggregate cost for the aforementioned elements in the 2017 Board resolution is \$70 million.

George Washington Bridge Bus Station

The Port Authority also owns the George Washington Bridge Bus Station (“Bus Station”), a facility located in the Washington Heights section of Manhattan, and situated over the approach to the George Washington Bridge. On a typical weekday, approximately 20,000 passengers on about 1,000 buses use the station. In July 2011, the Port Authority executed agreements with a private developer in connection with a project to redevelop the George Washington Bridge Bus Station, as well as a net lease of the retail areas therein. The redevelopment project consisted of upgrading and consolidating bus operations, modernizing the Bus Station to provide for more efficient operations, and increasing the retail space within the Bus Station. The redeveloped Bus Station opened for bus operations in May 2017 and the retail portion is substantially complete and 92.2% leased. The Port Authority has been notified that the existing private-sector developer of the Bus Station is now alleged to be in default of certain payment obligations, and that one of its lenders has started foreclosure proceedings. This development will not impact day-to-day activity at the Bus Station. It will not impact bus service, which is managed directly by the Port Authority, and it will not impact the Bus Station’s existing retailers, which have leases to conduct business at the Bus Station. The developer remains responsible for operating the retail portion of the building. The Port Authority will actively monitor events and, if necessary, is prepared to step in to further ensure continuity of all facility operations.

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Railroad — The Hudson Tubes Facility

The PATH system is an interurban rapid transit system with thirteen stations and approximately 350 passenger rail cars, which operates between Newark, N.J., and New York, N.Y., including a spur to and from Hoboken, N.J. In 1962, the two States enacted legislation authorizing the Port Authority to undertake a port development project consisting of a World Trade Center and the Hudson Tubes, the interurban rapid transit system described above which was formerly operated by the Hudson & Manhattan Railroad Company. The Port Authority was authorized to cooperate with other agencies of government in the rehabilitation and redevelopment of the Hudson Tubes-World Trade Center areas, in part for the purpose of the renewal and improvement of such areas, as part of this port development project. The legislation, as subsequently amended, also provides for certain Hudson Tubes extensions pertaining to passenger railroad facilities in the State of New Jersey, as well as a series of improvements to Pennsylvania Station in the City of New York, and to its railroad approaches from the State of New Jersey. The legislation also provides for the Port Authority to acquire, rehabilitate and operate this rail transit property either directly or through a wholly owned subsidiary corporation.

The Port Authority Trans-Hudson Corporation was formed in May 1962 by the Port Authority, and on September 1, 1962, it acquired the Hudson Tubes railroad and equipment, including the former terminal buildings of the Hudson & Manhattan Railroad Company in Manhattan. Title to the Journal Square Station and related property was vested in the Port Authority Trans-Hudson Corporation in February 1970. The Commissioners of the Port Authority serve as the Directors of the Port Authority Trans-Hudson Corporation, and Richard Cotton is its President.

In its Certificate filed August 24, 1962 authorizing acquisition and operation of the Hudson Tubes by the Port Authority Trans-Hudson Corporation, the Interstate Commerce Commission stated in part: that “The Port of New York Authority is not a carrier under the provisions of the [Interstate Commerce] act and the effectuation of the proposed transaction by the Port Authority Trans-Hudson Corporation, a wholly owned subsidiary of the Port of New York Authority, will not make the Port of New York Authority a carrier under the act.” Fares charged on PATH are not subject to federal regulation at the present time.

In connection with the construction of the World Trade Center, the Port Authority razed the Hudson Terminal buildings in Manhattan and replaced the terminal with the PATH terminal. This terminal was destroyed together with the World Trade Center as a result of the terrorist attacks of September 11, 2001. The development of the World Trade Center Transportation Hub project to replace the PATH terminal is described at “*World Trade and Economic Development—The World Trade Center Transportation Hub*” in this Section II.

In June 2019, PATH announced the multi-year “PATH Improvement Plan” to (i) increase capacity across the PATH system, (ii) reduce delays and (iii) enhance customer experience (see “*Proposed Changes to the 2017-2026 Capital Plan*” in this Section II). As part of the PATH Improvement Plan, PATH announced that it will be adding incremental train service in September 2019 that will result in a 10% increase in capacity across the Newark to World Trade Center and Journal Square to 33rd Street lines during the heaviest travel times. The PATH Improvement Plan also includes plans to transition from 8-car train operations to 9-car train operations on the Newark to World Trade Center line, a suite of a delay reduction initiatives, a new fare payment system to be introduced by 2022, as well as a number of customer experience initiatives. The PATH Improvement Plan builds on the on-going investment in a new signal system that allows for automatic train control and enables PATH to run more trains per hour (the “Signal System Replacement Program”) and the purchase of an additional 72 new rail cars which will be delivered beginning in 2021. The new signal system also enabled PATH to achieve Positive Train Control compliance (a collection of federally mandated safety guidelines) in December 2018.

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On April 27, 2017, the Directors of the Port Authority Trans-Hudson Corporation authorized a planning effort to support a project to extend the PATH system to the Newark Liberty International Airport Rail Link Station, at an estimated total planning cost of approximately \$57 million.

The PATH fare schedule was revised effective on September 18, 2011, with the last scheduled increases taking effect on October 1, 2014. The current PATH base fare for a single trip is \$2.75. Fares are discounted for seniors and multi-trip tickets. PATH SmartLink unlimited passes are currently available as a 1-day unlimited pass for \$8.25; a 7-day unlimited pass for \$29.00; and a 30-day unlimited pass for \$89.00. The Port Authority recently proposed certain adjustments to the PATH fare schedule to be considered by the Board of Commissioners (see “*Proposed Changes in Tolls, Fares and Other Fees*” in this Section II).

It is anticipated that PATH will continue to generate annual operating deficits in future years. The annual operating deficit, representing the difference between operating revenues and the sum of direct and allocated operating expenditures, depreciation and amortization, but not including debt service, allocated financial income, grants and contributions in aid of construction, increased to \$459,152,000 in 2018 from \$424,221,000 in 2017. This year to year increase was primarily due to increased employee compensation and contract payments related to train operations, maintenance of track and PATH facilities, and changes in weekend service due to the installation of federally mandated Positive Train Control. These increases were partially offset by higher PATH fare revenues resulting from a 5.4% increase in overall passenger activity. The General Reserve Fund or other available Port Authority revenues or reserves, including net revenues (as defined in the Consolidated Bond Resolution) deposited to the Consolidated Bond Reserve Fund, are applicable to deficits resulting from the cost of operations or debt service allocable to this facility.

Trans-Hudson Ferry Service

Commuter ferry service, which commenced in October 1989, between Hoboken, N.J. (at a site adjacent to NJ Transit’s rail and bus terminals and PATH’s Hoboken station), and Battery Park City in Lower Manhattan (at a site adjacent to the World Financial Center), is provided by a private sector entity under various agreements with the Port Authority pertaining to such service.

From time to time, the Board of Commissioners has taken action in connection with the creation of new ferry service routes, operated by private sector entities under agreements with the Port Authority pertaining to such service, and the Port Authority has undertaken various ferry projects in the New York and New Jersey portions of the Port District to enhance interstate mass transit capacity.

Air Terminals

The Port Authority owns or operates five airports to serve the Port District. The Port Authority’s airport revenues are somewhat insulated against dramatic downturns in the aviation industry because they come from a variety of sources, including cost-recovery based agreements, facility rentals and commercial activities at the airports. A limited number of these sources are related to passenger and cargo volume at the airports and may be affected by trends in the airline industry, the nature of federal legislation, governmental regulations and judicial proceedings affecting the airline industry, including with respect to security, and national economic conditions. In 2018, JFK Airport, LaGuardia Airport, Newark Airport and New York Stewart International Airport (“Stewart Airport”) handled approximately 138.8 million passengers, an increase of approximately 4.5% from 2017.

The Port Authority recently proposed certain toll and fare adjustments and other revenue initiatives to be considered by the Board of Commissioners, including an increase of the fares for AirTrain JFK and AirTrain Newark, as well as a new Ground Transportation Access fee at JFK Airport, LaGuardia Airport and Newark Airport (see “*Proposed Changes in Tolls, Fares and Other Fees*” in this Section II).

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Airlines operating at JFK Airport, LaGuardia Airport and Newark Airport are required to pay to the Port Authority, as compensation for the Port Authority's ongoing design, construction, operation and maintenance of certain public aircraft facilities, a flight fee, which is calculated generally on the basis of the direct and allocated costs of operating and maintaining such public aircraft facilities and the weight of aircraft using the airport. Airlines pay flight fees pursuant to either an agreement with the Port Authority (whether a flight fee agreement ("Flight Fee Agreement"), or a lease or common gate use agreement which contain provisions setting forth the relevant flight fee formulations and methodologies) or a non-consensual Schedule of Charges promulgated by the Port Authority.

The Flight Fee Agreements which have been entered into by certain airlines operating at JFK Airport and LaGuardia Airport expire on December 31, 2023. Most Flight Fee Agreements for Newark Airport expired on December 31, 2018 and in accordance with airline requests, the Port Authority proposed to replace the flight fee methodology with arrangements which the airlines view as more transparent. Effective as of January 1, 2019, the Port Authority modified its Schedule of Charges at Newark Airport to reflect the new flight fee methodology in accordance with a November 15, 2018 Board of Commissioners authorization. Most airlines at Newark Airport have chosen to enter into temporary extensions to Flight Fee Agreements and terminal leases with flight fee provisions embodying the new methodology, for successive six-month periods, under conditions consistent with the November 15, 2018 Board of Commissioners authorization, while they continue to discuss terms for new longer-term Flight Fee Agreements.

Beginning in 1992, the Federal Aviation Administration ("FAA") has granted applications submitted by the Port Authority in connection with the imposition and use of passenger facility charges established under federal law ("PFCs") at LaGuardia Airport, JFK Airport and Newark Airport, and, as of May 17, 2010, at Stewart Airport, to be collected by the airlines on behalf of the Port Authority, and to be expended by the Port Authority for certain authorized projects of the Port Authority. Pursuant to federal law the collection and expenditure of the PFCs requires prior approval of the FAA and is restricted to PFC eligible projects. Most recently, the Port Authority submitted an application to the FAA to collect PFCs at JFK Airport, LaGuardia Airport, Newark Airport and Stewart Airport at the current rate of \$4.50 per enplaned passenger to fund new projects among the airports. On January 22, 2018, the FAA approved PFC collection authority through an estimated expiration date of July 1, 2025 of \$1.78 billion for projects associated with the redevelopment of Terminal B at LaGuardia Airport and the replacement of Terminal A (now known as Terminal One) at Newark Airport. On June 7, 2018, the FAA approved use authority in the amount of \$875 million for the redevelopment of Terminal B at LaGuardia Airport construction project. The FAA deferred approval for PFC use authority for certain other projects in the application. Following resolution of the UAL matter (discussed below), additional applications will be submitted by the Port Authority to the FAA for authority to continue PFC collection at the airports for eligible airport-related capital construction and planning projects.

On November 19, 2018, the Director, FAA Office of Airport Compliance and Management Analysis rendered an initial determination ("Director's Determination") in a complaint brought against the Port Authority by United Airlines, Inc. ("UAL"). The Director's Determination found that the Port Authority was in violation of certain federally-imposed obligations in connection with rates charged to airlines at Newark Airport and the use of the net revenues so generated. Although the Director's Determination declined to rule that the Newark rates were not fair and reasonable, it did find that the rates were not sufficiently transparent, that application of the rates reflected deficiencies in accounting practices, and that the Port Authority impermissibly diverted Airport revenues for non-airport uses. The Port Authority was directed to submit a corrective action plan. The Port Authority took an appeal. The appeal is fully briefed and the Port Authority is awaiting a determination from the FAA. During the pendency of the matter, the FAA may decline to approve new PFCs for collection and application, and may defer consideration of, or decline to approve, certain federal aviation grants.

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From time to time, Congress has considered the repeal of the provisions of the Federal Airport and Airway Improvement Act of 1982 that exempt the Port Authority from prohibitions on certain uses of airport revenues. Most recently, the FAA Reauthorization Act of 2018, enacted in October 2018, requires the Comptroller General of the United States to study the legal and financial challenges related to repealing the aforementioned exemption and submit a report to Congress within 18 months. In connection with such proposals, the Port Authority has generally pointed out that Congress and the United States Department of Transportation have repeatedly looked at the financial practices of the small number of airports that may legally use airport revenues for non-airport governmental purposes and found that they had good reasons for doing so. In the Port Authority's case, those reasons are functions of several New York and New Jersey statutes and bond covenants requiring pooling of surplus Port Authority revenues to facilitate the financing and effectuation of its facilities, including the airports.

Certain Information with Respect to the Lease Relating to the New York City Airports and Other Related Matters

The Port Authority operates JFK Airport and LaGuardia Airport under a lease agreement with the City of New York entered into in 1947 and amended and supplemented from time to time thereafter.

On November 24, 2004, the City of New York and the Port Authority amended and restated the lease agreement, among other items, to provide for the extension, effective as of January 1, 2002, of the term of such lease agreement through December 31, 2050. Under the lease agreement, annual rentals, which are payable in equal monthly installments, shall be equal to the greater of the minimum annual rental as described below or 8% of the Port Authority's gross revenues from JFK Airport and LaGuardia Airport for such year. Gross revenues include all revenues arising out of JFK Airport and LaGuardia Airport, but exclude federal grants or monies received as a result of any federal statute, regulation or policy, such as PFCs and amounts used for airport security. Beginning in 2007, and every five years thereafter, the minimum annual rental is reset to equal 10% of average gross revenues at JFK Airport and LaGuardia Airport over the prior five-year period, so long as such adjustment does not result in a lower minimum annual rental than was payable for the prior five-year period.

Federal Aviation Administration Congestion Management

In an effort to deal with ongoing over-scheduling and flight delays during peak hours of operation at JFK Airport, LaGuardia Airport and Newark Airport, the FAA has issued Orders, in 2006 for LaGuardia Airport, and in 2008 for JFK Airport and Newark Airport, to establish operational caps at each airport which restrict the number of scheduled operations per hour (arrivals and departures) during peak hours.

With respect to JFK Airport and LaGuardia Airport, the FAA issued Orders on September 11, 2018 maintaining the caps on operations per hour, for certain hours, at each of the airports and extending the dates of the current Orders until October 24, 2020.

On April 6, 2016, the FAA published a "Change of Newark Liberty International Airport (EWR) Designation" that changed the designation of Newark Airport from a Level 3 slot controlled airport to a Level 2 schedule facilitated airport under the International Air Transport Association Worldwide Scheduling Guidelines. The change to a Level 2 schedule facilitated airport was effective as of October 30, 2016 starting with the Winter 2016 scheduling season. Level 2 schedule facilitated airports do not have slot controls but instead are subject to coordinated flight scheduling managed by the FAA. Under the Level 2 designation at Newark Airport, the FAA requests and reviews airline schedules for the 6 a.m. to 10:59 p.m. period and either approves the request or works with carriers to achieve schedule adjustments as needed to avoid exceeding the airport's runway capacity. Throughout this process, the Port Authority has repeatedly advised the FAA that, in its opinion, the best approach to address air traffic congestion and

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resultant delays is through increasing air space capacity, better management of existing air space capacity, and improved customer service.

LaGuardia Airport

LaGuardia Airport is located on approximately 680 acres adjacent to Flushing Bay in the Borough of Queens, N.Y., on the north shore of Long Island. Opened under New York City operation in December 1939, it has been leased since June 1, 1947, together with JFK Airport, to the Port Authority by the City of New York. LaGuardia Airport has two 7,000-foot runways, and currently four terminals in operation: Terminal A (a passenger terminal with six contact gate positions), Terminal B (a passenger terminal with thirty-five contact gate positions), Terminal C (a unit airline passenger terminal with twenty-one contact gate positions) and Terminal D (a unit airline passenger terminal with ten contact gate positions). Terminals B, C and D are currently being redeveloped as described below. LaGuardia Airport also currently has three hangars in operation (Hangars 1, 3 and 5), and patron parking structures.

On March 24, 2016, the Board of Commissioners authorized a program for the redevelopment of certain components of LaGuardia Airport (the “LGA Redevelopment Program”), consisting of, among other things, (i) a LaGuardia Airport Capital Infrastructure Renewal Program consisting of several projects, some of which were previously authorized by the Board of Commissioners, to service immediate and long-term infrastructure needs at LaGuardia Airport, including airfield improvements, roadways, a new East End substation and East End Garage, and (ii) the Terminal B redevelopment project (“Terminal B Redevelopment Project”), consisting of the design, finance, construction, operation and maintenance of a new Terminal B (“New Terminal B”) and related facilities at LaGuardia Airport under a public-private partnership with LaGuardia Gateway Partners LLC (“LGP”), a private consortium. LGP will also design and construct certain supporting infrastructure on behalf of the Port Authority, including the West Garage, as well as design, construct, operate and maintain a new Central Hall located between the New Terminal B and a future redeveloped Terminal C, as further described below. The Board of Commissioners has authorized expenditures of approximately \$3.5 billion in connection with the LGA Redevelopment Program, which together with private sector funding from LGP of approximately \$1.8 billion for the design and construction of the New Terminal B, will lead to a total expenditure of approximately \$5.3 billion in connection with the LGA Redevelopment Program. On June 1, 2016, the Port Authority and LGP executed a lease for the operation and maintenance of the existing Terminal B, and for the design, construction, finance, operation and maintenance of the New Terminal B facilities, for a term commencing on June 1, 2016 through December 30, 2050, and a lease for the Central Hall, for a limited term of seven years from substantial completion of the Central Hall. The West Garage opened for public use in the first quarter of 2018. The first of two concourses and certain gates in the first concourse of the New Terminal B opened for public use in the fourth quarter of 2018, additional gates opened by the end of the second quarter of 2019, and the remaining two gates in the first concourse are expected to open by the fourth quarter of 2020. It is presently anticipated that additional portions of the New Terminal B will become available for public use beginning in 2020 through final completion in 2022.

On July 21, 2016, the Board of Commissioners authorized the Port Authority to make certain capital expenditures for airport infrastructure and contribute to certain other capital investments in an aggregate amount not to exceed \$600 million, in connection with the design and construction by Delta Air Lines, Inc. (“Delta”) of a new 37-gate Terminal C & D (the “New Terminal C”) at a projected aggregate cost of approximately \$4 billion (such design and construction, the “Redevelopment of Terminals C and D Project”), subject to the Board of Commissioners’ further approval of the terms and conditions of a long-term lease agreement, incorporating the terms and conditions of the development of the Redevelopment of Terminals C and D Project, as well as other related agreements. The New Terminal C is expected to connect with the Central Hall and New Terminal B and be located closer to the Grand Central Parkway than Delta’s existing terminals to increase airside space. On September 13, 2017, the Port Authority and Delta executed a lease governing the design, construction and financing by Delta of the New Terminal C and related

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facilities, as well as certain off-premises facilities (such as an expanded parking garage, improved roadways and a new electrical substation), and the operation and maintenance of the New Terminal C and the existing terminals C and D at LaGuardia Airport until demolition of such existing facilities. The term of the lease extends to December 30, 2050. Construction of the New Terminal C began in September 2017. It is presently anticipated that the first concourse of the New Terminal C will be available for public use in 2019, with additional portions of the New Terminal C becoming available for public use beginning in 2021 through final completion in 2026.

On February 16, 2017, the Board of Commissioners authorized preliminary planning work to determine the constructability, and operational and financial feasibility of an AirTrain system at LaGuardia Airport (“AirTrain LGA”), at a total estimated cost of \$20 million. On November 16, 2017, the Board of Commissioners authorized continued preliminary planning work for AirTrain LGA, at an estimated cost of \$55 million, bringing the total authorized planning costs for AirTrain LGA to an estimated cost of \$75 million. In May 2019, the FAA issued a Notice of Intent to Prepare an Environmental Impact Statement and Request for Scoping Comments to assess the potential impacts of the proposed AirTrain LGA project. The 2017-2026 Capital Plan includes construction of AirTrain LGA (see “2017-2026 Capital Plan” in this Section II), and the proposed changes to the 2017-2026 Capital Plan include an increased amount for its construction (see “Proposed Changes to the 2017-2026 Capital Plan” in this Section II).

John F. Kennedy International Airport

Opened on July 1, 1948, JFK Airport is located in the southeastern section of Queens County, New York City, on Jamaica Bay. JFK Airport consists of approximately 4,956 acres, including 880 acres in the Central Terminal Area. The Central Terminal Area contains six individual airline passenger terminals surrounded by a dual ring of peripheral taxiways. Three hangars are used to provide aircraft maintenance and storage for aircraft parts and equipment. Five patron parking structures, twenty active cargo buildings, and a cogeneration facility integrating an installation for the generation of electrical energy with the airport’s central heating, refrigeration plant and thermal distribution system, are also located on the airport. The four major runways now in use range in length from approximately 8,400 feet to 14,600 feet. On December 17, 2003, an automated light rail system (“AirTrain JFK”) linking the terminals in the Central Terminal Area with each other and with existing transit lines in Jamaica, Queens and Howard Beach, Queens, respectively, to provide exclusive airport access for passengers and others using the airport, became operational. On September 28, 2016, the Port Authority and a developer, Flight Center LLC, entered into a lease agreement for the development and operation of a full-service hotel containing approximately 500 guest rooms at the site of the TWA Flight Center at JFK Airport, which hotel opened in May 2019.

On February 16, 2017, the Board of Commissioners authorized a Port Authority planning effort to develop a master plan and additional conceptual planning work to support future airport development at JFK Airport, at an estimated total cost of \$50 million. This master planning effort focuses on creating a comprehensive, airport-wide framework for transforming JFK Airport into a unified, world-class airport, addressing challenges that include: the creation of an interconnected terminal layout; a redesign of the on-airport traffic pattern; centralization of the parking lots; expansion of taxiways; the addition of world-class amenities; and the use of state-of-the-art security technology. The master planning effort is addressing these challenges, while also informing specific development areas through feasibility and conceptual planning studies, including studies of the airport terminals, cargo facilities, airport roadways, parking, AirTrain JFK, airfield capacity, supporting utility infrastructure, and aeronautical improvements. On December 13, 2018, the Board of Commissioners authorized Phase II planning efforts and supporting construction work for the JFK Airport redevelopment project, at a total estimate cost of \$100 million, bringing the total authorized planning amount for the redevelopment of JFK Airport to \$150 million. The Phase II planning efforts include planning for the overall JFK Airport redevelopment and planning for certain early work projects including certain improvements and facilities on-airport, but outside the terminals, such as capacity improvements for AirTrain JFK, a new multi-use aircraft facility to be shared

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among all air carriers, extension of a taxiway to better manage current volumes of traffic on the airport's taxiways, a new ground transportation center, and a new central electrical substation. Authorized funds will also be used for planning, engineering, administrative and financial expenses, and for a community outreach office proximate to JFK Airport.

In connection with the planning effort to redevelop JFK Airport, on October 25, 2018, the Board of Commissioners authorized the Port Authority to enter into exclusive negotiations with the following developer groups for the development of two new international air terminals at JFK Airport: (1) Terminal One Group Association L.P. (a consortium of four international airlines – Lufthansa, Air France, Japan Airlines, and Korean Air Lines), or an affiliated entity, and its financial partners, The Carlyle Group, JLC Infrastructure and Ullico Inc. (collectively, “TOGA”), for a new terminal to be located on the south end of JFK Airport; and (2) JetBlue Airways Corporation, or an affiliated entity, and its financial partners, Vantage Airport Group and RXR Realty, for a new terminal to be located on the north end of JFK Airport, with the final terms of agreements with each of these entities to be subject to approval by the Board of Commissioners. On February 14, 2019, the Board of Commissioners authorized the amendment of the Port Authority's lease with American Airlines, Inc. (“AA”) allowing AA to expand and refurbish Terminal 8 at JFK Airport and related facilities at JFK Airport. This Board authorization allows AA to make a \$344 million investment to refurbish and expand Terminal 8 at JFK Airport so that it can accommodate larger aircraft in new and expanded gates, and to improve adjacent property for additional remote aircraft parking capacity, upgrade the baggage handling system to serve additional demand, add a security screening lane, enhance lounge facilities, implement an updated concession program, and invest in certain upgrades to existing terminal areas. These facility improvements would permit British Airways PLC, and its affiliate Iberia Airlines, to relocate from Terminal 7 to Terminal 8 at lease termination in late 2022. The Port Authority may consider other near-term development activities consistent with its plan to transform JFK Airport into a modern, world-class facility.

Newark Liberty International Airport

Newark Airport consists of approximately 2,100 acres located in the Cities of Newark and Elizabeth, N.J., was opened under City of Newark operation in October 1928, and has been leased to the Port Authority by the City of Newark since March 22, 1948, together with the Port Newark marine terminal. Newark Airport consists of three passenger terminals and three runways, ranging in length from approximately 6,800 feet to 11,000 feet. Additionally, six hangars, ten air cargo buildings (including an express package handling and sorting facility), a flight kitchen facility, and a 590-room hotel, are located at the airport, as well as a fully automated monorail (“AirTrain Newark”) (which began service on May 31, 1996) linking the airport terminals, parking lots and rental car areas with each other and, through an extension (which became operational on October 21, 2001), with the northeast corridor rail line used by NJ Transit and Amtrak. In April 2015, the Board of Commissioners authorized planning work for the replacement of the AirTrain Newark system at an estimated cost of \$40 million. In addition, the proposed changes to the 2017-2026 Capital Plan include the construction of a new AirTrain Newark (see “*Proposed Changes to the 2017-2026 Capital Plan*” in this Section II).

The Port Authority and the City of Newark entered into agreements dated as of January 1, 2002 pertaining to Newark Airport and Port Newark, providing in part for an extension of the expiration date of the lease for each facility from December 31, 2031 to December 31, 2065, with a combined base rental to be paid with respect to both facilities. These agreements currently provide for the Port Authority to pay a combined base rental equal to 10% of the average annual gross revenue for the preceding five-year period, but for any given year, no less than the greater of 8% of the annual gross revenue for such year or the combined base rental for the previous five-year period. Additionally, the agreements provide for an annual supplemental rental of \$3 million to be paid by the Port Authority to the City of Newark. The agreements also provide for a marine terminal additional rental to be paid by the Port Authority to the City of Newark in the amount of \$12.5 million for the first 35 years of the term of the leases, or, alternatively, the lump sum

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of \$165 million. On June 2, 2004, the City of Newark elected, pursuant to the agreements, to receive such marine terminal additional rental as annual payments over the period 2002 to 2036, and designated the Housing Authority of the City of Newark as the entity to receive such payments.

The Port Authority and the City of Elizabeth have also entered into service/operating agreements directly relating to the portion of the airport located in the City of Elizabeth. On May 30, 2001, the Port Authority entered into an agreement amending such service/operating agreements to provide for annual payments to the City of Elizabeth to be increased from \$1,000,000 to \$3,000,000 beginning January 1, 2001 and continuing through 2031. Additionally, on May 23, 2001, the Port Authority entered into a lease and easement agreement with the City of Elizabeth with respect to certain additional property required for airport operations, for a term expiring on May 1, 2051, subject to a renewal option for an additional 50 years, providing for the City of Elizabeth to receive an initial payment in 2001 of \$3,410,000, annual rentals of approximately \$480,000, and, for the first 10 years of the lease, at least \$800,000 annually in parking tax revenues.

On February 15, 2018, the Board of Commissioners reauthorized a program for the redevelopment of a new Terminal One at Newark Airport (“Terminal One Redevelopment Program”), at an estimated total program cost of \$2.72 billion, an increase of approximately \$360 million from the amount previously authorized. The Terminal One Redevelopment Program includes a new 1 million square-foot modern terminal building with 33 aircraft gates which will replace the current Terminal A, a 3,000-space parking garage complex with convenient connections to the Terminal One and AirTrain Newark, and certain other airside and landside improvements. The notice to proceed with the construction of the new terminal was issued in April 2018. On May 24, 2019, the Port Authority entered into an agreement with EWR Terminal One LLC, an affiliate of Munich Airport International GmbH to operate, maintain and manage concessions at both the current Terminal A, and the future Terminal One for a term of 15 years after the full opening of Terminal One currently anticipated in late 2022. In addition, the proposed changes to the 2017-2026 Capital Plan include planning for a new Terminal Two at Newark Airport (see “*Proposed Changes to the 2017-2026 Capital Plan*” in this Section II).

In connection with the Terminal One Redevelopment Program, on May 8, 2019, the Port Authority entered into a 39-year lease with EWR Conrac, LLC (“Conrac Entity”) at Newark Airport and ancillary agreements for the design, construction, financing, operation and maintenance of an integrated facility incorporating a consolidated car rental facility (“Conrac”), to be fully financed and constructed by the Conrac Entity, which would be utilized by the rental car companies doing business at Newark Airport, and an approximately 3,000 space public parking facility above the consolidated car rental facility to be financed, owned and operated by the Port Authority at a fixed price of \$110 million.

Teterboro Airport

Teterboro Airport was acquired by the Port Authority in April 1949 and is part of the Port Authority’s regional system of air terminals. It occupies approximately 827 acres in Bergen County, N.J. A private airport operator is responsible for the day-to-day operation of the airport, subject to direct Port Authority oversight and control, under a management/services contract with the Port Authority with a term expiring on November 30, 2020.

The airport is devoted primarily to business and private aircraft operations, and has one 6,000-foot runway, one 7,000-foot runway, an administration building and twenty-three hangars. The FAA has built and put into operation an 80-foot control tower.

By letter dated March 9, 2006, the United States Environmental Protection Agency (“EPA”) advised the Port Authority that the EPA deems the Port Authority to be a “Potentially Responsible Party” (“PRP”) (under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980

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("CERCLA")) that may be jointly and severally liable for the EPA's clean-up costs at the Berry's Creek Study Area, Bergen County, N.J., spanning from its headwaters to the Hackensack River, including upland properties in the Berry's Creek Watershed. On October 10, 2007, the Port Authority joined the Berry's Creek Study Area Cooperating PRP Group Organization and Joint Defense Agreement. As a member of this group, and pursuant to a voluntary settlement agreement and order on consent with EPA entered into on May 1, 2008, the Port Authority is participating in the performance of a Remedial Investigation/Feasibility Study.

New York Stewart International Airport

Stewart Airport, located in the Towns of Newburgh and New Windsor, N.Y., consists of approximately 2,466 acres of land with one 11,818-foot runway, one 6,000-foot runway, a terminal with 8 passenger gates, 14 hangars, and a 192-acre industrial park located on the northwest side of the airport. Legislation passed by the State of New York in 1967 authorized the Port Authority to establish one additional air terminal in New York and one additional air terminal in New Jersey outside of the Port District, with the site of each such terminal to be approved by the governor of the state in which the air terminal is located. In May 2007, New Jersey enacted a statute identical in scope to the New York legislation (the New York and the New Jersey legislation, collectively, the "1967/2007 Airport Legislation"). On October 12, 2007, the Governor of the State of New York approved Stewart Airport as the additional air terminal in New York outside the Port District. On October 31, 2007, the Port Authority became the lessee of the airport under a lease with the State of New York, acting by and through the New York State Department of Transportation, for a term expiring on April 1, 2099. A private airport operator retained by the Port Authority is responsible for day-to-day airport operations and maintenance, subject to direct Port Authority oversight and control, under an agreement which currently expires on October 31, 2019. In May 2019, the Port Authority issued a request for proposals for a private operator which would be responsible for day-to-day airport operations and maintenance, as well as concessions management, all subject to direct Port Authority oversight and control.

On February 15, 2018, the Board of Commissioners approved a project to expand the terminal at Stewart Airport to develop a new federal inspection service facility that would increase the capacity of United States Customs and Border Protection to process international passengers arriving at Stewart Airport. Such project was reauthorized on October 25, 2018, with an estimated total project cost of \$37 million.

Beginning in 2017, a series of putative class actions and other lawsuits were brought by the City of Newburgh for the discharge into the area water supply of certain chemicals which were federally mandated for use in firefighting applications (referred to generally as PFAS materials). The suits named some or all of the following defendants: the Port Authority as lessee and operator of Stewart Airport; the manufacturers of the chemicals (Tyco Fire Products L.P. and the 3M Company); the New York State Department of Transportation, which owns the underlying property; and the Department of Defense and the New York State Air National Guard, which used the chemicals for testing and firefighting. On December 7, 2018, the cases were consolidated with the numerous cases across the country alleging damages from the use of the chemicals under multi-district litigation in the Federal District Court in South Carolina ("MDL Action"). On June 10, 2019, the City of Newburgh filed a third-party complaint against the Port Authority and other entities for defense and indemnification pertaining to an action brought against it by certain plaintiffs who are current and former residents of the City of Newburgh, arising out of the same circumstances addressed in the other actions; it is likely that this matter will also be consolidated in the MDL Action. The Port Authority disputes plaintiffs' allegations in each of these matters and is vigorously defending the Port Authority's interests. The Port Authority is aware of proposed state and federal legislation and regulations concerning the establishment of limits on the discharge of PFAS materials and the designation of PFAS as a hazardous substance. Such legislation or regulation may conflict with regulations promulgated by the FAA which require that PFAS materials be used in aviation firefighting.

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Atlantic City International Airport

On March 18, 2013, the Governor of the State of New Jersey approved Atlantic City International Airport (“ACY”) as the additional air terminal in New Jersey outside the Port District, pursuant to the 1967/2007 Airport Legislation. In July 2013, the Port Authority and the South Jersey Transportation Authority (“SJTA”), which owns and operates ACY, entered into a management agreement, where the Port Authority provided general management services to SJTA, at the direction and under the supervision of the SJTA, which both parties agreed to terminate as of December 31, 2017. On July 23, 2019, the Port Authority issued a solicitation for an airport feasibility analysis seeking a consultant to conduct a comprehensive due diligence review of commercial airports located in the State of New Jersey in order to determine the impact of assuming the operation of or otherwise acquiring an airport in New Jersey pursuant to the 1967/2007 Airport Legislation.

World Trade and Economic Development

The World Trade Center

The World Trade Center was authorized in 1962 by the same bi-state legislation that authorized the Port Authority’s acquisition of the Hudson Tubes. In such legislation, the Port Authority was authorized to cooperate with other agencies of government in the rehabilitation and redevelopment of the Hudson Tubes World Trade Center areas, in part for the purpose of the renewal and improvement of such areas, as part of this port development project. The World Trade Center site, located on the lower west side of Manhattan, is comprised of approximately 16 acres, bounded generally by Church Street on the east, Liberty and Cedar Streets on the south, West Street on the west and Vesey and Barclay Streets on the north. The original World Trade Center, which consisted of five office towers, a United States Customs House building, a hotel, and a retail concourse and transportation hub below the Austin J. Tobin Plaza, was destroyed in two separate terrorist attacks on September 11, 2001.

The redevelopment of the World Trade Center site will provide approximately 10 million square feet of above grade office space with associated storage, mechanical, loading, below grade parking, and other non-office space, and will consist of five office towers, approximately 456,000 square feet of retail space, the World Trade Center Transportation Hub, a memorial and interpretive museum, a Greek Orthodox Church, The Performing Arts Center at the World Trade Center and certain related infrastructure. The Port Authority owns fee title to the World Trade Center site and net leases portions of the site to various stakeholders.

On June 13, 2011, the Port Authority and The Durst Organization (through entities formed by such parties) entered into various agreements to create a joint venture relating to the construction, financing, leasing, management and operation of the One World Trade Center building through its current net lessee WTC Tower 1 LLC, a bankruptcy-remote, single purpose entity. The other office net lessees (the “Silverstein net lessees”), indirectly owned by separate bankruptcy-remote single purpose entities formed by Silverstein Properties, Inc. (“Silverstein Properties”), are responsible for developing three office towers (Tower 2, Tower 3 and Tower 4) on the eastern portion of the World Trade Center site, comprising, in the aggregate, approximately 6.2 million square feet of office space.

One World Trade Center

One World Trade Center contains approximately 3.0 million square feet of commercial office space and an indoor observation deck. As of June 30, 2019, WTC Tower 1 LLC has leased (i) approximately 2.5 million square feet of office space at One World Trade Center, representing approximately 84% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck.

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Silverstein Net Lessees

A December 2010 World Trade Center Amended and Restated Master Development Agreement (“MDA”), among the Port Authority, PATH, and the office and retail net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction at the World Trade Center site, including the allocation of construction responsibilities and costs among the parties to the MDA. Under the MDA, the Silverstein net lessees are required to construct Tower 4, the Tower 3 podium and certain subgrade and foundation work required for Tower 2, and are also required to contribute an aggregate of \$140 million toward certain common infrastructure costs. The MDA also provides for the implementation of a construction coordination and cooperation plan among the respective parties’ construction teams to achieve reasonable certainty of timely project completion.

Tower 4 Net Lease

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority’s executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of June 30, 2019, 2.2 million square feet of space in Tower 4 has been leased, representing approximately 97% of the leasable office space.

Also in December 2010, the Port Authority entered into certain agreements with the Tower 4 Silverstein net lessee providing for the Port Authority’s participation in the financing for Tower 4. In October 2011, to address concerns raised by certain beneficial holders of Consolidated Bonds, the Port Authority revised the structure of its participation in the Tower 4 financing. Under this revised structure, the Port Authority is a co-borrower/obligor for the Liberty Bonds issued by the New York Liberty Development Corporation on November 15, 2011, in the total aggregate principal amount of \$1,225,520,000, to finance construction and development of Tower 4 (the “Tower 4 Liberty Bonds”). The Port Authority is obligated to make certain debt service payments on the Tower 4 Liberty Bonds (net of fixed rent paid or payable under the City of New York’s Tower 4 space lease, which have been assigned by the Tower 4 Silverstein net lessee directly to the bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds) as a special obligation of the Port Authority, payable from “net revenues” deposited to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Tower 4 Liberty Bonds, “net revenues” are defined as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution. Payments of debt service on the Tower 4 Liberty Bonds by the Port Authority are subject in all respects to payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. The Port Authority’s payment of debt service on the Tower 4 Liberty Bonds is not secured by or payable from the General Reserve Fund. Additionally, the Port Authority’s special obligation with respect to the payment of debt service on the Tower 4 Liberty Bonds does not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Additionally, the Tower 4 Silverstein net lessee has the right to defer (i) its payments of net lease rent payable under the Tower 4 net lease and (ii) the application of the free rent periods available to the Port

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Authority under the Port Authority's Tower 4 space lease, to provide cash flow to pay operating expense deficits, certain capital expenditures upon completion of Tower 4, and a limited amount of construction and leasing cost overruns. The Tower 4 Silverstein net lessee has exercised its right to defer certain Tower 4 net lease rent payments to the Port Authority effective November 2016. The Port Authority's debt service payments on the Tower 4 Liberty Bonds, deferred net lease rent under the Tower 4 net lease and any amounts from deferred free rent periods under the Port Authority's Tower 4 space lease are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% per annum until reimbursed or paid, with the exception of deferred net lease rent that the Tower 4 Silverstein net lessee may elect to deposit in a reserve account (which is limited to \$40 million in aggregate at any given time (as adjusted annually by certain CPI increases) and which receives earnings on certain permitted investments plus nominal interest). The overall term for reimbursement or payment of outstanding amounts is not to exceed 40 years. As security for such reimbursement or payment to the Port Authority, the Tower 4 Silverstein net lessee, the Port Authority and a third party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 4 (excluding the fixed rents paid or payable under the City of New York's Tower 4 space lease) to be deposited into a segregated lockbox account in which the Port Authority has a security interest, and administered and disbursed by the banking institution in accordance with such agreement. To provide additional security to the Port Authority, the Tower 4 Silverstein net lessee granted a first priority leasehold mortgage on the net lease for Tower 4 to the Port Authority, assigned all Tower 4 space leases and rents (other than the City of New York's Tower 4 space lease and the fixed rents paid or payable thereunder), and assigned Tower 4 developmental and operational contracts to the Port Authority. As of June 30, 2019, the aggregate of Tower 4 Liberty Bond debt service payments and deferred rent due from the Tower 4 Silverstein net lessee, plus accrued interest, totaled approximately \$51.7 million.

Tower 3 Net Lease

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of June 30, 2019, approximately 1.3 million square feet of space in Tower 3 has been leased, representing approximately 51% of the leasable office space.

To assist the Tower 3 Silverstein net lessee in the construction of Tower 3, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Support Agreement"). Under the Tower 3 Support Agreement, the Port Authority is required to provide up to \$600 million in overall support, comprised of: (i) \$210 million for the construction of Tower 3 as a landlord capital improvement, and (ii) \$390 million of backstop funding for (x) construction overruns and certain leasing cost overruns through landlord capital improvements, (y) operating expense deficits and certain leasing cost overruns through the Tower 3 Silverstein net lessee's right to defer payments of net lease rent to the Port Authority under the Tower 3 net lease, and (z) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, subject in each case to the overall backstop limit of \$390 million.

The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to \$200 million of the \$600 million provided under the Tower 3 Support Agreement, for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to \$400 million. To date, the Port Authority has applied \$80 million received from the State of New York as a capital contribution for the partial reimbursement of the \$210 million for the construction of Tower 3 as a landlord capital improvement. Additionally, the Port Authority will receive \$130 million plus accrued interest in future payment-in-lieu-of-taxes credits ("WTC Pilot Credits") from the City of New York as reimbursement for the remaining share of the \$210 million landlord capital improvement. WTC Pilot Credits commenced in July 2019.

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As a special limited co-obligor with respect to the senior debt issued for Tower 3, the Port Authority would, subject to the overall \$390 million backstop limit and only in the event that the Tower 3 Silverstein net lessee does not have sufficient funds, pay debt service on the senior debt issued for Tower 3 from “net revenues” deposited to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Tower 3 Support Agreement, “net revenues” are defined as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds, as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution. The Port Authority’s payments of debt service on the senior debt issued for Tower 3 would not be payable from the General Reserve Fund, and the payment thereof would be subject in all respects to payment of debt service on Consolidated Bonds, as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. The Port Authority’s obligation with respect to the payment of such debt service would not create any lien on, pledge of, or security interest in, any revenues, reserve funds or other property of the Port Authority.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of the \$390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, with an overall term for such reimbursement or payment not to exceed the term of the Tower 4 support agreement described above. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the \$390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 Silverstein net lessee exercised its right to defer certain Tower 3 net lease rent payments to the Port Authority effective November 2017. As of June 30, 2019, the deferred net lease rent payments for Tower 3 totaled approximately \$21.2 million.

Tower 2 Net Lease

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee’s allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of (i) commencement of construction of Tower 2 and (ii) December 2022, whether or not construction is commenced.

World Trade Center Site 5

World Trade Center Site 5 (“WTC Site 5”) is an approximately 33,000 square foot lot located directly south of Liberty Park, which was formerly the location of the Deutsche Bank building that was

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extensively damaged on September 11, 2001. Lower Manhattan Development Corporation (“LMDC”), a subsidiary of Empire State Development, purchased the site in 2004 and completed deconstruction, abatement and excavation in 2011, work which was funded by a U.S. Department of Housing and Urban Development grant. Pursuant to a Memorandum of Understanding, dated as of February 1, 2006, between LMDC, the Port Authority and The World Trade Center Memorial Foundation, Inc. (the “2006 MOU”), LMDC anticipated transferring to the Port Authority a real property interest in and to the location of WTC Site 5 for development of commercial space in exchange for real property interests required to implement the redevelopment of other elements of the World Trade Center site. The Port Authority and LMDC entered into a subsequent memorandum of understanding in February 2019 considering alternative uses for the site and outlining the process for soliciting proposals for the development of WTC Site 5 as well as the methodology for distributing the proceeds between the two agencies upon selection of a winning proposal, if an alternate use proposal is selected. In June 2019, LMDC and the Port Authority jointly issued a request for proposals seeking a development team to lease or purchase and redevelop WTC Site 5 with a commercial or mixed-use project.

Seven World Trade Center

Seven World Trade Center, a 52-story office building which was reconstructed in May 2006, is leased by the Port Authority to 7 World Trade Company, L.P., a limited partnership having as the general partner thereof, Silverstein – 7 World Trade Company, Inc., for a term expiring in 2026, with three 20-year extension options.

Retail

Through a series of transactions between the Port Authority and a bankruptcy-remote single purpose entity formed by an affiliate of Westfield America, Inc. (“Westfield”), the Port Authority has been involved in the planning for the restoration of the retail components of the World Trade Center and the construction of such retail components. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. As a result, the Port Authority has received payments totaling \$897 million from Westfield for the completed retail premises at the World Trade Center site. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which may not fully compensate the Port Authority for the cost of construction.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners authorized the World Trade Center Transportation Hub project for the construction of a transportation hub and permanent PATH terminal, and construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the World Trade Center Transportation Hub project from an estimated total project cost of \$3.44 billion to an estimated total project cost range of approximately \$3.74 billion to \$3.995 billion, and ratified an agreement with the FTA to increase federal funding from \$1.921 billion to a maximum of \$2.872 billion for the project. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

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World Trade Center Infrastructure Projects

In addition to the World Trade Center Transportation Hub, the Port Authority continues to advance planning, design and construction of various infrastructure projects toward the full buildout of the World Trade Center site, including streets and utilities. The Port Authority has completed construction on a number of infrastructure projects, including a central chiller plant and electrical infrastructure, that support the operations of the World Trade Center site. A vehicular security center for cars, tour buses, and delivery vehicles to access subgrade loading facilities is operational to support the commercial development throughout the World Trade Center site at a cost of approximately \$670 million. The World Trade Center's Liberty Park was opened to the public on June 29, 2016. Liberty Park is an approximately 1-acre elevated green space located atop the vehicular security center, and provides seating and views of the World Trade Center site and a pedestrian route from Greenwich Street to the Brookfield Place South Bridge at West Street. As part of the construction of the vehicle security center and Liberty Park, the Port Authority completed certain below grade infrastructure required to allow for the construction of the new St. Nicholas Greek Orthodox National Shrine at 130 Liberty Street. This church building will replace the St. Nicholas Greek Orthodox Church, formerly located at 155 Cedar Street, that was destroyed in the attacks of September 11, 2001. The Port Authority is not responsible for the construction of the new church building.

The Memorial at the World Trade Center Site

On July 6, 2006, the Board of Commissioners authorized the Port Authority to enter into an agreement with the Lower Manhattan Development Corporation ("LMDC"), the National September 11 Memorial and Museum at the World Trade Center ("Memorial Foundation"), the City of New York and the State of New York for the construction by the Port Authority of the World Trade Center memorial and cultural project. The World Trade Center Memorial Plaza opened for public access on September 11, 2011. The Museum opened to the public on May 21, 2014.

The Performing Arts Center at the World Trade Center

On February 15, 2018, the Board of Commissioners authorized the Executive Director of the Port Authority to enter into a lease with The World Trade Center Performing Arts Center, Inc., d/b/a The Performing Arts Center at the World Trade Center ("WTC PAC"), providing for the construction and operation of a world-class performing arts center for an initial term of 99 years, with an option to extend the term for an additional 99 years. Under the lease authorized by the Board of Commissioners, WTC PAC is responsible for the construction of the performing arts center, while the Port Authority is responsible for the construction of certain below grade improvements and infrastructure. Upon execution of the lease on March 19, 2018, WTC PAC paid the Port Authority a one-time payment of \$48 million for below-grade improvements constructed by the Port Authority, consistent with the terms of the February 2018 Board of Commissioners authorization.

Newark Legal and Communications Center

The Newark Legal and Communications Center Urban Renewal Corporation ("NLCCURC") was formed in 1988 by the Port Authority to effectuate the development and construction of a legal and communications center and its related infrastructure in Newark, N.J., adjacent to Pennsylvania Station and the PATH terminus (the "Newark Legal and Communications Center").

On December 21, 2001, the NLCCURC entered into a net lease with respect to the Newark Legal and Communications Center with Matrix One Riverfront Plaza LLC ("Matrix"). The net lease is for a term of 50 years, with four 10-year renewal options and one 8-year 11-month 28-day renewal option. During the term of the net lease, the net lessee will pay to the NLCCURC, in addition to a \$36 million payment made upon the commencement of the net lease, (i) base rent, the amount of which is graduated upward in 5-year

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bands over the term of the net lease, starting at approximately \$1.58 million annually, and (ii) the amount, if any, by which 10% of the net operating income, as defined in the net lease, for such year exceeds the base rent payable in such year. On December 4, 2013, after determining that the Newark Legal and Communications Center was no longer required for the purposes for which it was acquired, the Board of Directors of the NLCCURC authorized the President of the NLCCURC to enter into an agreement providing for the phased transfer of the NLCCURC's interests in the Newark Legal and Communications Center to Matrix Affiliate, LLC, an affiliate of Matrix, in exchange for a total aggregate payment of approximately \$42 million, subject to certain adjustments.

The Commissioners of the Port Authority serve as the Directors of the NLCCURC, and Richard Cotton is its President.

Marine Terminals

The Port Authority owns or leases six marine terminal facilities to serve the Port District. The Port Authority's revenues from the marine terminal facilities come primarily from fixed lease agreements and are therefore partially insulated from fluctuations in activity levels at these facilities. On July 9, 2019, the Port Authority announced a comprehensive 30-year plan (the "Port Master Plan 2050") that lays out a flexible roadmap to inform planning and development priorities at the Port Authority's marine terminal facilities. The Port Master Plan 2050 focuses on five guiding principles: (i) ensuring sustainability and resiliency in all operations and future developments; (ii) promoting regional economic generation; (iii) establishing state of the art facilities; (iv) providing a platform for partnership for all local stakeholders; and (v) shaping future growth of the region. The Port Authority will begin implementing key findings and recommendations in the second half of 2019, including a series of further studies, analysis and design work. Specific short- and long-term actions proposed for the Port Authority's marine terminals include a navigation improvement study, evaluation of the utility infrastructure with subsequent enhancements and an evaluation of the location of certain support facilities to help optimize their location.

On June 17, 2019, the Port Authority announced the completion of the ExpressRail Port Jersey facility, operated by GCT Bayonne – the final piece of the Port of New York and New Jersey's intermodal rail network spanning facilities in Elizabeth, Newark, and Staten Island. The ExpressRail facilities were designed to reduce the Port's historical heavy reliance on trucks to transport cargo and expands its geographic cargo reach to inland hubs. The ExpressRail facilities connect to CSX and Norfolk Southern's extensive rail network, allowing shippers to efficiently and seamlessly transfer their cargo from ship to rail and reach key inland markets in the Midwest, New England, Eastern Canada and elsewhere in a timely, efficient and environmentally friendly manner.

Port Newark

Port Newark is a waterfront terminal development located on Newark Bay comprised of approximately 930 acres adjacent to Newark Airport. The marine terminal includes wharves, deep water ship berths, container cranes, transit sheds, open storage areas, buildings, roadways and railroad trackage.

The marine terminal was first developed by the City of Newark and, together with Newark Airport, has been leased by the City to the Port Authority since March 22, 1948. An adjacent former United States Naval Industrial Reserve Shipyard was acquired by the Port Authority in 1963 and is included in the leasehold. The Port Authority has also developed the south side of Port Newark along a new channel which adjoins the Elizabeth-Port Authority Marine Terminal.

On October 31, 2002, the Port Authority and the City of Newark entered into agreements pertaining to Newark Airport and Port Newark, providing, in part, for an extension of the expiration date of the lease for each facility from December 31, 2031 to December 31, 2065, with a combined base rental to be paid

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with respect to both facilities commencing as of January 1, 2002. These agreements are described at “*Newark Liberty International Airport*.”

Elizabeth-Port Authority Marine Terminal

The Elizabeth-Port Authority Marine Terminal occupies approximately 1,257 acres on Newark Bay in Elizabeth, N.J. The south side of Port Newark and the Elizabeth-Port Authority Marine Terminal are jointly served by a channel along the boundary between the two facilities. Container cranes and fully equipped vessel berths situated on the Elizabeth Channel and Newark Bay provide modern, efficient facilities for shipping lines and export-import shippers. Within the terminal are cargo distribution buildings with approximately 1.2 million square feet of space, and ancillary and miscellaneous service structures. The terminal is served by CSX Transportation Inc. and Norfolk Southern Railway Company which offer ship-to-rail transfer at the 70-acre ExpressRail Elizabeth terminal.

A foreign-trade zone (Foreign-Trade Zone 49) has been established by the United States Department of Commerce and presently includes, in addition to other sites and sub-zones in New Jersey, all of the Port Newark/Elizabeth-Port Authority Marine Terminal complex, the Port Authority Industrial Park at Elizabeth and the Port Jersey-Port Authority Marine Terminal.

Greenville Yard-Port Authority Marine Terminal

The Greenville Yard-Port Authority Marine Terminal is located in Jersey City, N.J., adjacent to the Port Jersey-Port Authority Marine Terminal. The facility currently occupies approximately 32 acres of land and pier area, in addition to riparian land. Approximately 5 acres of this facility are occupied by a single private tenant using this facility for the storage of barges and dredging equipment. The remaining 27 acres, along with certain riparian rights, are leased by New York New Jersey Rail, LLC (see “*Railroad Freight—New York New Jersey Rail, LLC*” in this Section II) from the Consolidated Rail Corporation (“Conrail”) for cross-harbor rail freight operations. On September 17, 2014, the Board of Commissioners authorized a program to provide for the redevelopment of the Greenville Yard-Port Authority Marine Terminal into a modern, multi-modal freight rail terminal, at a total estimated cost of \$356 million, with funding to be provided by the Port Authority, Conrail and Global Container Terminals Inc. (“Global”). The redevelopment program includes the construction of an Intermodal Container Transfer Facility known as ExpressRail Port Jersey that was completed in June 2019 and provides capacity for an additional 250,000 container lifts per year to the Port Authority’s ExpressRail System. ExpressRail Port Jersey consists of eight tracks for loading and unloading of cargo that connect to two lead tracks to and from the main freight rail network. In addition, the Port Authority is constructing two new carfloats (rail barges) and a new transfer bridge to improve efficiency and capacity of the cross-harbor rail freight system.

Port Jersey-Port Authority Marine Terminal

The Port Jersey-Port Authority Marine Terminal is located on 388 acres (including the acreage described below that was acquired, respectively, in June 2010 and August 2010) on the Port Jersey Channel in Bayonne and Jersey City, N.J., and supports broad based marine terminal uses including a container terminal, dry dock, cruise terminal, and warehouse operations.

On June 23, 2010, the Port Authority acquired approximately 100 acres of property from Global, which was contiguous to the original facility and has been incorporated into the expanded facility. The Port Authority then entered into a 37-year lease with Global which, among other things, provides up to \$150,000,000 to Global for certain terminal capital improvements, including facility expansion, and up to \$7,500,000 to Global for the permitting, mitigation and development of a wetlands area within the leased property. The improvements undertaken pursuant to the lease have transformed the site into a modern, high density and semi-automated container terminal facility.

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On August 3, 2010, the Port Authority acquired approximately 131 acres of the former Military Ocean Terminal at Bayonne and certain riparian rights from the Bayonne Local Redevelopment Authority. This property which is comprised of three parcels on the southern side of the peninsula was incorporated into the facility and will eventually be redeveloped. The Port Authority and LEG-BP Bayonne Owner LLC (“LEG-BP”) have entered into an agreement dated December 19, 2018 to exchange 9.78 acres of Port Authority owned property for 17.29 acres of LEG-BP property, along with cooperative covenants to address access and maintenance of shared roadways and related infrastructure, which will serve to consolidate the Port Authority’s property interests on the peninsula.

Brooklyn-Port Authority Marine Terminal

The Brooklyn-Port Authority Marine Terminal currently extends from Pier 7 at Atlantic Avenue to Pier 12 and includes the Atlantic Basin with waterfront access along the Buttermilk and East River Channels, and together with the Red Hook Container Terminal described below, includes approximately 122 acres, of which approximately 23 acres is pier shed space. Piers 11 and 12 are leased by the Port Authority to the New York City Economic Development Corporation (“NYCEDC”) for a term expiring on December 31, 2029, with the Port Authority and NYCEDC having certain options to extend the lease through 2058. The Brooklyn Cruise Terminal is located at Pier 12.

On December 18, 1979, the Port Authority entered into an agreement with the City of New York and the State of New York for construction and operation of a container terminal (the “Red Hook Container Terminal”) comprised of a portion of the existing Brooklyn-Port Authority Marine Terminal and approximately 10 acres of land adjacent to the facility. Under the agreement, the Port Authority is responsible for operating the Red Hook Container Terminal for a term expiring in 2036. The Red Hook Container Terminal was later expanded to include utilization of a 20-acre portion of the Brooklyn-Port Authority Marine Terminal including Piers 9A and 9B and related upland area as well as approximately 10 additional acres provided by the City of New York. The construction of a berth extension and the performance of certain terminal improvements at the Red Hook Container Terminal has been allocated against moneys made available through the Regional Economic Development Program (see Note H (Regional Facilities and Programs) in Appendix A hereto). A private terminal operator now manages a portion of the container terminal pursuant to an operating agreement with a base expiring on September 30, 2023. This agreement covers the 66 acres of the Red Hook Container Terminal as well as 30 acres at Port Newark which supports a container-on-barge service between the two locations.

Under the terms of the December 1979 agreement, provision was made for an annual payment of \$400,000 to the Port Authority after payment of annual operating expenses and a \$100,000 annual payment to the City of New York. Under a supplemental agreement, effective in September 1986, relating to the 10 additional acres provided by the City of New York, the payment provisions of the initial agreement were revised to provide that effective upon completion of construction, net revenues after payment of annual operating expenses are to be shared equally by the Port Authority and the City of New York.

Howland Hook Marine Terminal

The Howland Hook Marine Terminal, in Staten Island, N.Y., is leased to the Port Authority by the City of New York for a term expiring in 2058. This facility presently occupies 311 acres, 124 of which were acquired by the Port Authority on December 28, 2000 at a cost of \$47,000,000 (the “124-acre parcel”). Effective June 30, 1995, the Port Authority and a marine terminal operator entered into a lease for the original 187 acres at this facility for a term expiring on December 31, 2019. Such lease was amended as of January 1, 2013 to, among other things, (i) extend the term of the lease through December 31, 2029, and (ii) provide certain credits, allowances and reimbursements to the marine terminal operator, including a credit for each drayage related movement handled at the Howland Hook Marine Terminal that transits Port Authority Staten Island crossings.

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Effective as of June 11, 2004, the Port Authority entered into an agreement with NYCEDC to provide funding, in the amount of approximately \$32 million, for the construction of certain rail facilities necessary to provide for the restoration of rail service to the Howland Hook Marine Terminal. Regular rail service is provided between this facility and the national rail system through interchanges constructed by the Port Authority at the Chemical Coast rail freight line in the vicinity of Elizabeth, N.J. (“ExpressRail Staten Island”). The ExpressRail Staten Island facility is located on a portion of the 124-acre parcel, and is currently operated by the marine terminal operator under an agreement that expires on December 31, 2029.

As part of the effectuation of such rail freight services, effective August 1, 2003, the Port Authority and the New Jersey Department of Transportation entered into an agreement providing for the Port Authority to lease (for a term of 50 years with one 49-year 11-month renewal option) certain parcels of railroad property located in Union County, N.J., with the Port Authority to assume certain maintenance obligations for the leased trackage during the term of the lease. The agreement effectuates the ability for Conrail to provide rail service to and from Howland Hook.

Additionally, on September 9, 2003, the Port Authority, the New York and New Jersey Railroad Corporation (see “*Railroad Freight—New York and New Jersey Railroad Corporation*” in this Section II) and the City of Elizabeth entered into certain agreements, which provided, among other items, for the Port Authority to reimburse the City of Elizabeth for up to \$15 million of its costs related to the design and construction of a stand-by emergency response facility in the City of Elizabeth, and for the Port Authority to make certain payments-in-lieu-of-taxes to the City of Elizabeth for property in Elizabeth, N.J., which was acquired in September 2002, at an aggregate cost of approximately \$3.3 million, by the Port Authority, in order to facilitate the construction of the Chemical Coast rail freight line interchanges.

Waterfront Development

Pursuant to legislation enacted in 1984 by the States of New York and New Jersey, the Port Authority is authorized to participate, in conjunction with affected municipalities, in effectuating certain mixed-use waterfront development projects in each of the States, initially, at a legislatively designated site in the City of Hoboken, N.J., and a legislatively designated site in the Hunters Point section of Long Island City in the Borough of Queens in New York City. The Port Authority may undertake such mixed-use waterfront development projects, including site preparation and other work necessary for the effectuation of the overall development program and to facilitate private sector investment in connection therewith, consistent with agreements with the holders of Consolidated Bonds, including those pertaining to the financing of additional facilities.

Hoboken South Waterfront Development Facility

On August 16, 1995, the Port Authority and the City of Hoboken entered into a municipal development agreement with respect to the development of a mixed-use waterfront development project at the legislatively designated site in the City of Hoboken. On November 30, 2000, the Board of Commissioners authorized an increase in the Port Authority’s commitment with respect to this facility, bringing the Port Authority’s total commitment to \$128,000,000 for this facility.

Queens West Waterfront Development Facility

In October 1992, the Port Authority, the Empire State Development Corporation (“ESDC”), the City of New York, and NYCEDC entered into a municipal agreement with respect to the development of a mixed-use waterfront development project at the legislatively designated Hunters Point site (the “Municipal Agreement”). On November 30, 2000, the Board of Commissioners authorized an increase in the Port Authority’s commitments with respect to this facility, bringing the Port Authority’s total commitment to \$190,000,000 for this facility.

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On October 19, 2006, the Board of Commissioners authorized the sale to the City of New York, or a local development corporation designated by the City, of approximately 24 acres of Port Authority-owned property in the southern portion of the Queens West Waterfront Development site, after determining that this property was no longer required for the purposes for which it was acquired. The Port Authority and NYCEDC entered into a Contract of Sale dated December 12, 2007, providing for the sale of this property for a purchase price equal to \$100 million plus the amounts spent by the Port Authority with respect to the property between October 19, 2006 and the closing of the sale. On March 26, 2009, the Board of Commissioners authorized the amendment of the Contract of Sale to provide for the offset of a \$100 million portion of the purchase price for this property against the Port Authority's commitment to fund certain projects in the Borough of Queens (see "Air Terminals—*Certain Information with Respect to the Lease Relating to the New York City Airports and Other Related Matters*" in this Section II). On May 20, 2009, this property was sold to NYCEDC as assignee of the City.

Railroad Freight

New York and New Jersey Railroad Corporation

On April 30, 1998, the New York and New Jersey Railroad Corporation was established as a wholly owned entity of the Port Authority to effectuate rail freight projects, including rail freight access to marine terminal facilities. Rail freight services are provided between the Howland Hook Marine Terminal in Staten Island, N.Y., and the national rail system through interchanges that were constructed by the Port Authority at Conrail's Chemical Coast rail freight line in the vicinity of Elizabeth, N.J. (See "*Marine Terminals—Howland Hook Marine Terminal*" in this Section II.) The Commissioners of the Port Authority serve as the Directors of the New York and New Jersey Railroad Corporation, and Richard Cotton is its President.

New York New Jersey Rail, LLC

On September 18, 2008, the Port Authority acquired from Mid-Atlantic New England Rail, LLC 100% of the membership interests in New York New Jersey Rail, LLC ("NYNJ Rail"). NYNJ Rail is part of the National Railroad System and holds a Surface Transportation Board Certificate of Convenience and Necessity for the movement of freight by rail and rail barge across New York Harbor, by means of float bridges located at Greenville Yard, Jersey City, N.J. and 65th Street Rail Yard in Brooklyn, N.Y. NYNJ Rail operates the only rail car float in the New York Harbor, providing a link for the movement of freight in and out of the New York City market. NYNJ Rail also currently leases approximately 27 acres of the Conrail's property in Jersey City, N.J., which is now a part of the Greenville Yard-Port Authority Marine Terminal and which functions as an interchange facility for freight to and from the National Railroad System.

On December 29, 2010, NYNJ Rail acquired certain assets of the Port Jersey Railroad Company, a New Jersey corporation ("PJRC"), including (among other things) approximately 6 acres of land in Jersey City, N.J.; all of PJRC's interests in certain railroad easements; the railroad tracks and switches located on such land and such easements; and the right (subject to appropriate governmental approvals) to operate a short-line railroad over such tracks, servicing several warehouses in an area adjacent to the Port Jersey-Port Authority Marine Terminal and the Greenville Yard-Port Authority Marine Terminal. The acquisition of such assets will facilitate the movement of shipping containers between the Port Jersey-Port Authority Marine Terminal and the Greenville Yard-Port Authority Marine Terminal.

Industrial Development

In 1978, in recognition of the loss of manufacturing jobs and plants in the Port District and its serious negative impact on the regional economy, the Port Authority was authorized by the States of New York and New Jersey to undertake a program of industrial development, including the construction and operation

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of industrial parks in the inner cities of the Port District. In March 1981, the Board of Commissioners authorized three initial industrial development projects, to be located in Elizabeth, N.J., in the Howland Hook section of Staten Island, N.Y., and in the Bathgate section of the Bronx, N.Y. The site in the Howland Hook section of Staten Island is presently part of the Howland Hook Marine Terminal. The development by the Port Authority of specific industrial development projects requires appropriate authorizations and certifications by the Board of Commissioners.

Bathgate Industrial Park

On February 22, 1982, the Port Authority, the City of New York and the New York City Public Development Corporation (“PDC”) (now known as NYCEDC), entered into an agreement for the development of the project on land owned by PDC in the Bronx, N.Y. A portion of the Port Authority’s capital costs with respect to this facility have been reimbursed by PDC. The agreement extends until October 19, 2020, with an option for the Port Authority to renew under the same terms for an additional 10-year period. The agreement provides for the Port Authority to lease up to seven blocks of the initial eight-block portion of the project from PDC, with the Port Authority to pay an annual land rental based on a percentage of the assessed value of each block and to construct manufacturing buildings for sale or lease, paying 50 percent of the net annual revenues to PDC.

The initial eight-block portion of the project presently includes nine buildings. These buildings are leased to various tenants involved in light manufacturing, distribution and institutional use under leases expiring generally in 2020.

Port Authority Industrial Park at Elizabeth

The Port Authority Industrial Park at Elizabeth consists of a 12-acre site (which is a former landfill) in the City of Elizabeth, N.J., located at the southern end of the Port Newark/Elizabeth-Port Authority Marine Terminal complex, and is leased to private tenants.

Teleport

The Teleport, originally designed and operated as a regional satellite communications center, is located in a portion of New York City’s Staten Island Industrial Park and was leased to the Port Authority by the City of New York in June 1984 for a term ending in May 2024. The lease is administered by NYCEDC on behalf of the City of New York. The Teleport has evolved over the years from a primarily exclusive data center environment to that of a mixed-use industrial park, consisting of data centers and support operations, commercial office space, and educational facilities. The Teleport’s fiber optic network was specifically designed for office space at the Teleport, and includes a link to the World Trade Center site.

On February 24, 2017, the Port Authority and NYCEDC entered into an agreement to amend the Port Authority’s lease with the City of New York to provide for the surrender of an approximately nine-acre portion of the 100-acre leasehold, for the purpose of a sale to a developer, and to divide the proceeds of the sale evenly between the Port Authority and NYCEDC. On July 27, 2017, the Port Authority’s lease with the City of New York was so amended and the surrendered portion of land was sold.

Essex County Resource Recovery Facility

The Essex County Resource Recovery Facility is a mass burn waste-to-energy plant in the City of Newark, N.J., constructed and operated by a private full-service vendor pursuant to a lease agreement and a service agreement with the Port Authority. The lease agreement expires December 31, 2032, and automatically renews for four five-year periods, unless the lessee elects not to renew. The service

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agreement expires December 31, 2032. The private full-service vendor is responsible for all capital and operating expense liability at the plant.

Certain environmental matters with respect to the condition of the site, the operation of the plant by the private full-service vendor or the composition of solid waste delivered to the plant, the liability or cost for which is presently uninsurable and not amenable to guaranteed limitation, may give rise to costs to the Port Authority. On August 13, 2004, the EPA advised the private full-service vendor that the EPA deems the full-service vendor to be a “potentially responsible party” (under CERCLA) that may be jointly and severally liable for the EPA’s clean-up costs at the Diamond Alkali Superfund Site, in Newark, N.J. On September 1, 2004, the full-service vendor requested indemnification from the Port Authority under certain agreements entered into between the Port Authority and the full-service vendor.

Pre-development Site Acquisition Program

On October 11, 1984, the Board of Commissioners established the Pre-development Site Acquisition Program, a centralized program of up to \$75,000,000 at any one time through which the Port Authority may acquire real property in connection with the development of additional facilities prior to the actual formal certification of these facilities.

Appropriate approvals would be obtained prior to the purchase of any property intended to form a part of this facility. As a project is formally certified as an additional facility, the real property attributable to such additional facility (including the costs associated with the acquisition of such real property) would be transferred to the newly-certified additional facility and the amounts available under this facility would be recalculated, as appropriate.

Regional Development

From time to time, at the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority’s overall financial capacity. The Port Authority does not expect to derive any revenues from such regional development facilities. See Note H (Regional Facilities and Programs) in Appendix A hereto. In the Port Authority’s 2017-2026 Capital Plan (see “*2017-2026 Capital Plan*” in this Section II), the Port Authority has included \$250 million for such projects, which includes, among other things, \$150 million for the Moynihan Station Transportation Program (see “*Moynihan Station Transportation Program*” below).

Moynihan Station Transportation Program

On September 22, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority, to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York, acting through New York State Urban Development Corporation d/b/a Empire State Development and/or its subsidiary Moynihan Station Development Corporation (“MSDC”), to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building (together with its Western Annex, the “Farley Building”) into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. On February 16, 2017, the Board of Commissioners certified the Moynihan Station Transportation Program as an additional facility of the Port Authority in an aggregate amount not to exceed \$150 million, and authorized the issuance of Consolidated Bonds for purposes which include capital expenditures in connection with the Moynihan Station Transportation Program. The final installment of the \$150 million

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was paid in July 2018. The Port Authority has also entered into an agreement with MSDC to provide certain consulting and management services in connection with the Phase II redevelopment.

The Gateway Program

The Gateway Program is a multi-phase project to improve rail transportation infrastructure between Newark Penn Station and New York Penn Station (the “NJNY Rail Segment”). The NJNY Rail Segment is capacity-constrained, aging and prone to chronic breakdowns, causing train delays and cancellations on a critical stretch of track used by New York and New Jersey commuters and Amtrak customers.

The first phase of the Gateway Program includes two important projects being organized by the States of New York and New Jersey with NJ Transit, Amtrak, the Gateway Program Development Corporation (“GDC”) and the Port Authority: (i) replacement of a swing bridge over the Hackensack River in New Jersey which, after opening for shipping traffic, sometimes fails to close, bringing rail transit to a halt (the “Portal North Bridge Project”) and (ii) construction of a new trans-Hudson tunnel, including a concrete casing at the Hudson Yards project on Manhattan’s west side, and rehabilitation of the existing trans-Hudson tunnel, flooded during Superstorm Sandy in 2012 (the “Hudson Tunnel Project,” and with the Portal North Bridge Project, the “Projects”).

The Hudson Tunnel Project has undergone substantial review under the National Environmental Policy Act (“NEPA”), with a Final Environmental Impact Statement (“FEIS”) and NEPA Record of Decision pending release by the U.S. Department of Transportation. The NEPA Record of Decision for the Portal North Bridge Project was issued in 2017. In addition, in 2016, the Federal Transit Administration (“FTA”) approved the Projects for entry into the project development phase of the Capital Improvement Grant (“CIG”) Program, permitting incurrence of costs related to environmental review and engineering and design activities prior to receiving a full funding grant agreement. A second phase of review for each Project, an engineering phase of review, must follow before a full funding grant agreement can be obtained.

NJ Transit is the CIG applicant and NEPA project sponsor for the Portal North Bridge Project. In June 2018, the Port Authority provided the FTA with a progress report on the Hudson Tunnel Project which, among other things, identified the Port Authority as the CIG applicant and NEPA project sponsor for the Hudson Tunnel Project, but highlighted that GDC was established to serve a lead role in the financing and development of the Hudson Tunnel Project and that the parties intend for GDC to carry out the role of federal grant and loan applicant and NEPA project sponsor for the Hudson Tunnel Project. Legislation has been enacted by New York and New Jersey that creates a new bi-state commission to be known as the “Gateway Development Commission” to coordinate construction of a new trans-Hudson train tunnel and rehabilitation of the existing train tunnels used by Amtrak’s Northeast Corridor service and the NJ Transit commuter rail operations and which, among other things, establishes that the Gateway Development Commission is authorized to apply for and accept federal funds for the Gateway Program.

The 2017-2026 Capital Plan includes Port Authority support of debt service payments on up to an aggregate amount of \$2.7 billion of low-cost borrowing for the Gateway Program, subject to facility certification (see “2017-2026 Capital Plan” in this Section II). The 2017-2026 Capital Plan states that “[t]he Port Authority’s commitment is capped at the agreed principal amount and [the Port Authority] will not be the primary obligor, nor will it be liable for any construction completion, cost overrun or project funding risk.”

On March 24, 2016, the Board of Commissioners authorized the Executive Director to enter into an agreement with Amtrak to reimburse Amtrak for up to \$35 million of preliminary engineering and planning costs incurred by Amtrak for design, development and construction of the Hudson Tunnel Project and to advance environmental review and permitting for the Hudson Tunnel Project.

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On February 15, 2018, the Board of Commissioners authorized up to an additional \$44 million for the Gateway Program, consisting of: (i) up to approximately \$12.5 million for the potential relocation of certain facilities in connection with the construction of the Hudson Yards concrete casing and (ii) up to approximately \$31.5 million for GDC's program management expenses for the first phase of the Gateway Program and for GDC's operations to be used prior to December 31, 2021, which shall be provided by agreement, through contracted services on behalf of GDC, or through the provision of staff and in-kind support, exclusive of any expenditures or allocations in support of GDC as authorized by prior Board actions, conditional upon a commitment of like funds by Amtrak.

On February 15, 2018 the Board of Commissioners certified (i) the up to \$35 million in funds authorized by the Board in March 2016 described above, and (ii) the up to \$44 million in funds authorized by the Board in February 2018 (collectively, the "Gateway Early Work Program"), as an additional facility of the Port Authority, and authorized the Executive Director or Chief Financial Officer of the Port Authority to reaffirm the certification at the time of issuance of the first series of Consolidated Bonds for purposes which include capital expenditures in connection with the Gateway Early Work Program, provided that there is no substantial adverse change in the economic basis for the certification, and further authorized the issuance of Consolidated Bonds for purposes which include capital expenditures in connection with the Gateway Early Work Program.

On June 28, 2018, in recognition of NJ Transit's increased commitment to the Portal North Bridge Project, the Board of Commissioners determined that a Port Authority commitment to the Portal North Bridge Project (previously authorized by the Board of Commissioners on October 20, 2016) would be reallocated to the Hudson Tunnel Project. The Port Authority's reallocated commitment is subject to future authorization by the Board, and limits the Port Authority's participation to making payments on scheduled annual debt service (principal and interest) on federal loans in an aggregate principal amount equal to \$284 million. The Port Authority's 2017-2026 Capital Plan states that the Port Authority's commitment is capped at the agreed principal amount and provides that the Port Authority will not be the primary obligor, nor will it be liable for any construction completion, cost overrun or project funding risk. The Board reaffirmed that, giving effect to the reallocation of the Port Authority's Portal North Bridge Project commitment to the Hudson Tunnel Project, the Port Authority's total capital support for the Gateway Program remains \$2.7 billion as set forth in the Port Authority's 2017-2026 Capital Plan.

Port Authority participation in the Gateway Program (other than the Gateway Early Work Program which was certified by the Board of Commissioners as described above) is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. The 2017-2026 Capital Plan will be monitored and reassessed on a regular basis to determine capacity for the projects listed therein (see "*Additional Facilities, Capital Improvements and Certain Programs—Certification in Connection with Additional Facilities*" and "*2017-2026 Capital Plan*" in this Section II).

Additional Facilities, Capital Improvements and Certain Programs

The Port Authority is now engaged in providing various capital improvements to certain of its existing facilities and has undertaken studies for other such improvements and for other new construction and acquisitions, which are expected to require the issuance of obligations in addition to the Bonds or the provision of other capital funds by the Port Authority from time to time. These include, but are not limited to, improvements and construction outlined herein, and in some cases are in fulfillment of contractual commitments assumed by the Port Authority in leases and other agreements or are undertaken pursuant to existing legislation at the request of the two States. The estimated costs of improvements to Port Authority facilities have been revised from time to time to reflect cost increases attributable to, among other factors, lengthy strikes and other unforeseen construction delays, extraordinary inflationary increases in the cost of labor and materials, unanticipated claims by contractors, changes in project specifications and resolution of

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environmental matters and associated proceedings which arise during the course of construction, including those related to channel improvements and dredging. No attempt is made to enumerate all such improvements or projects under study by the Port Authority at the present time.

Certification in Connection with Additional Facilities

Agreements between the Port Authority and holders of currently outstanding Consolidated Bonds impose certain requirements on the Port Authority relative to the financing of any additional facility for the first time by Consolidated Bonds or other bonds sharing in the pledge of the General Reserve Fund. Before the Port Authority can issue any such obligations for purposes in connection with such an additional facility, it must first certify its opinion that such issuance will not, during a specified period, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds. Unless and until, having first made such certification, the Port Authority does in fact issue Consolidated Bonds or other bonds secured by the General Reserve Fund for purposes in connection with such an additional facility, neither the General Reserve Fund nor the Consolidated Bond Reserve Fund may be applied for purposes in connection with such additional facility.

Certain Additional Projects Under Study

The Port Authority presently has under study a number of additional projects or facilities. As stated above, no attempt is made to enumerate all projects under study by the Port Authority at the present time. The Port Authority is presently participating in evaluating certain projects or facilities under study with appropriate government officials and agencies in both States. In order for the Port Authority to undertake certain additional projects or facilities under study, in addition to authorization by the Board of Commissioners, appropriate legislation may be required and such projects could, if undertaken, involve capital expenditures by the Port Authority. Furthermore, in the case of additional facilities, no Port Authority capital funds are committed to capital projects without appropriate certifications and authorizations.

The Fund for Regional Development Buy-Out Obligation

In 1983, the Fund for Regional Development was established to sublease space in the World Trade Center previously held by the State of New York as tenant. The agreement among the States of New York and New Jersey and the Port Authority, which established the Fund for Regional Development, provided that net revenues from the subleasing of such space were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of the States of New York and New Jersey. The assets, liabilities, revenues, expenses and reserves of the Fund for Regional Development were not consolidated with those of the Port Authority. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund for Regional Development. In consideration of the transfer of the interest of the Fund for Regional Development in such subleased space in the World Trade Center, the Port Authority agreed to make a series of 59 semiannual payments to the States of New York and New Jersey beginning in March 1992 and ending in 2021 (see also Note D (Outstanding Obligations and Financing)-subsection E (Fund for Regional Development Buy-Out Obligation) in Appendix A hereto). Such payments are payable in the same manner and out of the same revenues as operating expenses of the Port Authority. Pursuant to the terms of such 1990 agreement, effective March 1, 2004, the State of New York and the Empire State Development Corporation entered into an agreement providing, among other things, for the assignment to the Empire State Development Corporation of all rights to the March 1, 2004 payment and all subsequent semiannual payments to be made to the State of New York under such 1990 agreement. The cost to the Port Authority in connection with the termination of the Fund for Regional Development was approximately \$430,500,000, which included the net present value of the payments to the States of New

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

York and New Jersey of \$326,000,000, the assumption of the Fund for Regional Development's net liabilities of \$101,000,000 and additional liabilities of \$3,500,000 to the State of New York as a result of the termination agreement.

Channel Improvement Projects

Under a program authorized in 1996 by the Board of Commissioners, the Port Authority and the States of New York and New Jersey are engaged in a comprehensive dredging and disposal plan extending through the year 2025 for the Port of New York and New Jersey. The Port Authority has committed approximately \$125 million through June 30, 2019 out of a commitment of up to \$130 million under this program for dredging and related projects pertaining to this plan.

Additionally, since 1986, the United States Army Corps of Engineers ("Corps") has undertaken various channel deepening and selective widening projects. These projects, which have been substantially completed, have resulted in the progressive deepening of the main channels of the New York and New Jersey Harbor from a depth of 35 feet to 50 feet or greater. The Port Authority entered into cost-sharing agreements with the Corps and with certain utility companies with respect to these channel deepening projects. As of June 30, 2019, the Port Authority has provided approximately \$958 million in connection with these projects. The final cost of some elements of the projects remains subject to certification by the Corps.

The channel improvements described above are expected to benefit the Port Authority's marine terminal facilities, enhancing the ability of modern deep-draft containerships to navigate to the Elizabeth-Port Authority Marine Terminal, portions of Port Newark, the Howland Hook Marine Terminal, and the Port Jersey-Port Authority Marine Terminal.

Environmental Sustainability Policy and Initiatives

On October 25, 2018, as part of its ongoing commitment to sustainability, the Board of Commissioners authorized the Port Authority to formally embrace the Paris Climate Agreement established by the United Nations Framework Convention on Climate Change in December 2015, and set an aggressive goal to reduce its own greenhouse gas emissions by 35 percent by 2025 and to reduce all emissions associated with its facilities 80 percent by 2050. The Port Authority maintains a comprehensive climate action plan which includes sustainability and energy-related programs to curb its emissions and, in addition, announced a battery of other concrete initiatives, including energy conservation, on-site renewable energy, vehicle electrification, and contribution to regional electric grid decarbonization, to enable the Port Authority to reach these goals.

As directed by the Board of Commissioners in the October 25, 2018 resolution, the Port Authority continues to work collaboratively with its tenants and stakeholders to identify ways of reducing GHG emissions arising from carbon-intensive aviation, shipping, and heavy transportation sectors. For example, the Port Authority is (i) requiring conversion of conventional airport ground service equipment to electric models, (ii) building out public electric vehicle charging infrastructure at its facilities to support broad adoption of electric vehicles, and (iii) exploring the use of renewable and bio-based liquid fuels in its fleets and, in collaboration with stakeholders, for use in heavy-duty vehicles and aircraft.

To further enhance collaboration on climate action, the Port Authority is an active member of regional and international collaborative efforts to improve climate resilience and reduce GHG emissions in relevant transportation sectors, including the World Ports Climate Action Program, the National Renewable Energy Laboratory Airport Consortium, the Climate Group's EV100, and below50. The Port Authority maintains an annual GHG and Criteria Air Pollutant (CAP) inventory, and discloses its annual inventories along with climate risks, opportunities, actions and progress via the Carbon Disclosure Project (CDP). The Port

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Authority has been recognized by the Airports Council International (“ACI”) with all five of the Port Authority airports obtaining level 3 Airport Carbon Accreditation (“ACA”). This annual award acknowledges the Port Authority’s efforts to cut GHG emissions at its airports and develop effective stakeholder engagement with tenants and customers leading to further reductions in emissions. The accreditation by ACI is overseen by an independent advisory board and is the only globally recognized environmental standard for airports. Level 3 is the highest rating possible through direct airport efforts, short of actually achieving carbon neutrality via offset purchases.

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

Information on Capital Investment in Certain Port Authority Facilities

	Facilities, net Dec. 31, 2018	Capital Investment ^(a)	Depreciation	Dispositions	Facilities, net Jun. 30, 2019
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	\$ 1,214,359	\$ 82,328	\$ 23,022	\$ -	\$ 1,273,665
Holland Tunnel	467,418	20,940	10,549	-	477,809
Lincoln Tunnel	1,572,716	113,468	36,981	-	1,649,203
Bayonne Bridge	1,546,969	77,131	15,464	-	1,608,636
Goethals Bridge	1,526,944	15,239	19,878	-	1,522,305
Outerbridge Crossing	96,616	31,819	2,739	-	125,696
Port Authority Bus Terminal	540,314	33,063	13,816	-	559,561
Subtotal - Tunnels, Bridges & Terminals	<u>6,965,336</u>	<u>373,988</u>	<u>122,449</u>	<u>-</u>	<u>7,216,875</u>
PATH	2,767,907	169,032	59,998	-	2,876,941
WTC Transportation HUB	3,466,030	10,741	37,518	-	3,439,253
Journal Square Transportation Center	63,961	168	2,621	-	61,508
Subtotal - PATH	<u>6,297,898</u>	<u>179,941</u>	<u>100,137</u>	<u>-</u>	<u>6,377,702</u>
Ferry Transportation	93,183	34	2,675	-	90,542
Access to the Region's Core (ARC)	47,928	-	5,057	-	42,871
Moynihan Station Transportation Program	139,128	-	5,000	-	134,128
Gateway Early Work Program	37,810	2,827	-	-	40,637
Total Interstate Transportation Network	<u>13,581,283</u>	<u>556,790</u>	<u>235,318</u>	<u>-</u>	<u>13,902,755</u>
AVIATION ^(b)					
LaGuardia ^(c)	2,371,721	213,675	50,357	-	2,535,039
JFK International	3,531,378	137,434	100,847	-	3,567,965
Newark Liberty International	2,680,366	291,773	72,780	-	2,899,359
Teterboro	214,166	9,542	7,178	-	216,530
New York Stewart International	149,393	3,150	4,684	-	147,859
Total Aviation	<u>8,947,024</u>	<u>655,574</u>	<u>235,846</u>	<u>-</u>	<u>9,366,752</u>
PORT					
Port Newark	807,699	7,305	17,123	-	797,881
Elizabeth Port Authority Marine Terminal	970,396	1,469	15,697	-	956,168
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	73,469	2,804	978	-	75,295
Howland Hook Marine Terminal	465,315	10,074	8,211	-	467,178
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	140,594	15,914	524	-	155,984
Port Jersey-Port Authority Marine Terminal	464,201	13,575	5,199	-	472,577
Total Port	<u>2,921,674</u>	<u>51,141</u>	<u>47,732</u>	<u>-</u>	<u>2,925,083</u>
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	5,287	-	125	-	5,162
Bathgate Industrial Park	3,359	-	1,065	-	2,294
Teleport	8,163	119	1,100	-	7,182
Queens West Waterfront Development	84,196	-	288	-	83,908
Hoboken South Waterfront Development	61,141	-	1,257	-	59,884
Total Development	<u>167,951</u>	<u>119</u>	<u>3,835</u>	<u>-</u>	<u>164,235</u>
WORLD TRADE CENTER					
WTC Campus ^(c)	3,871,906	75,328	45,967	-	3,901,267
One World Trade Center	3,327,811	12,304	46,916	-	3,293,199
WTC Towers 2, 3 & 4 ^(d)	2,849,822	18,256	38,995	-	2,829,083
WTC Retail	1,732,543	34,991	20,836	-	1,746,698
Total World Trade Center	<u>11,782,082</u>	<u>140,879</u>	<u>152,714</u>	<u>-</u>	<u>11,770,247</u>
FACILITIES, net	\$ 37,400,013	\$ 1,404,503	\$ 675,445	\$ -	\$ 38,129,072
REGIONAL FACILITIES & PROGRAMS	\$ 130,186	\$ -	\$ 19,260	\$ -	\$ 110,926

(a) Capital investment includes contributed capital amounts and write-offs related to capital construction.

(b) Facility capital investment amounts include projects funded with Passenger Facility Charges.

(c) Capital investment includes site infrastructure primarily related to the WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

(d) Includes WTC net lessee required capital contributions related to the construction of WTC Tower 2, 3 and 4.

(e) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$133 million.

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

**Significant Capital Projects*
(as of June 30, 2019)
(Dollars in Millions)**

<u>Facility</u>	<u>Project Name</u>	<u>Current Authorization/ Reauthorization</u>	<u>Quarter of Forecasted Completion</u>	<u>Jun-19 Total Expended</u>	<u>Estimated Final Cost**</u>
AVIATION					
JFK	Replacement of 5KV Feeders	02/2013	Q1 2020	\$29.3	\$47.5
JFK	Replacement of Building 156 (Control Tower) Roofing and HVAC	10/2014	Q1 2022	8.8	49.4
JFK	Preliminary Planning for Airport Redevelopment	12/2018	Q3 2023	70.9	150.0
JFK	Rehabilitation of Runway 13L-31R and Improvements of Associated Infrastructure and Runway Access	09/2018	Q1 2021	78.8	355.0
JFK	Enhancements of Taxiways CA and CB	11/2017	Q3 2021	1.2	62.2
JFK	Replacement of Bergen and Van Wyck Electrical Substations and Switchgears at Central Substation	03/2019	Q2 2028	4.4	182.5
JFK	Replacement of Fire Alarm Systems Phase I	05/2019	Q1 2027	3.3	71.0
JFK/EWR/TEB	Replacement of AOA Light Circuit	11/2016	Q1 2023	46.0	140.2
JFK/LGA/ EWR/SWF	Replacement of Parking Access and Revenue Control Systems	11/2015	Q3 2021	24.2	65.2
LGA	Rehabilitation of Runways 13 & 22 Including Deck Safety Overrun and Associated EMAS	04/2013	Q1 2022	77.1	142.3
LGA	Flood Mitigation and Storm Resiliency	02/2015	Q2 2020	34.0	45.5
LGA	Redevelopment Program - Terminal B Redevelopment	03/2016	Q3 2022	1,720.2	2,881.0
LGA	Redevelopment of Terminals C & D	07/2016	Q3 2026	8.9	600.0
LGA	Preliminary Planning of AirTrain System	11/2017	Q2 2024	30.0	75.0
LGA	Rehabilitation of Runway 4-22 and Associated Taxiways	07/2017	Q2 2021	11.5	54.4
EWR	Preliminary Planning for AirTrain Replacement	04/2015	Q4 2019	20.0	40.0
EWR	Redevelopment of Terminal 1	02/2018	Q3 2023	642.2	2,720.0
EWR	Rehabilitation of Runway 11-29	11/2017	Q1 2020	2.7	39.2
EWR	Terminal 1 Redevelopment Program - South Airfield Paving	12/2017	Q2 2021	17.3	175.0
EWR	Terminal 1 Redevelopment Program - Installation of AirTrain Footing	12/2017	Q1 2021	29.9	75.0
EWR	Terminal 1 Public Parking Facility	07/2018	Q3 2021	18.8	170.0
SWF	New International Arrivals and Federal Inspection Service Facility	10/2018	Q3 2020	6.7	37.0
TEB	Rehabilitation of Runway 6-24	06/2019	Q2 2021	0.7	29.0

* See footnote (*) to this chart.

** Estimated Final Cost based on Board Authorization.

(Significant Capital Projects as of June 30, 2019 continued on next page)

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

<u>Facility</u>	<u>Project Name</u>	<u>Current Authorization/ Reauthorization</u>	<u>Quarter of Forecasted Completion</u>	<u>Jun-19 Total Expended</u>	<u>Estimated Final Cost**</u>
INTERSTATE TRANSPORTATION NETWORK					
HT	Rehabilitation of Electrical and Mechanical Vent System	07/2015	Q1 2020	\$195.5	\$232.0
HT	Replacement of Piers 9/204	12/2016	Q4 2021	74.1	94.6
HT	Latent Salt Damage Repairs and Mitigation Program	02/2018	Q4 2024	17.2	364.2
LT	Access Infrastructure Improvements	03/2011	Q1 2023	1,301.3	1,800.0
BB/GB/GWB	Replacement of Toll Collection System	06/2016	Q2 2021	57.3	170.1
HT/LT/OBX					
GWB	Restoring the George Program - Replacement of Suspender Ropes	03/2014	Q4 2026	188.8	1,030.0
GWB	Restoring the George Program - Replacement of the Palisades Interstate Parkway Helix Ramp	02/2013	Q1 2020	63.9	77.5
GWB	Restoring the George Program - Rehabilitation of Center Ave and Lemoine Ave Bridge	10/2018	Q2 2024	13.3	112.7
GWB	Restoring the George Program - Rehabilitation of Main Span Upper Level Structural Steel - Phase II	04/2017	Q1 2025	3.8	123.8
GB	Construction of Interchange Ramps	07/2013	Q2 2025	4.8	130.0
GB/OBX	Implementation of Cashless Tolling	06/2018	Q1 2020	29.5	52.0
PABT	Preliminary Planning for Terminal Replacement	02/2017	Q4 2019	37.5	70.0
PATH	Signal System Replacement Program	04/2017	Q4 2021	666.2	752.6
PATH	Replacement of Substation #7	07/2017	Q4 2022	27.3	69.8
PATH	Replacement and Upgrade of Harrison Station	03/2012	Q4 2023	195.4	256.2
PATH	Replacement of Exchange Place Escalators	02/2016	Q4 2022	2.6	62.0
PATH	Infrastructure Repairs to Tunnels E and F between Exchange Place and World Trade Center Stations	09/2016	Q4 2022	38.7	400.0
PATH	Construction and Installation of Permanent Flood Protection Measures at HCMF and Tracks G and H	11/2016	Q4 2021	8.1	59.4
PATH	Flood Mitigation and Storm Resilience Protection for Stations Program	09/2018	Q1 2022	12.2	73.1
PATH	Replacement of Substation #8	06/2019	Q4 2023	9.3	72.0
PATH	Preliminary Planning for PATH Rail Extension to Newark Liberty Rail Link Station	04/2017	Q1 2026	28.7	57.0
PATH	Overhaul Program for PA-5 Railcars	12/2017	Q1 2024	11.9	79.5
PATH	Expansion of Railcar Fleet	06/2018	Q1 2023	37.9	216.0
PATH	Replacement of Substation #14	06/2019	Q4 2023	7.0	87.5
PATH	Replacement of Tracks in Open Areas	06/2018	Q2 2022	1.3	67.7
PATH	Restoration of Hoboken, Newport, Exchange Place and Grove Street Stations	09/2018	Q3 2024	2.3	150.0
PATH	Replacement of Substation #2	12/2018	Q4 2024	12.8	216.2

** Estimated Final Cost based on Board Authorization.

(Significant Capital Projects as of June 30, 2019 continued on next page)

DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

<u>Facility</u>	<u>Project Name</u>	<u>Current Authorization/ Reauthorization</u>	<u>Quarter of Forecasted Completion</u>	<u>Jun-19 Total Expended</u>	<u>Estimated Final Cost**</u>
PORT COMMERCE					
PN/EPAMT/HH	Consolidated Project To 50'-NY/NJ ****	07/2001	Q3 2024	\$958.9	\$1,100.0
PN	Rehabilitation of Port Street Capacity and Corbin Street Ramps	10/2016	Q2 2026	25.9	132.6
PN	Reconstruction of Berth 3 Wharf***	07/2015	Q4 2021	45.0	47.9
GPAMT	Development of the New York New Jersey Rail Float System	09/2014	Q2 2020	109.9	133.0
GPAMT	ExpressRail Port Jersey	09/2014	Q1 2020	113.5	149.0

Explanation of Facility Abbreviations:

BB	Bayonne Bridge	LGA	LaGuardia Airport
EPAMT	Elizabeth — Port Authority Marine Terminal	LT	Lincoln Tunnel
EWR	Newark Liberty International Airport	OBX	Outerbridge Crossing
GB	Goethals Bridge	PATH	The Hudson Tubes Facility
GPAMT	Greenville Yard — Port Authority Marine Terminal	PABT	Port Authority Bus Terminal
GWB	George Washington Bridge	PN	Port Newark
HH	Howland Hook	SWF	Stewart International Airport
HT	Holland Tunnel	TEB	Teterboro Airport
JFK	John F. Kennedy International Airport		

* Construction costs in connection with Port Authority facilities are subject, among other items, to the effects of national and regional economic conditions and the nature of governmental regulations with respect to transportation, security, commerce, energy, and environmental permits and approvals and environmental impact analyses. Additionally, resolution of environmental matters and associated proceedings which arise during the course of construction, including those pertaining to channel improvements and dredging, the costs for which are not presently quantifiable, may result in substantial delays in such construction and may give rise to substantially increased costs to the Port Authority. Projects provided through the issuance by the Port Authority of special project bonds, projects related to facility security, and projects pertaining to the World Trade Center site are not included within the definition of "Significant Capital Projects" for purposes of this chart.

** Estimated Final Cost based on Board Authorization.

*** Project substantially completed.

**** Jun-19 Total Expended and Estimated Final Cost include costs for projects that are subject to certification by the United States Army Corps of Engineers as well as those that have been certified.

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BONDS, NOTES AND OTHER OBLIGATIONS

Consolidated Bonds

References to Consolidated Bonds herein are equally applicable to and include Consolidated Notes.

On October 9, 1952, the Port Authority adopted the Consolidated Bond Resolution establishing the issue of Consolidated Bonds. A copy of the Consolidated Bond Resolution is set forth at “*Consolidated Bond Resolution*” in this Section III. Each series of Consolidated Bonds is issued pursuant to the Consolidated Bond Resolution. The resolutions pertaining to the establishment and the authorization of the issuance of, and the authorization of the sale of, the Bonds are set forth at “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof. Each of such resolutions must be studied for a precise understanding of its provisions.

Establishment and Issuance

Consolidated Bonds are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon.

Consolidated Bonds may be issued from time to time in such series and installments (in addition to the Bonds) as the Port Authority may determine, but only for purposes for which the Port Authority is authorized by law to issue bonds secured by a pledge of its General Reserve Fund. So long as Consolidated Bonds presently outstanding are outstanding, Consolidated Bonds may be issued for purposes in connection with additional facilities (in addition to those for which the Port Authority has already issued bonds secured by a pledge of the General Reserve Fund) 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.

The Port Authority may not issue any Consolidated Bonds (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 one and three-tenths (1.3) times by certain revenues. The method of computation of revenues and debt service and of the application of the conditions is set forth in Section 3 of the Consolidated Bond Resolution.

Security

All Consolidated Bonds, including any which may hereafter be issued, 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 facility which may hereafter be financed in whole or in part through the medium of Consolidated Bonds, in the manner and to the extent provided in Sections 4 and 5 of the Consolidated Bond Resolution. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority referred to in Sections 4 and 5 of the Consolidated Bond Resolution have been satisfied.

All Consolidated Bonds are further secured by a pledge of the moneys in the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution, in the manner and to the extent set forth in said section, and by a pledge of the General Reserve Fund on an equal footing with other

BONDS, NOTES AND OTHER OBLIGATIONS

obligations of the Port Authority secured by a pledge of the General Reserve Fund, in the manner and to the extent provided in Section 6 of the Consolidated Bond Resolution.

Consolidated Bond Reserve Fund

A special fund is created by Section 7 of the Consolidated Bond Resolution as additional security for all Consolidated Bonds. Into this fund is to be paid the balance remaining of all net revenues (as defined in the Consolidated Bond Resolution), after deducting payment of debt service upon all Consolidated Bonds and such amounts as may be required to maintain the General Reserve Fund at its statutory amount. Consolidated Bonds have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority referred to in Sections 4 and 5 of the Consolidated Bond Resolution have been satisfied.

The moneys in the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in Section 7 of the Consolidated Bond Resolution, which include the payment of debt service and retirement of Consolidated Bonds (with certain limitations) and certain other purposes. Such other purposes, so long as Consolidated Bonds presently outstanding are outstanding, must be related to bonds or notes secured by a pledge of the General Reserve Fund or facilities financed by such bonds or notes, but not necessarily related to Consolidated Bonds or facilities the net revenues of which are pledged in support of Consolidated Bonds. Moneys in the Consolidated Bond Reserve Fund are available for such other purposes, which include application to the payment of debt service on Versatile Structure Obligations, Commercial Paper Obligations and Variable Rate Master Notes.

No representation is made as to the future payments to be made from the Consolidated Bond Reserve Fund; however, the Consolidated Bond Reserve Fund is not available to pay debt service on Special Project Bonds.

Amortization

The manner and rate of retirement of each such series of Consolidated Bonds is specified in or pursuant to the resolution establishing such series.

If a series of Consolidated Bonds is to be issued for refunding purposes, and cannot be issued so as to meet one or another of the conditions of debt service coverage by net revenues set forth in Section 3 of the Consolidated Bond Resolution, the series resolution must specify the principal amount thereof to be retired during each year of the term of such series commencing not later than the eleventh anniversary of the series. Furthermore, in each such case, the schedule of retirement must be so arranged that the annual debt service during the term of retirement shall be level on one or another of three bases set forth in Section 8 of the Consolidated Bond Resolution, with ten percent (10%) variations permitted between the amounts of debt service for any two years in the schedule.

Except for series described in the preceding paragraph, there is no limitation on the Port Authority's power to arrange retirement of any series of Consolidated Bonds in any manner or amount at or before maturity except insofar as it may be necessary to arrange future debt service on such series in such a manner as to meet one or another of the conditions of debt service coverage by net revenues set forth in Section 3 of the Consolidated Bond Resolution.

BONDS, NOTES AND OTHER OBLIGATIONS

Modifications

The Port Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Consolidated Bonds, modify or amend the Consolidated Bond Resolution, or any other resolution relating to Consolidated Bonds, but only for the purpose of curing any ambiguity or of curing or correcting any defective or inconsistent provision, or for any other purpose not inconsistent with the Consolidated Bond Resolution or with any other resolution relating to Consolidated Bonds; provided, that no such amendment shall alter or impair the obligation of the Port Authority, which is absolute and unconditional, to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder.

In addition, any of the terms or provisions of the Consolidated Bond Resolution (or of any resolution amendatory thereof or supplemental thereto) may be amended, repealed or modified in the manner set forth in Section 16 of the Consolidated Bond Resolution, for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Consolidated Bonds or of any of the coupons pertaining thereto; provided, that no such amendment, repeal or modification shall alter or impair the obligation of the Port Authority, which is absolute and unconditional, to pay the principal and interest of any Consolidated Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, without the express consent of the holder of such bond.

General Reserve Fund

Statutory Authorization and Establishment

The General Reserve Fund 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. The resolutions of the Board of Commissioners pertaining to the establishment of the General Reserve Fund (see “*Resolution Establishing General Reserve Fund*” in this Section III), the establishment of the issue of Consolidated Bonds (see “*Consolidated Bond Resolution*” in this Section III) and the establishment and authorization of the issuance of the Bonds (see “*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*” in Section VI hereof), constitute the entire agreement between the Port Authority and registered holders of the Bonds, including with respect to the General Reserve Fund; and the statutes relating to the General Reserve Fund and such resolutions govern the rights of such holders with respect to the purposes for which moneys in the General Reserve Fund may be applied and the limitations upon investment of such moneys.

Under the statutes authorizing the establishment and pledge of the General Reserve Fund (“General Reserve Fund Statutes”), in all cases where the Port Authority has raised or may raise moneys to finance or refinance its facilities by the issue and sale of bonds legal for investment, as limited and defined in the applicable statutes, the surplus revenues, as defined therein, from such facilities are required to be pooled by the Port Authority and applied to the establishment and maintenance of a General Reserve Fund in an amount equal to ten percent (10%) of the par value of all such outstanding bonds legal for investment, as so defined. The outstanding bonds and notes of the Port Authority, other than Port Authority Equipment Notes, Commercial Paper Obligations and Variable Rate Master Notes issued for certain purposes, are bonds legal for investment within the statutory definitions; also, all of the Port Authority’s existing facilities have been financed in whole or in part by bonds legal for investment within the meaning of the General Reserve Fund Statutes. The Port Authority currently takes into account all outstanding bonds and notes in determining the funding of the General Reserve Fund.

BONDS, NOTES AND OTHER OBLIGATIONS

Purposes for Which the Fund is Available

The General Reserve Fund Statutes permit the General Reserve Fund to be pledged in whole or in part by the Port Authority or applied by it to the repayment with interest of any moneys raised upon any such bonds legal for investment, and permit the Port Authority to apply such moneys in the General Reserve Fund to the fulfillment of any other undertakings assumed to or for the benefit of the holders of any such bonds.

Under the aforesaid agreement between the Port Authority and the registered holders of the Bonds, the Port Authority's power to use and invest the moneys in the General Reserve Fund at any time is curtailed within narrower limits than the maximum which the statutes permit. Application of the General Reserve Fund is by such agreement restricted to purposes in connection with bonds secured by a pledge of the General Reserve Fund, and except to the extent that the combined balances in certain debt reserve funds of the Port Authority (currently the General Reserve Fund and the Consolidated Bond Reserve Fund) may at the time exceed the amount necessary to meet the next two (2) years' debt service (computed as set forth in Section 6 of the Consolidated Bond Resolution) on all bonds then outstanding which are secured by a pledge of the General Reserve Fund, the Port Authority covenants (subject to certain prior pledges in connection with General and Refunding, Air Terminal and Marine Terminal Bonds, the debt service requirements on which the Port Authority has fully satisfied, when due, as scheduled) that General Reserve Fund moneys may not be used for any purpose if at the time there are any other moneys of the Port Authority available for that purpose and may not be used for the prepayment of debt service before due, and must be held in the form of cash or in obligations of (or guaranteed by) the United States.

Bonds Secured by Pledge of the General Reserve Fund

At the present time, the General Reserve Fund is pledged in support of all outstanding Consolidated Bonds and all Consolidated Bonds now or hereafter issued. The General Reserve Fund is not available to pay debt service on Special Project Bonds, Versatile Structure Obligations, Commercial Paper Obligations or Variable Rate Master Notes.

In connection with the pledge of the General Reserve Fund made in support of Consolidated Bonds, as aforesaid, the Port Authority has reserved the right to pledge the General Reserve Fund as security for any bonds, notes or other evidences of indebtedness whatsoever hereafter issued by the Port Authority as security for which it may at the time be authorized by law to pledge the General Reserve Fund and to use the moneys in the General Reserve Fund to fulfill any of its undertakings in connection with bonds, notes or other evidences of indebtedness secured by a pledge of the General Reserve Fund, except that the General Reserve Fund may not so long as Consolidated Bonds presently outstanding are outstanding be pledged in support of bonds or notes to be issued in connection with any additional facility (in connection with which the Port Authority has not previously issued bonds secured by such pledge) unless the Port Authority has first certified its opinion that such pledge will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds.

All Consolidated Bonds are secured by a pledge of the General Reserve Fund on an equal footing and the Consolidated Bond Resolution provides that no greater rights in or to the General Reserve Fund may hereafter be granted to the holders of any other obligations than are now granted to the holders of the bonds issued pursuant to the Consolidated Bond Resolution.

Sources of Payments into the Fund

The surplus revenues of all facilities of the Port Authority are payable into the General Reserve Fund to the extent required by the General Reserve Fund Statutes. Certain of the facilities of the Port Authority operate at a deficit or do not generate surplus revenue.

BONDS, NOTES AND OTHER OBLIGATIONS

Size of the Fund

The statutory amount of the General Reserve Fund, to the establishment and maintenance of which the Port Authority is required to apply the surplus revenues of its facilities financed or refinanced by bonds legal for investment, as defined in the General Reserve Fund Statutes, is ten percent (10%) of the par value of such bonds currently outstanding. The statutory amount has varied with the issuance and retirement of the various bonds upon the par value of which it is calculated. Through calendar year 2003, as of the close of each calendar year, the Port Authority determined such amount and applied any surplus revenues available therefor, to the extent required, to maintain the General Reserve Fund at its then statutory amount. Commencing in 2004, the Port Authority determined the statutory amount of the General Reserve Fund at the close of each calendar quarter and in 2006, in connection with monthly closings of the Port Authority's financial accounts the Port Authority began determining the statutory amount to the General Reserve Fund at the close of each calendar month, applying any surplus revenues available at such time, to the extent required, to maintain the General Reserve Fund at its then statutory amount, subject to reconciliation at the close of the calendar year.

On December 31, 1946, the statutory amount was \$18,932,900 and payments into the General Reserve Fund on that date brought its balance up to that amount. On each December 31 thereafter, the General Reserve Fund was maintained at not less than its then statutory amount. The amount in the General Reserve Fund on June 30, 2019 was \$2,297,475,500.

Anticipated Payments from the Fund

The Port Authority anticipates that certain payments will be made out of the General Reserve Fund from time to time to fulfill undertakings assumed to or for the benefit of the holders of bonds in support of which the General Reserve Fund has been pledged. As noted at "*Purposes for Which the Fund is Available*," the General Reserve Fund is applicable, if necessary, to fulfill undertakings assumed to or for the benefit of the holders of bonds of the Port Authority legal for investment, including those undertakings incurred by the Port Authority in connection with the existing facilities of the Port Authority. No representation is made as to the future payments to be made from the General Reserve Fund. The General Reserve Fund is not available to pay debt service on Special Project Bonds, Versatile Structure Obligations, Commercial Paper Obligations or Variable Rate Master Notes.

Rate Powers and Covenants

As a result of legislation contained in Chapter 47 of the Laws of New York of 1931 and Chapter 4 of the Laws of New Jersey of 1931; in Chapter 802 of the Laws of New York of 1947 and Chapter 43 of the Laws of New Jersey of 1947; in Chapter 209 of the Laws of New York of 1962 and Chapter 8 of the Laws of New Jersey of 1962; and in Chapter 651 of the Laws of New York of 1978 and Chapter 110 of the Laws of New Jersey of 1978, the two States covenanted with each other and with the holders of any bonds of the Port Authority which may be secured by its General Reserve Fund (including Consolidated Bonds) that the two States will not diminish or impair the power of the Port Authority to establish, levy and collect tolls, rents, fares, fees or other charges in connection with any facility owned or operated by the Port Authority, the revenues of which shall have been pledged in whole or in part as security for such bonds. All present facilities of the Port Authority and the charges therefor are covered by these statutory covenants, so long as such bonds remain outstanding.

Under the 1962 and 1978 statutes, the States also have covenanted that they will not diminish or impair the Port Authority's power to determine the quantity, quality, frequency or nature of the service provided in connection with each such facility.

BONDS, NOTES AND OTHER OBLIGATIONS

The Port Authority has covenanted with the holders of Consolidated Bonds to establish charges in connection with facilities the net revenues (as defined in the Consolidated Bond Resolution) of which are pledged as security for such bonds (all present Port Authority facilities) to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, and in the event that such net revenues are insufficient to provide for the debt service on Consolidated Bonds, to make good any deficiency out of the General Reserve Fund or other available revenues, moneys or funds and for that purpose to establish charges in connection with facilities the surplus revenues of which are payable into the General Reserve Fund, which include all present Port Authority facilities, to the end that combined surplus revenues may be produced therefrom at least sufficient to cover debt service on Consolidated Bonds.

Port Authority Equipment Notes

On June 10, 1993, the Port Authority established an issue of special obligations known as Port Authority Equipment Notes. The Port Authority's equipment notes program presently provides, as a result of the November 18, 1999 modification, for the issuance of Port Authority Equipment Notes under agreements to be entered into with selected purchasers, in an aggregate principal amount at any one time outstanding not in excess of \$250,000,000. Each series of Port Authority Equipment Notes is issued pursuant to the Port Authority Equipment Note Resolution.

The payment of the principal of and interest on Port Authority Equipment Notes shall be a special obligation of the Port Authority payable from the proceeds of obligations of the Port Authority issued for such purposes or from the same revenues and in the same manner as operating expenses of the Port Authority.

Proceeds of Port Authority Equipment Notes are authorized, subject to allocation to some but not all of the following purposes, to be used in connection with the purchase of Equipment (as defined in the Port Authority Equipment Note Resolution) by the Port Authority, to refund obligations issued by the Port Authority in connection with the purchase of Equipment and/or for incidental purposes, including certain costs of, and relating to, such Port Authority Equipment Notes.

Special Project Bonds

On June 9, 1983, the Port Authority established an issue of special limited obligations known as Special Project Bonds. Each series of Special Project Bonds is issued pursuant to the Special Project Bond Resolution.

Neither the full faith and credit of the Port Authority nor the General Reserve Fund or the Consolidated Bond Reserve Fund are pledged to the payment of interest on or the repayment of the principal of Special Project Bonds, which are underlying mortgage bonds within the meaning of the Consolidated Bond Resolution. Each series of Special Project Bonds is to be secured solely by a mortgage by the Port Authority, in favor of the holders of such bonds, of facility rental as set forth in a lease with respect to the project to be provided with the proceeds of such bonds, by a mortgage by the applicable lessee, in favor of the holders of such bonds, of the lessee's leasehold interests under the lease with respect to such project and by a security interest granted by the applicable lessee to the Port Authority and mortgaged by the Port Authority, in favor of the holders of such bonds, in certain items of the lessee's personalty to be located at such project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

Special Project Bonds of any particular series may be issued only for the purpose of providing a single project for a lessee or for the purpose of refunding all or any part of a prior series of Special Project Bonds

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or a combination of such purposes. Each series of Special Project Bonds is to be issued under a separate resolution and may be issued in one or more installments as the Port Authority may determine.

The following series (in the principal amounts indicated) of Special Project Bonds are currently outstanding:

\$27,700,000 Special Project Bonds, Series 4, KIAC Partners Project (John F. Kennedy International Airport cogeneration project);

\$436,450,000 Special Project Bonds, Series 6, JFK International Air Terminal LLC Project (John F. Kennedy International Airport passenger terminal); and

\$781,685,000 Special Project Bonds, Series 8, JFK International Air Terminal LLC Project (John F. Kennedy International Airport passenger terminal).

Versatile Structure Obligations

On June 11, 1992, the Port Authority established an issue of special obligations known as Port Authority Versatile Structure Obligations. The Port Authority's versatile structure obligations program, presently provides, as a result of the November 18, 1999 modification, for the sale of such obligations, from time to time, in one or more series. Each series of Versatile Structure Obligations is issued pursuant to the Port Authority Versatile Structure Obligations Resolution.

The payment of the principal of and interest on Versatile Structure Obligations shall be a special obligation of the Port Authority 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 for purposes of Versatile Structure Obligations, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Versatile Structure Obligations, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Versatile Structure Obligations 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 General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Versatile Structure Obligations, and the interest thereon, are not secured by or payable from the General Reserve Fund.

Proceeds of Versatile Structure Obligations are authorized, subject to allocation to some but not all of the following purposes, to be used (a) for purposes of, or with respect to the financing of, capital expenditures in connection with any one or more of the facilities of the Port Authority, provided, that subject to agreements with the holders of obligations of the Port Authority, all or any portion of the unspent proceeds of a series of Versatile Structure Obligations may be allocated to any purpose for which at the time of issuance of such series the Port Authority is authorized by law to issue its obligations, including for purposes of, or with respect to the financing of, capital expenditures in connection with additional facilities of the Port Authority certified or to be certified after issuance of such series, (b) for purposes of refunding, directly, by offers to exchange, or otherwise, all or any part of any bonds, notes or other obligations of the

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Port Authority, and (c) for certain incidental purposes, including certain costs of, and relating to, such Versatile Structure Obligations.

The Port Authority shall not issue new Versatile Structure Obligations, for purposes other than to refund outstanding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), if at the time of issuance of such new Versatile Structure Obligations, either: (a) the total principal amount of all bonds, notes or other obligations of the Port Authority outstanding as of such time of issuance, including the new Versatile Structure Obligations and excluding Consolidated Bonds, Special Project Bonds, Commercial Paper Obligations and Port Authority Equipment Notes, exceeds twenty-five percent (25%) of the total principal amount of all bonds, notes and other obligations of the Port Authority outstanding as of such time of issuance, including the new Versatile Structure Obligations and excluding Special Project Bonds, Commercial Paper Obligations and Port Authority Equipment Notes; or (b) net revenues (computed as hereinafter set forth) of the Port Authority for any period of twelve (12) consecutive months during the thirty-six (36) month period preceding such time of issuance shall not have amounted to at least one and fifteen one-hundredths (1.15) times the prospective debt service (computed as hereinafter set forth) for the calendar year after such time of issuance, for which the combined debt service (so computed) upon all obligations outstanding as of such time of issuance which are secured by or payable from net revenues, including the new Versatile Structure Obligations and excluding Commercial Paper Obligations, would be at a maximum. In calculating such prospective debt service there may, at the Port Authority's option, be substituted for the actual prospective interest payable on any of such obligations secured by or payable from net revenues of the Port Authority, including the new Versatile Structure Obligations, prospective interest on any of such obligations, as follows: in the event that any of such obligations (i) bears interest at a fixed interest rate and has a remaining term to maturity of less than three (3) years from such time of issuance, then the interest rate on such obligation shall be deemed to be the higher of the interest rate on such obligation as of such time of issuance and the interest rate on the most recent series of Port Authority obligations with a term to maturity of at least thirty (30) years, or (ii) bears interest on the basis of an interest payment schedule providing for payments less frequently than annually, then the interest rate on such obligation shall be deemed to be the interest rate equal to the yield to maturity of such obligation as of such time of issuance, or (iii) bears interest at a variable interest rate, then the interest rate on such obligation shall be deemed to be the higher of the rate as published in the Revenue Bond Index of *The Bond Buyer* in effect as of such time of issuance (and in the event such Revenue Bond Index is not published as of such time of issuance, then such rate determined on the basis of a comparable index selected in the sole discretion of the Committee on Finance of the Board of Commissioners) and the average interest rate on such obligation for the twelve (12) calendar months preceding such time of issuance (and in the event such obligation has not been outstanding for a full twelve (12) calendar months preceding such time of issuance, then such average interest rate determined on the basis of the period of time during which such obligation has been outstanding), or (iv) is associated with an interest rate exchange contract, then the interest rate on such obligation shall be deemed to be the effective interest rate for such obligation determined by reference to such interest rate exchange contract, or (v) is convertible from one interest rate mode to another, then the interest rate on such obligation shall be deemed to be the interest rate in effect as of such time of issuance. In addition, in calculating such prospective debt service, in the event that any of such obligations secured by or payable from net revenues of the Port Authority, including the new Versatile Structure Obligations, has (i) a term to maturity from such time of issuance of less than three (3) years or (ii) no stated periodic repayment schedule, there may at the Port Authority's option be substituted for the actual prospective debt service upon any of such obligations, the debt service which would be payable if such obligation was forthwith refunded by a series of Versatile Structure Obligations having the following characteristics: maturity — thirty (30) years from the time of issuance of the new Versatile Structure Obligations; interest — at the rate of interest determined in accordance with the provisions of the immediately preceding sentence and payable semiannually beginning six (6) months from such time of issuance; amortization — in such annual amounts as would be required to retire the principal amount of such obligation by the thirtieth anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if

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the annual debt service thereon would be equal for all years thereafter until the thirtieth anniversary of such time of issuance.

Net revenues (as defined in the Consolidated Bond Resolution) for purposes of the above calculation may include in the case of fare and tolls increases adopted by the Port Authority which have not yet been put into effect or have not been in effect for a full year, the additional net revenues estimated by the Port Authority to be derived annually from such increases.

Additionally, net revenues (as defined in the Consolidated Bond Resolution) for purposes of the above calculation may also include, in the case of facilities (including additions or improvements to facilities) which have not been in operation, in each case during the entire period of the twelve (12) consecutive months selected for the purposes of such calculation (including facilities under construction as of such time of issuance of the new Versatile Structure Obligations or which are to be acquired, established or constructed by the Port Authority), the average annual net revenues which the Port Authority estimates will be derived from each of such facilities during the first thirty-six (36) months of operation thereof after such time of issuance; provided, however, that debt service on all additional obligations estimated to be issued to complete such facilities prior to the date any such facilities (including the addition or improvement thereto) become fully operational, is included in calculation of prospective debt service; and provided, further that the amount of any net revenues attributable to estimates described in this paragraph shall in no event exceed twenty-five percent (25%) of the net revenues of the Port Authority including any net revenues attributable to estimates of fare and tolls increases as aforesaid.

In the event that the new Versatile Structure Obligations are issued solely for the purpose of refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), then no calculations shall be required. In the event that the new Versatile Structure Obligations are issued in part for purposes of refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), then no calculations shall be required to include the principal amount of such new Versatile Structure Obligations allocated to refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes) or the prospective debt service associated therewith.

Commercial Paper Obligations

On September 9, 1982, the Port Authority established an issue of special obligations now known as Port Authority Commercial Paper Obligations. The Port Authority's commercial paper program presently provides for Commercial Paper Obligations to be issued in three separate series known as Series A, Series B and Series C. Port Authority Commercial Paper Obligations are currently issued under the July 23, 2015 amendment and supplement, which authorizes their issuance through December 31, 2020.

Under the July 23, 2015 amendment and supplement, the total aggregate principal amount of all Port Authority Commercial Paper Obligations outstanding at any one time may not exceed \$750,000,000, with the total aggregate principal amount of each series that may be outstanding at any one time not to exceed \$250,000,000. Commercial Paper Obligations are issued pursuant to the Port Authority Commercial Paper Obligations Resolution.

Proceeds of Commercial Paper Obligations of each series are authorized to be allocated to capital projects in connection with certain facilities of the Port Authority and for purposes of refunding certain obligations of the Port Authority.

The payment of the principal of and interest on Commercial Paper Obligations shall be a special obligation of the Port Authority 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

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revenues as defined for purposes of Commercial Paper Obligations, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Commercial Paper Obligations, “net revenues” are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Commercial Paper Obligations 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 General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Commercial Paper Obligations, and the interest thereon, are not secured by or payable from the General Reserve Fund.

Variable Rate Master Notes

On July 14, 1988, the Port Authority established an issue of special obligations now known as Port Authority Variable Rate Master Notes. The Port Authority’s variable rate master notes program presently provides, as a result of the November 18, 1999 modification, for the issuance of Variable Rate Master Notes under agreements to be entered into with selected banks, trust companies and financial institutions, in an aggregate principal amount, at any one time outstanding not in excess of \$400,000,000. Each series of Variable Rate Master Notes is issued pursuant to the Port Authority Variable Rate Master Note Resolution. The principal amount of each series of Variable Rate Master Notes presently outstanding is subject to prepayment at the option of the Port Authority or upon demand of the holders of the notes of such series.

The payment of the principal of and interest on Variable Rate Master Notes shall be a special obligation of the Port Authority 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 for purposes of Variable Rate Master Notes, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Variable Rate Master Notes, “net revenues” are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Variable Rate Master Notes 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 General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Variable Rate Master Notes, and the interest thereon, are not secured by or payable from the General Reserve Fund.

Proceeds of Variable Rate Master Notes are authorized, subject to allocation to some but not all of the following purposes, to be used (a) for purposes of, or with respect to the financing of, capital expenditures in connection with any one or more of the facilities of the Port Authority, provided, that subject to agreements with the holders of obligations of the Port Authority, all or any portion of the unspent proceeds of any note may be allocated to any purpose for which at the time of issuance of such note the Port Authority

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is authorized by law to issue its obligations, including for purposes of, or with respect to the financing of, capital expenditures in connection with facilities of the Port Authority certified or to be certified after issuance of such note, (b) for purposes of refunding, directly, by offers to exchange, or otherwise all or any part of any issue of bonds, notes or other obligations of the Port Authority, and (c) for incidental purposes, including certain costs of, and relating to, such Variable Rate Master Notes.

General and Refunding, Air Terminal and Marine Terminal Bonds

At the time of the adoption of the Consolidated Bond Resolution in 1952, the Port Authority had outstanding certain General and Refunding, Air Terminal and Marine Terminal Bonds. The Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all such prior lien bonds.

By the Consolidated Bond Resolution, the Port Authority covenanted that no additional General and Refunding, Air Terminal or Marine Terminal Bonds would be issued. It is the present intention of the Port Authority that Consolidated Bonds will be the only bonds secured by a pledge of the General Reserve Fund that will be used as a medium of financing the balance of its capital requirements or long-term refunding of outstanding Consolidated Bonds or of Consolidated Bonds hereafter issued.

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Resolution Establishing General Reserve Fund

(Adopted March 9, 1931, as amended May 5, 1932)

WHEREAS, by Chapter 48 of the Laws of New York of 1931 and Chapter 5 of the Laws of New Jersey of 1931, The Port of New York Authority is directed to pool all surplus revenues, as defined in said statutes, received by it from certain terminal and/or transportation facilities, and to apply such surplus revenues to the establishment and maintenance of a general reserve fund in an amount equal to one-tenth (1/10th) of the par value of all outstanding bonds of the Port Authority, legal for investment, as defined and limited in said statutes, and

WHEREAS, by the aforesaid statutes, The Port of New York Authority is authorized to pledge the moneys in said general reserve fund as security for the repayment with interest of any moneys heretofore or hereafter raised by it upon its bonds, legal for investment, as defined and limited in said statutes, and to apply said moneys to the fulfillment of any other undertakings heretofore or hereafter assumed to or for the benefit of the holders of any such bonds,

Now, THEREFORE, after due consideration had, it is

RESOLVED, that the General Manager be and he hereby is authorized and directed to establish and maintain the general reserve fund prescribed by Chapter 48 of the Laws of New York of 1931 and Chapter 5 of the Laws of New Jersey of 1931, and to do so as promptly as may be practicable, and it is further

RESOLVED, that The Port of New York Authority hereby irrevocably pledges the said general reserve fund and all moneys which may be or become part thereof as security for the repayment with interest of moneys heretofore or hereafter raised by it upon bonds, legal for investment as defined and limited in said statutes, and as security for the fulfillment of any other undertakings heretofore or hereafter assumed by it to or for the benefit of the holders of such bonds, and it is further

RESOLVED, that the aforesaid pledge of the said general reserve fund and the moneys therein is made and shall be deemed to be made by The Port of New York Authority to induce investors and others to purchase its bonds, whether such bonds have heretofore been issued or shall be hereafter issued, and whether such bonds be purchased from The Port of New York Authority or from prior purchasers thereof, and it is further

RESOLVED, that the aforesaid pledge is made and shall be deemed to be subject to the right, which The Port of New York Authority hereby reserves to itself, to use the said general reserve fund or any part thereof, at any time, in its sole discretion, to meet, pay or otherwise fulfill any of its obligations under or in connection with the aforesaid bonds, or any of said bonds, including its obligations to pay interest and principal when due, and to make payments into sinking funds, and it is further

RESOLVED, that the said pledge is made and shall be deemed to be subject to the right, which The Port of New York Authority hereby reserves to itself, to pledge the said general reserve fund or any part thereof in its sole discretion, as security for the fulfillment of any obligations heretofore or hereafter assumed by it under or in connection with any other of its bonds whatsoever, by which is meant bonds other than those described, specified or mentioned in said Chapter 48 of the Laws of New York of 1931 and said Chapter 5 of the Laws of New Jersey of 1931 and to apply the said general reserve fund or any part thereof to the fulfillment of such obligations, the intent thereof being to reserve the right to use the said general reserve fund to support such other and additional bonds or types of bonds as the States of New York and New Jersey may hereafter determine or authorize, provided, that the right hereby reserved to pledge the said general reserve fund as security for such other bonds, not described, specified or mentioned in said statutes, and to apply the moneys therein to the fulfillment of obligations under or in connection with such bonds

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shall be exercised only if and to the extent that the said two States may hereafter authorize its exercise, and *provided, further*, that no greater rights in or to the said general reserve fund shall be granted to or conferred upon the holders of any other bonds of The Port of New York Authority than are hereby or are hereafter granted to or conferred upon holders of the bonds in support of which said general reserve fund is hereby pledged, and it is further

RESOLVED, that until otherwise directed by The Port of New York Authority, the moneys in said General Reserve Fund, shall be invested in such bonds, securities or other obligations of the States of New York and New Jersey, of New York and New Jersey municipalities, of the United States of America, and of The Port of New York Authority, as may be approved for investment by the Port Authority or a majority of the members of its Committee on Finance.

(NOTE: By resolution adopted September 22, 1932, it was provided that the resolution establishing the General Reserve Fund should be ineffective and inapplicable with respect to bonds or other obligations thereafter authorized or issued, unless thereafter especially made applicable to such new bonds or other obligations. By resolution adopted October 9, 1952, the foregoing resolution of March 9, 1931, as amended May 5, 1932, was further amended to conform to the provisions of Section 6 of the resolution of October 9, 1952 and the General Reserve Fund Resolution was made applicable to all Consolidated Bonds (see Section 6 (General Reserve Fund) of “*Consolidated Bond Resolution*” in Section III hereof)).

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Consolidated Bond Resolution

(Adopted October 9, 1952)

WHEREAS, by Chapter 48 of the Laws of New York of 1931, as amended, and Chapter 5 of the Laws of New Jersey of 1931, as amended, The Port of New York Authority (hereinafter called the Authority) has been authorized and empowered to establish and maintain a certain General Reserve Fund, and to pledge said fund as security for certain of its bonds or other securities or obligations, and

WHEREAS, there are now outstanding several issues of bonds of the Authority, which although secured by said General Reserve Fund, nevertheless differ as to form, security, terms and conditions, and

WHEREAS, the Authority has determined to authorize and establish an issue of Consolidated Bonds, and to use such Bonds (and the proceeds derived from the sale thereof) from time to time for the purpose of refunding bonds heretofore or hereafter issued and to serve as a unified medium for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds secured by a pledge of the General Reserve Fund, to the exclusion of bonds of prior issues,

Now, THEREFORE, after due consideration had, be it resolved by The Port of New York Authority:

SECTION 1. Interpretation.

As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context shall clearly indicate that another meaning is intended:

The term “additional facilities” shall mean facilities other than the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers.

The term “bond” shall include a bond, a note and any other evidence of indebtedness.

The terms “bonds of prior issues” and “prior issues of bonds” shall mean General and Refunding Bonds issued pursuant to the Authority’s Basic Resolution adopted March 18, 1935, as amended; Air Terminal Bonds issued pursuant to its Air Terminal Bond Resolution adopted June 18, 1948; Marine Terminal Bonds issued pursuant to its Marine Terminal Bond Resolution adopted November 23, 1948; General Reserve Fund Notes, Series X, issued pursuant to its resolution adopted November 8, 1951; General Reserve Fund Notes issued pursuant to its resolution adopted October 9, 1952; and Marine Terminal Notes issued pursuant to its resolution adopted August 14, 1952.

The term “Consolidated Bond Resolution” shall mean this resolution.

The term “Consolidated Bonds” shall mean bonds of the issue established by this resolution.

The term “debt reserve funds” shall mean the Consolidated Bond Reserve Fund established by Section 7 of this resolution, the General Reserve Fund and all other funds which the Authority is obligated to establish or maintain as security for or for the benefit of any of its bonds secured by a pledge of the General Reserve Fund, the moneys in which are available for the payment of debt service upon such bonds.

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The term “debt service,” as used with reference to bonds, shall mean the interest payable thereon and the amounts which the Authority is obligated by agreements with the holders of such bonds to pay or set aside for the amortization and/or retirement thereof.

The term “facility” shall mean one or more improvements, structures, projects, works, buildings or properties owned, leased or operated, or to be owned, leased or operated by the Authority, including such appliances, appurtenances and equipment as the Authority may deem necessary or desirable for the proper operation or maintenance thereof, except that the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers shall each be deemed to be a separate facility.

The term “General Reserve Fund” shall mean the General Reserve Fund of the Authority authorized by Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, as amended; and said statutes are hereinafter called the “General Reserve Fund Statutes.”

The term “income from sources other than operation” shall include but not be limited to interest on investments, capital gains and any moneys collected by the Authority (or paid by others to meet its expenses, including debt service on its bonds, or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute.

The term “net operating revenues,” as used with reference to any facility or group of facilities, shall mean the amount remaining after deducting the following amounts from the gross operating revenues thereof:

- i. All expenses incurred for the operation, maintenance, repair and administration thereof (including renewals and replacements of and expenditures for equipment, and minor capital expenditures deemed necessary by the Authority for the proper and economical operation or maintenance thereof, and an appropriate allowance for depreciation of ancillary equipment, and debt service upon underlying mortgage bonds, and payments into reserves for operating or maintenance contingencies, all as computed in accordance with sound accounting practice), and
- ii. In the case of a facility under operation by the Authority, a proper proportion of the general expenses of the Authority;

without allowance for depreciation other than of ancillary equipment, and without including any income from sources other than operation; *provided, however*, that in computing the aggregate amount of the aforesaid expenses for the purpose of this definition, there shall be excluded the amount of any such expenses which are paid (or reimbursed to the Authority) out of income from sources other than operation in case such income is not included in the net revenues of such facility or group of facilities.

The term “net revenues,” as used with reference to any facility or group of facilities, shall mean the net operating revenues thereof, together with all net income pertaining thereto derived from sources other than operation which may be pledged or applied to the payment of debt service upon bonds issued for purposes in connection with such facility or group of facilities.

The term “outstanding,” as used with reference to bonds of the Authority, shall include bonds held in any capacity by the Authority (as well as those held by others), and shall include bonds which the Authority may be obligated to issue and sell pursuant to a contract for the purchase thereof by and the sale thereof to the other party to such contract, but shall not include any past due bonds not presented for payment or any

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bonds called for redemption but not presented for redemption if the moneys for such payment or redemption shall have been duly provided; provided, however, that in the event the Authority shall enter into a contract with the holders of any of its bonds (hereinafter in this definition called “convertible bonds”) to issue other bonds (hereinafter in this definition called “exchange bonds”) and to exchange such convertible bonds for such exchange bonds upon the happening of specified events, then the convertible bonds shall be deemed outstanding until but not beyond the time at which such events shall have happened, and the exchange bonds shall be deemed outstanding beginning with but not prior to such time.

The term “refunding,” as used with reference to bonds, shall mean the retirement and cancellation thereof, after their acquisition by the Authority (before, at or after maturity) either in exchange for other bonds or by payment, purchase or redemption with the proceeds of the sale of other bonds; and the term “refunded,” as used with reference to bonds, shall mean the refunding thereof accomplished.

The term “short-term bonds” shall mean bonds which mature no more than three years from their date and which do not form part of a series of bonds which includes bonds which mature more than three years from their date.

The term “surplus revenues,” as used with reference to any facility, shall mean the surplus revenues thereof as defined in the General Reserve Fund statutes.

The term “underlying mortgage bonds” in respect of a facility shall mean bonds secured by mortgage on or pledge of all or any part of the property constituting such facility.

SECTION 2. Establishment and Issuance.

An issue of bonds of the Authority to be known as “Consolidated Bonds” is hereby authorized and established. The bonds of said issue shall be direct and general obligations of the Authority and the full faith and credit of the Authority are hereby pledged for the prompt payment of the debt service thereon and for the fulfillment of all other undertakings of the Authority assumed by it to or for the benefit of the holders thereof. This resolution shall constitute a contract with the holders of such bonds.

Said Consolidated Bonds shall be issued only for purposes for which at the time of issuance the Authority is authorized by law to issue bonds secured by a pledge of the General Reserve Fund and only in such amounts as are permitted by Section 3 of this resolution. Said Consolidated Bonds shall be secured by revenues of the facilities of the Authority in the manner and to the extent provided in Sections 4 and 5 of this resolution and by the General Reserve Fund of the Authority in the manner and to the extent provided in Section 6 of this resolution and by the Consolidated Bond Reserve Fund in the manner and to the extent provided in Section 7 of this resolution.

Said Consolidated Bonds may be issued from time to time in such series as the Authority may hereafter determine. The bonds of each series may be issued in one or more installments as the Authority may hereafter determine.

All Consolidated Bonds constituting a particular series shall be uniform in respect of (a) dates of payment of interest, (b) place or places of payment of principal and interest, (c) medium of payment, (d) whether issuable as coupon bonds, or as registered bonds without coupons, or both, (e) provisions, if any, in respect of their exchangeability for bonds of different denominations, and of the interchangeability of coupon bonds and registered bonds without coupons, and (f) provisions, if any, for redemption and the terms and conditions thereof, *provided, however*, that bonds constituting a particular series may be made redeemable either in the direct or the inverse order of their maturities if such bonds have differing dates of maturity or by lot. All bonds constituting the whole or a part of a particular series and maturing on the same date shall be uniform in respect of interest rate or rates. All bonds of a series consisting only of bonds

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having the same date of maturity shall be uniform in respect of provisions, if any, in respect of amortization and retirement of bonds of such series.

Any resolution establishing a series or authorizing the issue of an installment of bonds of a series may contain terms and provisions not inconsistent with this resolution.

SECTION 3. Limitations on Amount.

The Authority shall not issue new Consolidated Bonds at any time unless one or another of the following four conditions shall exist, either (Condition 1) Unless the new Consolidated Bonds are to be issued (a) for the acquisition, rehabilitation or improvement of an additional facility or group of additional facilities which is or are in operation at the time of issuance of such bonds and/or (b) for the purpose of refunding bonds which constitute or are secured by a lien or charge upon the revenues of such additional facility or group of additional facilities and/or which constitute underlying mortgage bonds in respect of such additional facility or group of additional facilities; and unless the net revenues (computed as hereinafter set forth in this Section 3) derived from such additional facility or group of additional facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds, and

ii. All Consolidated Bonds outstanding at such time of issuance which shall have been issued for purposes in connection with such additional facility or group of additional facilities not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, *provided, however*, that if any of the bonds otherwise included under this subdivision ii shall have been issued for several purposes including but not restricted to purposes in connection with such additional facility or group of additional facilities (hereinafter in this paragraph called “multi-purpose bonds”), then only such proportion of such multi-purpose bonds shall be included under this subdivision ii in computing the aforesaid maximum prospective debt service as is equal to the ratio between (a) the principal amount of those multi-purpose bonds the proceeds of which the Authority shall determine have been expended for purposes in connection with the additional facility or group of additional facilities, plus those the proceeds of which the Authority shall estimate will be expended for purposes in connection with the additional facility or group of additional facilities and (b) the principal amount of all of such multi-purpose bonds;

or, in the alternate,

(Condition 2) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions, i, ii, iii and iv (computed as hereinafter set forth in this Section 3) of all facilities upon the net revenues of which all Consolidated Bonds shall constitute a first lien and charge after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance, — the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

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ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance, — the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds), — the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided, however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds, and *provided, further*, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement, — the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 2; *provided, however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided, further*, that the amounts of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2, shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds,

ii. All Consolidated Bonds outstanding at such time of issuance not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional Consolidated Bonds having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the

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computation of the sum of the net revenues under this Condition 2 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional Consolidated Bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 3) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions i, ii, iii and iv (computed as hereinafter set forth in this Section 3) in the case of all facilities the surplus revenues of which shall be payable into the General Reserve Fund after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance, — the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance, — the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds), — the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided, however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided, further*, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement, — the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 3; *provided, however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve

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Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided*, further, that the amount of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3,

shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds,

ii. All bonds outstanding at such time of issuance which are secured by a pledge of the General Reserve Fund, not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional bonds secured by a pledge of the General Reserve Fund and having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the computation of the sum of the net revenues under this Condition 3 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 4) Unless such new Consolidated Bonds are to be issued for the purpose of refunding other Consolidated Bonds and/or bonds of prior issues.

The time of issuance of new Consolidated Bonds, as used in this Section 3, shall mean the time at which such bonds are delivered upon original issue to the initial purchaser thereof, *provided, however*, that if a contract is entered into by the Authority, prior to the delivery of such bonds, for their sale to and purchase by the other party to such contract upon original issue, in such event the time of issuance of such bonds, as used in this Section 3, shall mean the time at which such contract is entered into; and *provided*, further, that in the event the Authority is required by statute or contract to exchange any bonds for the new Consolidated Bonds upon the happening of specified events, then the time of issuance of the new Consolidated Bonds so to be exchanged, as used in this Section 3, shall mean the time at which such events shall have happened. The exchanges designated in the next preceding proviso clause shall not include exchanges of interim certificates or temporary bonds for definitive bonds evidencing the same debt and shall not include exchanges of bonds for bonds of other denominations evidencing the same debt. Nothing herein contained shall be construed to limit the right of the Authority to issue and deliver Consolidated Bonds at any time if any one of the above four numbered conditions in this Section 3 exists at the time of issuance as above defined notwithstanding that none of such conditions may exist at the time of delivery of such bonds if such time of delivery is subsequent to such time of issuance.

Whenever, in connection with the issuance of any new Consolidated Bonds, it is necessary for the purposes of this Section 3 to compute or estimate the amount of the net revenues of any facility or group of facilities, such net revenues shall be computed or estimated

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(a) without deducting from the gross operating revenues any taxes, assessments or other governmental charges, or any other charges, which may have been paid in connection with such facility or group of facilities prior to their acquisition by the Authority, but which, in the opinion of the Authority or its General Counsel, the Authority would not have been required to pay had it been the owner or operator of such facility or facilities during the time for which such charges were levied or made;

(b) without deducting from gross operating revenues debt service upon underlying mortgage bonds which are to be refunded by the new Consolidated Bonds, and in the case of other underlying mortgage bonds without deducting the actual debt service thereon, but with the deduction (in substitution for such actual debt service) of the debt service (whether it be more or less than such actual debt service) which would have been payable or which would be payable upon such underlying mortgage bonds if they had the following characteristics: date — the first day of the period for which the computation or estimate of net revenues is to be made; maturity — thirty years from the assumed date; interest — at the same rate as borne by such underlying mortgage bonds and payable semi-annually beginning six months from their assumed date; amortization — in such annual amounts as would be required to retire the principal amount of the underlying mortgage bonds outstanding at the time of issuance of the new Consolidated Bonds or, in the case of estimated net revenues, to retire the maximum principal amount of the underlying mortgage bonds to be outstanding during the period for which the estimate of net revenues is to be made, by the thirtieth anniversary of such assumed date if such annual retirement were effected at par at each anniversary of such assumed date and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; and

(c) without including in net income from sources other than operation any moneys collected or to be collected by the Authority (or paid or to be paid by others to meet its expenses or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute in excess of the average annual amount prescribed by such contract and/or statute to be so collected or paid during the fifteen years next succeeding the time of issuance of said new Consolidated Bonds in case such contract and/or statute prescribes a limitation on the annual amounts so to be collected or paid; but in case such contract and/or statute prescribes such a limitation in terms of percentages of annual deficits or expenses or valuations or other quantities, then said net revenues shall be computed or estimated without including in net income from sources other than operation any such moneys so collected or paid or to be collected or paid in excess of the sum derived by multiplying the average of the annual limiting percentages during such fifteen years by the amount of such deficits, expenses, valuations or other quantities during the twelve months for which such computation is to be made (or by the average annual amount of such quantities estimated for the thirty-six months for which such estimate is to be made).

In computing the aforesaid maximum prospective debt service upon any short-term bonds under any of the above Conditions 1, 2 or 3 of this Section 3, there may at the Authority's option be substituted for the actual prospective debt service upon such short-term bonds the debt service which would be payable if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity — thirty years from the time of issuance of the aforesaid new Consolidated Bonds; interest — at one and one-half times the rate upon such short-term bonds and payable semi-annually beginning six months from such time of issuance; amortization — in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time of issuance (or, in the case of the new Consolidated Bonds if they are short-term bonds, the principal amount thereof to be issued) by the thirtieth anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; *provided, however*, that if the new Consolidated Bonds are short-term bonds such substitution for their actual debt service shall not be made with respect to such portion thereof (designated by the Authority) the principal amount of which when added to the principal amount of all short-term bonds

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outstanding at the time of issuance of the new Consolidated Bonds and secured by a pledge of the General Reserve Fund (including any remaining portion of the new Consolidated Bonds but not including bonds to be refunded by the new Consolidated Bonds) shall result in an aggregate principal amount exceeding five per centum of the principal amount of all bonds outstanding at such time which are secured by a pledge of the General Reserve Fund (including all the new Consolidated Bonds and all other short-term bonds of the Authority so secured but not including any bonds to be refunded by the new Consolidated Bonds).

Prospective debt service upon any bonds shall be computed for the purpose of determining the calendar year for which such debt service will be at a maximum and the amount of such debt service for such year, within the meaning of this Section 3, upon the assumptions that the principal amount of such bonds will not be paid prior to maturity except in fulfillment of contractual obligations by the Authority to the holders thereof for the redemption thereof prior to maturity, and that in those cases such redemption will be effected at the latest date permitted by such agreement.

SECTION 4. Pledge of Revenues.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be secured equally and ratably by the net revenues of the Authority from each of the following:

i. The Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers, and

ii. Any additional facilities, the establishment, acquisition, effectuation, construction, rehabilitation or improvement of which is financed or refinanced in whole or in part by the issuance of Consolidated Bonds;

and, except as otherwise provided herein, the net revenues of each of said facilities are hereby irrevocably pledged to the payment of the debt service upon all Consolidated Bonds as the same may fall due, and shall be applied as provided in Section 5 hereof, and all Consolidated Bonds shall constitute a lien and charge thereon.

The foregoing pledge and lien are, however, subject to and shall be subordinate to (but only to) the following prior pledges and liens:

(a) In the case of the revenues of the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal and the Port Authority Grain Terminal, — to pledges heretofore made and liens heretofore created in favor of the aforesaid General and Refunding Bonds;

(b) In the case of the revenues of La Guardia Airport, New York International Airport, Newark Airport and Teterboro Airport, — to pledges heretofore made and liens heretofore created in favor of the aforesaid Air Terminal Bonds;

(c) In the case of the revenues of Port Newark, — to pledges heretofore made and liens heretofore created in favor of the aforesaid Marine Terminal Bonds.

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Consolidated Bonds shall not be issued for any purpose in connection with any facility unless after the accomplishment of such purpose the debt service upon all Consolidated Bonds shall constitute a first lien and charge upon the net revenues of the Authority from such facility subject, however, to (but only to) the prior liens recited in the preceding paragraph.

SECTION 5. Application of Revenues.

Subject to the prior pledges and liens described in Section 4 of this resolution, all net revenues pledged as security for Consolidated Bonds shall be applied to the following purposes in the following order:

(a) To the payment of debt service upon all Consolidated Bonds;

(b) All remaining balances of net revenues pledged as security for Consolidated Bonds shall be paid into the Consolidated Bond Reserve Fund established by Section 7 of this resolution, except such amounts as may be necessary to maintain the General Reserve Fund in the amount prescribed by the General Reserve Fund statutes.

The pledge of net revenues made in Section 4 of this resolution (and the lien and charge of Consolidated Bonds upon such net revenues) shall be subject to the right of the Authority to make payments into the General Reserve Fund to the extent above provided in this Section 5, and to that extent only.

SECTION 6. General Reserve Fund.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be further secured equally and ratably by the General Reserve Fund; and the pledge thereof and of the moneys which may be or become part thereof, contained in the resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby expressly extended to and made applicable to (and for such purpose the General Reserve Fund is hereby irrevocably pledged as security for) all Consolidated Bonds for the benefit of the holders thereof, in the manner and to the extent set forth in the aforesaid resolution of March 9, 1931, as amended May 5, 1932, *pari passu* with bonds heretofore issued by the Authority and with the holders of such bonds; *provided*, that nothing herein shall be construed to grant or confer greater rights in or to said General Reserve Fund upon the holders of Consolidated Bonds than are now granted or conferred upon the holders of the bonds of prior issues.

The foregoing pledge is subject to (but only to) the following separate rights which the Authority hereby reserves to itself:

(a) The right to pledge said General Reserve Fund as security for any bonds whatsoever hereafter issued by the Authority as security for which it may at the time be authorized by law to pledge the General Reserve Fund; and

(b) The right to use the moneys in said General Reserve Fund to meet, pay or otherwise fulfill any of the undertakings which it has assumed, does now assume by this resolution or shall hereafter assume to or for the benefit of the holders of any bonds as security for which said General Reserve Fund has heretofore been or is now pledged, or for which said General Reserve Fund may hereafter be pledged as above provided;

provided, that no greater rights in or to the General Reserve Fund shall hereafter be granted to or conferred upon the holders of any bonds now outstanding or any bonds hereafter issued than are granted to and conferred upon the holders of all Consolidated Bonds.

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Except as provided in the next sentence of this paragraph, the moneys in the General Reserve Fund shall not be used for any purpose at any time if there are any other moneys of the Authority available for that purpose at such time, and shall not be used for the payment of debt service prior to the time when the interest, sinking fund payments, redemption prices, principal amounts and other items constituting such debt service shall be required to be paid or set aside by the Authority; and the moneys in said General Reserve Fund shall be deposited in such depositories as the Authority may designate or invested in obligations of or guaranteed by the United States. If, however, there shall at any time be in or available for payment into all debt reserve funds of the Authority an aggregate amount of moneys in excess of an amount equal to two years' debt service upon all those bonds of the Authority which are secured by a pledge of the General Reserve Fund and which are outstanding at that time, to the extent that such moneys in or available for payment into such debt reserve funds will be available to pay debt service upon such bonds during the ensuing twenty-four calendar months, then and in any such event such excess moneys may be used at such time for any purpose for which said moneys may be used under the General Reserve Fund statutes, whether or not there are other moneys available for that purpose; and such excess moneys may be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of or guaranteed by the United States, the State of New York or the State of New Jersey, and any bonds of the Authority theretofore actually issued and negotiated and secured by a pledge of the General Reserve Fund. Two years' debt service, when used in this paragraph with respect to bonds outstanding at any time shall mean the amounts which the Authority is obligated by contract with the holders of such bonds to pay as debt service upon such bonds during the ensuing twenty-four calendar months; *provided, however*, that in computing such two years' debt service on any such outstanding bonds which are short-term bonds there shall be substituted for the actual debt service on such short-term bonds during said ensuing twenty-four calendar months the debt service which would be payable during said twenty-four calendar months if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity — thirty years from such time; interest — at the same rate as upon the short-term bonds and payable semi-annually beginning six months from such time; amortization — in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time by the thirtieth anniversary of such time if such annual retirement were effected at par at each anniversary of such time and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary.

The resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby further amended to conform to the provisions of this Section 6; *provided, however*, that nothing contained in this Section 6 shall be construed to limit, curtail or impair any pledge of the General Reserve Fund or regarding its administration, investment and use made in favor of or for the benefit of the holders of any bonds of prior issues or to prevent the Authority from doing any act or thing required to be done in the fulfillment of any such pledge.

SECTION 7. Consolidated Bond Reserve Fund.

There is hereby established a special fund (herein called the Consolidated Bond Reserve Fund) the moneys in which are hereby pledged as additional security for all Consolidated Bonds, into which shall be paid all balances of net revenues pledged as security for Consolidated Bonds, remaining after deducting the amounts for which provision is made in subdivisions (a) and (b) of Section 5 of this resolution. The moneys in the Consolidated Bond Reserve Fund shall be accumulated or in the discretion of the Authority shall be applied to any of the following purposes and to such purposes only:

(a) To the payment of Consolidated Bonds at maturity, but in case a sinking fund has been established for the retirement of bonds of the series of which such bonds form a part only if the available moneys in such sinking fund are insufficient for such purpose, and in the case of other Consolidated Bonds, only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

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(b) To the payment of debt service upon Consolidated Bonds then outstanding (other than the payment of such bonds at maturity), but only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

(c) To the purchase for retirement of Consolidated Bonds of any series as determined by the Authority at such prices as the Authority may determine to be reasonable; *provided, however*, that in case all of the bonds of such series are subject to redemption six months or less from the date on which the bonds are to be purchased for retirement, then such prices shall not exceed the highest price at which all of the bonds of such series might be redeemed at or prior to the expiration of said six months. Such purchases may be made at the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to other holders of Consolidated Bonds, and bonds theretofore issued and negotiated and then held by the Authority for investment may be purchased, as well as bonds held by others. In ascertaining whether the purchase price of any bond comes within the maximum above specified, brokerage commissions and similar items shall not be taken into consideration. The bonds so purchased shall be forthwith cancelled.

(d) To the redemption of Consolidated Bonds of any one or more series as may be determined by the Authority, if such bonds are subject to redemption. The bonds so redeemed shall be forthwith cancelled.

(e) To the payment of expenses incurred for the operation, maintenance, repair and administration of any facility the net revenues of which are pledged as security for Consolidated Bonds (including the expenses specified in the definition of net operating revenues in Section 1 of this resolution), but only to the extent that the gross operating revenues of such facility for the calendar year in which such payment shall be due, are insufficient or unavailable for such purpose.

(f) To the payment of debt service upon bonds other than Consolidated Bonds which are described in the last paragraph of this Section 7.

(g) To any other or additional purposes for which the Authority is now or may hereafter be authorized by law to expend the revenues of its facilities.

The pledge hereinbefore made of net revenues as security for Consolidated Bonds (and the lien and charge of Consolidated Bonds thereon) shall be subject to the right of the Authority to make payments into the Consolidated Bond Reserve Fund to the extent above provided in this Section 7, and said pledge and the aforesaid pledge of the moneys in the Consolidated Bond Reserve Fund shall be subject to the right of the Authority to apply said moneys as above provided in this Section 7 and to issue bonds other than Consolidated Bonds which are secured by a pledge of or lien or charge upon the Consolidated Bond Reserve Fund which is prior or equal to the pledge, lien and charge in favor of Consolidated Bonds, but only if such other bonds are issued solely to fulfill obligations undertaken by the Authority to or for the benefit of the holders of Consolidated Bonds and if such other bonds are also secured by a pledge of the General Reserve Fund.

SECTION 8. Amortization and Retirement.

The resolution establishing each series of Consolidated Bonds which includes bonds which at the time of their issuance are issuable only under Condition 4 of Section 3 of this resolution, shall provide, and resolutions establishing other series of Consolidated Bonds may provide, a schedule of mandatory periodic retirement of bonds of such series. Such schedule shall specify the total principal amount of bonds of such series which shall be retired at any time before or during each calendar year, and on or before a stated date during such calendar year, beginning, in the case of series which include bonds issuable as aforesaid only

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under said Condition 4, not later than the first calendar year following the calendar year in which occurs the tenth anniversary of the date of bonds of such series, and beginning, in the case of other series, at any time prior to maturity designated by the Authority in the resolution establishing such series.

The Authority's obligation to retire bonds as aforesaid in the principal amount specified in any such schedule on or before the stated date during each calendar year shall be separate and distinct from and in addition to its obligation to retire bonds in the total principal amounts specified in such schedule on or before the stated dates during other calendar years. Any resolution establishing a series which provides such a schedule of retirement shall either prescribe that such retirement shall be accomplished by periodic serial maturities specified therein or it shall provide that such retirement may be accomplished in the discretion of the Authority by either or both of the following methods, to wit: by the redemption of bonds in the manner, upon the notice and at the prices set forth in said resolutions, or by the purchase of bonds at such prices as the Authority may deem reasonable and proper (which said prices may, in the discretion of the Authority, be specified in such resolution), which said purchases may in the discretion of the Authority be made at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased as well as bonds held by others.

The said schedule of retirement provided with respect to any series which includes bonds issuable as aforesaid only under said Condition 4 shall specify mandatory periodic retirements of bonds of such series as aforesaid at such times and in such amounts that the prospective debt service upon bonds of such series (computed with the substitutions and upon the assumptions provided in the last two paragraphs of Section 3 of this resolution) shall be such that either (a) the debt service, so computed, upon bonds of such series for any one calendar year shall not be more than 10% greater than the debt service so computed upon bonds of such series for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (b) the combined debt service, so computed, upon all Consolidated Bonds outstanding at the time such series is established (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, upon all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (c) the combined debt service, so computed, on all bonds outstanding at the time such series is established which are secured by a pledge of the General Reserve Fund (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, on all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series.

With respect to series of Consolidated Bonds other than those which include bonds issuable as aforesaid only under said Condition 4, the Authority in its discretion may or may not provide for amortization and retirement before maturity, and if it does so provide, it may in its discretion select a sinking fund of any type or any other method to effect such amortization and retirement; but nothing herein contained shall in any way be deemed to eliminate the requirement that one or another of the four numbered conditions in Section 3 must exist in connection with any new Consolidated Bonds to be issued.

SECTION 9. Form and Execution.

Consolidated Bonds may be issued in such form (not inconsistent with this resolution) and executed in such manner as the Authority may determine.

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Pending the execution and delivery of definitive bonds there may be executed and delivered (to the purchaser or purchasers of any Consolidated Bonds) interim receipts or temporary bonds in such form as the Authority may prescribe, which shall be exchangeable for definitive bonds in accordance with their terms. Until such interim receipts or temporary bonds are so exchanged, the rights of the holders thereof shall be the same as though they held the definitive bonds for which they are exchangeable.

SECTION 10. Investments.

The moneys in the Consolidated Bond Reserve Fund shall from time to time be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of (or fully guaranteed by) the United States, the State of New York or the State of New Jersey, and in bonds of the Authority itself, theretofore actually issued and negotiated, if secured by a pledge of the General Reserve Fund (including Consolidated Bonds).

The moneys derived from the sale of Consolidated Bonds shall from time to time be deposited in such depositories as the Authority may designate or invested in obligations of (or fully guaranteed by) the United States, *provided*, that such obligations shall mature not later than the date upon which the Authority intends to apply the proceeds so invested for the purpose for which such Consolidated Bonds were issued.

The moneys in each of the several sinking funds which may be established for the retirement of bonds of the various series of Consolidated Bonds, shall be deposited in such depositories as the Authority may designate or invested only in direct obligations of the United States, *provided*, that such obligations shall mature (or shall be redeemable at the option of the holder) at least five days prior to any date upon which such moneys must be applied to the retirement of Consolidated Bonds as provided in the resolutions establishing such series.

The net revenues pledged as security for Consolidated Bonds shall be deposited in such depositories as the Authority may designate or invested as provided in the next preceding paragraph for sinking fund moneys, *provided*, that any excess over debt service on all bonds secured by a pledge of such revenues for the year during which such revenues are derived may be invested as provided for Consolidated Bond Reserve Fund moneys.

Except as otherwise provided in Section 16 of this resolution, Consolidated Bonds held by the Authority shall have the same rights as though purchased or held by others.

SECTION 11. Sinking Funds and Special Reserve Funds of Bonds of Prior Issues.

Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of any particular series of any prior issue of bonds, any remaining balances of any sinking fund established for such particular series shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof. Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of each of the prior issues of bonds, any remaining balances of any special reserve fund established for the benefit of the bonds of such particular prior issue of bonds shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof.

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SECTION 12. Miscellaneous Covenants.

The Authority covenants and agrees with the holders of Consolidated Bonds, and with each such holder, as follows:

(a) Fully and faithfully to perform all duties required by the Constitutions and Statutes of the United States and of the States of New York and New Jersey, and by the Compact of April 30, 1921, between said two States, with reference to all facilities the net revenues of which are pledged as security for Consolidated Bonds, — those hereafter established, constructed or acquired by it, as well as those presently owned, leased or operated by it.

(b) Not to issue any more General and Refunding Bonds of the issue established March 18, 1935, Air Terminal Bonds of the issue established June 18, 1948 or Marine Terminal Bonds of the issue established November 23, 1948 in addition to the bonds of those issues outstanding at the adoption of this resolution. This covenant and agreement shall not only be with and for the benefit of holders of Consolidated Bonds but shall also be with and for the benefit of holders of outstanding bonds of prior issues and shall not be subject to modification except in accordance with the provisions of the resolutions establishing such prior issues in addition to the provisions of Section 16 of this resolution.

(c) To proceed promptly and in an economical and efficient manner with the effectuation, establishment, acquisition, construction, rehabilitation or improvement of all facilities, the effectuation, establishment, acquisition, construction, rehabilitation or improvement whereof is financed with Consolidated Bonds.

(d) To maintain in good condition all facilities the surplus revenues of which are payable into the General Reserve Fund, and to operate them in an efficient and economical manner, making all such renewals and replacements and acquiring and using all such equipment as the Authority shall determine to be necessary or desirable for the proper and economical maintenance and operation thereof.

(e) To make such improvements as part of or in connection with facilities the surplus revenues of which are payable into the General Reserve Fund as the Authority shall determine to be necessary or desirable as incidental to or in connection with the operation of said facilities.

(f) To establish and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the net revenues of which are pledged as security for Consolidated Bonds, to the end that at least sufficient net revenues may be produced therefrom at all times to provide for the debt service upon all Consolidated Bonds.

(g) In the event the net revenues pledged as security for Consolidated Bonds are insufficient to provide for the debt service upon any or all Consolidated Bonds, to make good any deficiency out of the General Reserve Fund or other available revenues, moneys or funds; and for that purpose to establish, maintain and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the surplus revenues of which are payable into the General Reserve Fund (including facilities the net revenues of which are not pledged as security for Consolidated Bonds), to the end that combined surplus revenues may be produced therefrom at least sufficient to make good (through the medium of the General Reserve Fund) any deficiency in the debt service upon Consolidated Bonds, *provided, however*, that nothing herein contained shall be deemed to constitute an agreement or covenant by the Authority to make any payments into the General Reserve Fund in excess of the payments required to be made pursuant to the General Reserve Fund statutes.

(h) To keep all facilities the surplus revenues of which are payable into the General Reserve Fund (and all structures, equipment and properties forming part thereof) insured, if such insurance is

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obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts and with such deductibles as the Authority shall deem necessary for the protection of the holders of Consolidated Bonds.

(i) Duly and punctually to pay or cause to be paid the debt service upon all underlying mortgage bonds outstanding in connection with all or any part of any facility the surplus revenues of which are payable into the General Reserve Fund, in strict conformity with the terms of such bonds.

(j) To make all such expenditures as the Authority shall determine are necessary or desirable for, in connection with or incidental to the fulfillment of any of the covenants or other undertakings assumed by the Authority to or for the benefit of the holders of any Consolidated Bonds in this Section 12 or in any other section of this resolution or in any other resolution relating to Consolidated Bonds.

(k) In case any facility or any real property constituting a portion of a facility, the net revenues of which are pledged as security for Consolidated Bonds, is sold by the Authority or is condemned pursuant to the power of eminent domain, to apply the net proceeds of such sale or condemnation to capital expenditures upon facilities the net revenues of which are pledged as security for Consolidated Bonds, or to the retirement of Consolidated Bonds or bonds of prior issues after satisfying any prior obligations in respect of such facilities or in respect of the disposition of such proceeds; provided, however, that nothing herein contained shall be construed to prevent the Authority from applying the award in any condemnation proceeding in accordance with the Agreement with respect to the Newark Marine and Air Terminals between the City of Newark and the Authority, dated October 22, 1947, or the Agreement with respect to Municipal Air Terminals between the City of New York and the Authority, dated April 17, 1947, or any lease or other agreement for the use of real property heretofore or hereafter entered into by the Authority whether as landlord, tenant, licensor, licensee or otherwise.

SECTION 13. Registrars and Paying Agents.

The Authority shall designate one or more Registrars and Paying Agents to act as such for and in connection with each series of Consolidated Bonds, and may in its discretion, from time to time, terminate such appointments or designations, designate new, substitute or additional Registrars and Paying Agents, designate separate and different Registrars and Paying Agents in connection with different series or installments of Consolidated Bonds, and designate itself to act as Registrar or Paying Agent; provided, that if the Authority shall provide for the authentication of the bonds of any series by the Registrar thereof, it shall not designate itself to act as such Registrar.

SECTION 14. Evidence of Ownership.

Any notice to the contrary notwithstanding, the Authority and its Registrars and Paying Agents may, at the option of the Authority, treat the following persons as the absolute owners of Consolidated Bonds or coupons for the purpose of paying principal or interest and for all other purposes whatsoever:

(a) In the case of bonds not registered as to principal, — the person or persons in possession of such bonds.

(b) In the case of the coupons of any bonds not registered as to interest, — the person or persons in possession of such coupons.

(c) In the case of bonds registered as to both principal and interest in accordance with the provisions established by the Authority for such registration, — the person or persons in whose name such bonds are registered.

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(d) In the case of bonds registered as to principal only in accordance with the provisions established by the Authority for such registration, — the person or persons in whose name such bonds are registered, except for the purpose of paying interest represented by outstanding coupons.

SECTION 15. Liability.

No Commissioner, officer, agent, representative, employee, Registrar or Paying Agent of the Authority shall be held personally liable to any purchaser or holder of any Consolidated Bond under or upon such bond, or under or upon this resolution or any resolution hereafter adopted relating to Consolidated Bonds, or because of the issuance or attempted issuance of any Consolidated Bonds, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things willfully done with an intent to defraud or willfully omitted to be done with an intent to defraud.

SECTION 16. Modifications.

(a) The Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Consolidated Bonds, modify or amend this resolution, or any other resolution relating to Consolidated Bonds, but only for the purpose of curing any ambiguity or of curing or correcting any defective or inconsistent provision, or for any other purpose not inconsistent with this resolution or with any other resolution relating to Consolidated Bonds; *provided*, that no such amendment made pursuant to this sub-section (a) shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder.

(b) In addition to the power given in sub-section (a) of this Section 16, any of the terms or provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution) may be amended, repealed or modified in the manner hereinafter set forth in this Section 16, for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Consolidated Bonds or of any of the coupons pertaining thereto; *provided*, that no such amendment, repeal or modification shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any Consolidated Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, without the express consent of the holder of such bond.

i. Whenever the Authority shall desire any such amendment, repeal or modification of any of the provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution), it shall call a meeting of the holders of Consolidated Bonds (or if the amendment, repeal or modification proposed shall affect the rights of the holders of such bonds of only one or more particular series or installments, then of the holders of all Consolidated Bonds of each such series or installment so to be affected) for the purpose of considering and acting upon any such proposed amendment, repeal or modification. A notice specifying the purpose, place, date and hour of such meeting shall be published by the Authority in a daily newspaper of general circulation in the City of New York, State of New York, and also in one or more daily newspapers of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. Such notice shall be published once a week for four consecutive weeks, the first publication to be not less than thirty days nor more than ninety days prior to the date fixed for the meeting. Such

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notice shall briefly set forth the nature of the proposed amendment, repeal or modification, and shall give notice that a copy thereof is on file with the Authority for inspection by the holders of the bonds. On or before the date of the first publication of the notice, a similar written or printed notice shall be mailed by the Authority, postage prepaid, to the holders of such bonds registered either as to principal or as to both principal and interest, at the addresses appearing on the registry books of the Authority, and who are to be affected by the proposed amendment, repeal or modification. The actual receipt by any bondholder of notice of such meeting shall not be essential to the validity of such meeting, and a certificate by the Authority, duly executed by its Chairman or Vice-Chairman, that the meeting has been called and notice thereof given as herein provided, shall be conclusive as against all parties, and it shall not be open to any bondholder to show that he failed to receive notice of such meeting or to object to the form of such notice, *provided*, that such notice shall conform substantially to the provisions of this subdivision i of this sub-section (b) of this Section 16.

ii. No person shall be entitled to vote at such meeting unless he shall be a holder of a Consolidated Bond or shall hold a proxy duly executed by such a bondholder, and (1) he shall present at the meeting his Consolidated Bond or Bonds (or in the case of the holder of a proxy, the Consolidated Bond or Bonds of his principal), or (2) he shall present at the meeting a certificate of the character herein described in subdivision iii of this sub-section (b) of this Section 16, or (3) his name (or, in the case of the holder of a proxy, the name of his principal) shall appear as a registered bondholder on the list prepared and presented to the meeting by the Registrar as provided in subdivision iii of this sub-section (b) of this Section 16.

iii. Any holder of Consolidated Bonds may, prior to any such meeting, deliver his Consolidated Bond or Bonds, at his own expense, to any Registrar of Consolidated Bonds, or to such bank, banking firm or trust company as shall be satisfactory to the Authority, and thereupon shall be entitled to receive an appropriate receipt for the bonds so deposited, calling for the re-delivery of such bonds at any time after the meeting. A certificate signed by any such Registrar, or by any such bank, banking firm or trust company that the bonds have been so deposited, and giving the amount, denomination, series and numbers thereof, shall be sufficient evidence to permit the holder of any such certificate, including the holder of a proxy who shall produce such certificate, to be present and to vote at any meeting. The Registrar or Registrars of Consolidated Bonds shall prepare and deliver to the Authority at the time of the convening of the meeting, a list of the names and addresses of the registered holders of the bonds proposed to be affected by said amendment, repeal or modification, as of the close of business on the day before the date set for the meeting, or the date to which such meeting shall have been adjourned, together with a statement of the denominations, series and numbers of the bonds registered in the name of each such registered holder.

iv. The Authority shall present to the meeting at the convening thereof, a statement in writing duly executed by its Chairman or Vice-Chairman or by the Chairman or Vice-Chairman of its Committee on Finance, listing the denominations, series and numbers of all bonds of all series proposed to be affected by said amendment, repeal or modification, owned by it or held for its account directly or indirectly, including any bond registered in the name of the Authority or held for the account of any debt reserve fund of the Authority, and no person shall be permitted at the meeting to cast any vote or give any consent because of any bonds listed on such statement, and no such bonds (hereinafter referred to as Authority-owned bonds) shall be counted in determining any vote at such meeting, including the determination of whether or not a quorum is present.

v. A representation of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of Authority-owned bonds) or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then 60% in aggregate principal amount of the bonds outstanding (exclusive of Authority-owned bonds) of each such series or installment so to be affected, shall be necessary to

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constitute a quorum at any such meeting of bondholders; but less than a quorum may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Authority shall designate a Commissioner or officer of the Authority to preside as temporary chairman, and such temporary chairman shall immediately call for nominations for a permanent chairman for such meeting. Such permanent chairman shall be some person who shall be a bondholder, or the holder of a proxy, entitled to vote at the meeting. At such meeting each person shall be entitled to one vote for each \$1,000 principal amount of such bonds held or represented by him as provided in subdivision ii of this sub-section (b) of this Section 16, and such vote shall be cast by ballot. Except as herein provided, the meeting may adopt its own rules of procedure.

vi. At any such meeting held as aforesaid, the Authority shall submit for consideration and action of the holders of Consolidated Bonds or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then of the bondholders of each such series or installments to be affected, a proposed resolution embodying the amendment, repeal or modification to be considered by the meeting. If such proposed resolution shall be consented to and approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the bonds to be affected thereby outstanding at the time (exclusive of Authority-owned bonds), then, and in such case, the Authority shall thereby be authorized and empowered to adopt such resolution, and any such resolution so adopted by the Authority shall be binding upon all bondholders, whether or not present at such meeting in person or by proxy, *provided* that no such amendment, repeal or modification shall affect the rights of the holders of one or more series or installments of Consolidated Bonds in a manner or to an extent differing from that in or to which the rights of holders of any other series or installments of Consolidated Bonds are affected unless such resolution shall be approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of Authority-owned bonds) of each such series or installment so affected; and no bondholder shall have any right or cause to object to the adoption of any such resolution by the Authority or to object to any of the terms or provisions therein contained or the exercise thereof or of the authorizations contained therein, or in any manner to question the propriety of the adoption thereof or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

vii. Upon the adoption by the Authority of any resolution pursuant to the provisions of this Section 16, this resolution (and any resolution supplemental to or amendatory of this resolution) shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Authority and all holders of outstanding bonds shall be thereafter determined, exercised and enforced subject, in all respects, to such modifications and amendments.

viii. Minutes of all resolutions adopted and proceedings had at every such meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Authority, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, shall be prima facie evidence of the matters therein stated, and until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been so made and signed shall be deemed to have been duly held and conveyed, and all resolutions passed thereat or proceedings had thereat shall be deemed to have been duly passed and had.

As used above in this Section 16, the terms "bond" and "Consolidated Bond" shall include any interim receipt therefor; and the terms "bondholder" and "holder" of a "Consolidated Bond" shall include the holder of such an interim receipt.

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SECTION 17. Determinations.

Whenever in this resolution it is provided that any selection, designation, determination or estimate shall or may be made by the Authority or that any action may be taken or withheld by the Authority or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of the Authority, then the Authority's such selection, designation, determination, estimate, action, option, opinion, discretion or judgment expressed by its Board of Commissioners or by a committee or officer or other person duly authorized shall be conclusive for the purposes of this resolution.

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PERTINENT STATUTES AND GENERAL RESOLUTIONS

General

An important function of the Port Authority is the effectuation of the Comprehensive Plan for the development of the Port District, which was adopted by the two States in 1922 and supplemented from time to time thereafter.

By legislation adopted in 1931, the two States declared that the vehicular traffic moving across interstate waters within the Port District constitutes a general movement of traffic which follows the most accessible and practicable routes, and that the users of each such vehicular bridge or tunnel across these waters benefit by the existence of every vehicular bridge or tunnel, since all of the bridges or tunnels relieve congestion and facilitate the movement of traffic. Accordingly, the two States provided that the construction and operation of such bridges and tunnels authorized by State law should be unified under the Port Authority. The legislation referred to leaves the Congress of the United States free to exercise its powers with respect to interstate crossings.

In 1947, the two States adopted legislation authorizing municipalities in the Port District to cooperate with the Port Authority in the development of marine terminals and empowered them to consent to the use by the Port Authority of any municipally owned marine terminal development, including the right to convey, lease or otherwise transfer such marine terminal development to the Port Authority. The Port Authority may also acquire privately owned marine terminal properties under the original Compact.

The two States also adopted legislation in 1947 declaring that the problem of furnishing proper and adequate air terminal facilities within the Port District is a regional and interstate problem and that it should be the policy of the two States to encourage the integration of air terminals so far as practicable in a unified system. In furtherance of said policy and in partial effectuation of the Comprehensive Plan, the Port Authority was authorized to proceed with air terminal development within the Port District. These statutes were amended during 1971-1973 to authorize the Port Authority to provide mass transportation facilities connecting with JFK Airport and Newark Airport. These statutes, and the marine terminal statutes noted above, were amended in 1978 to authorize the Port Authority to participate in the effectuation of legislatively designated highway projects in the vicinity of an air or marine terminal providing improved access to such air or marine terminal and in 1980 to authorize the Port Authority to participate in the effectuation of certain port-related railroad freight projects related or of benefit to Port Authority marine or air terminals or to the protection or promotion of the commerce of the Port District.

In 1962, the two States authorized the Port Authority to proceed with the acquisition, rehabilitation and operation of the Hudson Tubes, consisting of the properties formerly operated by the Hudson & Manhattan Railroad Company, and certain extensions to the Hudson Tubes; also the States authorized a new facility of commerce known as the World Trade Center. Additionally, the Port Authority was authorized to cooperate with other agencies of government in the rehabilitation and redevelopment of the Hudson Tubes-World Trade Center areas, in part for the purpose of the renewal and improvement of such areas, as part of this port development project. These statutes were amended during 1972-1974 to authorize the Port Authority to effectuate an extension of the Hudson Tubes from the City of Newark to the vicinity of the City of Plainfield in New Jersey and to undertake a series of New Jersey rail improvements with respect to direct Erie-Lackawanna Railroad service into Pennsylvania Station in New York City. The amendments also provided for the repeal of the provisions of the statutory covenant with the holders of affected bonds of the Port Authority contained in the 1962 legislation which limited the Port Authority's financial participation in additional deficit passenger railroad facilities. The Supreme Court of the United

PERTINENT STATUTES AND GENERAL RESOLUTIONS

States determined that the retroactive application of the repeal to affected bonds issued prior to May 10, 1973, was invalid as a violation of the United States Constitution. The last series of Consolidated Bonds to which this statutory covenant applied was redeemed on September 1, 2001.

In 1967, the State of New York adopted legislation, and in 2007, the State of New Jersey adopted concurrent legislation, which authorized the Port Authority to acquire and operate one air terminal in New York and one air terminal in New Jersey, located outside the Port District, with the site of each such air terminal subject to the approval of the Governor thereof.

In 1978, the two States adopted legislation declaring that to prevent further deterioration of the economy of the Port District and to promote, preserve and protect trade and commerce in and through the Port District, it is the policy of the two States actively to promote, attract, encourage and develop economically sound commerce and industry through governmental action. In furtherance of said policy and in partial effectuation of the Comprehensive Plan, the Port Authority was authorized to proceed with the development of industrial development projects, including resource recovery and industrial pollution control facilities.

In 1979, the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance and transfer, subject to appropriate certifications, up to \$440,000,000 of buses and ancillary bus facilities in the States of New York and New Jersey, with up to \$220,000,000 allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The legislatures determined that the economic viability of the existing facilities operated by the Port Authority is dependent upon the effective and efficient functioning of the transportation network of the northern New Jersey-New York metropolitan area and that access to and proper utilization of such Port Authority facilities would be adversely affected if users of bus transportation were to find such transportation unavailable or significantly curtailed.

In 1984, the Port Authority was authorized to participate in effectuating certain mixed-use waterfront development projects in each of the States. The legislatures determined that the Port Authority, in view of its extensive experience both in waterfront construction and administration of waterfront projects, is a proper agency to act on behalf of either State in the redevelopment of specific waterfront areas in the Port District which are no longer utilized in the movement of cargo or which are related to the movement of passengers and their vehicles or to the operation or development of any other Port Authority project or facility.

Statutes

Chapter 154 of the Laws of New York of 1921, as amended by Chapter 419 of the Laws of New York of 1930, by Chapter 531 of the Laws of New York of 1972 and by Chapter 275 of the Laws of New York of 1992 (McK. Unconsol. Laws §§ 6401-6423), and Chapter 151 of the Laws of New Jersey of 1921, as amended by Chapter 244 of the Laws of New Jersey of 1930, by Chapter 69 of the Laws of New Jersey of 1972 and by Chapter 395 of the Laws of New Jersey of 1991 (N.J.S.A. 32:1-1 to 24), containing the Compact between the two States creating the Port Authority, and S.J. Res. 88, 67th Cong., 42 Stat. 174 (1921) [Public Resolution No. 17], consenting thereto.

Chapter 9 of the Laws of New Jersey of 1922 (N.J.S.A. 32:1-25 to 35), and Chapter 43 of the Laws of New York of 1922 (McK. Unconsol. Laws §§ 6451-6461), adopting a Comprehensive Plan for the development of the Port District, and H.R.J. Res. 337, 67th Cong., 42 Stat. 822 (1922) [Public Resolution No. 66], consenting thereto.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Chapter 333 of the Laws of New Jersey of 1927, as amended by Chapter 20 of the Laws of New Jersey of 1972 (N.J.S.A. 32:2-6 to 9), and Chapter 700 of the Laws of New York of 1927, as amended by Chapter 215 of the Laws of New York of 1956 and Chapter 602 of the Laws of New York of 1972 (McK. Unconsol. Laws §§ 7151-7154), relating to the time period for gubernatorial action with respect to minutes of the Board of Commissioners.

Chapter 114 of the Laws of New Jersey of 1930 (N.J.S.A. 32:2-24), and Chapter 486 of the Laws of New York of 1928, and Chapter 46 of the Laws of New York of 1931, as amended by Chapter 635 of the Laws of New York of 1951 (McK. Unconsol. Laws § 312), making certain inland and marine terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 4 of the Laws of New Jersey of 1931 (N.J.S.A. 32:1-118 to 140), and Chapter 47 of the Laws of New York of 1931 (McK. Unconsol. Laws §§ 6501-6525), relating to the construction, operation and financing of interstate vehicular bridges and tunnels, as amended by Chapter 11 of the Laws of New Jersey of 1954, and Chapter 180 of the Laws of New York of 1954, relating to the third tube of the Lincoln Tunnel, as further amended by Chapter 156 of the Laws of New Jersey of 1956, and Chapter 807 of the Laws of New York of 1955, relating to the second deck of the George Washington Bridge.

Chapter 5 of the Laws of New Jersey of 1931, as amended by Chapter 197 of the Laws of New Jersey of 1945 (N.J.S.A. 32:1-141 to 143), and Chapter 48 of the Laws of New York of 1931, as amended by Chapter 163 of the Laws of New York of 1945 (McK. Unconsol. Laws §§ 7001-7003), relating to the use of Port Authority revenues.

Sections 98, 105 and 106 of the New York State Finance Law, relating to the investment of state funds in bonds of the Port Authority, and authorizing Port Authority bonds as security for deposit of moneys by state officers and by certain others.

Chapter 24 of the Laws of New York of 1937, as amended by Chapter 141 of the Laws of New York of 1953 (McK. Unconsol. Laws § 313), and Chapter 83 of the Laws of New Jersey of 1937, as amended by Chapter 81 of the Laws of New Jersey of 1953 (N.J.S.A. 32:2-24.1), making General and Refunding Bonds and Consolidated Bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 410 of the Laws of New York of 1944, as amended by Chapter 899 of the Laws of New York of 1945 and by Chapter 432 of the Laws of New York of 1949, relating to the Port Authority Grain Terminal.

Chapter 163 of the Laws of New York of 1945 (McK. Unconsol. Laws § 6731), relating to motor truck terminals and making motor truck terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 197 of the Laws of New Jersey of 1945 (N.J.S.A. 32:1-141.1), relating to motor truck terminals and making motor truck terminal bonds and grain terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 95 of the Laws of New Jersey of 1946 (N.J.S.A. 32:2-23.1 to 23.5), and Chapter 443 of the Laws of New York of 1946 (McK. Unconsol. Laws §§ 6701-6706), relating to the financing and effectuation of a motor bus terminal.

* *I.e.* securities in which public officers, banks and savings banks, insurance companies, trustees and other fiduciaries may legally invest funds.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Chapter 43 of the Laws of New Jersey of 1947, as amended by Chapter 214 of the Laws of New Jersey of 1948, by Chapter 245 of the Laws of New Jersey of 1971, by Chapter 207 of the Laws of New Jersey of 1972, by Chapter 365 of the Laws of New Jersey of 1977, by Chapter 157 of the Laws of New Jersey of 1980 and by Chapter 75 of the Laws of New Jersey of 2007 (N.J.S.A. 32:1-35.1 to 35.27f) and by Chapter 75 of the Laws of New Jersey of 2007 (N.J.S.A. 32:1-35.27e to 1-35.27f), and Chapter 802 of the Laws of New York of 1947, as amended by Chapter 785 of the Laws of New York of 1948, by Chapter 717 of the Laws of New York of 1967 (McK. Unconsol. Laws § 6631), by Chapters 474 and 475 of the Laws of New York of 1971, by Chapter 317 of the Laws of New York of 1973, by Chapter 792 of the Laws of New York of 1978 and by Chapter 470 of the Laws of New York of 1980 (McK. Unconsol. Laws §§ 6631-6647), relating to the financing and effectuation of air terminals.

Chapter 44 of the Laws of New Jersey of 1947, as amended by Chapter 212 of the Laws of New Jersey of 1948, by Chapter 365 of the Laws of New Jersey of 1977 and by Chapter 157 of the Laws of New Jersey of 1980 (N.J.S.A. 32:1-35.25 to 35.36), and Chapter 631 of the Laws of New York of 1947, as amended by Chapter 784 of the Laws of New York of 1948, by Chapter 792 of the Laws of New York of 1978 and by Chapter 470 of the Laws of New York of 1980 (McK. Unconsol. Laws §§ 6671-6678), relating to marine terminals. This legislation was further amended by Chapter 9 of the Laws of New Jersey of 1983 (N.J.S.A. 32:1-35.36c to 35.36k) and Chapters 676 and 677 of the Laws of New York of 1984, respectively, relating to the acquisition, development and financing of waterfront development projects.

Chapter 301 of the Laws of New York of 1950, as amended by Chapter 938 of the Laws of New York of 1974 (McK. Unconsol. Laws §§ 7101-7112), Chapter 143 of the Laws of New York of 1953 (McK. Unconsol. Laws §§ 7131-7136) and Chapter 599 of the Laws of New York of 1977 (McK. Unconsol. Laws §§ 7141-7142); and Chapter 204 of the Laws of New Jersey of 1951 (N.J.S.A. 32:1-157 to 168), Chapter 172 of the Laws of New Jersey of 1953 (N.J.S.A. 32:1-169 to 174), and Chapter 363 of the Laws of New Jersey of 1977 (N.J.S.A. 32:1-175, 176), relating to suits against the Port Authority.

Chapter 51 of the Laws of New Jersey of 1955 (N.J.S.A. 32:119.2), and Chapter 810 of the Laws of New York of 1955 (McK. Unconsol. Laws § 6504), relating to the construction of a peripheral automobile parking lot as an improvement to any bridge or tunnel.

Chapter 16 of the Laws of New Jersey of 1956 (N.J.S.A. 32:2-34 to 36), and Chapter 444 of the Laws of New York of 1956 (McK. Unconsol. Laws §§ 6751-6754), authorizing the Port Authority to contribute to the cost of certain extensions to the New Jersey Turnpike.

Chapter 8 of the Laws of New Jersey of 1962, as amended by Chapter 208 of the Laws of New Jersey of 1972 and by Chapter 25 of the Laws of New Jersey of 1974 (N.J.S.A. 32:1-35.50 to 35.68), and Chapter 209 of the Laws of New York of 1962, as amended by Chapter 1003 of the Laws of New York of 1972, by Chapter 318 of the Laws of New York of 1973 and by Chapter 993 of the Laws of New York of 1974 (McK. Unconsol. Laws §§ 6601-6618), relating to the World Trade Center, the Hudson Tubes and the Hudson Tubes extensions, and the use of Port Authority revenues.

Chapter 110 of the Laws of New Jersey of 1978 (N.J.S.A. 32:1-35.72 to 35.93) and Chapter 651 of the Laws of New York of 1978 (McK. Unconsol. Laws §§ 7171-7192), relating to the effectuation of industrial development projects and facilities and the use of Port Authority revenues, and Public Law No. 96-163, 96th Congress, First Session (93 Stat. 1242), consenting thereto.

Chapter 33 of the Laws of New Jersey of 1979, as amended by Chapter 407 of the Laws of New Jersey of 1981 (N.J.S.A. 32:2-23.27 to 23.42) and Chapter 12 of the Laws of New York of 1979, as amended by Chapter 314 of the Laws of New York of 1981 (McK. Unconsol. Laws §§ 7201-7217), relating to the acquisition, development, financing and transfer of buses and ancillary bus facilities.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Certain Other Relevant Federal Statutes

Act of March 23, 1906 (commonly known as the Bridge Act of 1906), Pub. L. No. 65, 34 Stat. 84 (1906), *as amended by* the Federal-Aid Highway Act of 1987, Pub. L. No. 100-17 § 135, 101 Stat. 132, 174 (1987) (codified in pertinent part at 33 U.S.C. § 508), relating to the establishment of tolls for passage or transit over bridges constructed under the authority of the Bridge Act of 1906.

Act of Oct. 17, 1978, Pub. L. No. 95-473, 92 Stat. 1337, 1360 (1978), *as amended by and restated in* the ICC Termination Act of 1995, Pub. L. No. 104-88 § 102(a), 109 Stat. 807 (1995) (codified in pertinent part at 49 U.S.C. § 10501(c)), relating to the exclusion, with certain limited exceptions, for mass transportation provided by local government authorities from the jurisdiction of the Surface Transportation Board.

Airport and Airway Improvement Act of 1982, Pub. L. No. 97-248, 96 Stat. 324 (1982), *as amended by and restated in* the Federal Aviation Reauthorization Act of 1996, Pub. L. No. 104-264, 110 Stat. 3213 (1996) (codified in pertinent part at 49 U.S.C. § 47133(b)), relating to the ability of certain airport owners and operators to use the revenues generated by an airport that is the subject of federal assistance for general debt obligations or other facilities of the owner or operator of such airport.

Air Transportation Safety and System Stabilization Act, Pub. L. No. 107-42 § 408, 115 Stat. 230 (2001), *as amended by* the Aviation and Transportation Security Act, Pub. L. No. 107-71 § 201(b), 115 Stat. 597 (2001), relating to the limitation on liability for claims arising from the terrorist attacks of September 11, 2001.

Aviation and Transportation Security Act, Pub. L. No. 107-71 § 101(a), 115 Stat. 597 (2001), *as amended by* the Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135 (2002), relating to the creation of the Transportation Security Administration.

Pub. L. No. 107-230, 116 Stat. 1469 (2002), providing in pertinent part for a temporary waiver from certain transportation conformity requirements and metropolitan transportation planning requirements under the Clean Air Act of 1990 for certain areas in New York where the planning offices and resources have been destroyed by acts of terrorism.

National Construction Safety Team Act, Pub. L. No. 107-231, 116 Stat. 1471 (2002) (codified in pertinent part at 15 U.S.C. § 7311), relating to the establishment of teams to investigate certain building disasters.

Maritime Transportation Security Act of 2002, Pub. L. No. 107-295, 116 Stat. 2064 (2002), relating to security of port facilities.

Intelligence Authorization Act for Fiscal Year 2003, Pub. L. No. 107-306, 116 Stat. 2408, relating to the establishment of the National Commission on Terrorist Attacks Upon the United States.

National Historic Preservation Act of 1966, as amended, 16 U.S.C.A. § 470 *et seq.*

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (“CERCLA”), 42 U.S.C. § 9601 *et seq.*

National Environmental Policy Act of 1969 Pub. L. No. 91-190, § 102, 42 U.S.C. § 4332 (1994).

Terrorism Risk Insurance Program Reauthorization Act of 2015, Pub. L. No. 114-1 (2015).

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolutions

Resolution of March 9, 1931, as amended May 5, 1932, as further amended by the Resolution of October 9, 1952, establishing issue of Consolidated Bonds, and Resolution of September 22, 1932, relating to the General Reserve Fund.

Basic Resolution adopted March 18, 1935, as amended March 25, 1935, September 16, 1943, March 6, 1947, and October 23, 1947, establishing issue of General and Refunding Bonds.

Resolution of November 13, 1947, and Resolution of October 9, 1952, relating to the administration of the General Reserve Fund.

Resolution of June 18, 1948, establishing issue of Air Terminal Bonds.

Resolution of November 23, 1948, establishing issue of Marine Terminal Bonds.

Resolution of October 9, 1952, establishing issue of Consolidated Bonds.

Resolution of November 13, 1958, relating to the effect of the application of Consolidated Bonds, Twelfth Series, to the acquisition of the Erie Basin-Port Authority Marine Terminal.

Resolution of June 14, 1962, relating to the certification of the Hudson Tubes as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds or Consolidated Notes for purposes of capital expenditures in connection with that facility.

Resolution of September 9, 1965, relating to the certification of the World Trade Center as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of March 8, 1979, relating to the certification of the Port Authority Bus Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility; and resolution of May 13, 1982, relating to the certification of the extension of the Port Authority Bus Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of April 29, 1981, relating to the certification of the Oak Point Rail Freight Link as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 28, 1981, relating to the certification of the Bathgate Industrial Development Project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of September 9, 1982, as amended and supplemented by Resolutions of June 9, 1983, October 13, 1983, July 11, 1985, November 14, 1985, January 7, 1988, October 11, 1990, November 9, 1995, June 29, 2000, May 26, 2005, June 22, 2010 and July 23, 2015 with respect to the establishment and authorization of issuance of Port Authority Commercial Paper Obligations.

Resolution of June 9, 1983, relating to the certification of the Teleport as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolution of June 9, 1983, establishing issue of Special Project Bonds.

Resolution of June 14, 1984, relating to the certification of the Elizabeth Industrial Park as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Pre-development Site Acquisition Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Newark Legal and Communications Center as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Greenville Yard-Port Authority Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of May 9, 1985, as amended November 14, 1985, relating to the certification of the Essex County Resource Recovery Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of June 13, 1985, relating to the certification of the Howland Hook Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of December 11, 1986 (a portion of which appears in the Official Minutes of January 22, 1987), relating to the certification of an Imported Automobile Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of May 14, 1987, relating to the certification of the Newark South Ward Industrial Park as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 10, 1987, relating to the certification of the Regional Development Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of July 14, 1988, March 8, 1989, May 11, 1989 (of the Committee on Finance of the Board of Commissioners of the Port Authority), November 14, 1991, April 9, 1992 (of the Committee on Finance of the Board of Commissioners of the Port Authority), October 13, 1994 and December 12, 1996, as modified by Resolution of November 18, 1999, relating to Port Authority Variable Rate Master Notes.

Resolutions of July 14, 1988, December 10, 1992 and April 27, 2005, as modified by Resolution of March 30, 2006, with respect to Interest Rate Exchange Contracts.

Resolution of September 14, 1989, relating to the certification of the New Jersey Marine Development Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolutions of September 14, 1989 and July 11, 1991, relating to the certification of the Regional Economic Development Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 14, 1989, relating to the certification of the Trans-Hudson Ferry Service as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of November 14, 1991, establishing Consolidated Bonds, Eighty-fifth Series, Due 2029, and authorizing the issue and sale thereof; as a result of action taken at the time of sale of such Series, it is now known as “Consolidated Bonds, Eighty-fifth Series.”

Resolution of June 11, 1992, as modified by Resolutions of October 13, 1994, December 12, 1996 and November 18, 1999, with respect to the establishment and authorization of issuance of Port Authority Versatile Structure Obligations.

Resolutions of June 11, 1992, as amended by Resolution of April 11, 1996, establishing and authorizing the issuance of Special Project Bonds, Series 4, KIAC Partners Project, and authorizing the sale thereof.

Resolutions of June 11, 1992, as amended by Resolution of April 11, 1996, establishing and authorizing the issuance of Special Project Bonds, Series 5, KIAC Partners Project, and authorizing the sale thereof.

Resolution of June 11, 1992 (and procedures and subject matter exceptions of August 13, 1992, as modified by Resolution of December 14, 2006), relating to public attendance at meetings of the Board of Commissioners of the Port Authority and its committees.

Resolutions of June 10, 1993, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, Ninety-third Series (as amended March 10, 1994 solely with respect to Consolidated Bonds, Ninety-third Series), and authorizing the sale thereof.

Resolutions of June 10, 1993, October 13, 1994 and December 12, 1996, as modified by Resolution of November 18, 1999, with respect to the establishment and authorization of issuance of Port Authority Equipment Notes.

Resolution of December 15, 1994, relating to the authority of the Committee on Operations of the Board of Commissioners of the Port Authority to take actions on behalf of the Board of Commissioners of the Port Authority.

Resolutions of October 17, 1996, establishing and authorizing the issuance of Special Project Bonds, Series 6, JFK International Air Terminal LLC Project, and authorizing the sale thereof.

Resolution of September 25, 1997, relating to the certification of the Hoboken South Waterfront Development project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 25, 1997, relating to the certification of the Queens West Waterfront Development project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolution of November 21, 2002, relating to the certification of the Regional Rail Freight Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the New York Transportation, Economic Development and Infrastructure Renewal Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the Regional Transportation Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the Hudson-Raritan Estuary Resources Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility; and resolution of April 23, 2014, relating to the certification of the Hudson-Raritan Estuary Resources Program II as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of February 23, 2006, relating to the certification of the Meadowlands Passenger Rail Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of July 26, 2007, relating to the certification of Stewart International Airport as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of July 26, 2007, May 22, 2008, July 28, 2011, March 29, 2012, June 28, 2012, August 1, 2012, and September 20, 2012 relating to the By-Laws of the Port Authority.

Resolutions of November 15, 2007, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Fiftieth Series and Consolidated Bonds, One Hundred Fifty-third Series through Consolidated Bonds, One Hundred Sixty-first Series and authorizing the sale thereof (as amended pursuant to the resolution of January 22, 2009, solely with respect to the sale of Consolidated Bonds, One Hundred Fifty-fourth Series through Consolidated Bonds, One Hundred Sixty-first Series).

Resolution of January 4, 2008, relating to a change in the tolls schedule for the Port Authority's vehicular crossings, and providing for periodic adjustments calculated in accordance with annual increases in the Consumer Price Index.

Resolution of June 30, 2008, relating to the certification of the Access to the Region's Core Project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of November 19, 2009, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Sixty-second Series through Consolidated Bonds, One Hundred Seventy-third Series and authorizing the sale thereof (as amended pursuant to the resolution of May 25, 2011, solely with respect to the sale of Consolidated Bonds, One Hundred Sixty-eighth Series through Consolidated Bonds, One Hundred Seventy-third Series).

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolutions of August 5, 2010, establishing and authorizing the issuance of Special Project Bonds, Series 8 and Series 9, JFK International Air Terminal LLC Project, and authorizing the sale thereof.

Resolution of August 19, 2011, relating to changes in the tolls schedule for the Port Authority's vehicular crossings (as amended pursuant to the resolution of February 16, 2017 with respect to the discontinuance of the Port Authority Carpool Plan at the Bayonne Bridge).

Resolution of August 19, 2011, relating to changes in the fare schedule for the Port Authority Trans-Hudson System.

Resolutions of August 1, 2012, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Seventy-fourth Series through Consolidated Bonds, One Hundred Ninety-first Series and authorizing the sale thereof (as amended pursuant to the resolution of October 16, 2013, solely with respect to the sale of Consolidated Bonds, One Hundred Seventy-eighth Series through Consolidated Bonds, One Hundred Ninety-first Series).

Resolution of October 22, 2014, relating to freedom of information and public access to Port Authority records and certain procedures with respect thereto.

Resolution of February 19, 2015, endorsing the recommendations of the bi-state Special Panel on the Future of the Port Authority.

Resolution of March 19, 2015, establishing a Whistleblower Protection Policy for Port Authority employees.

Resolution of March 19, 2015, relating to the designation of the Port Authority's offices at 4 World Trade Center, 150 Greenwich Street, New York, New York 10007 as the location for service of process in the State of New York.

Resolutions of July 23, 2015, establishing and authorizing the issuance of Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred Eleventh Series and authorizing the sale thereof.

Resolutions of July 23, 2015, establishing and authorizing the issuance of Consolidated Notes, Series AAA, Series BBB, Series CCC, Series DDD and Series EEE and authorizing the sale thereof.

Resolution of July 23, 2015, recognizing the continued issuance, within the scope of existing authorizations, of Versatile Structure Obligations, Variable Rate Master Notes, Equipment Notes, and Commercial Paper Obligations.

Resolution of February 16, 2017, relating to the adoption of the 2017-2026 Capital Plan for the Port Authority.

Resolution of February 16, 2017, relating to further measures to improve Port Authority governance-oaths, conflicts of interest, and affirmative cooperation with investigations.

Resolution of February 16, 2017, relating to the certification of the Moynihan Station Transportation Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 28, 2017, relating to implementation of a comprehensive integrity program.

PERTINENT STATUTES AND GENERAL RESOLUTIONS

Resolution of October 26, 2017, relating to a Code of Ethics for the Commissioners of the Port Authority.

Resolution of February 15, 2018, relating to the certification of the Port Authority Gateway Support Program, Early Work as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of July 26, 2018, establishing and authorizing the issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series and authorizing the sale thereof.

Resolutions of July 26, 2018, establishing and authorizing the issuance of Certain Series of Consolidated Notes Commencing with Series AAA and authorizing the sale thereof.

Resolution of July 26, 2018, recognizing the continued issuance, within the scope of existing authorizations, of Versatile Structure Obligations, Variable Rate Master Notes, Equipment Notes, and Commercial Paper Obligations.

Resolution of December 13, 2018, relating to the approval and adoption of the Port Authority's Budget for 2019 with respect to capital and operating expenses.

Resolution of June 27, 2019, relating to the proposed changes in the tolls schedule for vehicular interstate crossings, proposed PATH system fare increase and other fees.

Resolution of June 27, 2019, relating to the proposed changes to the 2017-2026 Capital Plan.

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SCHEDULES OF OUTSTANDING DEBT

The following schedule of Consolidated Bonds (as of August 1, 2019)* includes all mandatory payments (including sinking fund requirements and serial maturities) whether payable from revenues or other sources upon the assumptions that: (1) the presently outstanding bonds or notes will not be retired prior to maturity except in accordance with the mandatory retirement provisions of such bonds or notes; (2) the payment into each sinking fund will be made on the latest permissible date of each year for which such sinking fund payment is required to be made; and (3) such payments will be in the amounts scheduled to be made for such year. Interest shown is accrued on the assumption that principal payments for the presently outstanding bonds or notes will be made to the bondholders each year on the date when due. Amounts shown for the year 2019 include interest and mandatory payments expected to be paid in 2019 and have not been adjusted other than to reflect the refundings of series of Consolidated Bonds that occurred in 2019 prior to the date of this schedule.

Year	TOTAL ALL ISSUES		
	Total	Interest	Amortization
2019	\$1,379,820	\$1,000,000	\$379,820
2020	1,450,134	1,020,169	429,965
2021	1,454,528	1,000,528	454,000
2022	1,449,522	979,987	469,535
2023	1,438,774	959,184	479,590
2024	1,461,704	938,964	522,740
2025	1,444,466	910,606	533,860
2026	1,442,206	885,461	556,745
2027	1,444,078	860,673	583,405
2028	1,438,411	834,716	603,695
2029	1,461,313	808,408	652,905
2030	1,491,146	769,891	721,255
2031	1,507,589	737,804	769,785
2032	1,502,359	701,214	801,145
2033	1,487,388	663,868	823,520
2034	1,417,754	626,739	791,015
2035	1,422,927	588,837	834,090
2036	1,317,880	548,185	769,695
2037	1,235,203	510,213	724,990
2038	1,151,141	477,041	674,100
2039	1,163,165	444,365	718,800
2040	999,668	411,108	588,560
2041	951,522	381,632	569,890
2042	945,996	354,901	591,095
2043	921,023	326,668	594,355
2044	755,600	296,590	459,010
2045	870,513	269,398	601,115
2046	654,127	246,627	407,500
2047	645,549	228,514	417,035
2048	612,139	208,594	403,545
2049	487,082	191,202	295,880
2050	458,804	177,014	281,790
2051	448,913	163,178	285,735
2052	262,981	151,196	111,785
2053	460,711	143,441	317,270
2054	451,769	128,724	323,045
2055	442,811	113,721	329,090
2056	418,629	98,584	320,045
2057	385,514	83,939	301,575
2058	293,203	71,363	221,840
2059	284,271	61,386	222,885
2060	275,343	51,358	223,985
2061	266,412	41,277	225,135
2062	257,480	31,140	226,340
2063	50,773	23,173	27,600
2064	50,757	21,832	28,925
2065	124,826	19,606	105,220
2066	93,338	15,963	77,375
2067	93,307	13,392	79,915
2068	93,281	10,736	82,545
2069	93,248	7,993	85,255
2070-2094	224,746	124,746	100,000
TOTAL	\$42,935,844	\$20,735,849	\$22,199,995

* "Total All Issues" includes (i) the Bonds; (ii) Consolidated Bonds, One Hundred Fifty-fourth Series and Consolidated Bonds, One Hundred Sixtieth Series that the Port Authority anticipates refunding with a portion of the proceeds of the Two Hundred Twelfth Series Bonds; (iii) Consolidated Bonds, One Hundred Fifty-sixth Series and Consolidated Bonds, One Hundred Sixty-first Series that the Port Authority anticipates refunding with the proceeds of the Two Hundred Thirteenth Series Bonds; and (iv) \$100,000,000 Consolidated Bonds, Ninety-third Series with interest included in each of the years 2019 through 2069, and with principal and interest included on a cumulative basis during the period 2070 through 2094. Not included are: (i) Special Project Bonds; (ii) Commercial Paper Obligations; (iii) Variable Rate Master Notes; and (iv) Equipment Notes.

SCHEDULES OF OUTSTANDING DEBT

Principal Amounts of Certain Port Authority Obligations Outstanding (as of August 1, 2019)*

<u>Consolidated Bonds:</u>	<u>Par Value</u>
Eighty-fifth Series, 5.2%-5.375%, Serial/Term, due 2019-2028	\$62,500,000
Ninety-third Series, 6.125%, Term, due 2094	100,000,000
One Hundred Fifty-fourth Series, 4%-5%, Serial/Term, due 2019-2029 **	62,975,000
One Hundred Fifty-sixth Series, 4%-5%, Serial/Term, due 2025-2039 ***	100,000,000
One Hundred Fifty-seventh Series, 5.309%, Term, due 2019 (A)	150,000,000
One Hundred Fifty-eighth Series, 5.859%, Term, due 2024 (A)	250,000,000
One Hundred Fifty-ninth Series, 6.04%, Term, due 2029 (A)	350,000,000
One Hundred Sixtieth Series, 4%-5%, Serial/Term, due 2030-2039 **	300,000,000
One Hundred Sixty-first Series, 4.25%-5%, Serial/Term, due 2030-2039 ***	300,000,000
One Hundred Sixty-second Series, 3.1%-3.3%, Serial, due 2019-2020	6,000,000
One Hundred Sixty-third Series, 2.375%-5%, Serial/Term, due 2019-2040	390,750,000
One Hundred Sixty-fourth Series, 5.647%, Term, due 2040 (A)	425,000,000
One Hundred Sixty-fifth Series, 5.647%, Term, due 2040 (A)	425,000,000
One Hundred Sixty-sixth Series, 5%-5.25%, Serial/Term, due 2030-2041	300,000,000
One Hundred Sixty-seventh Series, 5%-5.5%, Serial, due 2019-2028 (C)	127,770,000
One Hundred Sixty-eighth Series, 4.926%, Term, due 2051 (A)	1,000,000,000
One Hundred Sixty-ninth Series, 4.5%-5%, Serial/Term, due 2019-2041 (C)	281,640,000
One Hundred Seventieth Series, 5%-5.25%, Term, due 2041 & 2043 (B)	672,480,000
One Hundred Seventy-first Series, 4%-5%, Serial/Term, due 2030-2042	400,000,000
One Hundred Seventy-second Series, 3%-5%, Serial/Term, due 2019-2037 (C)	295,440,000
One Hundred Seventy-third Series, 3%-5%, Serial, due 2019-2032	286,155,000
One Hundred Seventy-fourth Series, 4.458%, Term, due 2062 (A)	2,000,000,000
One Hundred Seventy-fifth Series, 3%-5%, Serial/Term, due 2019-2042	380,140,000
One Hundred Seventy-sixth Series, 1.05%-2.5%, Serial, due 2019-2022 (A)	68,000,000
One Hundred Seventy-seventh Series, 3%-5%, Serial/Term, due 2019-2043 (C)	309,705,000
One Hundred Seventy-eighth Series, 5%, Serial/Term, due 2019-2043 (C)	404,195,000
One Hundred Seventy-ninth Series, 4%-5%, Serial/Term, due 2019-2043	778,810,000
One Hundred Eightieth Series, 4%-5%, Serial, due 2019-2021	30,025,000
One Hundred Eighty-first Series, 4.96%, Term, due 2046 (A)	500,000,000
One Hundred Eighty-second Series, 5.31%, Term, due 2046 (A)	500,000,000
One Hundred Eighty-third Series, 3%-5%, Serial/Term, due 2025-2044	400,000,000
One Hundred Eighty-fourth Series, 4%-5%, Serial/Term, due 2019-2039	346,125,000
One Hundred Eighty-fifth Series, 4%-5%, Serial, due 2019-2034 (C)	419,050,000
One Hundred Eighty-sixth Series, 5%, Serial/Term, due 2019-2044 (C)	315,370,000
One Hundred Eighty-seventh Series, 2.529%-4.426%, Serial/Term, due 2020-2034 (A)	250,000,000
One Hundred Eighty-eighth Series, 5%, Serial, due 2019-2035 (C)	76,105,000
One Hundred Eighty-ninth Series, 3%-5%, Serial/Term, due 2019-2045	434,845,000
One Hundred Ninetieth Series, 5%, Serial, due 2026-2038	160,000,000
One Hundred Ninety-first Series, 4.823%, Term, due 2045 (A)	250,000,000
One Hundred Ninety-second Series, 4.81%, Term, due 2065 (A)	500,000,000
One Hundred Ninety-third Series, 5%, Serial, due 2019-2035 (C)	274,445,000
One Hundred Ninety-fourth Series, 4%-5.25%, Serial/Term, due 2019-2055	1,171,825,000
One Hundred Ninety-fifth Series, 1.45%-5%, Serial/Term, due 2019-2036 (C)	275,805,000
One Hundred Ninety-sixth Series, 2.125%-2.625%, Serial/Term, due 2027-2034 (C)	200,000,000
One Hundred Ninety-seventh Series, 5%, Serial/Term, due 2019-2041 (C)	190,725,000
One Hundred Ninety-eighth Series, 5%-5.25%, Serial/Term, due 2027-2056	350,000,000
One Hundred Ninety-ninth Series, 1.58%-3.05%, Serial, due 2022-2031 (C)	236,405,000
Two Hundredth Series, 5%-5.25%, Serial/Term, due 2027-2057	250,000,000
Two Hundred First Series, 4.229%, Term, due 2057 (A)	300,000,000
Two Hundred Second Series, 4.875%-5%, Serial, due 2019-2037 (C)	218,835,000
Two Hundred Third Series, 3%, Term, due 2032 (C)	50,000,000
Two Hundred Fourth Series, 1.91%-5%, Serial, due 2023-2028 (C)	138,105,000
Two Hundred Fifth Series, 5%-5.25%, Serial/Term, due 2019-2057	728,715,000
Two Hundred Sixth Series, 5%, Serial/Term, due 2028-2047 (C)	100,000,000
Two Hundred Seventh Series, 4%-5%, Serial/Term, due 2022-2048 (C)	677,800,000
Two Hundred Eighth Series, 2.114%-2.767%, Serial, due 2019-2022 (A)	130,450,000
Two Hundred Ninth Series, 5%, Serial, due 2019-2038	449,005,000
Two Hundred Tenth Series, 4.031%, Term, due 2048 (A)	300,000,000
Two Hundred Eleventh Series, 4%-5%, Serial/Term, due 2029-2048	400,000,000
Two Hundred Twelfth Series, 4%-5%, Serial, due 2020-2039*	289,550,000
Two Hundred Thirteenth Series, 5%, Serial, due 2020-2039*	311,670,000
Two Hundred Fourteenth Series, 4%-5%, Serial/Term, due 2030-2043 (C)*	200,000,000
Two Hundred Fifteenth Series, 3.287%, Term, due 2069 (A)*	400,000,000
Two Hundred Sixteenth Series, 4%, Term, due 2045-2049*	100,000,000
Total	<u>\$22,151,415,000</u>
Equipment Notes	\$ —
Versatile Structure Obligations	\$ —
Commercial Paper Obligations	\$522,480,000
Variable Rate Master Notes	\$ 69,600,000

Footnotes appear on following page

SCHEDULES OF OUTSTANDING DEBT

Footnotes from previous page

- (A) Subject to federal taxation.
- (B) The entire series was acquired by the New York Liberty Development Corporation in connection with its issuance of the New York Liberty Development Corporation Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds).
- (C) The obligations noted with a "(C)", as well as certain of the Equipment Notes, Commercial Paper Obligations and Variable Rate Master Notes, on original issuance were subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

*This schedule has been adjusted to reflect the issuance of the Bonds.

**The Port Authority anticipates applying a portion of the proceeds of the Two Hundred Twelfth Series Bonds towards the refunding of Consolidated Bonds, One Hundred Fifty-fourth Series on September 16, 2019 and the refunding of Consolidated Bonds, One Hundred Sixtieth Series on September 16, 2019.

***The Port Authority anticipates applying the proceeds of the Two Hundred Thirteenth Series Bonds towards the refunding of Consolidated Bonds, One Hundred Fifty-sixth Series on September 16, 2019 and the refunding of Consolidated Bonds, One Hundred Sixty-first Series on October 15, 2019.

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BOND RESOLUTIONS AND LEGAL OPINION

Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series

(Adopted July 26, 2018)

This resolution constitutes a contract with the holders in whose names the Bonds are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the sole registered holder of the Bonds.

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the “Authority”) adopted a resolution (hereinafter called the “Consolidated Bond Resolution”), constituting a contract with the holders of the obligations issued thereunder, providing for the issuance of certain direct and general obligations of the Authority (hereinafter called “Consolidated Bonds”), from time to time, in conformity with the Consolidated Bond Resolution for the purposes therein set forth; and

WHEREAS, the Consolidated Bond Resolution provides that Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of each such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing such series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of Consolidated Bonds and has now determined that it is appropriate to establish certain additional series of Consolidated Bonds which shall be issued on or after September 1, 2018, without prejudice to its right hereafter to establish and issue further series of Consolidated Bonds;

NOW, THEREFORE, be it resolved by the Authority:

SECTION 1. As used in this resolution, any words or phrases specifically defined in the Consolidated Bond Resolution shall be read and construed in accordance with such specific definitions. As used in this resolution, the term “Authorized Officer” shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice-Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

SECTION 2. Each series of Consolidated Bonds issued pursuant to this resolution commencing with the Two Hundred Twelfth Series and numbered consecutively thereafter, each of which shall have one or more distinguishing feature(s) at the discretion of the Authority including but not limited to interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder, is established as a separate series of Consolidated Bonds and the issuance of each such series with a term to maturity not in excess of 50 years is authorized; *provided, however*, that the total aggregate principal amount of Consolidated Bonds issued pursuant to this resolution, Port Authority Consolidated Notes issued pursuant to the resolution entitled “*Establishment and Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*” dated the date hereof, and Port Authority Versatile Structure Obligations (issued after the date of this resolution), shall not exceed \$8 billion. Each of such series of Consolidated Bonds shall be issued in conformity with the Consolidated

BOND RESOLUTIONS AND LEGAL OPINION

Bond Resolution for the purposes specified in this resolution. This resolution shall apply with equal force and effect to each of such series on an individual basis (each of such series hereinafter called the “Bonds”). This resolution shall constitute a contract with the registered holders of the Bonds and with each such registered holder.

SECTION 3. The Committee on Finance of the Authority (hereinafter called the “Committee on Finance”) is authorized to establish, fix and determine the terms of the Bonds and, in connection therewith, to make such changes and adjustments to the provisions set forth in the third paragraph of this Section 3 and in Sections 4, 5, 6, 9 and 10 of this resolution as in the opinion of the Committee on Finance will effectuate the issuance of the Bonds, and to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

The proceeds of the Bonds may be used for any purpose for which at the time of issuance of the Bonds the Authority is authorized by law to issue its obligations. The Committee on Finance may allocate the proceeds of the Bonds, from time to time, to certain of the authorized purposes, including the specific designation of any obligations to be refunded with the proceeds of the Bonds.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America; principal of the Bonds shall be payable upon presentation and surrender thereof by the registered holders, at the office or offices, designated by the Authority, of the Paying Agent (or Paying Agents) appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District; and interest on the Bonds shall be payable when due to the registered holders thereof by check or draft drawn on the Paying Agent (or Paying Agents) appointed for the purpose by the Authority and mailed to said registered holders at their last known addresses as appearing upon the Authority’s Registry Books for the Bonds.

SECTION 4. The Bonds shall be issued only in registered form, registered as to both principal and interest and not as to either alone, in authorized denominations.

The Authority will keep or cause to be kept at the offices, designated by the Authority, of a Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient Registry Books for the registration of the Bonds. The Bonds shall be transferable only upon such Registry Books by the registered holder thereof or by such registered holder’s attorney duly authorized in accordance with the provisions of this resolution. Upon the written request of the registered holder or registered holders thereof and upon surrender thereof, a bond or bonds may be exchanged for a bond or bonds of like tenor, registered as designated in such request, of any other authorized denominations. All requests for registration, transfer, exchange and delivery pertaining to the Bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such requests shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

SECTION 5. The Bonds shall be redeemable at the option of the Authority, on prior notice, in whole, or, from time to time, in part, at such redemption price and on such date set forth in the applicable notice to redeem the Bonds.

If less than all of the Bonds then outstanding are to be called for redemption at the option of the Authority, and if the Bonds then outstanding include bonds of any serial maturities, the bonds so to be called shall be in inverse order of maturity, and if bonds constituting a particular maturity are to be called

BOND RESOLUTIONS AND LEGAL OPINION

for redemption, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Bonds, the bonds so to be called shall be determined by lot by the Registrar.

Notice to redeem any of the Bonds shall be given by the Registrar not less than 30 nor more than 45 days prior to the date fixed for redemption, to the registered holders of the bonds to be called for redemption, by deposit of a copy of such notice, postage prepaid by certified or registered mail, in a United States Post Office, addressed to such registered holders at their last known addresses as appearing upon the Authority's Registry Books for the Bonds.

On or before the date fixed for redemption specified in the notice to redeem any of the Bonds, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the bonds which are to be redeemed, at the respective redemption price thereof, which, in each case, shall include the accrued interest until the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the registered holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of such bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution. On and after the date fixed for redemption, the notice to redeem having been completed as above provided, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called on and after the date fixed for their redemption, and such bonds shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of bonds of denominations greater than the minimum authorized denomination, for all purposes in connection with redemption, each unit of face value representing the minimum authorized denomination shall be treated as though it were a separate bond of the minimum authorized denomination, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such unit of face value representing the minimum authorized denomination. If it is determined as above provided that one or more but not all of the units of face value representing the minimum authorized denomination of any bond are to be called for redemption, then upon notice to redeem such unit or units, the registered holder of such bond shall forthwith present such bond to the Registrar who shall issue a new bond or bonds of like tenor of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder thereof. If the registered holder of such bond of a denomination greater than the minimum authorized denomination shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent (or Paying Agents), as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon until the date fixed for redemption and premium, if any) represented by such unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

BOND RESOLUTIONS AND LEGAL OPINION

SECTION 6. The Bonds shall be retired at or prior to maturity, by purchase, call or payment, by the dates and in at least the cumulative principal amounts set forth on the schedule of mandatory periodic retirement for the Bonds.

If, at least 45 days prior to the mandatory periodic retirement date in each year (except the year of maturity) set forth in the schedule of mandatory periodic retirement for the Bonds, the Authority shall not have purchased or redeemed (at any prior time or times during such year or at any time or times during any prior years) a principal amount of the Bonds at least equal to the principal amount of the Bonds to be retired on such mandatory periodic retirement date, then the Authority shall call a principal amount of the Bonds equal to such deficiency, at the respective redemption price thereof, in the manner and upon the notice set forth in Section 5 of this resolution. Any of the Bonds purchased by the Authority as aforesaid may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and such of the Bonds as are theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others.

Nothing herein contained shall be construed in any way to prevent the Authority from retiring the Bonds more rapidly than is set forth in the schedule of mandatory periodic retirement for the Bonds.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund except for purposes and upon conditions which are authorized by the Consolidated Bond Resolution.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing 10 years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain

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such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as trustee for and in connection with the Bonds (hereinafter called the "Trustee"). The Trustee is authorized to (i) institute any action or proceeding on behalf of the registered holders of the Bonds against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the registered holders of the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the registered holder or registered holders of the Bonds. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the registered holders of the Bonds.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section 8 shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least \$25 million, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own wilful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within 120 days after the close of each calendar year make available to the Trustee its financial statement(s) for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall annually, after the close of each calendar year, make available to the Trustee a copy of its annual report when such annual report is published.

The Authority shall make available to the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

BOND RESOLUTIONS AND LEGAL OPINION

The Authority shall hereafter make available to the Trustee a copy of the minutes of every meeting of the Authority and of its subsidiary corporations hereafter held, at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to make available to the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to make available to the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without wilful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depository for the Authority, act as Paying Agent and Registrar of bonds of the Authority and act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than 60 days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the registered holders of a majority in principal amount of the Bonds then outstanding or by their attorneys duly authorized, excluding the principal amount of any of the Bonds held by or for the account of the Authority. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding the principal amount of any of the Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such registered holders of the Bonds or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided, however*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the registered holders

BOND RESOLUTIONS AND LEGAL OPINION

of the Bonds as authorized in this Section 8. The Authority shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the registered holders of the Bonds.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business (*provided, however*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution), shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section 8 shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section 8 from entering any defense to an action or proceeding instituted by the Trustee or by the registered holder or registered holders of the Bonds.

SECTION 9. The form of the bond, including provisions with respect to assignment, for the Bonds shall be determined by the Committee on Finance or by an Authorized Officer. The bonds shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be manually signed by an Authorized Officer. In case any Authorized Officer who shall have signed any of the bonds shall cease to be an Authorized Officer before such bonds shall have been actually issued, such bonds may nevertheless be issued as though such Authorized Officer who signed such bonds had not ceased to be an Authorized Officer.

SECTION 10. In case any bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond of like tenor in exchange or substitution for and upon cancellation of such mutilated bond or in lieu of or in substitution for such destroyed or lost bond; or if such bond shall have matured, instead of issuing a substitute bond the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond so issued in substitution. Any bond issued under the provisions of this Section 10 in lieu of any bond alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance);

BOND RESOLUTIONS AND LEGAL OPINION

provided, however, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Bonds shall be subject to prior approval of the Committee on Finance*.

* See footnotes (*) and (**) on p. VI-10.

BOND RESOLUTIONS AND LEGAL OPINION

Resolution Authorizing the Sale of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series

(Adopted July 26, 2018)

SECTION 1. This resolution shall apply with equal force and effect to each series of Consolidated Bonds sold on or after September 1, 2018 pursuant to this resolution commencing with the Two Hundred Twelfth Series and numbered consecutively thereafter, on an individual basis, each of which shall have one or more distinguishing feature(s) at the discretion of the Authority including but not limited to interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder (each such series hereinafter called the “Bonds”).

SECTION 2. The Committee on Finance of the Authority (hereinafter called the “Committee on Finance”) is authorized in the name of and on behalf of the Authority to sell the Bonds at a true interest cost to the Authority not in excess of eight percent with a term to maturity not in excess of 50 years, at public or private sale, with or without advertisement, at one or more times, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the establishment and issuance of the Bonds; *provided, however,* that the total aggregate principal amount of the Bonds sold pursuant to this resolution, Port Authority Consolidated Notes sold pursuant to the resolution entitled “*Sale of Certain Series of Consolidated Notes Commencing with Series AAA*” dated the date hereof, and Port Authority Versatile Structure Obligations (issued after the date of this resolution), shall not exceed \$8 billion.

SECTION 3. The Committee on Finance is authorized in the name of and on behalf of the Authority, in connection with the Bonds, to fix the time or times of sale of the Bonds, to determine the terms and conditions upon which such sales shall be made and to accept or reject offers in connection with such sales.

SECTION 4. The Committee on Finance is authorized in the name of and on behalf of the Authority, in connection with the Bonds, to enter into any contracts or agreements pertaining to the Bonds; to fix the time or times and determine the terms and conditions of delivery of the Bonds; to appoint one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent (or Paying Agents) at which payments shall be made and the office or offices of any such Registrar at which the Authority’s Registry Books for the Bonds shall be kept; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised in connection with the Bonds, the Authority adopting all such selections, designations, determinations, estimates, actions, withholdings of action, formulations and expressions of opinions and exercises of discretion or judgment, including those pursuant to Section 3 of the Consolidated Bond Resolution, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

SECTION 5. The Committee on Finance is authorized to arrange, from time to time (i) for the preparation and distribution of disclosure documents, including official statements, offering statements or other offering materials in connection with the Bonds and (ii) for the preparation and distribution of such other documents giving pertinent data with respect to the Authority and its finances as it deems appropriate, in each case, in the name of and on behalf of the Authority.

SECTION 6. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance);

BOND RESOLUTIONS AND LEGAL OPINION

provided, however, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Bonds shall be subject to prior approval of the Committee on Finance.* **

SECTION 7. The Committee on Finance or any Authorized Officer is authorized, in connection with the issuance of the Bonds on the basis that the Bonds are to be in conformity with, and that the interest on the Bonds is not to be includible for federal income tax purposes in the gross income of the recipients thereof under, Section 103(a) of the Internal Revenue Code of 1986, or successor provisions of law, and the regulations thereunder, to take any action which may be appropriate to assure that the Bonds are issued, and during their term are outstanding, on such basis, and any such actions taken in connection therewith are ratified. Any Authorized Officer is authorized to certify on behalf of the Authority as to the need for the issuance of the Bonds, as to the status of the projects for which the proceeds of the Bonds are to be used, as to the Authority's intentions with respect to the application and investment of the proceeds of the Bonds, and as to such other matters as such Authorized Officer deems appropriate.

SECTION 8. As used in this resolution, the term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice-Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

* In connection with the acceptance by an Authorized Officer of an offer to purchase the Bonds represented by the Bond Purchase Agreement (see "*Underwriting*" in Section I hereof), the terms of the Bonds shall be established, fixed and determined, and the provisions of this resolution shall be changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to the Bond Purchase Agreement with respect to the Bonds; such description is reflected at "*Description of the Bonds*," and at "*Additional Information Pertaining to the Bonds*" in Section I hereof.

** On March 21, 2019 and June 27, 2019, the Committee on Finance approved the issuance and sale by an Authorized Officer of approximately \$1.5 billion, collectively, in aggregate principal amount of additional Port Authority bonds and notes, excluding Port Authority Commercial Paper Obligations, on a negotiated or competitive basis, for the purpose of capital expenditures associated with Port Authority facilities, repayment of Port Authority Commercial Paper Obligations, and refunding of currently outstanding bonds, under the terms of such authorizations.

BOND RESOLUTIONS AND LEGAL OPINION

Form of Legal Opinion of Bond Counsel

In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel will render a legal opinion on such date of delivery relating to the Bonds substantially in the following form.

[Letterhead of Bond Counsel]

(Date of delivery upon original issuance)

The Port Authority of New York and New Jersey
4 World Trade Center
150 Greenwich Street, 23rd Floor
New York, New York 10007

**The Port Authority of New York and New Jersey
Consolidated Bonds, Two Hundred Twelfth Series,
Consolidated Bonds, Two Hundred Thirteenth Series,
Consolidated Bonds, Two Hundred Fourteenth Series,
Consolidated Bonds, Two Hundred Fifteenth Series and
Consolidated Bonds, Two Hundred Sixteenth Series**

Ladies and Gentlemen:

We have acted as bond counsel to The Port Authority of New York and New Jersey (the “Issuer”) in connection with issuance of \$289,550,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twelfth Series (the “Series 212 Bonds”), \$311,670,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Thirteenth Series (the “Series 213 Bonds”), \$200,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Fourteenth Series (the “Series 214 Bonds”), \$400,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Fifteenth Series (the “Series 215 Bonds”) and \$100,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Sixteenth Series (the “Series 216 Bonds” and, collectively with the Series 212 Bonds, the Series 213 Bonds, the Series 214 Bonds and the Series 215 Bonds, the “Bonds”), issued pursuant to resolutions of the Issuer dated as of October 9, 1952, establishing the issue of Consolidated Bonds, and of July 26, 2018, pertaining to the establishment and the authorization of the issuance of, and the authorization of the sale of, the Bonds (collectively, the “Resolutions”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, an opinion of counsel to the Issuer, certificates of the Issuer and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due

BOND RESOLUTIONS AND LEGAL OPINION

and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion referred to in the paragraph above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions. We call attention to the fact that the rights and obligations under the Bonds and the Resolutions and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolutions or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the Issuer.
2. The Resolutions have been duly adopted and delivered by, and constitute the valid and binding obligations of, the Issuer. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues and any other amounts held in any fund or account established pursuant to the Resolutions, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.
3. Interest on the Series 212 Bonds, Series 213 Bonds, Series 214 Bonds and Series 216 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Interest on the Series 214 Bonds is a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 212 Bonds, Series 213 Bonds and Series 216 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Series 215 Bonds is not excluded from gross income for federal income tax purposes under Section 103(a) of the Code.

The Bonds and the interest thereon are exempt under the Compact of April 30, 1921 and supplementary legislation, from any and all taxation (except estate, inheritance and gift taxes) now or hereafter imposed directly thereon by or under authority of the States of New York and New Jersey or by any political subdivision thereof. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds arising under the Code.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX A

**Consolidated Financial Statements as of and for the Years Ended
December 31, 2018 and December 31, 2017 and Related Schedules**

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Financial Statements & Appended Notes

for the Year Ended December 31, 2018



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THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2018

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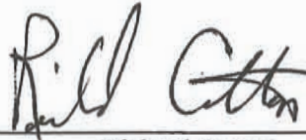
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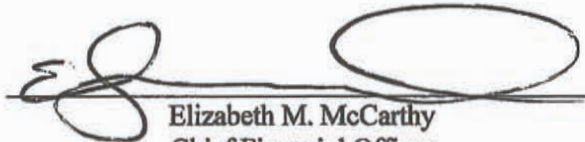
**CERTIFICATE WITH RESPECT TO
2018 CONSOLIDATED FINANCIAL STATEMENTS**

We, the undersigned officers of The Port Authority of New York and New Jersey, hereby certify, in connection with the release of the consolidated financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2018 and December 31, 2017 (the "Financial Statements") that (a) to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority's Net position, Changes in Net position, and Cash flows, in conformity with accounting principles generally accepted in the United States of America; and (b) on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with accounting principles generally accepted in the United States of America.

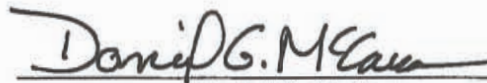
Dated: New York, New York
March 6, 2019



Richard Cotton
Executive Director



Elizabeth M. McCarthy
Chief Financial Officer



Daniel G. McCarron
Comptroller

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

Independent Auditors' Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Port Authority of New York and New Jersey (the Port Authority), which comprise the consolidated statements of net position as of December 31, 2018 and 2017, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the net position of the Port Authority as of December 31, 2018 and 2017, and the changes in its net position and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note A.3.q to the consolidated financial statements, as of January 1, 2017, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audits for the years ended December 31, 2018 and 2017 were conducted for the purpose of forming an opinion on the Port Authority's consolidated financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, related to the years ended December 31, 2018 and 2017 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements for the years ended December 31, 2018 and 2017, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F related to the years ended December 31, 2018 and 2017 is fairly stated, in all material respects, in relation to the 2018 and 2017 consolidated financial statements, respectively, as a whole.

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



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

The Port Authority's consolidated financial statements for the years ended December 31, 2009 through 2011 (not presented herein) were audited by other auditors whose reports thereon expressed unmodified opinions on those respective consolidated financial statements. The reports of the other auditors on these consolidated financial statements stated that the supplementary information included in Schedules D-1 and D-2 for fiscal years 2009 through 2011, was subjected to the auditing procedures applied in the audit of the respective consolidated financial statements and, in their opinion, was fairly stated in all material respects in relation to the respective consolidated financial statements as a whole.

The supplementary information included in Schedule D-3 for fiscal years 2009 through 2013 and Schedule G, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

We have audited the accompanying Schedules A, B and C of the Port Authority, which comprise financial statements that present the assets and liabilities as of December 31, 2018, and the revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolutions.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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



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

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

Opinion

In our opinion, the financial statements included in Schedules A, B and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2018, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Report on Summarized Comparative Information

We have previously audited Schedules A, B and C prepared in accordance with the requirements of the Port Authority's bond resolutions as of and for the year ended December 31, 2017, and we expressed an unmodified audit opinion on them in our report dated March 20, 2018. In our opinion, the summarized comparative information presented on Schedules A, B, and C herein as of and for the year ended December 31, 2017 is consistent, in all material respects, with the audited Schedules A, B and C as of and for the year ended December 31, 2017 from which it has been derived.

Emphasis of Matters

Basis of Accounting

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

Restriction on Use

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

KPMG LLP

New York, New York
March 6, 2019

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Management’s Discussion and Analysis (Unaudited)
Years ended December 31, 2018 and 2017

Introduction

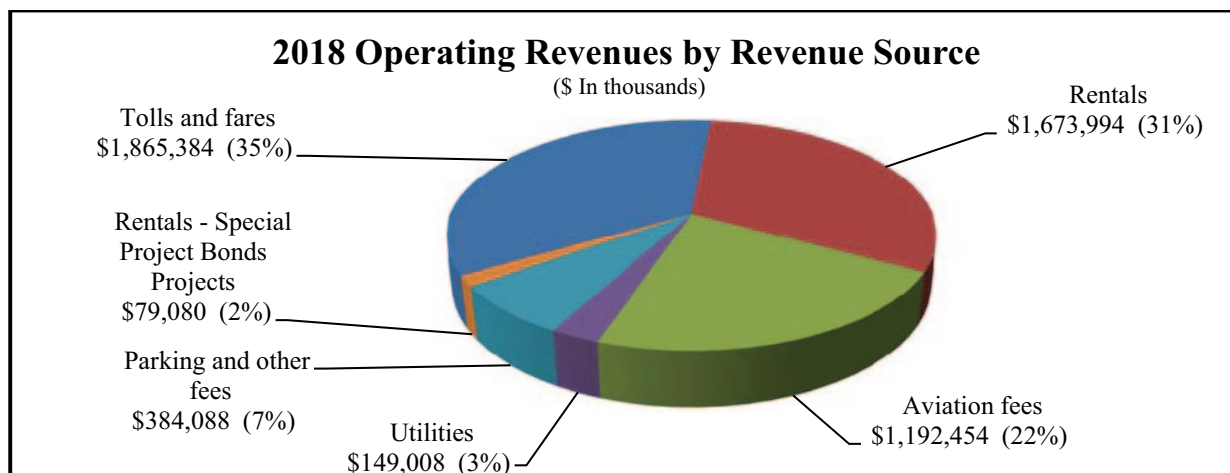
The following discussion and analysis of the financial activities of The Port Authority of New York and New Jersey (the Port Authority) and its component units described herein (see *Note A.1.d – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the consolidated financial statements of the Port Authority for the year ended December 31, 2018, with selected comparative information for the years ended December 31, 2017 and December 31, 2016. This section has been prepared by management of the Port Authority and should be read in conjunction with the consolidated financial statements and appended note disclosures that follow the Management’s Discussion and Analysis section of this report.

2018 Financial Results

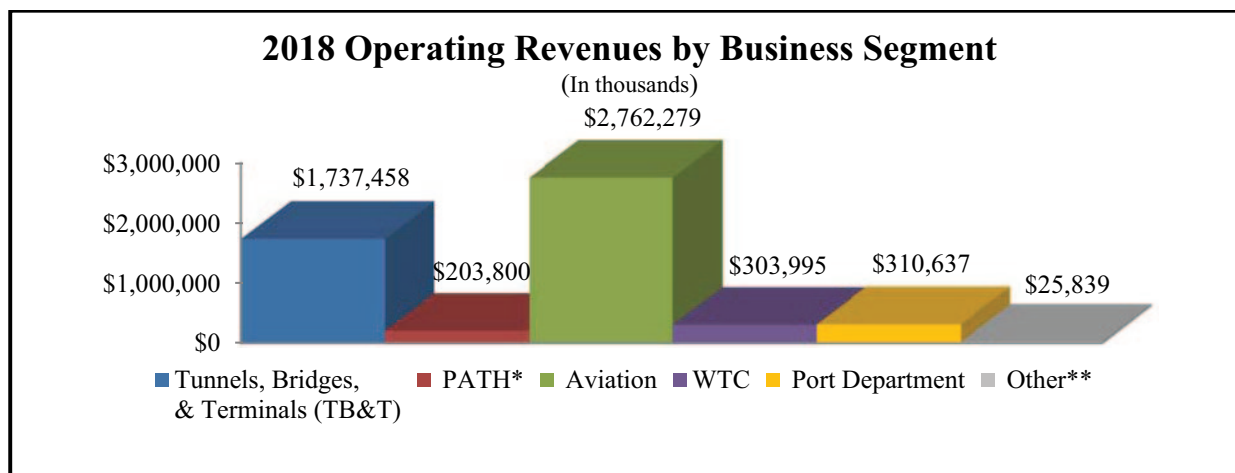
The Port Authority’s Net position increased approximately \$508 million from December 31, 2017, comprised of \$730 million in Income from operations, partially offset by \$222 million in Non-operating activities.

Description	2018
	(In thousands)
Gross operating revenues	\$ 5,344,008
Operating expenses	(3,242,315)
Depreciation and amortization	(1,371,157)
Income from operations	730,536
Non-operating expenses, net	(760,818)
Capital contributions and Passenger Facility Charges (PFCs)	538,620
Decrease related to non-operating activities	(222,198)
Increase in Net position	\$ 508,338

Gross operating revenues totaled \$5.3 billion in 2018, comprised of:



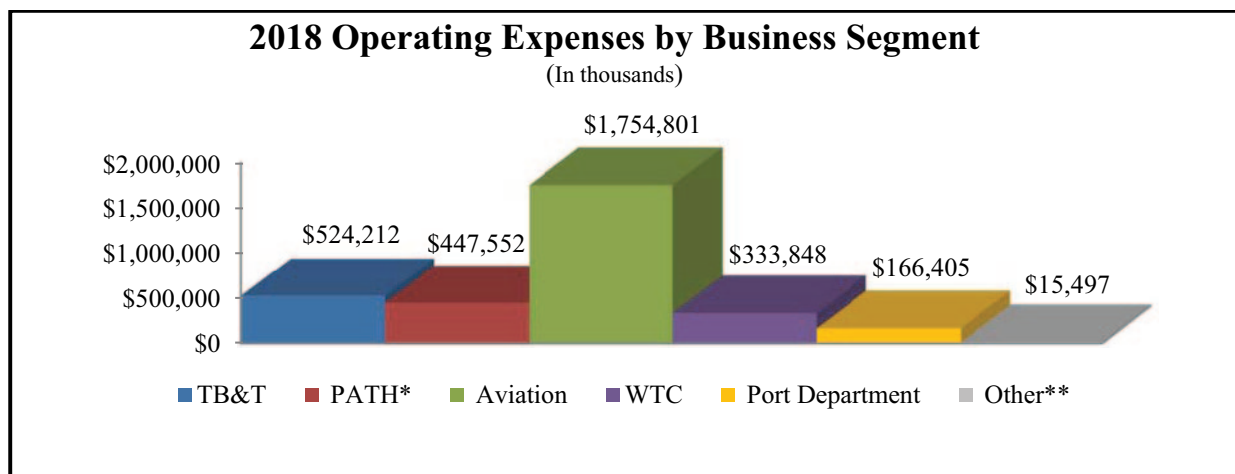
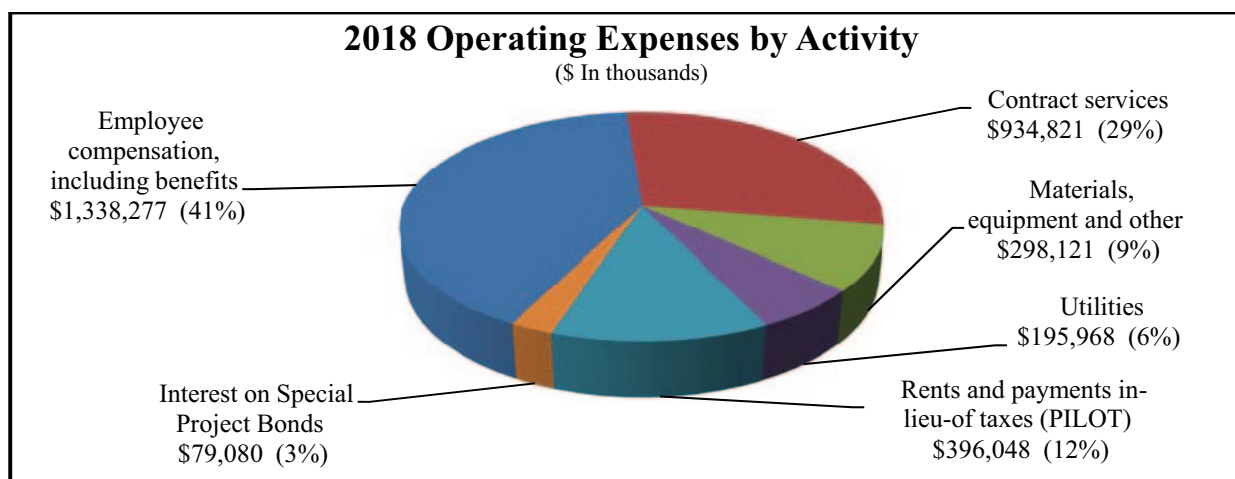
Management’s Discussion and Analysis (Unaudited)
(continued)



* Port Authority Trans-Hudson Corporation (PATH) includes World Trade Center (WTC) Transportation Hub.

**Other includes Development Facilities and Ferry Transportation.

Operating expenses totaled \$3.2 billion in 2018, comprised of:

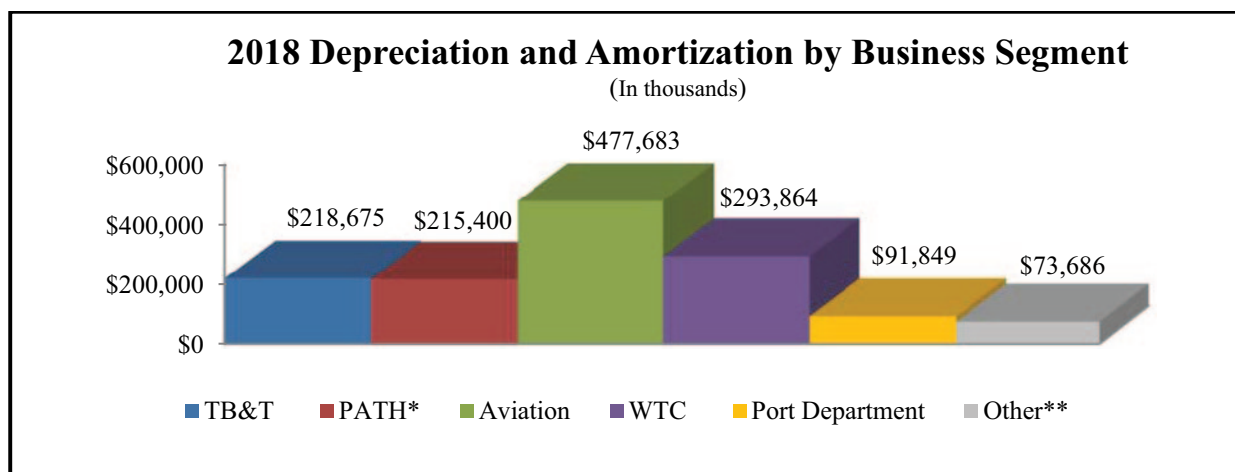


* PATH includes WTC Transportation Hub.

** Other includes Regional Facilities and Programs, Port Authority Insurance Captive Entity, LLC (PAICE), Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

Management's Discussion and Analysis (Unaudited)
(continued)

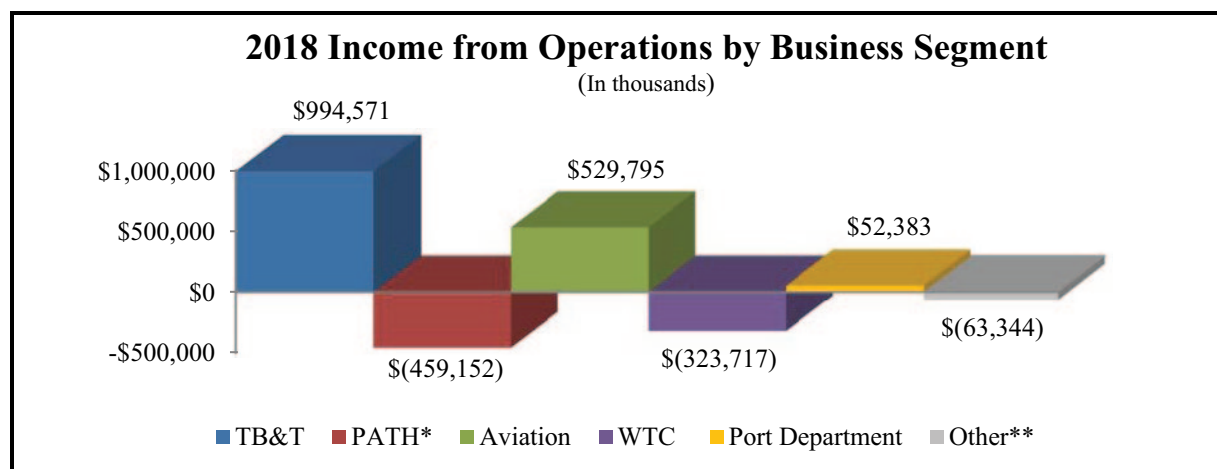
Depreciation and amortization totaled \$1.4 billion in 2018, comprised of:



* PATH includes WTC Transportation Hub.

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

Income/(Loss) from operations totaled \$730 million in 2018, comprised of:



* PATH includes WTC Transportation Hub.

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

Non-operating revenue and expense activities, comprised of, interest expense, financial income, PFCs, grants and contributions in aid of construction decreased Net position by \$222 million in 2018:

	2018
	(In thousands)
Contributions in aid of construction and PFCs	\$ 538,620
Grants, in connection with operating activities and pass-through grant program payments	22,568
Financial income, including changes in fair value of investments	89,304
Interest expense in connection with bonds and other asset financings, net*	(872,690)
Increase/(Decrease) from non-operating activities	\$ (222,198)

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

Management's Discussion and Analysis (Unaudited) **(continued)**

Financial Statement Comparison for the Years Ended December 31, 2018, December 31, 2017 and December 31, 2016

Management's discussion and analysis is intended to serve as an introduction to the Port Authority's consolidated financial statements, including the notes to the consolidated financial statements, required supplementary information, financial schedules pursuant to Port Authority bond resolutions, and statistical and other supplemental information. The consolidated financial statements comprise the following: the Consolidated Statements of Net Position, the Consolidated Statements of Revenues, Expenses and Changes in Net Position, the Consolidated Statements of Cash Flows, and the Notes to the Consolidated Financial Statements.

Consolidated Statements of Net Position

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

Management's Discussion and Analysis (Unaudited)
(continued)

	2018	2017 (Restated)*	2016
		(In thousands)	
ASSETS			
Current assets	\$ 2,660,266	\$ 2,767,697	\$ 2,683,308
Noncurrent assets:			
Facilities, net	37,400,013	35,963,576	34,693,691
Other noncurrent assets	7,283,951	7,751,457	7,884,673
Total assets*	47,344,230	46,482,730	45,261,672
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	78,510	73,148	79,046
Pension related amounts	276,586	328,602	555,794
OPEB related amounts	169,257	-	-
Total deferred outflows of resources	524,353	401,750	634,840
LIABILITIES			
Current liabilities	3,421,109	3,375,701	3,392,909
Noncurrent liabilities:			
Bonds and other asset financing obligations	22,919,908	22,464,963	21,533,071
Other noncurrent liabilities*	5,422,432	5,483,366	4,288,389
Total liabilities	31,763,449	31,324,030	29,214,369
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	43,859	47,237	30,407
Pension related amounts	177,998	68,237	76,842
OPEB related amounts*	4,883	74,920	-
Total deferred inflows of resources	226,740	190,394	107,249
NET POSITION			
Net investment in capital assets	14,190,682	13,179,105	12,746,144
Restricted	500,610	760,912	567,443
Unrestricted*	1,187,102	1,430,039	3,261,307
Net position, December 31	\$ 15,878,394	\$ 15,370,056	\$ 16,574,894

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.g. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Statement of Net position.

2018 vs. 2017

Port Authority assets totaled \$47.3 billion at December 31, 2018, an increase of \$862 million from December 31, 2017. This overall increase was primarily a result of:

- Facilities, net, including contributed capital, of \$37.4 billion, increased \$1.4 billion from December 31, 2017 due to the continued capital investment in core transportation facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. (See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on capital investment by business segment).

Management's Discussion and Analysis (Unaudited) (continued)

- Receivables, including restricted amounts, of \$756 million increased \$81 million from December 31, 2017, primarily due to timing differences in receiving aviation fees and rentals from airlines, amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority, and amounts due from the WTC Towers 3 and 4 net lessees who exercised their respective rights under the 2010 tenant support agreement to defer the payment of certain rentals.
- Cash balances of \$295 million decreased \$564 million from December 31, 2017, primarily due to the funding of approximately \$2.9 billion of capital construction projects at Port Authority facilities with bond proceeds received in 2017 and available funds. This decrease was partially offset by \$2 billion in cash provided by operations primarily due to increased rentals and aviation fees and \$388 million in cash provided by investing activities due to the maturity of certain investment securities.
- Current and noncurrent investments of \$4.0 billion decreased \$297 million primarily due to the application of available PFCs to fund LaGuardia Airport (LGA) redevelopment capital projects.

Deferred outflows of resources totaled \$524 million at December 31, 2018, an increase of \$123 million from December 31, 2017. This increase was primarily due to an increase in the Port Authority's actuarially determined costs associated with employer provided Other Postemployment Benefits (OPEB). Deferred outflows of resources related to OPEB will be amortized as future operating expense on a straight-line basis over a closed period (see *Note J- Other Postemployment Employee Benefits (OPEB)* for additional information related to OPEB).

Port Authority liabilities totaled \$32 billion at December 31, 2018, an increase of \$439 million from December 31, 2017. This increase was primarily due to:

- Bonds and other asset financing obligations of \$25.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds, increased \$486 million primarily due to the issuance of \$2.0 billion additional consolidated bonds for purposes of funding capital construction and refunding existing debt obligations and a \$87 million increase in amounts related to the Goethals Bridge Replacement Project (GBRP) Developer Financing Arrangement (DFA). These increases were partially offset by the retirement and refunding of \$1.6 billion in consolidated bonds and commercial paper obligations.
- Accounts payable increased \$45 million primarily due to increases in operating, maintenance and capital construction contractor accrued payables.
- Accrued pension and OPEB benefits decreased \$5 million primarily due to a decrease in the Port Authority's actuarially determined proportionate share of the Net Pension Liability (NPL) of New York State and Local Retirement System (NYSLRS) due to positive investment earnings on plan investments, partially offset by an increase in the Port Authority's Net OPEB Liability.

Deferred inflows of resources totaled \$227 million at December 31, 2018, an increase of \$36 million from December 31, 2017. This increase was primarily due to an increase in the Port Authority's proportionate share of actuarially determined deferred pension gains related to the Port Authority's participation in NYSLRS. Deferred inflows of resources related to NYSLRS will be amortized as a reduction to future pension expense on a straight-line basis over a closed period (see *Note I - Pension Plans* for additional information related to pensions).

Management's Discussion and Analysis (Unaudited) (continued)

2017 vs. 2016

Port Authority assets totaled \$46.5 billion at December 31, 2017, an increase of \$1.2 billion from December 31, 2016. This overall increase was primarily a result of:

- Facilities, net, including contributed capital of \$35.9 billion, increased \$1.3 billion from December 31, 2016 due to the continued capital investment in core transportation facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. (See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on capital investment by business segment).
- Cash balances of \$859 million increased \$121 million from December 31, 2016, primarily due to \$1.9 billion in cash provided by operations, \$1.3 billion from consolidated bond proceeds and commercial paper obligations issued for purposes of funding capital construction projects and the receipt of \$460 million in Federal Transit Administration (FTA) capital contributions and PFCs. Partially offsetting these increases was \$2.2 billion in capital construction contractor payments, \$1.3 billion in debt service payments on outstanding debt obligations and the reallocation of available PFCs and reserves from cash equivalents to United States Treasury securities.
- Current and noncurrent investments of \$4.3 billion decreased \$459 million primarily due to the use of certain investments to refund outstanding consolidated bond debt obligations or fund capital construction projects in 2017. Partially offsetting this decrease was the investment of available PFCs in United States Treasury securities.
- Receivables of \$674 million increased \$83 million from December 31, 2016, primarily due to timing differences in receiving aviation fees and rents from airlines, amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority and amounts due from the WTC Towers 3 and 4 net lessees who exercised their right under 2010 tenant support agreements to defer the payment of certain net lease rental and debt service payments.

Deferred outflows of resources totaled \$402 million at December 31, 2017, a decrease of \$233 million from December 31, 2016. This decrease was primarily due to a decrease in the Port Authority's proportionate share of actuarially determined deferred pension costs related to the Port Authority's participation in the NYSLRS. Deferred outflows of resources related to NYSLRS will be amortized as additional pension expense on a straight-line basis over a closed period (see *Note I - Pension Plans* for additional information related to pensions).

Port Authority liabilities totaled \$31.3 billion at December 31, 2017, an increase of \$2.1 billion from December 31, 2016. This increase was primarily due to:

- Bonds and other asset financing obligations, including Tower 4 Liberty Bonds, increased \$637 million primarily due to the issuance of \$2.0 billion additional consolidated bonds for purposes of funding capital construction and refunding existing debt obligations and a \$190 million increase in accrued amounts related to the GBRP DFA due to the completion of additional capital construction of the replacement bridge. These increases were partially offset by the retirement and refunding of \$1.6 billion in consolidated bonds and commercial paper obligations, and a \$37 million decrease in amounts payable related to the Fund for Regional Development Buy-Out Obligation.
- Accrued pension and OPEB employee benefits increased \$1.4 billion primarily due to a \$1.5 billion increase in OPEB resulting from the Port Authority's adoption of GASB Statement No. 75

Management’s Discussion and Analysis (Unaudited)
(continued)

Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*. Offsetting the increase was a \$175 million decrease in the Port Authority’s proportionate share of the NPL of NYSLRS resulting from positive investment earnings on plan investments.

- Accounts payable increased \$157 million primarily due to increases in capital construction accruals.

Deferred inflows of resources totaled \$190 million at December 31, 2017, an increase of \$83 million from December 31, 2016. This increase was primarily due to a \$75 million increase in actuarially determined deferred OPEB gains resulting from the Port Authority’s adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*. Additionally, deferred gains related to the refunding of outstanding debt obligations in 2017 increase \$16 million. Deferred inflows of resources related to OPEB will be amortized as a reduction to future OPEB expense on a straight-line basis over a closed period.

Consolidated Statements of Revenues, Expenses and Changes in Net Position

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

	2018	2017 (Restated)*	2016
		(In thousands)	
Gross operating revenues	\$ 5,344,008	\$ 5,220,389	\$ 5,167,364
Operating expenses*	(3,242,315)	(3,108,910)	(3,013,087)
Depreciation and amortization	(1,371,157)	(1,275,303)	(1,238,512)
Net revenue related to Superstorm Sandy	-	18,323	-
Income from operations*	730,536	854,499	915,765
Non-operating expenses, net	(760,818)	(787,596)	(809,747)
Capital contributions and PFCs	538,620	463,258	939,313
Increase in net position*	508,338	530,161	1,045,331
Net position, January 1	15,370,056	16,574,894	15,529,563
Cumulative effect of change in accounting principle*	-	(1,734,999)	-
Restated net position, January 1*	15,370,056	14,839,895	15,529,563
Net position, December 31*	\$ 15,878,394	\$ 15,370,056	\$ 16,574,894

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority’s 2017 Consolidated Statements of Revenues, Expenses and Changes in Net Position.

Additional information on individual facility financial results can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Management’s Discussion and Analysis (Unaudited)
(continued)

Gross Operating Revenues

A summary of gross operating revenues follows:

	2018	2017	2016
		(In thousands)	
Gross operating revenues:			
Tolls and fares	\$ 1,865,384	\$ 1,873,622	\$ 1,865,481
Rentals	1,673,994	1,618,439	1,564,527
Aviation fees	1,192,454	1,128,352	1,112,436
Parking and other	384,088	377,421	399,178
Utilities	149,008	139,502	138,987
Rentals - Special Project Bonds Projects	79,080	83,053	86,755
Total	\$ 5,344,008	\$ 5,220,389	\$ 5,167,364

2018 vs. 2017

Gross operating revenues of \$5.3 billion increased \$124 million or 2.4% from 2017.

Aviation fees of \$1.2 billion increased \$64 million or 5.7% from 2017. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain Port Authority capital investments and operating expenses. The increase in 2018 fees was primarily due to increased policing and security to meet ongoing security requirements, aeronautical related capital investment being placed into service and increased snow and ice removal activities.

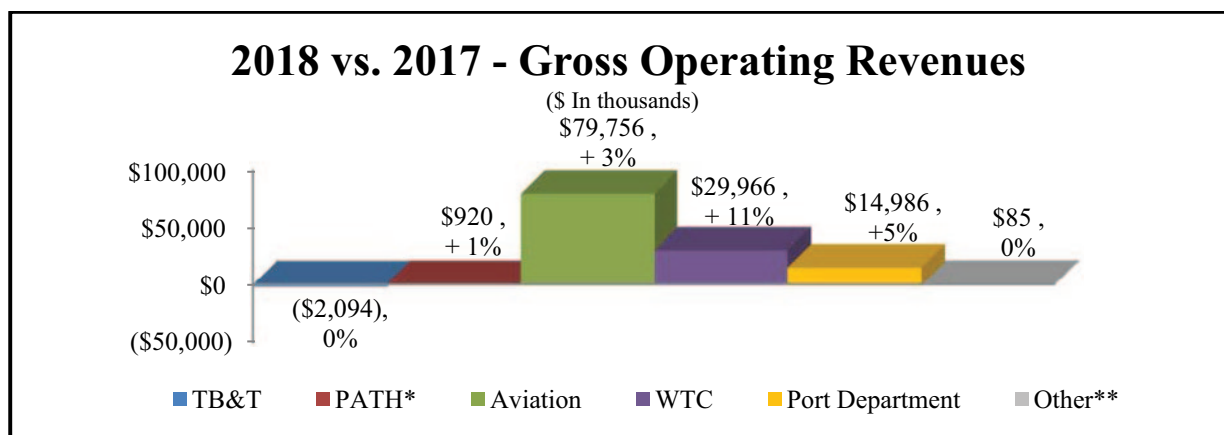
Rental revenues of \$1.7 billion increased \$56 million or 3.4% from 2017 primarily due to increased activity based percentage rentals at Aviation and Port Marine Terminals resulting from an all-time high in aviation passenger and container activity, increased fixed rentals due to scheduled rent increases at Aviation and Marine Terminals, and increased fixed and percentage rentals at One WTC due to increased occupancy and scheduled rent increases.

Parking and other fees of \$384 million increased \$7 million or 1.8% from 2017 primarily due to increased One WTC tenant charges resulting from increased occupancy and increased Cargo Facility Charges (CFCs) and Wharfage fees at Port Authority Marine Terminals due to an all-time high of container activity. Partially offsetting these amounts was a decrease in public and tenant parking revenues at Aviation facilities primarily due to inclement weather conditions in the first quarter of 2018, ongoing construction activities at LGA, and lessened demand for public parking at the three major airports.

Toll and PATH fare revenue of \$1.9 billion remained relatively flat from 2017 due to increased tolling discounts resulting from higher EZPass® usage at the Port Authority’s six vehicular crossings, lower PATH cross honoring of New Jersey Transit (NJT) passengers resulting from Amtrak construction activity at New York Penn Station in 2017 and lower 2018 PATH ridership due to decreased weekend service for the installation of Positive Train Control (PTC). These decreases were partially offset by a .7% increase in overall vehicular traffic at the six vehicular crossings.

Management’s Discussion and Analysis (Unaudited)
(continued)

The following chart depicts the 2018 change in total gross operating revenues by business segment when compared to 2017:



* PATH includes WTC Transportation Hub.

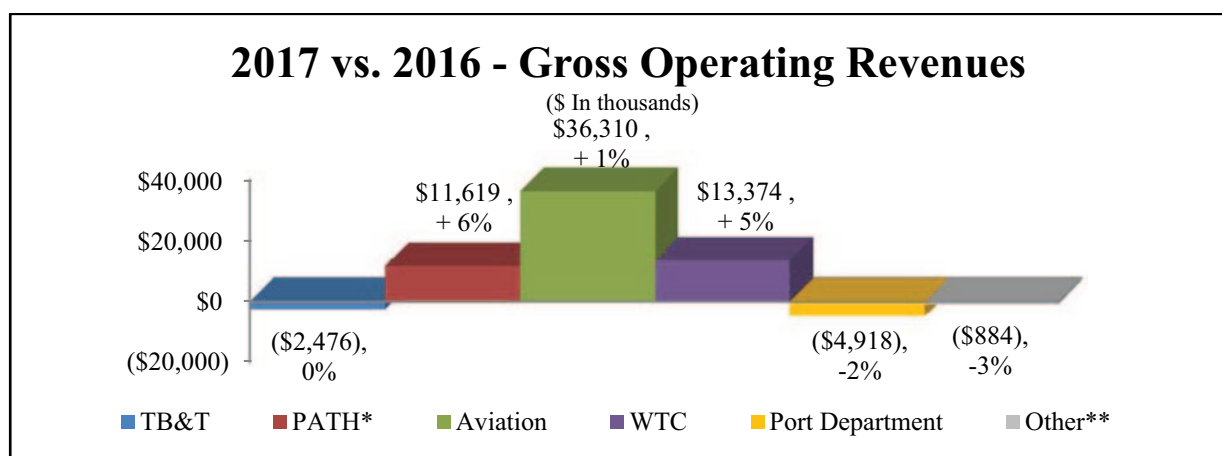
** Other includes Regional Facilities and Programs, Development Facilities and Ferry Transportation.

2017 vs. 2016

Gross operating revenues of \$5.2 billion increased \$53 million or 1% from 2016. Rentals increased \$54 million primarily due to increases in fixed rentals at One WTC due to higher occupancy, scheduled increases in terminal rents at Port Authority Marine Terminals and Aviation facilities and percentage rentals related to John F. Kennedy International Arrivals Terminal 4 (JFKIAT). Partially offsetting these increases was a decrease in certain fixed and percentage rentals at LGA for the operation, on an interim basis, of the existing Terminal B due to the execution of a lease agreement with LaGuardia Gateway Partners (LGP) in June 2016 for the replacement of the existing terminal. Aviation fees, which provide for the recovery of certain Port Authority capital investments and operating expenses at the Port Authority’s three major airports increased \$16 million, primarily due to the recovery of additional aeronautical related capital investment and policing costs. PATH fares increased \$12.4 million primarily due to a 5.4% increase in passenger activity driven in part by the accommodation of approximately 930,000 New Jersey Transit (NJT) passengers due to Amtrak construction activity at Penn Station that resulted in NJT service disruptions. Toll revenue at the Port Authority’s six (6) vehicular crossings decreased by \$4.3 million primarily due to one less work day in February 2017 when compared to February 2016 (a leap year), and increased discounts resulting from higher E-ZPass® usage. This decrease was partially offset by a 0.5% increase in overall vehicular traffic. Parking and other fees decreased \$22 million primarily due to a non-recurring Elizabeth Port Authority Marine Terminal consent fee received in 2016. Partially offsetting this decrease was an increase in CFC and Wharfage fees at Port Authority Marine Terminals due to a 6.8% increase in container activity.

Management's Discussion and Analysis (Unaudited) (continued)

The following chart depicts the 2017 change in total gross operating revenues by business segment when compared to 2016:



* PATH includes WTC Transportation Hub.

**Other includes Regional Facilities and Programs, Development Facilities and Ferry Transportation.

Operating Expenses

A summary of operating expenses follows:

	2018	2017 (Restated)*	2016
		(In thousands)	
Operating expenses:			
Employee compensation, including benefits*	\$ 1,338,277	\$ 1,318,935	\$ 1,290,334
Contract services	934,821	880,331	852,926
Rents and payments in-lieu-of taxes (PILOT)	396,048	390,576	352,293
Materials, equipment and other	298,121	252,533	264,977
Utilities	195,968	183,482	165,802
Interest on Special Project Bonds	79,080	83,053	86,755
Total	\$ 3,242,315	\$ 3,108,910	\$ 3,013,087

* 2017 restated amounts include approximately \$(24) million related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, as described in Note A.3.q. - *Nature of the Organization and Summary of Significant Accounting Policies*.

2018 vs. 2017

Operating expenses totaled \$3.2 billion in 2018, an increase of \$133 million or 4.3% from 2017.

Employee compensation, including employer provided healthcare and retirement benefits of \$1.3 billion, increased \$19 million or 1.5% from 2017 primarily due to increased civilian and public safety employee headcount and increased wages resulting from snow and ice removal activities at Port Authority facilities. Partially offsetting these increases was a net decrease in actuarially determined pension and OPEB related costs primarily due to investment gains on plan investments.

Contract Services of \$935 million increased \$54 million, or 6.2% from 2017 primarily due to increased customer service related initiatives, including new customer information technology across facilities, increased security at Port Authority facilities due to evolving security requirements, increased

Management’s Discussion and Analysis (Unaudited)
(continued)

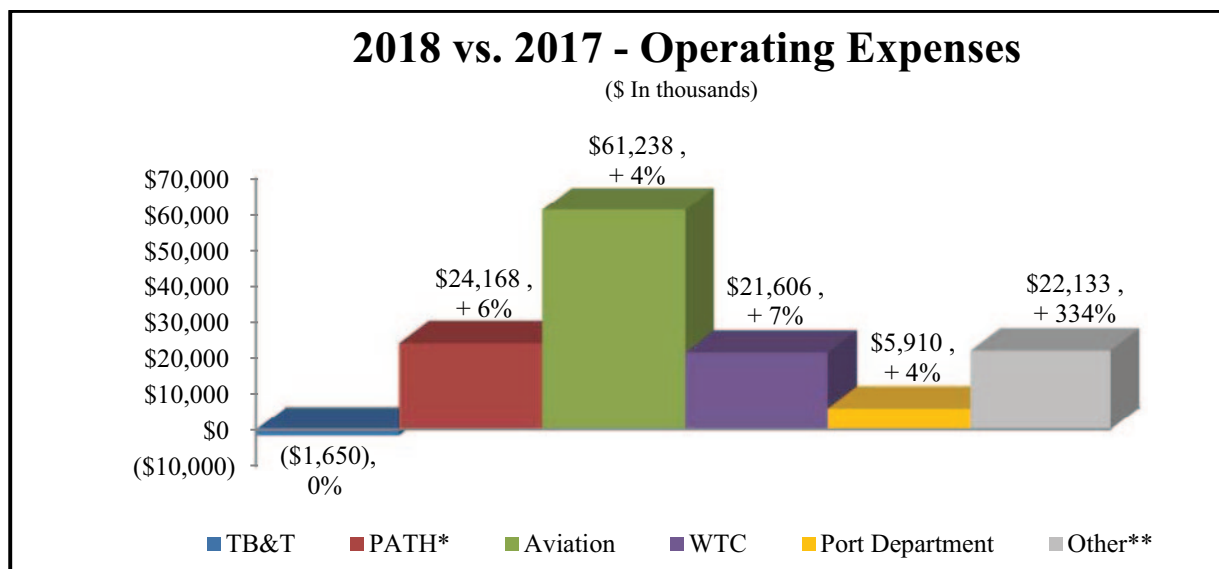
maintenance dredging at Port Marine Terminals, the commencement of contract maintenance payments to the Goethals Bridge Replacement Bridge developer and scheduled increases in contractor billing rates.

Materials, Equipment and Other expenditures of \$298 million increased \$46 million or 18% from 2017 primarily due to increased purchases of operations and maintenance vehicles, including airside snow removal equipment, increased purchases of materials and supplies related to snow and ice removal activities, primarily at the Aviation facilities, increased allowances for doubtful accounts at Port Authority Aviation facilities, Port marine terminals and WTC, and increased self-insured public liability loss reserves.

Utilities of \$196 million increased \$13 million or 6.8% from 2017 due to increased consumption at John F. Kennedy International Airport (JFK) and WTC due to increased demand for heating and cooling when compared to 2017.

Rents and Payments in-lieu-of-taxes (PILOT) of \$396 million increased \$5 million or 1% from 2017, primarily due to increased payments to the City of New York related to the WTC site as a result of the substantial completion of WTC Tower 3.

The following chart depicts the 2018 change in total operating expenses by business segment when compared to 2017:



* PATH includes WTC Transportation Hub.

** Other includes Regional Facilities and Programs, PAICE, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program and \$24 million year-to-year impact of adopting GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

2017 vs. 2016

Operating expenses totaled \$3.1 billion in 2017, an increase of \$96 million or 3.2% from 2016.

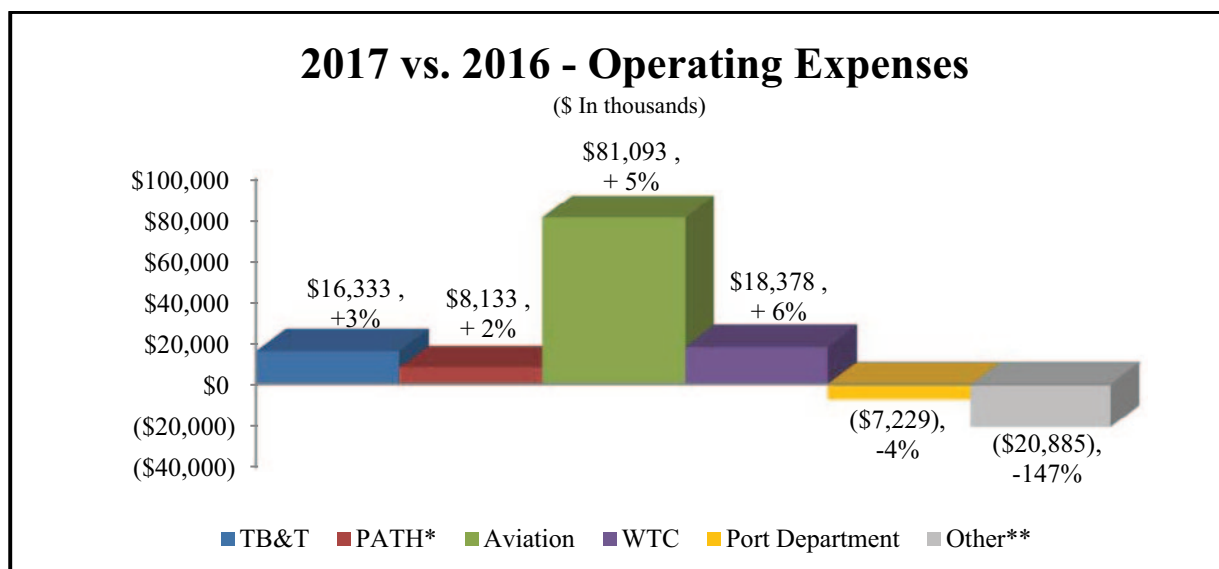
Employee compensation, including employer provided healthcare and retirement benefits totaled \$1.3 billion in 2017, an increase of \$29 million or 2.2% from 2016 primarily due to increased wages, the hiring of additional police officers, heightened security at Port Authority facilities and increased operational support for construction activities at Aviation facilities. Partially offsetting these increases were decreases

Management’s Discussion and Analysis (Unaudited)
(continued)

in actuarially determined costs related to OPEB resulting from the Port Authority’s adoption of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.q. - Nature of the Organization and Summary of Significant Accounting Policies* and the Port Authority’s proportionate share of NYSLRS pension expense.

Operating expenditures relating to material and equipment purchases, utility consumption, rent payable, professional consulting services and contractor payments for operational and maintenance support services totaled \$1.8 billion in 2017, an increase of \$67 million or 4.0% from 2016 primarily due to scheduled rent escalations at certain Port Authority Aviation facilities, increased property management services and electricity consumption at the WTC site resulting from increases in operational assets under management, increased ground transportation and taxi dispatch services at Aviation facilities to provide additional traffic and parking management in support of construction activities, increased snow and ice removal chemicals and materials, increased federal inspection services at New York Stewart International Airport due to increased air service, and increased consulting services for master planning activities related to Port Authority Marine Terminals. Partially offsetting these increases were decreases in maintenance dredging at Port Authority Marine Terminals, lower capital write-offs related to the Port Authority’s 2017-2026 capital plan and lower public liability insurance premiums and self-insured loss reserves, primarily at JFK and PATH.

The following chart depicts the 2017 restated change in total operating expenses by business segment when compared to 2016:



* PATH includes WTC Transportation Hub.

** Other, includes Regional Facilities and Programs, PAICE, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program and \$(24) million year-to-year impact of adopting GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Management’s Discussion and Analysis (Unaudited)
(continued)

Depreciation and Amortization

A summary of depreciation and amortization follows:

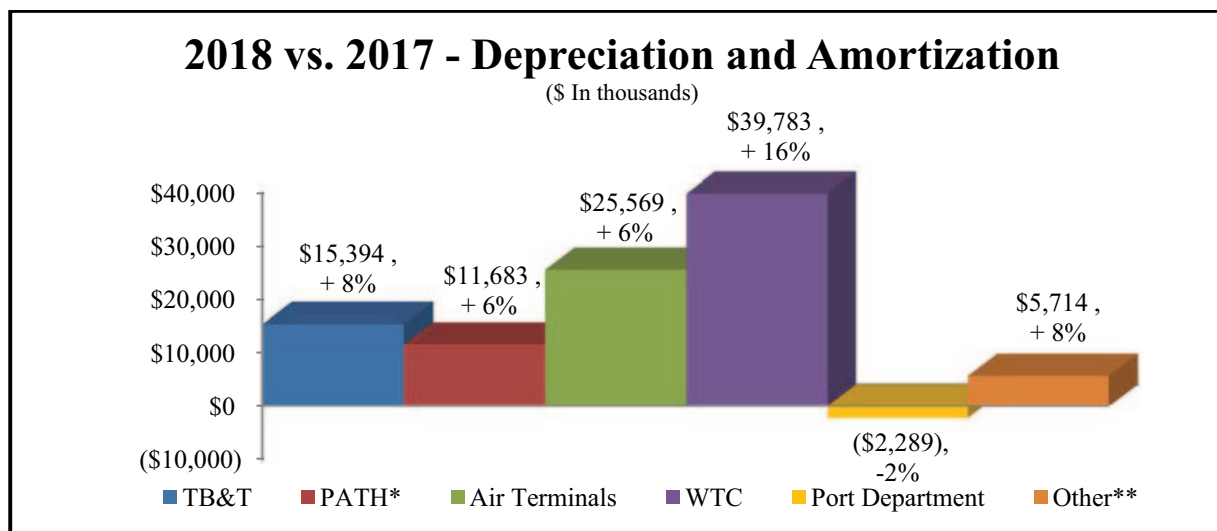
	2018	2017	2016
		(In thousands)	
Depreciation and amortization:			
Depreciation of facilities	\$ 1,329,283	\$ 1,231,139	\$ 1,173,747
Amortization of costs for regional programs	41,874	44,164	64,765
Total	\$ 1,371,157	\$ 1,275,303	\$ 1,238,512

2018 vs. 2017

Depreciation and amortization of \$1.4 billion increased \$96 million or 7.5% from 2017 as a result of the scheduled completion of approximately \$8.0 billion of capital construction projects in 2017 and 2018. These capital infrastructure assets, including elements of the PATH Signal Replacement Program and installation of Positive Train Control (PTC), Goethals Bridge Replacement Bridge Program, Bayonne Bridge Navigational Clearance Program, Lincoln Tunnel Access Program, WTC Tower 3, JFK runway improvements and LGA Redevelopment Program have been placed into service and are now being depreciated over their useful life. Partially offsetting these increases was a decrease in accelerated depreciation primarily related to the former Goethals Bridge and certain elements of the Bayonne Bridge that were fully depreciated and taken out of service in 2017 in anticipation of new and rehabilitated capital construction assets becoming operational in 2018.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net* to the 2018 consolidated financial statements, *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

The following chart depicts the 2018 change in total depreciation by business segment when compared to 2017:



* PATH includes WTC Transportation Hub.

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

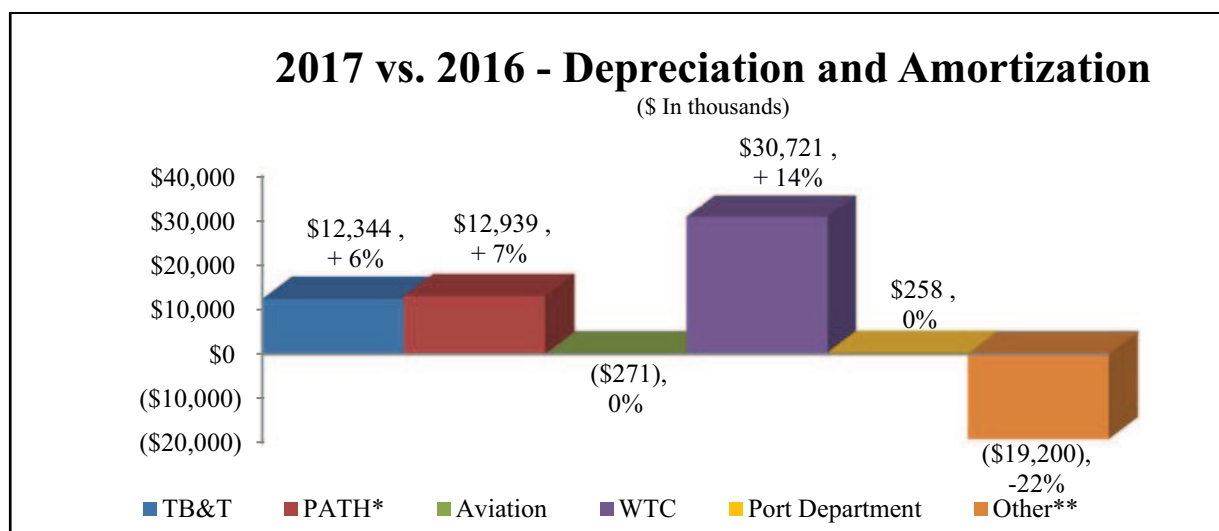
Management’s Discussion and Analysis (Unaudited) (continued)

2017 vs. 2016

Depreciation and amortization of \$1.3 billion increased \$36 million or 3.0% from 2016 resulting from the scheduled completion of \$2.9 billion of capital construction in both 2016 and 2017. These capital infrastructure assets, primarily located at the WTC, PATH, Goethals Bridge and Bayonne Bridge are ready for their intended use and are being depreciated over their estimated useful lives. Partially offsetting these increases was a \$20.6 million decrease in amortization related to certain Regional facilities and programs that were fully amortized during 2016 and 2017, respectively. For additional information related to regional facilities, see *Note H- Regional Facilities and Programs*.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net* to the 2017 consolidated financial statements, *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

The following chart depicts the 2017 change in total depreciation by business segment when compared to 2016:



* PATH includes WTC Transportation Hub.

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

Net revenues related to Superstorm Sandy

2016 - 2018

In 2017, the Port Authority recovered \$18.3 million of additional insurance proceeds related to Port Authority WTC Superstorm Sandy related insurance claims from participating insurance carriers. As of December 31, 2018, the Port Authority has received approximately \$581 million in insurance recoveries related to Superstorm Sandy.

Income from Operations

Income from operations represents the difference between gross operating revenues, and the sum of operating expenses, depreciation and amortization and net revenue related to Superstorm Sandy.

Management's Discussion and Analysis (Unaudited) (continued)

2018 vs. 2017

Income from operations of \$730 million declined \$124 million from 2017, primarily due to an increase in depreciation related to the scheduled completion of approximately \$8.0 billion in capital construction projects in 2017 and 2018 located at the WTC, PATH, Goethals and Bayonne Bridges, JFK and LGA.

2017 vs. 2016

Income from operations of \$854 million, declined \$61 million from 2016 primarily due to increases in depreciation related to the completion of additional capital construction projects located at the WTC, PATH, Goethals Bridge and Bayonne Bridge and increased operating expenses resulting from increased rents due to municipalities, and contractor payments at the WTC site and Aviation facilities.

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2018	2017	2016**
		(In thousands)	
Non-operating revenues and (expenses):			
Financial income	\$ 77,406	\$ 48,077	\$ 7,519
Net increase / (decrease) in fair value of investments	11,898	(12,751)	(11,493)
Interest expense in connection with bonds and other asset financings, net*	(872,690)	(843,050)	(859,393)
Pass-through grant program payments	(1,438)	(19,717)	(10,695)
Grants, in connection with operating activities	24,006	39,845	64,315
Non-operating expenses, net	\$ (760,818)	\$ (787,596)	\$ (809,747)

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

** For presentation purposes, amortization of bond premiums received at issuance were reclassified from Financial income to Interest expense in connection with bonds and other asset financings, net.

2018 vs. 2017

- Financial income, comprised of interest income and the net change in the fair value of investments collectively totaled \$89 million in 2018, an increase of \$54 million when compared to 2017. These increases were primarily due to a \$14 million increase in realized earnings on investments due to higher interest rates and a \$25 million year to year increase in the net change in the fair market value of investments, comprised primarily of United States Treasury securities. In addition, the Port Authority received a non-recurring consent fee of \$15 million relating to Port Jersey-Port Authority Marine Terminal.
- Interest expense in connection with bonds and other asset financings of \$873 million increased \$30 million from 2017 due to the commencement of GBRP DFA payments due to the substantial completion of the replacement bridge in June 2018.
- Pass-through grant program payments to sub-grantees of \$1 million decreased \$18 million from 2017 primarily due to decreased federal funding associated with baggage screening projects at Aviation facilities and the Regional Truck Replacement Program.

Pass-through grant program payments are completely offset in either, *Contributions in aid of*

Management’s Discussion and Analysis (Unaudited)
(continued)

construction or Grants, in connection with operating activities.

- Grants, in connection with operating activities of \$24 million decreased \$16 million from 2017 primarily due to a \$9 million decrease in Superstorm Sandy grants for immediate recovery efforts due to the transition from the immediate repair phase to the permanent repair and resiliency phase of the recovery effort and a \$3 million decrease in Airport Improvement Program (AIP) discretionary funding associated with noise compatibility studies at the Port Authority’s three major airports and a \$3 million decrease in available funding from the Department of Homeland Security for cyber security and counter terrorism initiatives.

2017 vs. 2016

- Financial income, comprised of interest income and changes in the fair value of investments, of \$35 million increased \$39 million when compared to 2016 primarily due to higher earnings on Port Authority investments, comprised primarily of United States Treasury securities, and a decrease in financial returns due the WTC Retail net lessee on their capital investment in the WTC Retail premises, which opened to the public in 2016. Partially offsetting these increases was a decrease in the fair market value of the Port Authority’s investment portfolio, due to the fluctuation of interest rates.
- Interest expense in connection with bonds and other asset financings of \$843 million decreased \$16 million from 2016 primarily due to increased reimbursements due from the WTC Tower 4 net lessee for Tower 4 Liberty Bond debt service payments and a decrease in interest expense achieved through the refunding and retirement of existing debt obligations. Partially offsetting this decrease was an increase in interest expense charged to operations due to a decrease in capital projects under construction.
- Pass-through grant program payments to sub-grantees of \$20 million increased \$9 million from 2016 primarily due to increased federal funding associated with baggage screening projects at Aviation facilities and the regional truck replacement program that was passed through to third party entities.

Pass-through grant program payments are completely offset in either, *Contributions in aid of construction or Grants, in connection with operating activities.*

- Grants, in connection with operating activities of \$40 million decreased \$24 million from 2016 primarily due to a \$20 million decrease in federal funding related to Urban Area Security Initiatives (UASI) due to lower federal funds being available for reimbursement and a \$9 million decrease in grants related to Superstorm Sandy immediate recovery efforts due to the transition from the immediate repairs phase to the permanent repair and resiliency phase of the recovery effort.

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

	2018	2017	2016
		(In thousands)	
Contributions in aid of construction	\$ 252,225	\$ 187,473	\$ 674,950
PFCs	286,395	275,785	264,363
Total	\$ 538,620	\$ 463,258	\$ 939,313

**Management’s Discussion and Analysis (Unaudited)
(continued)**

2018 vs. 2017

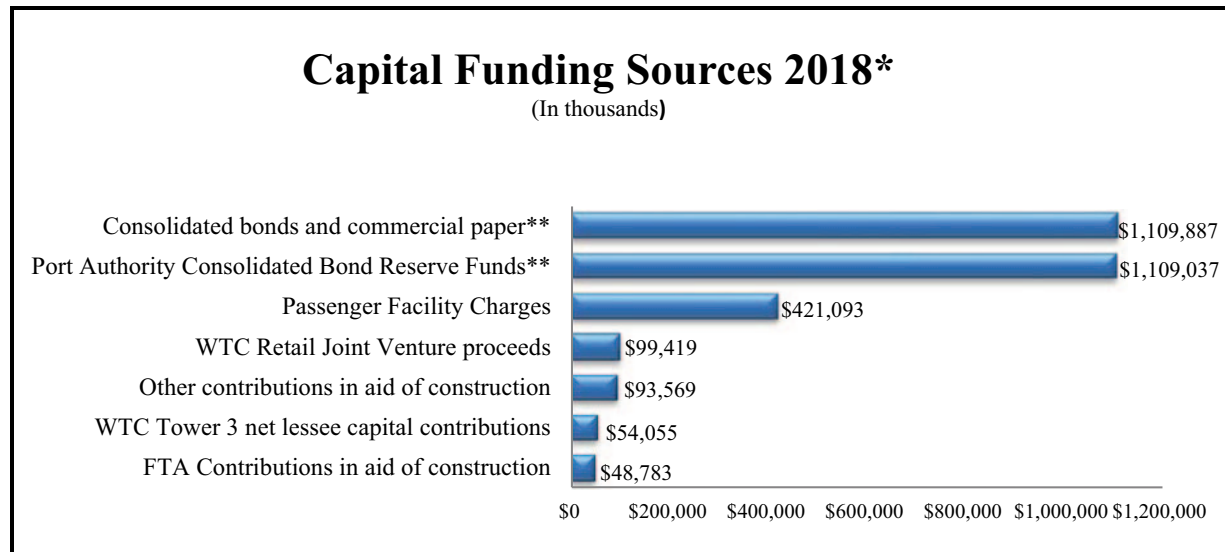
Contributions in aid of construction of \$252 million increased \$65 million from 2017 primarily due to the reimbursement of certain sub-grade infrastructure supporting the WTC Performing Arts Center, increased required capital contributions from the WTC Tower 3 net lessee for the construction of WTC Tower 3 and increased funding from the Federal Emergency Management Agency (FEMA) and the FTA for Superstorm Sandy restoration and resiliency capital projects. For additional information related to grants and contributions, see *Note F - Grants and Contributions in Aid of Construction*.

2017 vs. 2016

Contributions in aid of construction of \$187 million decreased \$488 million from 2016 primarily due to a decrease in capital contributions from the net lessee of WTC Tower 3 and the Metropolitan Transportation Authority (MTA) for the redevelopment of certain areas of the WTC site, and the FTA for the construction of the WTC Transportation Hub, which opened to the public in March 2016. AIP funding related to the rehabilitation of certain runways at the Port Authority’s three major airports that were substantially completed in 2016 also decreased. Offsetting these decreases were increases in capital contributions from the FTA and FEMA for Superstorm Sandy restoration and resiliency projects. For additional information related to grants and contributions, see *Note F- Grants and Contributions in Aid of Construction*.

Capital Construction Activities

Port Authority capital investment, including contributed capital and accrued amounts relating to capital construction, totaled \$2.9 billion in 2018, \$2.5 billion in 2017, and \$3.2 billion in 2016.

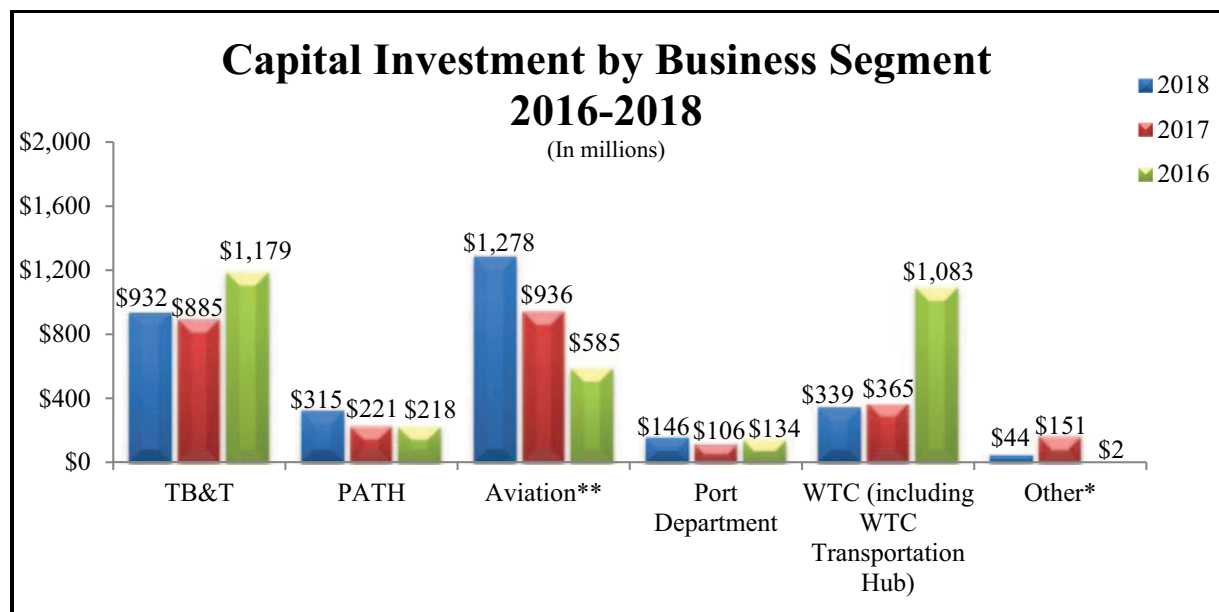


* Capital funding sources exclude accrued amounts in connection with capital construction activities.

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

Management’s Discussion and Analysis (Unaudited)
(continued)

The following chart depicts capital investment for the last three years summarized by business segment:



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

** Includes landlord leasehold capital improvements related to LGA Terminal B of \$289 million in 2018 and \$163 million in 2017, respectively.

Additional information related to capital investment in Port Authority facilities can be found in appended *Note B – Facilities, net* to the 2018 consolidated financial statements, and *Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in the Statistical and Other Supplemental Information section of this report.

Capital Financing and Debt Management

As of December 31, 2018, bonds and other asset financing obligations of the Port Authority totaled approximately \$25.1 billion, including \$1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor. For additional information related to bonds and other asset financing obligations of the Port Authority, see *Note D- Outstanding Financing Obligations*.

During 2018, the Port Authority issued approximately \$2 billion of consolidated bonds. Of this amount, \$608 million was allocated to fund capital construction and \$1.4 billion was allocated for purposes of refunding outstanding consolidated bonds to achieve savings on future debt service payments and to retire existing commercial paper obligations.

During 2018, the Port Authority issued approximately \$2 billion of commercial paper obligations. Of this amount, \$1.7 billion was allocated for the purpose of refunding existing commercial paper obligations and \$260 million was issued to fund capital construction project expenditures.

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority. All ratings for outstanding obligations in 2018 remained the same when compared to 2017. 2018 Standard and Poor’s (S&P), Fitch Ratings and Moody’s Investors Service considered the Port Authority’s outlook stable.

Management’s Discussion and Analysis (Unaudited)
(continued)

OBLIGATION	S&P	Fitch Ratings	Moody’s Investors Service
Consolidated Bonds	AA-	AA-	Aa3
Commercial Paper	A-1+	F1+	P-1

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

Other Activities

- Toll schedules for the Port Authority’s six (6) vehicular crossings were last revised effective September 18, 2011 and provided for certain scheduled toll increases over time. The last scheduled toll increase for automobiles paying with cash increased from \$14.00 to \$15.00 in December 2015; the cash toll for truck classes 2-6 increased from \$19.00 per axle to \$21.00 per axle in December 2015; the cash toll for buses carrying 10 or more people increased from \$23.00 to \$24.00 in December 2015. Discounts are available for vehicles using the E-ZPass® electronic toll collection system and certain designated user programs. For additional information related to tolling rates please refer to the following link:
<http://www.panynj.gov/bridges-tunnels/tolls.html>

- The PATH base fare schedule was last revised effective September 18, 2011 and provided for certain scheduled fare increases over time. The last scheduled PATH base fare for a single trip increased from \$2.50 per trip to \$2.75 per trip on October 1, 2014. The cost of the multi-trip tickets and SmartLink passes were also increased at that time in a consistent manner with the base fare increase. For additional information related to PATH fares please refer to the following link:
<http://www.panynj.gov/path/fares.html>

- On December 13, 2018, the Board of Commissioners approved a 2019 budget that provides for capital and operating expenditures during calendar year 2019 totaling \$8.5 billion. To obtain a copy of the 2019 budget, please refer to the following link:
<https://corpinfo.panynj.gov/documents/2019-Budget/>

- On February 16, 2017, the Board of Commissioners approved a ten-year capital plan covering 2017-2026, totaling \$32.2 billion. To obtain a copy of the capital plan, please refer to the following link: <http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026/>

- In November 2016, the Gateway Program Development Corporation (GPDC) was organized as a nonprofit corporation under the laws of the State of New Jersey. The Port Authority’s participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. Based on the provisions of Governmental Accounting Standards Board Statement No. 14, “*The Financial Reporting Entity*,” as amended, the GPDC is not a component unit of the Port Authority for financial reporting purposes.

Management's Discussion and Analysis (Unaudited)
(continued)

On February 15, 2018, the Board of Commissioners certified the Port Authority Gateway Support Program, Early Work (Gateway Early Work Program) as an additional facility of the Port Authority and authorized the issuance of Consolidated Bonds for purposes of funding \$79 million of capital expenditures in connection with the Gateway Early Work Program.

- On June 30, 2018, substantial completion of the Goethals Bridge Replacement Bridge was achieved and both spans of the bridge opened with its final traffic configuration.

Consolidated Statements of Net Position

	December 31, 2018	December 31, 2017 (Restated)
(In thousands)		
ASSETS		
Current assets:		
Cash	\$ 157,143	\$ 737,632
Restricted cash	132,961	116,447
Investments	1,529,511	909,230
Restricted investments - PAICE	37,162	-
Restricted investments - PFC	23,609	285,487
Current receivables, net	540,962	492,131
Other current assets	161,133	158,311
Restricted receivables and other assets	77,785	68,459
Total current assets	2,660,266	2,767,697
Noncurrent assets:		
Restricted cash	4,951	4,817
Investments	2,218,769	2,876,901
Restricted investments - PAICE	204,708	238,927
Other amounts receivable, net	136,996	113,726
Other noncurrent assets	1,649,710	1,611,906
Restricted noncurrent assets - PAICE	8,015	9,669
Amounts receivable - Special Project Bonds	1,233,432	1,314,334
Amounts receivable - Tower 4 Liberty Bonds	1,245,637	1,246,249
Unamortized costs for regional programs	130,186	172,060
Landlord leasehold investment-LGA Terminal B	451,547	162,868
Facilities, net	37,400,013	35,963,576
Total noncurrent assets	44,683,964	43,715,033
Total assets	47,344,230	46,482,730
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	78,510	73,148
Pension related amounts	276,586	328,602
OPEB related amounts	169,257	-
Total deferred outflows of resources	524,353	401,750
LIABILITIES		
Current liabilities:		
Accounts payable	1,275,183	1,229,863
Accrued interest and other current liabilities	501,986	533,939
Restricted other liabilities - PAICE	7,630	6,887
Accrued payroll and other employee benefits	659,044	659,420
Current portion bonds and other asset financing obligations	977,266	945,592
Total current liabilities	3,421,109	3,375,701
Noncurrent liabilities:		
Accrued pension and other postemployment employee benefits	1,891,329	1,896,201
Other noncurrent liabilities	253,252	214,512
Unearned income related to WTC Retail joint venture	755,478	764,738
Restricted other noncurrent liabilities - PAICE	43,304	47,332
Amounts payable - Special Project Bonds	1,233,432	1,314,334
Amounts payable - Tower 4 Liberty Bonds	1,245,637	1,246,249
Bonds and other asset financing obligations	22,919,908	22,464,963
Total noncurrent liabilities	28,342,340	27,948,329
Total liabilities	31,763,449	31,324,030
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	43,859	47,237
Pension related amounts	177,998	68,237
OPEB related amounts	4,883	74,920
Total deferred inflows of resources	226,740	190,394
NET POSITION	\$ 15,878,394	\$ 15,370,056
Net position is comprised of:		
Net investment in capital assets	\$ 14,190,682	\$ 13,179,105
Restricted:		
Passenger Facility Charges	52,378	350,878
Port Authority Insurance Captive Entity, LLC	348,232	310,034
Minority Interest in Tower 1 Joint Venture	100,000	100,000
Unrestricted	1,187,102	1,430,039
NET POSITION	\$ 15,878,394	\$ 15,370,056

Consolidated Statements of Revenues, Expenses and Changes in Net Position

	Year ended December 31,	
	2018	2017
		(Restated)
	(In thousands)	
Gross operating revenues:		
Tolls and fares	\$ 1,865,384	\$ 1,873,622
Rentals	1,673,994	1,618,439
Aviation fees	1,192,454	1,128,352
Parking and other	384,088	377,421
Utilities	149,008	139,502
Rentals - Special Project Bonds Projects	79,080	83,053
Total gross operating revenues	5,344,008	5,220,389
Operating expenses:		
Employee compensation, including benefits	1,338,277	1,318,935
Contract services	934,821	880,331
Rents and payments in-lieu-of taxes (PILOT)	396,048	390,576
Materials, equipment and other	298,121	252,533
Utilities	195,968	183,482
Interest on Special Project Bonds	79,080	83,053
Total operating expenses before depreciation, amortization and other operating expenses	3,242,315	3,108,910
Net (revenues) related to Superstorm Sandy	-	(18,323)
Depreciation of facilities	1,329,283	1,231,139
Amortization of costs for regional programs	41,874	44,164
Income from operations	730,536	854,499
Non-operating revenues and (expenses):		
Financial income	77,406	48,077
Net increase / (decrease) in fair value of investments	11,898	(12,751)
Interest expense in connection with bonds and other asset financing	(937,983)	(908,343)
Pass-through grant program payments	(1,438)	(19,717)
4 WTC associated payments	65,293	65,293
Grants, in connection with operating activities	24,006	39,845
Non-operating expenses, net	(760,818)	(787,596)
Loss / Income before capital contributions and passenger facility charges	(30,282)	66,903
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	252,225	187,473
Passenger facility charges	286,395	275,785
Total capital contributions and passenger facility charges	538,620	463,258
Increase in net position	508,338	530,161
Net position, January 1	15,370,056	16,574,894
Cumulative effect of change in accounting principle	-	(1,734,999)
Restated net position, January 1	15,370,056	14,839,895
Net position, December 31	\$ 15,878,394	\$ 15,370,056

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

	Year ended December 31,	
	2018	2017
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	\$ 5,198,892	\$ 5,020,368
Cash received related to Superstorm Sandy Insurance	9,494	8,734
Cash paid to or on behalf of employees	(1,421,042)	(1,266,537)
Cash paid to suppliers	(1,453,743)	(1,491,565)
Cash paid to municipalities	(383,124)	(392,876)
Net cash provided by operating activities	1,950,477	1,878,124
Cash flows from noncapital financing activities:		
Principal paid on noncapital financing obligations	(33,620)	(40,000)
Payments for Fund for regional development buy-out obligation	(53,214)	(53,213)
Consent fee	15,000	-
Grants received in connection with operating activities	45,195	46,740
Pass-through grant payments	(7,315)	(63,163)
Net cash (used for) noncapital financing activities	(33,954)	(109,636)
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	(2,774,784)	(2,184,808)
Proceeds from capital obligations issued for refunding purposes	3,349,935	2,684,195
Principal paid through capital obligations refundings	(3,349,935)	(3,078,775)
Proceeds from sales of capital obligations allocated for construction	893,863	1,280,304
Principal paid on capital obligations	(384,155)	(300,905)
Interest paid on capital obligations	(1,056,955)	(1,009,232)
Payments for MOTBY obligation	(5,000)	(5,000)
Contributions in aid of construction	166,784	192,409
Proceeds from passenger facility charges	287,635	267,858
Financial income allocated to capital projects	4,381	4,196
Net cash (used for) capital and related financing activities	(2,868,231)	(2,149,758)
Cash flows from investing activities:		
Purchase of investment securities	(34,359,449)	(21,013,911)
Proceeds from maturity and sale of investment securities	34,677,781	21,460,429
Interest received on investment securities	63,740	53,313
Other interest income	5,795	2,300
Net cash provided by investing activities	387,867	502,131
Net (decrease) / increase in cash	(563,841)	120,861
Cash at beginning of year	858,896	738,035
Cash at end of year	\$ 295,055	\$ 858,896

Consolidated Statements of Cash Flows
(continued)

	Year ended December 31,	
	2018	2017 (Restated)
(In thousands)		
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	\$ 730,536	\$ 854,499
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities	1,329,283	1,231,139
Amortization of costs for regional programs	41,874	44,164
Amortization of other assets	58,007	54,233
Change in operating assets and operating liabilities:		
(Increase) in receivables	(32,448)	(114,204)
(Increase) in other assets	(126,881)	(146,833)
Increase/(decrease) in payables	10,272	(6,311)
Increase/(decrease) in other liabilities	31,859	(81,702)
(Decrease) in unearned income related to WTC retail joint venture	(9,260)	(9,260)
(Decrease)/increase in accrued payroll, pension and other employee benefits	(82,765)	52,399
Total adjustments	1,219,941	1,023,625
Net cash provided by operating activities	\$ 1,950,477	\$ 1,878,124

3. Capital obligations:

Consolidated bonds and notes, commercial paper, variable rate master notes and Marine Ocean Terminal at Bayonne Peninsula Obligation (MOTBY).

4. Noncash investing, capital and financing activities:

Noncash activity of \$114 million in 2018 and \$110 million in 2017 includes amortization of discount and premium on outstanding debt obligations and debt service in connection with Special Project Bonds.

Noncash capital financing did not include activities that required a change in fair value. In 2018 and 2017, the Silverstein net lessees contributed \$54 million and \$14 million, respectively, towards construction of WTC Tower 3. In 2018 and 2017, preferred returns due the Tower 1 Joint Venture, Durst Member and the WTC Retail Joint Venture, Westfield member totaled (\$9) million and (\$9) million, respectively. As of December 31, 2018, the Goethals Bridge Replacement Developer Financing Arrangement totaled \$1.021 billion, including accrued amounts of \$87 million in 2018 and \$190 million in 2017, respectively.

Noncash capital asset write-offs totaled \$8.1 million in 2018 and \$8.5 million in 2017.

Notes to Consolidated Financial Statements

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

1. Reporting Entity

- a. The Port Authority of New York and New Jersey was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.
- b. The Governors of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, “*The Financial Reporting Entity*,” as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.
- c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority’s framework of internal controls, compliance systems and the accounting, auditing and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, a law firm retained to address certain Audit Committee matters, and management of the Port Authority. On June 28, 2018, the Audit Committee retained KPMG LLP as independent auditors to perform the independent audit of the Port Authority’s consolidated financial statements for the year ending December 31, 2018.
- d. The consolidated financial statements and schedules include the accounts of the Port Authority of New York and New Jersey and its component units including:

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

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

Notes to Consolidated Financial Statements (continued)

2. Basis of Accounting

- a. The Port Authority's activities are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.
- b. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

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

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

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

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

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

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

- c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, collateralized time deposits, and money market accounts.
- d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (PFCs), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (PAICE), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.

Notes to Consolidated Financial Statements (continued)

- e. Net position is comprised of:
 - *Net investment in capital assets*, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.
 - *Restricted*, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority's policy to use restricted resources first.
 - *Unrestricted*, which consists of net resources that do not meet the definition of *Restricted* or *Net investment in capital assets*.
- f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.
- g. Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Consolidated Statements of Net Position.
- h. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.
- i. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration (FAA) approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net*.
- j. Required capital contributions due the Port Authority from the World Trade Center (WTC) Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Consolidated Statements of Net Position and a *Contribution in aid of construction* on the Consolidated Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. Subsequent to becoming ready for their intended use, WTC Towers 2, 3 and 4 will be depreciated over their estimated useful life. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively.
- k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives, and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).

Notes to Consolidated Financial Statements (continued)

- l.** In accordance with GASB Statement No. 23, “*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*,” as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- m.** Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the bond payable liability on the Consolidated Statements of Net Position.
- n.** The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.
- o.** For presentation purposes, certain amounts in the fiscal year 2017 financial statements have been reclassified to conform to the fiscal year 2018 financial statements herein. These reclassifications have no impact on the overall change in net position or cash flows.
- p.** In June 2015, GASB issued Statement No. 74, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.” The requirements of GASB Statement No. 74 were effective for financial statements with periods beginning after June 15, 2016. The objective of GASB Statement No. 74 is to improve accountability and the usefulness of information relating to postemployment benefits other than pensions included in the general purpose external financial reports of state and local governmental Other Postemployment Employee Benefits (OPEB) plans. Adoption of this statement resulted in no change to the Port Authority’s 2017 consolidated financial statements. Additional and expanded note disclosures required under GASB Statement No. 74 are included in the general purpose financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust.
- q.** GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,” (GASB Statement No. 75) as amended by GASB Statement No. 85, “*Omnibus 2017*,” was implemented by the Port Authority as of January 1, 2018. The objective of these statements is to improve financial accounting and reporting for postemployment benefits other than pensions by governmental employers that provide such benefits and to address certain practice issues identified during implementation and application of GASB Statement No. 75.

Adoption of GASB Statement No. 75 and GASB Statement No. 85 resulted in the Port Authority recording a net OPEB liability and associated deferred inflows of resources. The cumulative effect of adopting GASB Statement No. 75 and amendments described above totaled approximately \$1.7 billion and was recognized as a restatement of the Port Authority’s January 1, 2017 beginning net position.

The following table displays the effect of implementation of GASB Statement No. 75 on previously reported 2017 amounts:

Notes to Consolidated Financial Statements
(continued)

Consolidated Statements of Net Position

	December 31, 2017 Published	December 31, 2017 Restated	Change
	(In thousands)		
ASSETS			
Net OPEB asset	\$ 98,948	\$ -	\$ (98,948)
DEFERRED OUTFLOWS OF RESOURCES			
OPEB related amounts	\$ -	\$ -	\$ -
LIABILITIES			
Accrued pension and other postemployment employee benefits	\$ (359,078)	\$ (1,896,201)	\$ (1,537,123)
DEFERRED INFLOWS OF RESOURCES			
OPEB related amounts	<u>\$ -</u>	<u>\$ (74,920)</u>	<u>\$ (74,920)</u>
NET POSITION			
Unrestricted	<u>\$ (3,141,030)</u>	<u>\$ (1,430,039)</u>	<u>\$ 1,710,991</u>
Add: Restated impact on 2017 Revenues, Expenses, and Changes in Net position			<u>\$ 24,008</u>
Cumulative impact on Net Position, January 1, 2017			<u>\$ 1,734,999</u>

- r. The Port Authority Retiree Health Benefits Trust is a fiduciary fund of the Port Authority. Accordingly, the financial activities of the trust are not included on the Consolidated Statement of Net Position (see *Note J - Other Postemployment Employee Benefits (OPEB)*) for additional information related to OPEB.
- s. In January 2017, GASB issued Statement No. 84, “*Fiduciary Activities.*” The requirements of GASB Statement No. 84 are effective for financial statements periods beginning after December 15, 2018. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 84.
- t. In June 2017, GASB issued Statement No. 87, “*Leases.*” The requirements of GASB Statement No. 87 are effective for financial statements periods beginning after December 15, 2019. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 87.
- u. In April 2018, GASB issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.*” The requirements of GASB Statement No. 88 are effective for financial statements periods beginning after June 15, 2018. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 88.

Notes to Consolidated Financial Statements (continued)

- v. In June 2018, GASB issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” The requirements of GASB Statement No. 89 are effective for financial statements periods beginning after December 15, 2019. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for the reporting period and to simplify accounting for interest costs incurred before the end of a construction period. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 89.

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

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

- a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.
- b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority’s bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.
- c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.
- d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.
- e. Consolidated bonds and notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.
- f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retire existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.

Notes to Consolidated Financial Statements (continued)

- g.** Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Facility infrastructure investment* in the capital fund.
- h.** Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.
- i.** Amounts received in connection with the March 18, 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received, and are recorded on that basis on *Schedule A – Revenues and Reserves*.
- j.** The cumulative impact of adopting a new accounting standard is recognized as either an increase or decrease to the Net position of the operating fund in the year of adoption and amortized as an application from the Consolidated Bond Reserve Fund over a closed 30-year period.
- k.** In accordance with Port Authority bond resolutions, operating expenses provide for contingencies related to future operating and maintenance expenses.

Notes to Consolidated Financial Statements
(continued)

A reconciliation of the Consolidated Statements of Net Position to Schedule B and the Consolidated Statements of Revenues, Expenses and Changes in Net Position to Schedule A follows:

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

	Years ended December 31,	
	2018	2017 (Restated)*
	(In thousands)	
Net position reported on Consolidated Statements of Net Position*	\$ 15,878,394	\$ 15,370,056
Add: Accumulated depreciation of facilities	17,324,312	16,374,155
Accumulated retirements and gains and losses on disposition of assets	2,841,147	2,462,021
Application of WTC retail joint venture payments	796,936	796,936
Cumulative amortization of costs for regional programs	1,406,173	1,364,299
Cumulative unamortized discount and premium	1,201,235	1,005,881
Cumulative effect of change in accounting principle*	-	1,710,991
Subtotal*	23,569,803	23,714,283
Less: Deferred income - PFCs	52,378	196,257
Income related to WTC retail joint venture	41,458	32,198
Operating and maintenance contingencies	50,000	50,000
Subtotal	143,836	278,455
Total	\$ 39,304,361	\$ 38,805,884
Net position reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)	\$ 39,304,361	\$ 38,805,884

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in *Note A.3.g. - Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Statement of Net Position.

Notes to Consolidated Financial Statements
(continued)

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

	Years ended December 31,	
	2018	2017
		(Restated)*
	<hr style="border-top: 1px solid black;"/>	
	(In thousands)	
Increase in Net position reported on Consolidated Statements of Revenues, Expenses and Changes in Net Position*	\$ 508,338	\$ 530,161
Add: Depreciation of facilities	1,329,283	1,231,139
Application of PFCs	433,326	285,335
Amortization of costs for regional programs	41,874	44,164
Amortization of discount and premium	(46,178)	(35,644)
Subtotal	1,758,305	1,524,994
Less: Debt maturities and retirements	319,090	300,905
Debt retirement acceleration	8,300	-
Repayment of asset financing obligations	188	1,276
WTC Towers 2,3,4 Net Lessee capital contributions	54,052	14,219
Direct investment in facilities	1,771,900	1,623,347
Collection of PFCs	286,395	275,785
Income related to WTC retail joint venture	9,260	9,260
PFC interest income/fair value adjustment	3,380	2,080
Change in accounting principle*	-	24,008
Subtotal*	2,452,565	2,250,880
Total	\$ (185,922)	\$ (195,725)
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
Increase/(Decrease) in Reserves reported on Schedule A - Revenues and Reserves (pursuant to Port Authority bond resolutions)	\$ (185,922)	\$ (195,725)

* In accordance with GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as described in Note A.3.g. - *Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 75 has been incorporated as a restatement to the Port Authority's 2017 Consolidated Statements of Revenues, Expenses and Changes in Net Position.

Notes to Consolidated Financial Statements
(Continued)

Note B - Facilities, net

1. Facilities, net is comprised of the following:

	Facilities, net Dec. 31, 2017	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2018
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,393,192	\$ -	\$ 29,866	\$ -	\$ -	\$ 1,423,058
Construction in progress*	8,520,340	2,765,720	(5,031,136)	-	-	6,254,924
Total capital assets not being depreciated	9,913,532	2,765,720	(5,001,270)	-	-	7,677,982
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	19,378,224	-	2,753,569	-	(93,383)	22,038,410
Machinery and equipment	10,333,200	-	926,654	-	(37,764)	11,222,090
Runways, roadways and other paving	6,491,932	-	664,766	-	(151,378)	7,005,320
Utility infrastructure	6,220,843	-	656,281	-	(96,601)	6,780,523
Total other capital assets being depreciated	42,424,199	-	5,001,270	-	(379,126)	47,046,343
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(5,280,089)	-	-	(463,822)	93,383	(5,650,528)
Machinery and equipment	(4,946,885)	-	-	(384,632)	37,764	(5,293,753)
Runways, roadways and other paving	(3,500,503)	-	-	(234,806)	151,378	(3,583,931)
Utility infrastructure	(2,646,678)	-	-	(246,023)	96,601	(2,796,100)
Total accumulated depreciation	(16,374,155)	-	-	(1,329,283)	379,126	(17,324,312)
Facilities, net	\$ 35,963,576	\$ 2,765,720	\$ -	\$ (1,329,283)	\$ -	\$ 37,400,013

	Facilities, net Dec. 31, 2016	Additions	Transfers to Completed Construction	Depreciation	Retirements / Dispositions	Facilities, net Dec. 31, 2017
(In thousands)						
Capital assets not being depreciated:						
Land	\$ 1,373,785	\$ -	\$ 19,407	\$ -	\$ -	\$ 1,393,192
Construction in progress*	8,969,436	2,501,024	(2,950,120)	-	-	8,520,340
Total capital assets not being depreciated	10,343,221	2,501,024	(2,930,713)	-	-	9,913,532
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	17,990,092	-	1,388,132	-	-	19,378,224
Machinery and equipment	9,784,810	-	548,390	-	-	10,333,200
Runways, roadways and other paving	5,869,216	-	622,716	-	-	6,491,932
Utility infrastructure	5,849,368	-	371,475	-	-	6,220,843
Total other capital assets being depreciated	39,493,486	-	2,930,713	-	-	42,424,199
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(4,849,892)	-	-	(430,197)	-	(5,280,089)
Machinery and equipment	(4,601,539)	-	-	(345,346)	-	(4,946,885)
Runways, roadways and other paving	(3,270,466)	-	-	(230,037)	-	(3,500,503)
Utility infrastructure	(2,421,119)	-	-	(225,559)	-	(2,646,678)
Total accumulated depreciation	(15,143,016)	-	-	(1,231,139)	-	(16,374,155)
Facilities, net	\$ 34,693,691	\$ 2,501,024	\$ -	\$ (1,231,139)	\$ -	\$ 35,963,576

* Construction in progress additions include the impact of capital write-offs totaling \$8.1 million in 2018 and \$8.5 million in 2017.

- Net interest expense added to the cost of facilities was \$135 million in 2018 and \$143 million in 2017.
- Projects that have been suspended pending determination of their continued viability totaled \$33.1 million in 2018 and \$40.9 million in 2017.
- The impact on accelerated depreciation for buildings, bridges, tunnels, and other structures was \$29.5 million in 2018 and \$0.6 million in 2017.
- Retirements and Dispositions include the carrying value associated with the sale of capital assets.

Notes to Consolidated Financial Statements
(continued)

Note C – Cash and Investments

The components of cash and investments are:

Cash	December 31,	
	2018	2017
	(In thousands)	
Cash on hand	\$ 1,384	\$ 1,550
Cash equivalents	293,671	857,346
Total cash	295,055	858,896
Less restricted cash	137,912	121,264
Unrestricted cash	\$ 157,143	\$ 737,632

	December 31,				
	2018	2017			
Investments, at fair value*	(In thousands)				
	Fair Value Hierarchy Levels**	Port Authority	PAICE	Total	Total
United States Treasury notes	Level 1	\$ 2,973,170	\$ 79,746	\$ 3,052,916	\$ 3,397,619
United States Treasury bills	Level 1	544,260	-	544,260	282,977
United States government agency obligations	Level 2	7,164	8,025	15,189	208,874
United States Treasury obligations held pursuant to repurchase agreements***	-	172,879	-	172,879	182,134
JFK International Air Terminal LLC obligations (JFKIAT)***	-	55,803	-	55,803	63,774
Other governmental obligations	Level 2	6,084	-	6,084	8,933
Corporate bonds	Level 2	-	152,589	152,589	154,339
Accrued interest receivable		12,529	1,510	14,039	11,895
Total investments		3,771,889	241,870	4,013,759	4,310,545
Less current investments****		1,553,120	37,162	1,590,282	1,194,717
Noncurrent investments		\$ 2,218,769	\$ 204,708	\$ 2,423,477	\$ 3,115,828

* Cash and investments of approximately \$1.4 billion held in The Port Authority Retiree Health Benefits Trust fiduciary fund are not consolidated on the Port Authority's Consolidated Statements of Net Position.

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

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

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

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

*** Investments are valued at unamortized cost.

**** Includes PFC restricted investments of \$24 million and \$285 million in 2018 and 2017, respectively.

Notes to Consolidated Financial Statements (continued)

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 market value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation (FDIC) and the New Jersey Governmental Unit Deposit Protection Act (GUDPA). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of \$1 million.

Total actual bank balances excluding amounts held by third party trustees were \$199.1 million at December 31, 2018. Of that amount, \$2.1 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of \$197 million was fully collateralized with collateral held by a third-party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name.

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

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

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

Operating funds may be invested in various items including (a) direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; (b) investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, premier status and with issues actively traded in secondary markets; (c) commercial paper having only the highest short-term ratings separately issued by two nationally recognized rating agencies; (d) United States Treasury and municipal bond futures contracts; (e) certain interest rate exchange contracts with banks and investment firms; (f) certain interest rate options contracts that are limited to \$50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities; and (g) certain unrated obligations of JFKIAT (comprising approximately 1.5% total Port Authority investments at December 31, 2018) for certain costs attributable to the construction of Terminal 4 (JFKIAT)

Notes to Consolidated Financial Statements (continued)

completed in 2001. The Board of commissioners has from time to time authorized other investments of operating funds.

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

The fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2018, follows:

Port Authority Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$2,973,170	460
United States Treasury bills	544,260	45
United States government agency obligations	7,164	2
United States REPO	172,879	5
JFKIAT obligations	55,803	2,543
Other governmental obligations	6,084	72
Total fair value of investments*	\$3,759,360	
Investment weighted average maturity		408

*Excludes accrued interest receivable amounts of \$12.5 million.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements (REPO) bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the market value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2018 and 2017, respectively.

PAICE Investment Policies

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

Under PAICE's investment policies, eligible investments include money market demand accounts of commercial banks, not to exceed bank deposit insurance limits, and/or taxable or tax-exempt money market mutual funds that offer daily purchase and redemption while maintaining a constant share price and whose fund assets are primarily United States Treasury notes and bonds and whose assets are at least \$500 million. Other investments include: intercompany loans, United States Treasury securities and United States government agency obligations, AAA rated tax-exempt general obligation issues of states, U.S. dollar denominated corporate debt rated AA or above.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment. In January 2019, the Port Authority borrowed \$135 million from PAICE for the efficient and cost-effective deployment of capital among the Port Authority and its wholly-owned affiliates.

Notes to Consolidated Financial Statements
(continued)

The fair value and weighted average maturity of investments held by PAICE at December 31, 2018, follows:

PAICE Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	\$ 79,746	1,186
United States government agency obligations	8,025	86
Corporate bonds	152,589	798
Total fair value of investments*	\$ 240,360	
Investment weighted average maturity		903

*Excludes accrued interest receivable amounts of \$1.5 million.

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

	December 31, 2018		
	Current	Noncurrent	Total
	(In thousands)		
A. Consolidated Bonds and Notes	\$ 379,820	\$ 21,750,995	\$ 22,130,815
B. Commercial Paper Obligations	480,765	-	480,765
C. Variable Rate Master Notes	69,600	-	69,600
D. Port Authority Equipment Notes	-	-	-
E. Fund for Regional Development Buy-Out Obligation	44,760	99,179	143,939
F. MOTBY Obligation	2,321	48,711	51,032
G. Tower 4 Liberty Bonds	-	1,245,637	1,245,637
H. Goethals Bridge Replacement Developer Financing Arrangement (DFA)	-	1,021,023	1,021,023
I. Amounts Payable - Special Project Bonds	-	1,233,432	1,233,432
	\$ 977,266	\$ 25,398,977	\$ 26,376,243

	December 31, 2017		
	Current	Noncurrent	Total
	(In thousands)		
A. Consolidated Bonds and Notes	\$ 360,580	\$ 21,335,795	\$ 21,696,375
B. Commercial Paper Obligations	464,615	-	464,615
C. Variable Rate Master Notes	77,900	-	77,900
D. Port Authority Equipment Notes	-	-	-
E. Fund for Regional Development Buy-Out Obligation	40,292	143,938	184,230
F. MOTBY Obligation	2,205	51,032	53,237
G. Tower 4 Liberty Bonds	-	1,246,249	1,246,249
H. Goethals Bridge Replacement Developer Financing Arrangement (DFA)	-	934,198	934,198
I. Amounts Payable - Special Project Bonds	-	1,314,334	1,314,334
	\$ 945,592	\$ 25,025,546	\$ 25,971,138

Notes to Consolidated Financial Statements (continued)

A. Consolidated Bonds and Notes		Dec. 31, 2017	Issued	Refunded/ Retired	Dec. 31, 2018
		(In thousands)			
Eighty-fifth series	5.2%-5.375% due 2019-2028	\$ 67,000	\$ -	\$ 4,500	\$ 62,500
Ninety-third series	6.125% due 2094	100,000	-	-	100,000
One hundred fiftieth series**	4.75%-6.4% due 2019-2027	180,000	-	180,000	-
One hundred fifty-first series*	5.25%, 6% & 5.75% due 2023, 2028 & 2035	350,000	-	350,000	-
One hundred fifty-second series*	4.75%-5.75% due 2019-2038	400,000	-	400,000	-
One hundred fifty-third series	4%-5% due 2019-2038	500,000	-	500,000	-
One hundred fifty-fourth series	4%-5% due 2019-2029	67,495	-	4,520	62,975
One hundred fifty-fifth series	3.5% due 2019	8,000	-	4,000	4,000
One hundred fifty-sixth series	4%-5% due 2025-2039	100,000	-	-	100,000
One hundred fifty-seventh series**	5.309% due 2019	150,000	-	-	150,000
One hundred fifty-eighth series**	5.859% due 2024	250,000	-	-	250,000
One hundred fifty-ninth series**	6.04% due 2029	350,000	-	-	350,000
One hundred sixtieth series	4%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-first series	4.25%-5% due 2030-2039	300,000	-	-	300,000
One hundred sixty-second series	3.1%-3.3% due 2019-2020	11,000	-	5,000	6,000
One hundred sixty-third series	2.375%-5% due 2019-2040	397,070	-	3,080	393,990
One hundred sixty-fourth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-fifth series**	5.647% due 2040	425,000	-	-	425,000
One hundred sixty-sixth series	5%-5.25% due 2030-2041	300,000	-	-	300,000
One hundred sixty-seventh series*	5%-5.5% due 2019-2028	143,560	-	15,790	127,770
One hundred sixty-eighth series**	4.926% due 2051	1,000,000	-	-	1,000,000
One hundred sixty-ninth series*	4.5%-5% due 2019-2041	295,895	-	14,255	281,640
One hundred seventieth series	5%-5.25% due 2041 & 2043	672,480	-	-	672,480
One hundred seventy-first series	4%-5% due 2030-2042	400,000	-	-	400,000
One hundred seventy-second series*	3%-5% due 2019-2037	304,205	-	8,765	295,440
One hundred seventy-third series	3%-5% due 2019-2032	300,000	-	13,845	286,155
One hundred seventy-fourth series**	4.458% due 2062	2,000,000	-	-	2,000,000
One hundred seventy-fifth series	3%-5% due 2019-2042	393,205	-	13,065	380,140
One hundred seventy-sixth series**	1.05%-2.5% due 2019-2022	85,000	-	17,000	68,000
One hundred seventy-seventh series*	3%-5% due 2019-2043	314,200	-	4,495	309,705
One hundred seventy-eighth series*	5% due 2019-2043	421,220	-	17,025	404,195
One hundred seventy-ninth series	4%-5% due 2019-2043	809,945	-	31,135	778,810
One hundred eightieth series	4%-5% due 2019-2021	55,370	-	15,345	40,025
One hundred eighty-first series**	4.96% due 2046	500,000	-	-	500,000
One hundred eighty-second series**	5.31% due 2046	500,000	-	-	500,000
One hundred eighty-third series	3%-5% due 2025-2044	400,000	-	-	400,000
One hundred eighty-fourth series	4%-5% due 2019-2039	346,125	-	-	346,125
One hundred eighty-fifth series*	4%-5% due 2019-2034	424,035	-	4,985	419,050
One hundred eighty-sixth series*	5% due 2019-2044	338,775	-	23,405	315,370
One hundred eighty-seventh series**	2.529%-4.426% due 2020-2034	250,000	-	-	250,000
One hundred eighty-eighth series*	5% due 2019-2035	96,975	-	10,205	86,770
One hundred eighty-ninth series	3%-5% due 2019-2045	463,585	-	14,010	449,575
One hundred ninetieth series	5% due 2026-2038	160,000	-	-	160,000
One hundred ninety-first series**	4.823% due 2045	250,000	-	-	250,000
One hundred ninety-second series**	4.81% due 2065	500,000	-	-	500,000
One hundred ninety-third series*	5% due 2019-2035	284,965	-	10,520	274,445
One hundred ninety-fourth series	4%-5.25% due 2019-2055	1,185,880	-	14,055	1,171,825
One hundred ninety-fifth series*	1.45%-5% due 2019-2036	289,940	-	14,135	275,805
One hundred ninety-sixth series*	2.125%-2.625% due 2027-2034	200,000	-	-	200,000
One hundred ninety-seventh series*	5% due 2019-2041	214,230	-	23,505	190,725
One hundred ninety-eighth series	5%-5.25% due 2027-2056	350,000	-	-	350,000
One hundred ninety-ninth series*	1.58%-3.05% due 2022-2031	236,405	-	-	236,405
Two hundredth series	5%-5.25% due 2027-2057	250,000	-	-	250,000
Two hundred-first series**	4.229% due 2057	300,000	-	-	300,000
Two hundred-second series*	4.875%-5% due 2019-2037	238,005	-	19,170	218,835
Two hundred-third series*	3% due 2032	50,000	-	-	50,000
Two hundred-fourth series*	1.91%-5% due 2023-2028	138,105	-	-	138,105
Two hundred-fifth series	5%-5.25% due 2019-2057	729,695	-	980	728,715
Two hundred-sixth series*	5% due 2028-2047	100,000	-	-	100,000
Two hundred-seventh series*	4% - 5% due 2022-2048	-	677,800	-	677,800
Two hundred-eighth series**	2.114% - 2.767% due 2018-2022	-	154,480	24,030	130,450
Two hundred-ninth series	5% due 2019-2038	-	454,950	-	454,950
Two hundred-tenth series**	4.031% due 2048	-	300,000	-	300,000
Two hundred-eleventh series	4% - 5% due 2029-2048	-	400,000	-	400,000
Consolidated bonds and notes-at par value		\$20,672,365	\$1,987,230	\$1,760,820	\$20,898,775
Add unamortized premium and (discount)		1,024,010	236,270	28,241	1,232,040
Consolidated bonds and notes		<u>\$21,696,375</u>	<u>\$2,223,500</u>	<u>\$1,789,061</u>	<u>\$22,130,815</u>

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

** Obligations are subject to federal taxation.

Notes to Consolidated Financial Statements
(continued)

Debt service requirements to maturity for Consolidated Bonds and Notes outstanding at December 31, 2018 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
	(In thousands)		
2019	\$ 379,820	\$ 983,928	\$ 1,363,748
2020	423,040	965,149	1,388,189
2021	445,345	945,875	1,391,220
2022	460,465	925,773	1,386,238
2023	469,940	905,431	1,375,371
2024-2028	2,722,965	4,171,274	6,894,239
2029-2033	3,551,735	3,451,973	7,003,708
2034-2038	3,460,820	2,595,172	6,055,992
2039-2043	2,920,560	1,821,478	4,742,038
2044-2048	2,208,705	1,171,418	3,380,123
2049-2053	1,274,605	759,755	2,034,360
2054-2058	1,495,595	430,592	1,926,187
2059-2063	925,945	142,594	1,068,539
2064-2068	59,235	34,339	93,574
2069-2094 ^(a)	100,000	130,871	230,871
	\$ 20,898,775	\$ 19,435,622	\$ 40,334,397

^(a) Debt service for the years 2069-2094 reflects principal and interest payments associated with Consolidated Bonds, Ninety-third series.

Consolidated Bonds & Notes Outstanding as of December 31, 2017

	Dec. 31, 2016	2017 Issued/ Accreted	2017 Refunded/ Retired	Dec. 31, 2017
	(In thousands)			
Cumulative amounts – December 31	\$ 20,429,565	\$ -	\$ 1,563,005	\$ 18,866,560
2017 Issuances:				
Two hundredth series	-	250,000	-	250,000
Two hundred-first series**	-	300,000	-	300,000
Two hundred-second series*	-	254,730	16,725	238,005
Two hundred-third series*	-	50,000	-	50,000
Two hundred-fourth series*	-	138,105	-	138,105
Two hundred-fifth series	-	729,695	-	729,695
Two hundred-sixth series*	-	100,000	-	100,000
Consolidated Bonds & Notes- at par value	20,429,565	1,822,530	1,579,730	20,672,365
Add: unamortized premium and (discount)	856,307	225,719	58,016	1,024,010
Total Consolidated Bonds and Notes	\$ 21,285,872	\$ 2,048,249	\$ 1,637,746	\$ 21,696,375

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

** Obligations are subject to federal taxation.

During 2018, the Port Authority raised funds from the sale of Consolidated Bonds, including bond issuance premiums, to refund \$1.4 billion of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately \$379.9 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2018 debt refundings (the difference between the present value of the cash flows required to service the old debt and the present value

Notes to Consolidated Financial Statements (continued)

of the cash flows required to service the new debt) totaled approximately \$259.3 million in net present value savings.

On July 23, 2015, the Board of Commissioners established Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred-Eleventh Series, and authorized the issuance and sale of each series at a true interest cost to the Port Authority not in excess of eight percent (8%), for a term to maturity not in excess of one hundred twenty percent (120%) of the weighted average reasonably expected economic life of the facilities to be provided with the proceeds of such series. The Board also established Consolidated Notes, Series AAA, Series BBB, Series CCC, Series DDD and Series EEE, and authorized the issuance and sale of each series at a true interest cost to the Port Authority not in excess of eight percent (8%) for a term not in excess of 3 years. The total aggregate principal amount of Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred-Eleventh Series, Consolidated Notes, Series AAA, Series BBB, Series CCC, Series DDD and Series EEE, and Versatile Structure Obligations issued and sold shall not exceed \$10 billion. The Committee on Finance would be authorized to sell and to deliver all or any part of each of such series with such terms and at such time or times as it deems appropriate, at public or private sale, and would also be authorized to take, and to delegate authority for, certain actions with respect to each of such series. An Authorized Officer of the Port Authority would be authorized to take any and all action that could be taken by the Committee on Finance in connection with each of such series, provided, however, that such actions in connection with the decision to sell such series shall be subject to prior approval of the Committee on Finance.

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

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

B. Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Commercial paper obligations may be outstanding until December 31, 2020 pursuant to the July 23, 2015 resolution, entitled “Port Authority Commercial Paper Obligations-Resolution”, authorizing their issuance. The July 23, 2015 resolution also authorized a taxable commercial paper program, Series C. For additional information related to the payment of special obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds*.

Notes to Consolidated Financial Statements (continued)

Under the current program, the maximum aggregate principal amount that may be outstanding at any one time is \$250 million for Series A, \$250 million for Series B and \$250 million for Series C. Commercial paper obligations are issued without third-party provider support for payment at their maturity dates.

	Dec. 31, 2017	Issued	Refunded/ Repaid	Dec. 31, 2018
		(In thousands)		
Series A*	\$ 220,755	\$ 731,120	\$ 785,265	\$ 166,610
Series B	223,860	746,455	812,245	158,070
Series C**	20,000	538,545	402,460	156,085
	\$ 464,615	\$ 2,016,120	\$ 1,999,970	\$ 480,765

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

** Obligations are subject to federal taxation.

	Dec. 31, 2016	Issued	Refunded/ Repaid	Dec. 31, 2017
		(In thousands)		
Series A*	\$ 205,200	\$ 917,895	\$ 902,340	\$ 220,755
Series B	183,115	978,355	937,610	223,860
Series C**	-	20,000	-	20,000
	\$ 388,315	\$ 1,916,250	\$ 1,839,950	\$ 464,615

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

** Obligations are subject to federal taxation.

Interest rates for all commercial paper notes ranged from 1.10% to 2.62% in 2018.

C. Variable Rate Master Notes

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

	Dec. 31, 2017	Issued	Refunded/ Repaid	Dec. 31, 2018
		(In thousands)		
Agreements 1989 -1995*	\$ 44,900	\$ -	\$ -	\$ 44,900
Agreements 1989 -1998	33,000	-	8,300	24,700
	\$ 77,900	\$ -	\$ 8,300	\$ 69,600

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

	Dec. 31, 2016	Issued	Refunded/ Repaid	Dec. 31, 2017
		(In thousands)		
Agreements 1989 -1995*	\$ 44,900	\$ -	\$ -	\$ 44,900
Agreements 1989 -1998	33,000	-	-	33,000
	\$ 77,900	\$ -	\$ -	\$ 77,900

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

Interest rates are determined weekly, based upon a spread added to a specific industry index (the Securities Industry and Financial Markets Association rate) as stated in each master note agreement, and ranged from 0.99% to 1.89% in 2018.

Notes to Consolidated Financial Statements
(continued)

Annual debt service requirements on outstanding Variable Rate Master notes, determined for presentation purposes at the rate in effect at December 31, 2018, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
	(In thousands)		
2019	\$ -	\$ 1,238	\$ 1,238
2020	-	1,242	1,242
2021	25,000	998	25,998
2022	24,700	415	25,115
2023	-	323	323
2024-2025	19,900	646	20,546
	\$ 69,600	\$ 4,862	\$ 74,462

Variable rate master notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

D. Port Authority Equipment Notes

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

There were no outstanding Port Authority Equipment Notes as of December 31, 2018 and December 31, 2017, respectively.

E. Fund for Regional Development Buy-Out Obligation

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

Notes to Consolidated Financial Statements
(continued)

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Obligation outstanding	\$ 184,230	\$ -	\$ 40,291	\$ 143,939

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Obligation outstanding	\$ 221,393	\$ -	\$ 37,163	\$ 184,230

Payment requirements related to the Port Authority's purchase of the Fund's interests at December 31, 2018 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2019	\$ 44,760	\$ 9,528	\$ 54,288
2020	46,282	5,851	52,133
2021	52,897	709	53,606
	\$ 143,939	\$ 16,088	\$ 160,027

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

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

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Obligation Outstanding	\$ 53,237	\$ -	\$ 2,205	\$ 51,032

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Obligation Outstanding	\$ 55,332	\$ -	\$ 2,095	\$ 53,237

Notes to Consolidated Financial Statements
(continued)

Payment requirements for the MOTBY obligation outstanding, at December 31, 2018 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2019	\$ 2,321	\$ 2,679	\$ 5,000
2020	2,443	2,557	5,000
2021	2,571	2,429	5,000
2022	2,706	2,294	5,000
2023	2,848	2,152	5,000
2024-2028	16,645	8,355	25,000
2029-2033	21,498	3,502	25,000
	\$ 51,032	\$ 23,968	\$ 75,000

G. Tower 4 Liberty Bonds

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

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

	Dec. 31, 2017	Issued	Repaid/ Amortized	Dec. 31, 2018
				(In thousands)
Series 2011	\$ 1,225,520	\$ -	\$ -	\$ 1,225,520
Add: unamortized premium	20,729	-	612	20,117
Total Tower 4 Liberty Bonds	\$ 1,246,249	\$ -	\$ 612	\$ 1,245,637

	Dec. 31, 2016	Issued	Repaid/ Amortized	Dec. 31, 2017
				(In thousands)
Series 2011	\$ 1,225,520	\$ -	\$ -	\$ 1,225,520
Add: unamortized premium	21,341	-	612	20,729
Total Tower 4 Liberty Bonds	\$ 1,246,861	\$ -	\$ 612	\$ 1,246,249

Notes to Consolidated Financial Statements
(continued)

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2018 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2019	\$ -	\$ 65,293	\$ 65,293
2020	-	65,293	65,293
2021	-	65,293	65,293
2022	-	65,293	65,293
2023	-	65,293	65,293
2024-2028	52,005	325,198	377,203
2029-2033	154,560	298,753	453,313
2034-2038	197,495	255,815	453,310
2039-2043	252,455	200,860	453,315
2044-2048	325,535	127,777	453,312
2049-2051	243,470	28,521	271,991
Total	\$ 1,225,520	\$ 1,563,389	\$ 2,788,909

H. 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). Pursuant to the Project Agreement, after the Replacement Bridge becomes operational, the private developer will perform certain operation and maintenance work. The Port Authority controls all tolling activities, including the determination and approval of toll rates. Construction activities commenced in December 2013 and substantial completion of the Replacement Bridge was achieved on June 30, 2018.

Pursuant to the Project Agreement, upon substantial completion of the Replacement Bridge, the Port Authority is required to make a payment to the private developer in the amount of approximately \$1.02 billion, subject to certain adjustments for the construction of the Replacement Bridge. In lieu of a cash payment at that time, the developer extended a loan in that principal amount to the Port Authority, to be repaid in monthly payments of amortization and interest (DFA payments) to the private developer. DFA payments are a special obligation of the Port Authority, payable over the term of the Project Agreement, which has a scheduled expiration date on the thirty-fifth anniversary of the substantial completion date of the Replacement Bridge (see *Note E – General and Consolidated Bond Reserve Funds*, for additional information related to the payment of special obligations of the Port Authority). DFA payments are subject to certain deductions for non-compliance by the private developer with the terms of the Project Agreement.

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	\$ 934,198	\$ 86,825	\$ -	\$1,021,023

	Dec. 31, 2016	Accretion	Amortization	Dec. 31, 2017
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	\$ 744,401	\$ 189,797	\$ -	\$ 934,198

Notes to Consolidated Financial Statements
(continued)

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

Year ending December 31:	Amortization	Implicit Interest*	Total DFA Payments
		(In thousands)	
2019	\$ (1,494)	\$ 58,394	\$ 56,900
2020	(880)	58,633	57,753
2021	112	58,507	58,619
2022	1,011	58,488	59,499
2023	1,975	58,417	60,392
2024-2028	26,549	289,271	315,820
2029-2033	63,149	277,079	340,228
2034-2038	113,610	252,912	366,522
2039-2043	182,819	212,030	394,849
2044-2048	276,993	148,372	425,365
2049-2053	357,179	53,511	410,690
Total	\$ 1,021,023	\$ 1,525,614	\$ 2,546,637

* DFA implicit interest rate equals 5.64%.

I. Amounts Payable - Special Project Bonds

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

A summary of December 31, 2018 and December 31, 2017 Special Project Bonds outstanding are as follows:

Notes to Consolidated Financial Statements
(continued)

	Dec. 31, 2017	Issued	Repaid/ Amortized	Dec. 31, 2018
	(In thousands)			
Series 4, KIAC Partners Project (a)*				
6.75% due 2019	\$ 45,400	\$ -	\$ 17,700	\$ 27,700
Less: unamortized discount	337	-	192	145
Total - Series 4	45,063	-	17,508	27,555
Series 6, JFKIAT Project (b)*				
5.75%-6.25% due 2019-2025	486,000	-	49,550	436,450
Less: unamortized discount	2,655	-	336	2,319
Total - Series 6	483,345	-	49,214	434,131
Series 8, JFKIAT Project (c)				
5%-6.5% due 2019-2042	796,280	-	14,595	781,685
Less: unamortized discount	10,354	-	415	9,939
Total - Series 8	785,926	-	14,180	771,746
Amounts payable - Special Project Bonds	\$ 1,314,334	\$ -	\$ 80,902	\$ 1,233,432

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

- (a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.
- (b) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.
- (c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK.

Notes to Consolidated Financial Statements
(continued)

	Dec. 31, 2016	Issued	Repaid/ Amortized	Dec. 31, 2017
(In thousands)				
Series 4, KIAC Partners Project (a)*				
6.75% due 2017-2019	\$ 62,100	\$ -	\$ 16,700	\$ 45,400
Less: unamortized discount	528	-	191	337
Total - Series 4	61,572	-	16,509	45,063
Series 6, JFKIAT Project (b)*				
5.75%-6.25% due 2017-2025	532,790	-	46,790	486,000
Less: unamortized discount	2,991	-	336	2,655
Total - Series 6	529,799	-	46,454	483,345
Series 8, JFKIAT Project (c)				
5%-6.5% due 2018-2042	796,280	-	-	796,280
Less: unamortized discount	10,769	-	415	10,354
Total - Series 8	785,511	-	(415)	785,926
Amounts payable - Special Project Bonds	\$ 1,376,882	\$ -	\$ 62,548	\$ 1,314,334

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

- (a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.
- (b) Special project bonds, Series 6, JFKIAT Project, were issued in 1997 in connection with a project that included the development and construction of a new passenger terminal at JFK Terminal 4.
- (c) Special project bonds, Series 8, JFKIAT Project, were issued in 2010 in connection with a project that included the expansion of Terminal 4 at JFK.

Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)

The General Reserve Fund is pledged in support of Consolidated Bonds and Notes Statutes, which require the Port Authority to create and maintain the General Reserve Fund, established the principle of pooling revenues from all facilities and require that the Port Authority apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2018, the General Reserve Fund balance was \$2,297,475,500 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

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

Notes to Consolidated Financial Statements (continued)

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

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

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

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

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

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

Special project bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.

The moneys in the reserve funds may be accumulated or applied only to purposes set forth in legislation and the agreements with the holders of the Port Authority's obligations pertaining thereto. At December 31, 2018, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain total reserve funds in cash and certain specified securities.

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

Note F – Grants and Contributions in Aid of Construction

During 2018 and 2017, the Port Authority received reimbursements related to certain policing activities as well as federal and state funding for operating and capital construction activities:

Notes to Consolidated Financial Statements (continued)

1. Policing programs

K-9 Program – The FAA and the Transportation Security Administration (TSA) provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately \$1.3 million in 2018 and \$1.4 million in 2017.

Airport Screening Program – Federal funding relating to this program concluded in 2017.

U.S. Department of State (USDOS) – The Port Authority recognized \$721 thousand in 2018 and \$1.2 million in 2017 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly (UNGA).

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Consolidated Statements of Revenues, Expenses and Changes in Net Position.

2. Grants, in connection with operating activities

Security Programs – In 2018 and 2017, the Port Authority recognized approximately \$10.1 million and \$26.8 million, respectively from the TSA for security related programs, including Urban Area Security Initiatives (UASI) programs, Transit Security and the Port Security programs.

Superstorm Sandy – In 2018 and 2017, the Port Authority recognized \$7.7 million and \$13.6 million, respectively, from the Federal Emergency Management Agency (FEMA) and Federal Transit Administration (FTA) for Superstorm Sandy immediate repair efforts. In addition, in 2017 approximately \$15 million of Superstorm Sandy immediate repair grants were reallocated to fund future Superstorm Sandy permanent repair and resiliency projects.

Airport Improvement Program (AIP) – The Port Authority recognized \$3.7 million in 2018 and \$4.7 million in 2017 in AIP discretionary funding primarily related to certain capacity and planning studies at Port Authority Aviation facilities and the acquisition of Aircraft Rescue & Fire Fighting Vehicles at Newark Liberty International Airport (EWR).

3. Contributions in Aid of Capital Construction

WTC Tower 3 – The Port Authority recognized \$54 million in 2018 and \$14 million in 2017 in required capital contributions due from the WTC Tower 3 net lessee for the continued construction of WTC Tower 3.

WTC Transportation Hub – The Port Authority recognized \$87 million in 2017 from the FTA for the construction of the WTC Transportation Hub. As of December 31, 2017, the Port Authority has received the maximum amount of approximately \$2.9 billion from the FTA for the construction of the WTC Transportation Hub, which opened to the public in 2016.

AIP – The Port Authority recognized \$20.5 million in 2018 and \$9.4 million in 2017 in AIP funding primarily related to rehabilitation of taxiways at JFK and airport wide infrastructure at EWR.

Superstorm Sandy – In 2018 and 2017, the Port Authority recognized \$84.4 million and \$50.2 million, respectively in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

Notes to Consolidated Financial Statements (continued)

Federal Highway Administration (FHWA) – In 2018 and 2017, the Port Authority recognized \$18 million and \$14 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard Port Authority Marine Terminal.

Other – In 2018, the Port Authority recognized \$48 million from the New York State Urban Development Corporation for the Ronald O. Perelman Performing Arts Center and \$9 million from the TSA for Selected Surveillance Systems - CCTV at JFK and EWR.

Note G - Lease Commitments

1. Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately \$1.2 billion in each of 2018 and 2017, respectively.

2. Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport and the WTC site. Investments in such facilities, as of December 31, 2018, include property associated with minimum rentals derived from the leases. It is not reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Future minimum rentals scheduled to be received on operating leases in effect on December 31, 2018 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2019 (a)	\$ 1,124,784
2020 (a)	1,054,283
2021	981,662
2022	955,145
2023	867,615
2024-2100 (b)	23,799,283
Total future minimum rentals (c)	\$ 28,782,772

(a) Includes \$17 million related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture, expected to be received in 2019-2020.

(b) Includes future minimum rentals of approximately \$14.3 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.

(c) Future minimum rentals exclude approximately \$223 million attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of retail space located within WTC Towers 2 and 3.

3. Property leased from others

Rental payments include payments to the Cities of New York and Newark related to air and marine terminals and other leased premises, including rent related to the Port Authority's WTC Tower 4 corporate headquarters leased space. Rental payments totaled \$321 million in 2018 and \$331 million in 2017, respectively. Rental payments exclude PILOT payments to municipalities.

Notes to Consolidated Financial Statements
(continued)

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2018 are detailed below. Additional rents may be payable based on operating net revenues or gross operating revenues of specified facilities.

Year ending December 31:	Minimum Rentals
	(In thousands)
2019	\$ 318,236
2020	319,454
2021	312,576
2022	309,236
2023	308,942
2024-2028	1,537,809
2029-2033	1,554,861
2034-2038	1,550,131
2039-2043	1,537,201
2044-2048	1,317,522
2049-2099*	2,003,099
Total future minimum rent payments	\$ 11,069,067

* Future minimum rent payments for the years 2049-2099 consist of expected rent payments relating to leased marine and air terminals, including the operating lease related to New York Stewart International Airport which expires in 2099.

Note H – Regional Facilities and Programs

At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise associated with an existing Port Authority facility, these projects are effectuated through the certification of an additional Port Authority facility established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities and programs described below.

Regional Facilities

Port Authority Bus Program (certified in 1979 & 1982) – In 1979, the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance and transfer, subject to appropriate certifications, up to \$440,000,000 of buses and ancillary bus facilities in the States of New York and New Jersey, with up to \$220,000,000 allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority has provided 2,907 buses and related spare parts under the Port Authority Bus Programs in the States of New York and New Jersey. As of June 30, 1998, title to all buses leased under such programs in the States of New York and New Jersey was transferred to the respective lessees thereof. Funds related to this program have been fully allocated and amortized.

Regional Development Facility (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that \$250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2018, approximately \$249 million has been allocated under this program.

Regional Economic Development Program (certified in 1989) – This facility is comprised of up to \$400 million for certain transportation, economic development and infrastructure renewal projects.

Notes to Consolidated Financial Statements (continued)

Funds allocated under this program totaled approximately \$397 million as of December 31, 2018.

Oak Point Rail Freight Link (certified in 1981) – The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. As of December 31, 2018, the Port Authority has provided approximately \$102 million for this rail project, of which approximately \$63 million was made available through the Regional Development Facility and the Regional Economic Development Program. Funds related to this program have been fully allocated and amortized.

New Jersey Marine Development Program (certified in 1989) – This program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey at a total cost not to exceed \$27 million. All funds under this program have been fully allocated.

New York Transportation, Economic Development and Infrastructure Renewal Program (certified in 2002) – This facility was established to provide up to \$250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. All funds under this program have been fully allocated.

Regional Transportation Program (certified in 2002) – This facility was established in conjunction with a program to provide up to \$500 million for regional transportation initiatives. All funds under this program have been fully allocated.

Hudson-Raritan Estuary Resources Programs (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed \$120 million. As of December 31, 2018, approximately \$54 million has been allocated under this program.

Regional Rail Freight Program (certified in 2002) – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to \$50 million. All funds under this program have been fully allocated.

Meadowlands Passenger Rail Facility (certified in 2006) – This facility, which links New Jersey Transit's (NJT) Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to \$150 million towards the project's capital costs. All funds under this program have been fully allocated.

As of December 31, 2018, approximately \$2.2 billion has been expended under regional facilities. Costs for these programs, that are not otherwise recognized as part of another Port Authority facility, are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

Notes to Consolidated Financial Statements
(continued)

	Dec. 31, 2017	Project Expenditures	Amortization	Dec. 31, 2018
		(In thousands)		
Port Authority Bus Program	\$ -	\$ -	\$ -	\$ -
Regional Development Facility	1,649	-	342	1,307
Regional Economic Development Program	2,597	-	666	1,931
Oak Point Rail Freight Link	-	-	-	-
New Jersey Marine Development Program	12	-	11	1
New York Transportation, Economic Development and Infrastructure Renewal Program	31,546	-	9,044	22,502
Regional Transportation Program	60,052	-	15,167	44,885
Hudson-Raritan Estuary Resources Program	23,312	-	3,600	19,712
Regional Rail Freight Program	5,497	-	3,044	2,453
Meadowlands Passenger Rail Facility	47,395	-	10,000	37,395
Total unamortized costs of regional programs	\$ 172,060	\$ -	\$ 41,874	\$ 130,186

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – This facility provides for the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of \$150 million to the State of New York to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Gateway Early Work Program (certified in 2018) – On February 15, 2018, the Board of Commissioners certified (i) up to \$35 million in funds authorized by the Board in March 2016, and (ii) up to \$44 million in funds authorized by the Board in February 2018 (collectively, the “Gateway Early Work Program”), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. The Port Authority’s participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Note I - Pension Plans

Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller’s Office; the New York State and Local Employees’ Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS), collectively referred to as the New York State and Local Retirement System (NYSLRS). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

Notes to Consolidated Financial Statements
(continued)

Tier	ERS Membership		PFRS Membership	
	On or After:	Before:	On or After:	Before:
1	-	July 1, 1973	-	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Members in Tiers 1–4 need five (5) years of service to be 100 percent vested. Tiers 5–6 members require ten (10) years of service credit to be 100 percent vested.

Participating employers are required under the provisions of the New York State Retirement and Social Security Law (RSSL) to contribute to the NYSLRS at an actuarially determined rate adopted annually by the State Comptroller of New York. The average contribution rate for ERS for the fiscal years ended March 31, 2018 and March 31, 2017 were approximately 15.3 percent and 15.5 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2018 and March 31, 2017 were approximately 24.4 percent and 24.3 percent of payroll, respectively.

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten (10) or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Benefits for each NYSLRS plan are established and may be amended under the provisions contained in the New York State RSSL.

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67 percent of final average salary for

Notes to Consolidated Financial Statements (continued)

each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years. For PFRS Tier 5 (there are no Port Authority members enrolled in PFRS Tier 3 and 4), each year used in the final average salary calculation is limited to no more than 20 percent greater than the average of the previous two years.

Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Generally, the benefit for Tier 6 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Certain Port Authority PFRS members belong to 25-Year Plans, which allow for retirement after 25 years of service with a benefit of one-half of final average salary or 20-Year Plans, which allow for retirement after 20 years of service with a benefit of one-half of final average salary.

Port Authority contributions to NYSLRS in 2018 totaled \$116.8 million including \$56.9 million to ERS and \$59.9 million to PFRS.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2018 and March 31, 2017, which is publicly available at the following web address:

http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

NYSLRS – Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

NYSLRS Net Pension Liability - 2018 and 2017

GASB Statement No. 68, “*Accounting and Financial Reporting for Pensions*,” as amended, defines the Net Pension Liability (NPL) as the difference between the Total Pension Liability (TPL) and the pension plan’s fiduciary net position determined as of a measurement date established by the employer. For purposes of measuring the NPL, the plan’s fiduciary net position has been determined on the same basis as it is reported for ERS and PFRS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value.

Notes to Consolidated Financial Statements
(continued)

The Port Authority's proportionate share of the NYSLRS plans' NPLs totaled:

NPL	December 31, 2018	December 31, 2017
		(In thousands)
ERS	\$ 41,500	\$ 120,672
PFRS	77,081	152,806
Total Net Pension Liability	\$118,581	\$ 273,478

The NPLs at December 31, 2018 and 2017 were measured as of March 31, 2018 and 2017, based on actuarial valuations as of April 1, 2017 and 2016, with update procedures used to roll forward the TPL to March 31, 2018 and 2017, respectively.

The Port Authority's proportion of the NYSLRS plans' NPL totaled:

	2018	2017
ERS	1.3%	1.3%
PFRS	7.6%	7.4%

The Port Authority's proportionate share of the ERS and PFRS NPLs were actuarially determined based on the projection of the Port Authority's long-term share of contributions to each respective plan relative to the projected long-term contributions of all participating employers of each plan.

NYSLRS Pension Expense - 2018 and 2017

The Port Authority's proportionate share of the NYSLRS plans' actuarially determined pension expense totaled:

Pension Expense	2018	2017
		(In thousands)
ERS	\$ 54,797	\$ 72,521
PFRS	69,095	85,462
Total Pension Expense	\$ 123,892	\$ 157,983

NYSLRS Deferred Inflows/Outflows of Resources - 2018 and 2017

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred inflows of resources or deferred outflows of resources. These deferred outflows of resources and deferred inflows of resources are amortized as either an increase or decrease, respectively, to future years' pension expense, using a systematic and rational method over a closed period.

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2018:

Notes to Consolidated Financial Statements
(continued)

Deferred Outflows of Resources	ERS	December 31, 2018	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 14,801	\$ 31,726	\$ 46,527
Changes in actuarial assumptions	27,518	58,403	85,921
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	12,423	1,750	14,173
Subtotal - Deferred Outflows of Resources	54,742	91,879	146,621
Port Authority contributions subsequent to the measurement date*	56,866	59,931	116,797
Total Deferred Outflows of Resources	\$ 111,608	\$ 151,810	\$ 263,418

*Contributions made by participating employers to pension plans after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources.

Deferred Inflows of Resources	ERS	PFRS		Total
		(In thousands)		
Differences between expected and actual experience	\$ 12,231	\$ 20,482	\$ 32,713	
Net difference between projected and actual earnings on pension plan investments	58,702	63,258	121,960	
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	1,031	17,714	18,745	
Total Deferred Inflows of Resources	\$ 71,964	\$ 101,454	\$ 173,418	

The amount of deferred outflows of resources associated with contributions made subsequent to the measurement date will be recognized as a reduction to the ERS and PFRS NPL for the fiscal year ending December 31, 2019. The difference between the remaining amount of deferred outflows and deferred inflows of resources, related to NYSLRS plans will be recognized in future years' pension expense as follows:

Year ended December 31:	ERS	PFRS	Total
		(In thousands)	
2019	\$ 13,510	\$ 11,246	\$ 24,756
2020	9,967	9,484	19,451
2021	(27,943)	(19,824)	(47,767)
2022	(12,756)	(12,932)	(25,688)
2023	-	2,451	2,451
Total	\$ (17,222)	\$ (9,575)	\$ (26,797)

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2017:

Notes to Consolidated Financial Statements
(continued)

Deferred Outflows of Resources	ERS	December 31, 2017	
		PFRS	Total
		(In thousands)	
Differences between expected and actual experience	\$ 3,024	\$ 20,046	\$ 23,070
Changes in actuarial assumptions	41,226	75,281	116,507
Net difference between projected and actual earnings on pension plan investments	24,103	22,821	46,924
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	11,361	-	11,361
Subtotal - Deferred Outflows of Resources	79,714	118,148	197,862
Port Authority contributions subsequent to the measurement date*	56,743	60,797	117,540
Total Deferred Outflows of Resources	\$ 136,457	\$ 178,945	\$ 315,402

*Contributions made by participating employers to pension plans after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources.

Deferred Inflows of Resources	ERS	PFRS		Total
		(In thousands)		
Differences between expected and actual experience	\$ 18,325	\$ 26,402		\$ 44,727
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	1,383	17,299		18,682
Total Deferred Inflows of Resources	\$ 19,708	\$ 43,701		\$ 63,409

NYSLRS Actuarial Assumptions - 2018 and 2017

The TPL for each plan was determined using an actuarial valuation as of April 1, 2017 for fiscal year 2018 and April 1, 2016 for fiscal year 2017, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2018 and March 31, 2017 respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2018	2017
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	3.8%, indexed by service	3.8%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

PFRS	2018	2017
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	4.5%, indexed by service	4.5%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Notes to Consolidated Financial Statements
(continued)

Mortality rates for both the fiscal year 2018 and 2017 actuarial valuation are based on each Plan’s 2015 experience study of the period April 1, 2010 through March 31, 2015, with adjustments for mortality improvement based on the Society of Actuaries’ Scale MP-2014.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

Asset Class	2018*		2017*	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	36%	4.55%	36%	4.55%
International equity	14%	6.35%	14%	6.35%
Private equity	10%	7.50%	10%	7.75%
Real estate	10%	5.55%	10%	5.80%
Absolute return strategies**	2%	3.75%	2%	4.00%
Opportunistic portfolio	3%	5.68%	3%	5.89%
Real assets	3%	5.29%	3%	5.54%
Bonds and mortgages	17%	1.31%	17%	1.31%
Cash	1%	(0.25)%	1%	(0.25)%
Inflation-indexed bonds	4%	1.25%	4%	1.50%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

** Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

NYSLRS Discount Rate Analysis - 2018 and 2017

The discount rate used to calculate the TPL for ERS and PFRS was 7.0% for both 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rates and that employer contributions will be made at their contractually required rates, as actuarially determined.

Based upon these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for both ERS and PFRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL for each plan.

The following tables present the Port Authority’s proportionate share of the NPL for ERS and PFRS calculated for 2018 and 2017 using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

Notes to Consolidated Financial Statements
(continued)

	1% Decrease (6.0%)	2018 Discount Rate (7.0%)	1% Increase (8.0%)
	(In thousands)		
ERS - Port Authority's proportionate share of the NPL	\$ 313,998	\$ 41,500	\$ (189,023)
PFRS - Port Authority's proportionate share of the NPL	377,563	77,081	\$ (174,953)
Total	\$ 691,561	\$ 118,581	\$ (363,976)

	1% Decrease (6.0%)	2017 Discount Rate (7.0%)	1% Increase (8.0%)
	(In thousands)		
ERS - Port Authority's proportionate share of the NPL	\$ 385,403	\$ 120,672	\$ (103,157)
PFRS - Port Authority's proportionate share of the NPL	433,197	152,806	(82,372)
Total	\$ 818,600	\$ 273,478	\$ (185,529)

Additional information related to the Port Authority's proportionate share of the net pension liability for ERS and PFRS and the Port Authority's contributions to ERS and PFRS can be found in the Required Supplementary Information (RSI) section of this report following the appended notes.

New York State Voluntary Defined Contribution Program (VDC)

Non-represented New York State public employees hired on or after July 1, 2013 with annual wages of \$75,000 or more are eligible to participate in the VDC by electing out of the ERS defined benefit pension plan. The VDC plan is administered by TIAA-CREF. System benefits and contribution requirements are established and may be amended under provisions of the RSSL.

An electing VDC employee contributes up to six percent (6%) of their annual gross wages with an additional employer contribution of eight percent (8%) of the employee's annual gross wages.

As of December 31, 2018 and 2017, 255 and 195 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2018	2017
	(In thousands)	
Employer Contributions	\$ 2,030	\$ 1,389
Employee Contributions	1,491	1,016
Total	\$ 3,521	\$ 2,405

Port Authority Trans-Hudson Corporation (PATH) Employees

Federal Railroad Retirement Program

Employees of PATH are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled

Notes to Consolidated Financial Statements
(continued)

to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2018 and 2017, 1,231 and 1,235 PATH employees, respectively, participated in the Federal Railroad Retirement Program.

Employer and employee contributions to the Federal Railroad Retirement Program were as follows:

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			(\$ In thousands)		
2018	7.65%	\$ 8,197	7.65%	\$ 8,197	\$ 16,394
2017	7.65%	\$ 8,150	7.65%	\$ 8,150	\$ 16,300

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			(\$ In thousands)		
2018	4.9%	\$ 4,687	13.1%	\$ 12,530	\$ 17,217
2017	4.9%	\$ 4,659	13.1%	\$ 12,455	\$ 17,114

Detailed information about the Federal Railroad Retirement Program can be found in the U.S. Railroad Retirement Board Performance and Accountability Report, which is publicly available at the following web address: <http://www.rrb.gov/pdf/oig/reports/1601.pdf>

PATH Employees Supplemental Pension Plans

In addition to pension benefits provided under the Federal Railroad Retirement Program, PATH employees are eligible to participate in certain supplemental pension plans.

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately \$6.8 million in 2018 and \$6.8 million in 2017.

PATH Non-Represented Employees

Employees of PATH who are not covered by collective bargaining agreements (PATH Exempt Employees) are members of the PATH Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 (the Plan). The Plan is a non-contributory, unfunded, single-employer, defined benefit, qualified governmental pension plan administered by PATH. The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years of service requirement and the benefit formula used in calculating retirement benefits.

On August 22, 2013, the Port Authority established the PATH Exempt Employees Supplemental Pension Plan Trust with Wells Fargo Bank, N.A. as Trustee. As of December 31, 2018, no amounts have been deposited into the trust to prefund future pension payments.

Notes to Consolidated Financial Statements
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PATH Exempt Employee Supplemental Pension Plan – Total Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2018 and 2017

GASB Statement No. 68, as amended, defines the NPL as the difference between the TPL and the pension plan's fiduciary net position. As the Plan is unfunded and has no plan assets, the TPL and NPL are of equal amounts. Changes in the TPL from the previous measurement date are as follows:

Total Pension Liability	2018*	2017**
	(In thousands)	
Beginning Balance	\$ 84,091	\$ 83,388
Changes recognized for the fiscal year:		
Service cost	1,585	1,323
Interest on the total pension liability	3,169	2,961
Differences between expected and actual experience	(1,449)	5,478
Changes in assumptions	5,676	(5,496)
Benefit payments	(3,691)	(3,563)
Net change in TPL	5,290	703
TPL recognized at December 31	\$ 89,381	\$ 84,091

* The Plan's TPL reported at December 31, 2018 was measured as of January 1, 2018 based on an actuarial valuation as of the same date.

** The Plan's TPL reported at December 31, 2017 was measured as of January 1, 2017 based on an actuarial valuation as of the same date.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2018 and 2017

For the twelve months ended December 31, 2018 and 2017, pension expense related to the Plan totaled:

	2018	2017
	(In thousands)	
Pension Expense	\$ 8,824	\$ 7,456

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2018 and 2017

GASB Statement No. 68, as amended, requires certain changes in the TPL to be recognized as deferred inflows of resources or deferred outflows of resources. These deferred outflows and deferred inflows of resources are amortized as either an increase or decrease to future years' pension expense using a systematic and rational method over a closed period.

At December 31, 2018 and December 31, 2017, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2018	2017
	(In thousands)	
Differences between actual and expected experience	\$ 3,153	\$ 4,328
Changes in actuarial assumptions	6,264	5,180
Subtotal - Deferred Outflows of Resources	9,417	9,508
Contributions subsequent to the measurement date*	3,751	3,692
Total Deferred Outflows of Resources	\$ 13,168	\$ 13,200

*Contributions made by participating employers to pension plans after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources.

Notes to Consolidated Financial Statements
(continued)

At December 31, 2018 and December 31, 2017, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2018	2017
	(In thousands)	
Differences between actual and expected experience	\$ 1,420	\$ 501
Changes in actuarial assumptions	3,160	4,327
Total Deferred Inflows of Resources	\$ 4,580	\$ 4,828

The amounts of deferred outflows of resources at December 31, 2018 associated with contributions made subsequent to the measurement date will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2019. The remaining amount of deferred outflows of resources and deferred inflows of resources, net at December 31, 2018 related to the PATH Exempt Employee Supplemental Pension Plan to be recognized in future years' pension expense are as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2019	\$ 2,246
2020	1,062
2021	896
2022	633
Total	\$ 4,837

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2018 and 2017

The TPL measured as of January 1, 2018 and January 1, 2017, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	N/A

Actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2017 to December 31, 2017. Actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2016 to December 31, 2016. Mortality rates used in the 2018 valuation were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2017 from 2010. Mortality rates used in the 2017 valuation were based on RP-2014 Combined Healthy Mortality Table projected on a generational basis with Scale MP-2016 from the central year. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

As of the January 1, 2018 and January 1, 2017 valuation date, Plan participants comprised:

	2018	2017
Retired PATH Exempt Employees (or their beneficiaries)	110	110
Active PATH Exempt Employees	96	96
Terminated but vested employees who are not currently receiving benefits	19	19
Total participants	225	225

Notes to Consolidated Financial Statements
(continued)

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2018 and 2017

Because the plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 3.44% as of the January 1, 2018 measurement date and 3.78% as of the January 1, 2017 measurement date.

The following tables present the 2018 and 2017 Plan's TPL calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

	1% Decrease (2.44%)	<u>2018</u> Discount Rate (3.44%)	1% Increase (4.44%)
		(In thousands)	
Total Pension Liability	\$ 101,822	\$ 89,381	\$ 79,079

	1% Decrease (2.78%)	<u>2017</u> Discount Rate (3.78%)	1% Increase (4.78%)
		(In thousands)	
Total Pension Liability	\$ 95,529	\$ 84,091	\$ 74,586

Note J – Other Postemployment Employee Benefits (OPEB)

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (the Plan) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as postemployment benefits other than pensions (OPEB). Benefits are provided through a third-party insurer. Some of these benefits are paid directly by the Port Authority or PATH; in other cases, the benefits are paid by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	<u>2018</u>	<u>2017</u>
Retirees and surviving spouses currently receiving benefits	7,738	7,551
Covered spouses of retired employees receiving benefits	3,954	3,899
Active employees plan participants	7,728	7,584
Total plan members	<u>19,420</u>	<u>19,034</u>

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2018, Plan provisions relating to represented employees' contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including, type of benefit, hire date, years of service, pension earnings and retirement date. Employer contributions include advance funding of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust) as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. Advance funding contributions are reported when paid by the Port Authority. Contributions related to pay-as-you go benefit payments are reported as benefit payments come due. The Port Authority is not required by law to

Notes to Consolidated Financial Statements (continued)

provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide the current benefits to eligible retired employees and the eligible dependents of such retired employees.

The Trust was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, PATH. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986. The Trust was established for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

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

The OPEB Investment Committee in consultation with the Port Authority Board of Commissioners grant the authority to establish and amend the contribution requirements of the Trust. In 2018 and 2017, annual funding contributions to the Trust totaled \$100 million.

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* defines the Net OPEB Liability (NOL) as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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(continued)

Net OPEB Liability – 2018 and 2017

	Total OPEB Liability (a)	OPEB Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2017	\$ 2,937,227	\$ 1,400,104	\$ 1,537,123
Changes Increase/(Decrease) for the year:			
Service cost	25,442	-	25,442
Interest cost on the total OPEB liability	202,303	-	202,303
Changes in benefit terms	(6,948)	-	(6,948)
Differences between expected and actual experience	90,986	-	90,986
Changes in assumptions	(5,903)	-	(5,903)
Benefit payments	(147,761)	(147,761)	-
Contributions-employer	-	247,761	(247,761)
Net investment income	-	(86,274)	86,274
Administrative expenses	-	(94)	94
Increase	<u>158,119</u>	<u>13,632</u>	<u>144,487</u>
Balance at December 31, 2018	<u>\$ 3,095,346</u>	<u>\$ 1,413,736</u>	<u>\$ 1,681,610</u>
		(In thousands)	
Balance at December 31, 2016	\$ 2,860,047	\$ 1,124,403	\$ 1,735,644
Changes Increase/(Decrease) for the year:			
Service cost	23,778	-	23,778
Interest cost on the total OPEB liability	196,930	-	196,930
Benefit payments	(143,528)	(143,528)	-
Contributions-employer	-	243,528	(243,528)
Net investment income	-	175,795	(175,795)
Administrative expenses	-	(94)	94
Increase/(Decrease)	<u>77,180</u>	<u>275,701</u>	<u>(198,521)</u>
Balance at December 31, 2017	<u>\$ 2,937,227</u>	<u>\$ 1,400,104</u>	<u>\$ 1,537,123</u>

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate for the year ending December 31st:

	<u>2018</u>		<u>2017</u>			
	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
	(In thousands)					
Net OPEB Liability	2,118,029	1,681,610	1,327,270	1,934,855	1,537,123	1,212,059

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the healthcare cost trend rates used in the January 1 actuarial valuation disclosed above:

Notes to Consolidated Financial Statements
(continued)

	<u>2018</u>			<u>2017</u>		
	1%	Healthcare	1%	1%	Healthcare	1%
	Decrease	Cost Trend	Increase	Decrease	Cost Trend	Increase
		Rate			Rate	
Net OPEB Liability	1,339,152	1,681,610	2,105,053	1,230,005	1,537,123	1,911,887

(In thousands)

OPEB Expense

For the years ended December 31, 2018 and 2017, the Port Authority recognized OPEB expense of \$153 million and \$120 million, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2018 and 2017, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	2018	2017 (Restated)
	(In thousands)	
Differences between actual and expected experience	\$ 75,271	\$ -
Net difference between projected and actual earnings on OPEB plan investments	93,986	-
Total Deferred Outflows of Resources	\$ 169,257	\$ -

At December 31, 2018 and 2017, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2018	2017 (Restated)
	(In thousands)	
Changes in actuarial assumptions	\$ 4,883	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	74,920
Total Deferred Inflows of Resources	\$ 4,883	\$ 74,920

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as a component of future OPEB expense over a closed period as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2019	\$ 33,509
2020	33,509
2021	33,509
2022	52,239
2023	11,608
Total	\$ 164,374

Actuarial Methods and Assumptions

The actuarially determined valuation of OPEB is reviewed annually for the purpose of estimating the present value of postemployment benefits earned by plan participants as of the valuation. Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority

Notes to Consolidated Financial Statements
(continued)

and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment with a salary scale at a rate of 3% per year, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority’s total OPEB liabilities were measured as of December 31, 2018 and 2017 based on actuarial valuations as of January 1, 2018 and 2017 with update procedures used to roll forward the total OPEB liability to the measurement date. The actuarial assumptions used in these valuations were based on the results of an actuarial experience study for the period January 1, 2014 to January 1, 2017. Mortality rates for the January 2018 actuarial valuation was based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2017 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2017 from the central year for civilian employees. Mortality rates for the January 2017 actuarial valuation was based on the RP-2014 Blue Collar headcount-weighted table projected generationally with Scale MP-2016 from the central year for Union employees and RP 2014 Aggregate headcount weighted table projected generationally with Scale MP-2016 from the central year for Management/Non Union employees.

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2018	2017
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Discount rate *	7.00%	7.00%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.00%	6.75%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.50%	6.00%
Pharmacy benefit cost trend rate***	9.00%	9.50%
Dental benefit cost trend rate	5.00%	5.00%
Employer Group Waiver Plan savings***	9.00%	9.50%

* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2025 (including 2.5% inflation factor)

*** Decreasing to 4.5% in 2025

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31st is summarized in the following table:

Notes to Consolidated Financial Statements
(continued)

Asset Class	Target Asset Allocation		Long-Term Expected Real Rate of Return*	
	2018	2017	2018	2017
Domestic Equity	33%	33%	5.0%	5.2%
International Equity	21%	21%	4.9%	5.2%
Real Estate Investment Trust	6%	6%	4.0%	3.9%
Fixed Income	40%	40%	2.6%	3.0%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.5%

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that Port Authority contributions will continue to include \$100 million in advanced funding contributions as well as contributions related to pay-as-you-go benefit payments until the Plan is fully funded. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Following are the Condensed Statements of Fiduciary Net Position and Changes in Fiduciary Net Position held in trust for OPEB for 2018 and 2017. The activities of the trust are accounted for using the accrual basis of accounting and all investments are recorded at their fair value. The financial activities of the Trust, including cash and investments are not consolidated on the Port Authority's Consolidated Statement of Net Position.

The audited financial statements for the years ended December 31, 2018 of the Trust, which provides additional information concerning trust assets, are available from the Comptroller's Department of The Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Notes to Consolidated Financial Statements
(continued)

OPEB Trust Statement of Fiduciary Net Position (In thousands)

	December 31, 2018
Assets	
Cash and deposits	\$ 34,166
Receivables:	
Due from broker for investments sold	4,247
Investment income	3,024
Total receivables	<u>7,271</u>
Investments, (at fair value):	
Domestic equities	
Fixed income	494,308
International equities	555,728
Real estate	289,453
Total investments	<u>61,109</u>
Total assets	<u>1,400,598</u>
Liabilities	
Payables:	
Due to broker for investments purchased	28,299
Total liabilities	<u>28,299</u>
Net position restricted for other postemployment benefits	<u>\$ 1,413,736</u>

Statement of Changes in Fiduciary Net Position (In thousands)

	Year Ended December 31, 2018
Additions	
Employer contributions*	\$ 247,761
Investment income:	
Net (decrease) in fair value of investments	(123,528)
Interest and dividends	38,270
(Less) investment expense	<u>(1,016)</u>
Net investment loss	<u>(86,274)</u>
Total additions	<u>161,487</u>
Deductions	
Benefit payments*	(147,761)
Administration expense	(94)
Total deductions	<u>(147,855)</u>
Net increase in net position	<u>13,632</u>
Net position restricted for other postemployment benefits	
Beginning of year	<u>1,400,104</u>
End of year	<u>\$ 1,413,736</u>

*Includes Port Authority OPEB payments totaling \$147.8 million in 2018 from available Port Authority operating funds.

Notes to Consolidated Financial Statements
(continued)

Note K– Commitments and Certain Charges to Operations

1. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions by the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.
2. At December 31, 2018, the Port Authority had entered into various construction contracts totaling approximately \$6.6 billion, which are expected to be completed within the next three years.
3. Other amounts receivable, net recognized on the Consolidated Statements of Net Position totaled \$137 million at December 31, 2018, and is comprised of the following:

	Dec. 31, 2017	Additions	Deductions	Dec. 31, 2018
	(In thousands)			
Deferred Rent due from the WTC Tower 3 and 4 net lessees	\$ 30,472	\$ 37,923	\$ 10,155	\$ 58,240
Long-term receivables from tenants	21,791	8,594	1,193	29,192
Amounts Due – Goethals Bridge Replacement Bridge Developer	-	28,238	-	28,238
Tower 4 Liberty Bonds debt service	20,972	65,293	75,359	10,906
Other receivables	16,488	40	7,479	9,049
Insurance receivable - Superstorm Sandy	10,865	-	9,494	1,371
WTC - MTA Connectors	13,138	10,479	23,617	-
Total other amounts receivable, net	\$ 113,726	\$ 150,567	\$ 127,297	\$ 136,996

4. The 2018 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2017	Additions	Deductions	Dec. 31, 2018
	(In thousands)			
Self-Insured Public Liability Claims	\$ 66,171	\$ 11,724	\$ 7,618	\$ 70,277
Self-Insured Worker's Compensation Claims	64,057	26,518	21,681	68,894
Other payables	49,613	7,980	119	57,474
Goethals Bridge Replacement milestone payments	87,400	11,700	50,000	49,100
Pollution remediation obligation	16,425	6,211	5,809	16,827
Asset forfeiture program	23,408	3,248	5,004	21,652
Reinsurance premium payable	-	26,191	5,248	20,943
Surety and security deposits	4,763	611	474	4,900
WTC Joint Venture Preferred Returns	3,281	9,245	7,628	4,898
Deferred Gain/Loss on NLCC	4,761	-	-	4,761
Total Liabilities	\$ 319,879	\$ 103,428	\$ 103,581	\$ 319,726
Less: Current worker's compensation liability	17,967			17,374
Current Goethals Bridge milestones	87,400			49,100
Total other non-current liabilities	\$ 214,512			\$ 253,252

Notes to Consolidated Financial Statements (continued)

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. In June 2011, The Durst Organization contributed \$100 million for a minority equity interest in the joint venture related to One World Trade Center through the current net lessee WTC Tower 1 LLC. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2018, WTC Tower 1 LLC has leased, (i) approximately 2.5 million square feet of office space at One World Trade Center, representing approximately 82% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck, which opened to the public in 2015.

World Trade Center Tower 2

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee's allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of (i) commencement of construction of Tower 2 and (ii) December 2022, whether or not construction is commenced.

World Trade Center Tower 3

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Tenant Support Agreement"). Under the Tower 3 Tenant Support Agreement, the Port Authority is required to provide (x) \$210 million for the construction of Tower 3 as a landlord capital improvement, and (y) backstop funding of \$390 million for (i) construction overruns and certain leasing cost overruns, through landlord capital improvements (ii) operating expense deficits and certain leasing cost overruns through the Tower 3 net lessee's right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and (iii) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of \$390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for \$200 million of the \$600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to \$400 million. To date, the Port Authority has applied \$80 million of the \$93.4 million received from the State of New York as a capital contribution for the partial reimbursement of the \$210 million landlord capital improvement the Port Authority made in December 2014 towards the construction of Tower 3. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive \$130 million in future WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC PILOT credits will commence in 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of the \$390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, with an overall term for such reimbursement or payment not to exceed the term of the Tower 4 support

Notes to Consolidated Financial Statements (continued)

agreement described below. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the \$390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third-party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 net lessee exercised its right to defer certain Tower 3 net lease rent payments due the Port Authority effective November 2017. As of December 31, 2018, deferred rent due from the Tower 3 net lessee totaled approximately \$15 million.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2018, 45% of leasable office space has been leased to tenants.

World Trade Center Tower 4

In December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's participation in the financing for Tower 4 construction.

Tower 4 Liberty Bonds were issued on November 15, 2011, in the aggregate principal amount of approximately \$1.2 billion, by the New York Liberty Development Corporation to finance construction of WTC Tower 4. The Port Authority is a co-borrower/obligor for the Liberty Bonds, and is obligated to make certain debt service payments on the Tower 4 Liberty Bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2018, deferred rent due from the Tower 4 net lessee totaled approximately \$43 million. Port Authority debt service payments related to Tower 4 Liberty Bonds, deferred net lease rent payable to the Port Authority under the Tower 4 net lease, and amounts from deferred free rent periods under the Port Authority's Tower 4 space lease are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% annum until reimbursed or paid (with the exception of deferred net lease rent held on deposit which receives earnings on certain permitted investments plus nominal interest), with an overall term for such reimbursement or payment not to exceed 40 years. As of December 31, 2018, Tower 4 Liberty Bond debt service payments due from the Tower 4 net lessee, including amounts assigned directly to the Tower 4 Liberty Bond trustee by the City of New York related to their Tower 4 leasehold, totaled approximately \$10.9 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's

Notes to Consolidated Financial Statements (continued)

executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. In November 2014, Port Authority corporate staff began occupying certain portions of its leased space in Tower 4, with remaining space being occupied in 2015. As of December 31, 2018, approximately 97% of the leasable office space has been leased to tenants.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project for the construction of a transportation hub and permanent PATH terminal. Construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the WTC Transportation Hub project at an estimated total project cost range of approximately \$3.74 billion to \$3.995 billion. The Port Authority reached the maximum funding amount of \$2.872 billion from the FTA towards the construction of the WTC Transportation Hub in 2017. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to construct various WTC site infrastructure projects toward full build out of the WTC site. In 2014, certain portions of these infrastructure projects, including portions of the vehicular security center for cars, tour buses, and delivery vehicles to access subgrade loading facilities became operational to support commercial activities throughout the WTC site. Other infrastructure work includes street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which may not fully compensate the Port Authority for the cost of construction.

As of December 31, 2018, including Westfield's 2012 initial joint venture membership capital contribution of \$100 million, the Port Authority has received \$897 million for the transfer of its interests in the WTC retail joint venture to Westfield. These cumulative receipts, exclusive of Westfield's initial 2012 joint venture membership capital contribution of \$100 million, have been recorded as Unearned income and subsequently recognized as rental income over the remaining term of the existing WTC Retail net lease. As of December 31, 2018, \$41 million has been cumulatively recognized as rental income.

WTC Memorial and Museum

The Port Authority does not have any responsibility for the operation and maintenance of the Memorial, the Memorial/Museum or the Visitor Orientation and Education Center (VOEC). The Memorial Plaza opened for public access on September 11, 2011. The museum opened to the public on May 21, 2014.

Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering self-insured retentions, purchase of insurance through its captive insurance entity, PAICE, exceptions or exclusions of portions of facilities, and the scope of insurable hazards. Availability of coverage varies and may be constrained depending on the state of the insurance industry. As a result, insurance premiums may increase for available coverage in connection with the Port Authority's periodic renewal of its insurance programs.

1. Purchased Insurance

Property damage and loss of revenue insurance program

The property damage and loss of revenue insurance program on Port Authority facilities (renewed effective June 1, 2018 and expires on June 1, 2019) applies to all Port Authority facilities, excluding the World Trade Center (WTC)* (except for the area of the PATH station inside the fare zone), with program limits of \$1.6 billion per occurrence and in the aggregate, subject to certain deductibles, retentions, and sub-limits for certain hazards. Property damage and loss of revenue insurance on the operating portions of the World Trade Center* and related infrastructure is provided in a separate program (renewed June 1, 2018 and expiring on June 1, 2019) with program limits of up to \$500 million per occurrence and in the aggregate, subject to certain deductibles, retentions, and sub-limits for certain hazards covering all Port Authority assets at the site and excess limits of \$2 billion on One World Trade Center and \$1.5 billion on the WTC Transportation Hub, WTC Vehicular Security Center and other assets.

The Port Authority also purchased terrorism insurance with respect to its facilities effective June 1, 2018 for a three-year term, with limits of \$2.0 billion per occurrence and in the aggregate for all Port Authority assets excluding the World Trade Center, subject to certain deductibles, retentions and exclusions for certain hazards, and for the operating portions of the World Trade Center, with limits of \$5.0 billion per occurrence and in the aggregate, subject to certain deductibles, retentions, and exclusions for certain hazards. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA)** and commercial reinsurers.

Public liability insurance programs

The public liability insurance program for Port Authority aviation facilities (renewed effective October 27, 2018 and expiring October 27, 2019) applies to such facilities with program limits of \$1.25 billion per occurrence and in the aggregate, subject to certain retentions, and insurance for aviation war risk, which includes terrorism, and which has no deductible.

The public liability insurance program for “non-aviation” facilities (renewed effective October 27, 2018 and expiring October 27, 2019) applies to such facilities including components of the WTC* with program limits of \$1.0 billion per occurrence and in the aggregate, subject to certain deductibles and retentions. Terrorism insurance with respect thereto totals \$600 million per occurrence and in the aggregate, which is insured through PAICE and reinsured through TRIPRA** and commercial reinsurers. During each of the past three years, payments for public liability claims have not exceeded insurance limits.

* See “*” footnote on page 87.

See “” footnote on page 87.

Notes to Consolidated Financial Statements (continued)

The Port Authority renewed its terrorism and /or malicious acts insurance for losses to property and liability resulting from nuclear, biological, chemical or radiological material for all Port Authority facilities. The program expires October 27, 2021, and provides a limit of \$1.6 billion per occurrence and in the aggregate, subject to certain deductibles and retentions. This program is insured through PAICE and commercial reinsurers with a limit of \$500 million, and by PAICE and TRIPRA** with a limit of \$1.1 billion in excess of \$500 million.

2. Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority facilities under construction (renewed effective June 1, 2017 and expiring June 1, 2020) with program limits for builders' risk of \$50 million per occurrence, subject to certain deductibles, retentions, and sub-limits on certain hazards; construction general liability insurance with program limits of \$50 million per occurrence; and statutory workers' compensation coverage, which does not have a deductible. PAICE provides portions of the construction general liability while statutory workers' compensation insurance is provided through commercial insurance. The Port Authority also maintains builders' risk and terrorism coverage, with respect to the Bayonne Bridge Navigational Clearance Program (renewed effective September 1, 2017 and expiring June 1, 2019), each with a program limit of \$75 million per occurrence for portions of the bridge that remain under construction, and comprehensive general liability insurance (purchased effective June 1, 2017 and expiring June 1, 2020) with program limits of \$50 million per occurrence and in the aggregate in excess of the \$50 million coverage described above.

The Port Authority placed a standalone wrap-up contractors' insurance program on March 27, 2018, for construction of Terminal One at Newark Liberty International Airport. Program limits for builders' risk insurance are \$1.4 billion per occurrence, subject to certain deductibles, retentions, and sub-limits on certain hazards; for construction general liability insurance program with a limit of \$300 million per occurrence; and statutory workers' compensation coverage, which does not have a deductible. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

3. Port Authority Insurance Captive Entity, LLC

On October 16, 2006, the District of Columbia approved the establishment of a Port Authority captive insurance company, known as the Port Authority Insurance Captive Entity, LLC, for the purpose of insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business, in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverage for the Port Authority and its related entities. With the passage of TRIPRA**, PAICE assumed coverage for acts of terrorism with respect to the Port Authority's public liability and property damage and loss of revenue insurance programs. In addition, as of December 31, 2018, PAICE provides the first \$500,000 in coverage under the general liability aspect of the Port Authority's contractor's insurance program and 5% of the next \$4.5 million of losses that are in excess of the primary \$500,000. Further, effective October 27, 2018, PAICE provides \$500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures \$1.1 billion in excess of \$500 million, which is reinsured by TRIPRA**.

Any changes in the lines of insurance being provided by PAICE or its capitalization are subject to prior approval by the Port Authority Board of Commissioners' Committee on Finance. PAICE also provides periodic reports with respect to its general operations to the Port Authority's Board of Commissioners.

* See "*" footnote on page 87.

**See "*" footnote on page 87.

Notes to Consolidated Financial Statements (continued)

The financial results for PAICE for the year ended December 31, 2018 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's consolidated financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	\$ 518,569
Total Liabilities	220,381
Net Position, December 31, 2018	<u>\$ 298,188</u>
Operating Results 2018	
Revenues	\$ 45,560
Expenses	8,292
Change in Net Position	<u>\$ 37,268</u>
Net Position at January 1, 2018	<u>\$ 260,920</u>
Net Position at December 31, 2018	<u>\$ 298,188</u>

The audited financial statements for the years ended December 31, 2018 and December 31, 2017 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of The Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

* The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, and 4 (except for the Port Authority's Tower 4 leased space), Tower 5, the WTC Memorial/Museum and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site.

** Under TRIPRA, the Federal government reinsures 82% of certified terrorism losses in 2018 (and decreases its reinsurance incrementally by 1% per year for the next two (2) years), subject to aggregate industry insured losses of at least \$160 million in 2018 (which increases incrementally \$20 million per year for the next two years) and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of \$100 billion. No Federal payments are made under this program until the aggregate industry insured losses from acts of terrorism exceed \$160 million. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

Notes to Consolidated Financial Statements
(continued)

4. Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported (IBNR) claims. Changes in the self-insured public liability self-insured loss reserves and self-insured worker's compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year-End Balance*
		(In thousands)		
2018	\$ 66,171	\$ 11,724	\$ 7,618	\$ 70,277
2017	\$ 68,031	\$ 7,463	\$ 9,323	\$ 66,171

* Loss reserves exclude loss adjustment expenditures.

Self-insured workers' compensation loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
		(In thousands)		
2018	\$ 64,057	\$ 26,518	\$ 21,681	\$ 68,894
2017	\$ 63,159	\$ 21,256	\$ 20,358	\$ 64,057

* Loss reserves exclude loss adjustment expenditures.

Required Supplementary Information (Unaudited)

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (ERS)

Schedule of Proportionate Share of Net Pension Liability*

	2018	2017	2016	2015
		(\$ In thousands)		
Port Authority's proportion of the net pension liability	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	\$ 41,500	\$ 120,672	\$ 212,555	\$ 44,906
Covered payroll (April 1 st – March 31 st)	\$ 408,384	\$ 395,378	\$ 392,529	\$ 309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	98.2%	94.7%	90.7%	97.9%

Schedule of Employer Contributions*

	2018	2017	2016	2015
		(\$ In thousands)		
Contractually required contribution	\$ 56,866	\$ 56,743	\$ 57,530	\$ 63,072
Contributions in relation to the contractually required contribution	\$ 56,866	\$ 56,743	\$ 57,530	\$ 63,072
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Port Authority's covered payroll (January 1 st – December 31 st)	\$ 500,841	\$ 404,701	\$ 395,725	\$ 409,234
Contributions as a percentage of covered payroll	11.4%	14.0%	14.5%	15.4%

NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM (PFRS)

Schedule of Proportionate Share of Net Pension Liability*

	2018	2017	2016	2015
		(\$ In thousands)		
Port Authority's proportion of the net pension liability	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	\$ 77,081	\$ 152,806	\$ 236,004	\$ 24,490
Covered payroll (April 1 st – March 31 st)	\$ 263,292	\$ 256,168	\$ 246,060	\$ 248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	96.9%	93.5%	90.2%	99.0%

Schedule of Employer Contributions*

	2018	2017	2016	2015
		(\$ In thousands)		
Contractually required contribution	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contributions in relation to the contractually required contribution	\$ 59,931	\$ 60,797	\$ 57,807	\$ 53,652
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Port Authority's covered payroll (January 1 st – December 31 st)	\$ 262,701	\$ 260,867	\$ 253,096	\$ 253,597
Contributions as a percentage of covered payroll	22.8%	23.3%	22.8%	21.2%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Required Supplementary Information (Unaudited)

FEDERAL RAILROAD RETIREMENT PROGRAM

Schedule of Employee and Employer Railroad Contributions*

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2018	7.65%	\$ 8,197	7.65%	\$ 8,197	\$ 16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
2013	7.65%	7,551	7.65%	7,551	15,102
Total Taxes		\$ 47,850		\$ 47,850	\$ 95,700

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
(\$ In thousands)					
2018	4.9%	\$ 4,687	13.1%	\$ 12,530	\$ 17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
2013	4.4%	3,714	12.6%	10,636	14,350
Total Taxes		\$ 25,885		\$ 70,663	\$ 96,548

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN

Schedule of Changes to Total Pension Liability and Related Ratios*

	2018	2017	2016	2015
(\$ In thousands)				
Total Pension Liability				
Service cost	\$ 1,585	\$ 1,323	\$ 1,280	\$ 900
Interest cost	3,169	2,961	2,850	3,271
Differences between expected and actual experience	(1,449)	5,478	(945)	51
Changes in assumptions	5,676	(5,496)	3,809	10,632
Benefit payments, including refunds of member contributions	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	\$ 89,381	\$ 84,091	\$ 83,388	\$ 81,095
Covered Payroll	\$ 13,913	\$ 13,590	\$ 13,187	\$ 12,356
Total Pension Liability as a % of Covered Payroll	642.4%	618.8%	632.4%	656.3%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Note: As of December 31, 2018, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

Required Supplementary Information (Unaudited)

OTHER POSTEMPLOYMENT EMPLOYEE BENEFITS (OPEB) PLAN

Schedule of Changes in the Port Authority's Net OPEB Liability and Related Ratios

	2018	2017
	(\$ In thousands)	
Total OPEB liability:		
Service cost	\$ 25,442	\$ 23,778
Interest cost	202,303	196,930
Changes in benefit terms	(6,948)	-
Differences between expected and actual experience	90,986	-
Changes in assumptions	(5,903)	-
Benefit payments	<u>(147,761)</u>	<u>(143,528)</u>
Net change in total OPEB liability	158,119	77,180
Total OPEB liability-beginning	<u>2,937,227</u>	<u>2,860,047</u>
Total OPEB liability-ending (a)	<u>3,095,346</u>	<u>2,937,227</u>
Plan fiduciary net position:		
Contributions-employer	247,761	243,528
Net investment income	(86,274)	175,795
Benefit payments	(147,761)	(143,528)
Administrative expenses	<u>(94)</u>	<u>(94)</u>
Net change in plan fiduciary net position	13,632	275,701
Plan fiduciary net position-beginning	<u>1,400,104</u>	<u>1,124,403</u>
Plan fiduciary net position-ending (b)	<u>1,413,736</u>	<u>1,400,104</u>
Net OPEB liability-ending (a) – (b)	<u>\$ 1,681,610</u>	<u>\$ 1,537,123</u>
Plan fiduciary net position as a percentage of the total OPEB liability	45.67%	47.67%
Covered-Employee payroll	\$ 870,525	\$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	193.17%	198.97%

Notes to Schedule:

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Schedule A - Revenues and Reserves

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2018			2017
	Operating Fund	Reserve Funds	Combined Total	Combined Total
(In thousands)				
Gross operating revenues:				
Tolls and fares	\$ 1,865,384	\$ -	\$ 1,865,384	\$ 1,873,622
Rentals	1,664,734	-	1,664,734	1,609,179
Aviation fees	1,192,454	-	1,192,454	1,128,352
Parking and other	384,088	-	384,088	377,421
Utilities	149,008	-	149,008	139,502
Rentals - Special Project Bonds Projects	79,080	-	79,080	83,053
Total gross operating revenues	5,334,748	-	5,334,748	5,211,129
Operating expenses:				
Employee compensation, including benefits	1,338,277	-	1,338,277	1,342,943
Contract services	934,821	-	934,821	880,331
Rents and payments in-lieu-of taxes (PILOT)	396,048	-	396,048	390,576
Materials, equipment and other	298,121	-	298,121	252,533
Utilities	195,968	-	195,968	183,482
Interest on Special Project Bonds	79,080	-	79,080	83,053
Total operating expenses	3,242,315	-	3,242,315	3,132,918
Operating and maintenance contingencies	-	-	-	-
Amounts in connection with operating asset obligations	12,921	-	12,921	16,050
Net (revenue)/expense related to Superstorm Sandy	-	-	-	(18,323)
Net operating revenues	2,079,512	-	2,079,512	2,080,484
Financial income:				
Interest income	24,666	52,621	77,287	47,711
Net (decrease) in fair value of investments	(517)	9,480	8,963	(14,137)
Contributions in aid of construction	198,173	-	198,173	173,253
Application of WTC Retail Joint Venture Payments	-	-	-	-
Application of Passenger Facility Charges	433,326	-	433,326	285,335
Application of 4 WTC associated payments	65,293	-	65,293	65,293
Grants, in connection with operating activities	24,006	-	24,006	39,845
Pass-through grant program payments	(1,438)	-	(1,438)	(19,717)
Net revenues available for debt service and reserves	2,823,021	62,101	2,885,122	2,658,067
Debt service:				
Interest on bonds and other asset financing obligations	868,510	103,056	971,566	928,264
Debt maturities and retirements	319,090	-	319,090	300,905
Debt retirement acceleration	-	8,300	8,300	-
Repayment of asset financing obligations	-	188	188	1,276
Total debt service	1,187,600	111,544	1,299,144	1,230,445
Transfers to reserves	\$ (1,635,421)	1,635,421	-	-
Revenues after debt service and transfers to reserves		1,585,978	1,585,978	1,427,622
Direct investment in facilities		(1,771,900)	(1,771,900)	(1,623,347)
Increase/(Decrease) in reserves		(185,922)	(185,922)	(195,725)
Reserve balances, January 1		4,161,922	4,161,922	4,357,647
Reserve balances, December 31		\$ 3,976,000	\$ 3,976,000	\$ 4,161,922

See Notes to Consolidated Financial Statements

Schedule B - Assets and Liabilities
(pursuant to Port Authority bond resolutions)

	December 31, 2018				2017
	Operating Fund	Capital Fund	Reserve Funds	Combined Total	Combined Total
	(In thousands)				
ASSETS					
Current assets:					
Cash	\$ 121,296	\$ 9,961	\$ 25,886	\$ 157,143	\$ 737,632
Restricted cash:					
Passenger Facility Charges	161	-	-	161	30,825
Port Authority Insurance Captive Entity, LLC	117,922	-	-	117,922	85,622
Other, including Asset Forfeiture Funds	14,878	-	-	14,878	-
Investments	8,130	508,827	1,012,554	1,529,511	909,230
Restricted Investments - PAICE	37,162	-	-	37,162	-
Restricted investments - PFC	23,609	-	-	23,609	285,487
Interfund balances	(759,262)	(15,399)	774,661	-	-
Current receivables, net	540,962	-	-	540,962	492,131
Other current assets	92,547	68,586	-	161,133	158,311
Restricted receivables and other assets	77,785	-	-	77,785	68,459
Total current assets	275,190	571,975	1,813,101	2,660,266	2,767,697
Noncurrent assets:					
Restricted cash	4,951	-	-	4,951	4,817
Investments	55,133	737	2,162,899	2,218,769	2,876,901
Restricted investments - PAICE	204,708	-	-	204,708	238,927
Other amounts receivable, net	99,899	37,097	-	136,996	113,726
Other noncurrent assets	1,652,100	1,458	-	1,653,558	1,619,689
Restricted other noncurrent assets - PAICE	8,015	-	-	8,015	9,669
Amounts receivable - Special Project Bonds Projects	-	1,245,835	-	1,245,835	1,327,680
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	1,225,520	1,225,520
Net OPEB asset	-	-	-	-	98,948
Invested in facilities	-	59,548,616	-	59,548,616	56,494,218
Total noncurrent assets	2,024,806	62,059,263	2,162,899	66,246,968	64,010,095
Total assets	2,299,996	62,631,238	3,976,000	68,907,234	66,777,792
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	276,586	-	-	276,586	328,602
OPEB related amounts	169,257	-	-	169,257	-
LIABILITIES					
Current liabilities:					
Accounts payable	301,490	973,693	-	1,275,183	1,229,863
Accrued interest and other current liabilities	500,782	51,204	-	551,986	583,939
Restricted other liabilities - PAICE	7,630	-	-	7,630	6,887
Accrued payroll and other employee benefits	659,044	-	-	659,044	659,420
Unapplied Passenger Facility Charges	52,378	-	-	52,378	196,257
Current portion bonds and other asset financing obligations	54,878	922,388	-	977,266	945,592
Total current liabilities	1,576,202	1,947,285	-	3,523,487	3,621,958
Noncurrent liabilities:					
Accrued pension and other postemployment employee benefits	1,891,329	-	-	1,891,329	359,078
Other noncurrent liabilities	234,421	14,070	-	248,491	209,752
Restricted other noncurrent liabilities - PAICE	43,304	-	-	43,304	47,332
Amounts payable - Special Project Bonds	-	1,245,835	-	1,245,835	1,327,680
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	1,225,520	1,225,520
Bonds and other asset financing obligations	553,464	21,134,405	-	21,687,869	21,440,953
Total noncurrent liabilities	2,722,518	23,619,830	-	26,342,348	24,610,315
Total liabilities	4,298,720	25,567,115	-	29,865,835	28,232,273
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	177,998	-	-	177,998	68,237
OPEB related amounts	4,883	-	-	4,883	-
NET POSITION	\$ (1,735,762)	\$ 37,064,123	\$ 3,976,000	\$ 39,304,361	\$ 38,805,884
Net position is comprised of:					
Facility infrastructure investment	-	37,064,123	-	37,064,123	34,668,732
Change in accounting principle	(1,735,762)	-	-	(1,735,762)	(24,770)
Reserves	-	-	3,976,000	3,976,000	4,161,922
NET POSITION	\$ (1,735,762)	\$ 37,064,123	\$ 3,976,000	\$ 39,304,361	\$ 38,805,884

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2018			2017
	General Reserve Fund	Consolidated Bond Reserve Fund	Combined Total	Combined Total
	(In thousands)			
Balance, January 1	\$ 2,297,475	\$ 1,864,447	\$ 4,161,922	\$ 4,357,647
Increase in reserve funds *	-	\$ 1,697,522	1,697,522	1,498,468
	2,297,475	3,561,969	5,859,444	5,856,115
Applications:				
Repayment of asset financing obligations	-	188	188	1,276
Interest on asset financing obligations	-	103,056	103,056	69,570
Debt retirement acceleration	-	8,300	8,300	-
Direct investment in facilities	-	1,771,900	1,771,900	1,623,347
Total applications	-	1,883,444	1,883,444	1,694,193
Balance, December 31	\$ 2,297,475	\$ 1,678,525	\$ 3,976,000	\$ 4,161,922

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling \$1.64 billion, plus financial income generated on reserve funds of \$62.1 million in 2018.

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Statistical and Other Supplemental Information Section

STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2018

The Statistical and Other Supplemental Information section presents additional information as a means to provide context to the information contained in the financial statements, note disclosures and schedules.

Selected Statistical Financial Trends Data – Schedule D-1 (Pursuant to GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal health has changed over time.

Selected Statistical Debt Service – Schedule D-2 (Pursuant to Port Authority bond resolutions)

The Port Authority has several forms of outstanding obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds* to the consolidated financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Selected Statistical Financial Data by Business Segment – Schedule D-3 (Pursuant to GAAP)

Schedule provides information on gross operating revenues, operating expenses and capital investment, summarized by Port Authority business segments.

Information on Port Authority Operations – Schedule E (Pursuant to GAAP)

Detailed information on Port Authority's operating results including income from operations, non-operating expenses, net interest expense, capital contributions, and net income is provided on a Port Authority operating facility level.

Information on Capital Investment in Port Authority Facilities – Schedule F (Pursuant to GAAP)

Schedule provides information on capital investment, summarized by Port Authority operating facilities, including current year capital investment and depreciation.

Port Authority Facility Traffic – Schedule G (Unaudited)

This schedule provides comparative information on Port Authority facility traffic relative to vehicles, passengers, containers, cargo, waterborne vehicles and plane movements.

Schedule D-1 - Selected Statistical Financial Trends Data (pursuant to GAAP)

	2018	2017 (Restated)	2016	2015
	(In thousands)			
Revenues, Expenses and Changes in Net Position:				
Gross operating revenues:				
Tolls and fares	\$ 1,865,384	\$ 1,873,622	\$ 1,865,481	\$ 1,718,770
Rentals ^(a)	1,673,994	1,618,439	1,564,527	1,446,980
Aviation fees	1,192,454	1,128,352	1,112,436	1,063,902
Parking and other	384,088	377,421	399,178	359,631
Utilities	149,008	139,502	138,987	144,580
Rentals - Special Project Bonds Projects	79,080	83,053	86,755	92,719
Gross operating revenues	5,344,008	5,220,389	5,167,364	4,826,582
Operating expenses:				
Employee compensation, including benefits ^(d)	1,338,277	1,318,935	1,290,334	1,178,967
Contract services	934,821	880,331	852,926	833,903
Rents and amounts in-lieu-of taxes (PILOT)	396,048	390,576	352,293	356,162
Materials, equipment and other	298,121	252,533	264,977	252,071
Utilities	195,968	183,482	165,802	186,830
Interest on Special Project Bonds	79,080	83,053	86,755	92,719
Operating expenses	3,242,315	3,108,910	3,013,087	2,900,652
Net revenue/(expense) related to the events				
of September 11, 2001	-	-	-	-
Net revenue/(expense) related to the events				
of Superstorm Sandy	-	18,323	-	123
Depreciation of facilities	(1,329,283)	(1,231,139)	(1,173,747)	(1,124,383)
Amortization of costs for regional programs	(41,874)	(44,164)	(64,765)	(64,665)
Income from operations ^(d)	730,536	854,499	915,765	737,005
Income on investments (including fair value adjustment) ^(b)	89,304	35,326	(3,974)	4,215
Interest expense on bonds and other asset financing ^(b)	(937,983)	(908,343)	(900,914)	(882,840)
Net gain/(loss) on disposition of assets	-	-	-	-
Pass-through grant program payments	(1,438)	(19,717)	(10,695)	(51,429)
4 WTC associated payments	65,293	65,293	41,521	36,766
Grants in connection with operating activities	24,006	39,845	64,315	101,074
Contributions in aid of construction	252,225	187,473	674,950	586,295
Passenger facility charges	286,395	275,785	264,363	248,707
1 WTC LLC/WTC Retail LLC insurance proceeds	-	-	-	-
Increase in net position December 31, ^(d)	\$ 508,338	\$ 530,161	\$ 1,045,331	\$ 779,793
Net position is comprised of				
Net investment in capital assets	\$ 14,190,682	\$ 13,179,105	\$ 12,746,144	\$ 11,810,573
Restricted	500,610	760,912	567,443	456,429
Unrestricted ^(d)	1,187,102	1,430,039	3,261,307	3,262,561
Net position December 31, ^(c)	\$ 15,878,394	\$ 15,370,056	\$ 16,574,894	\$ 15,529,563

(a) Commencing in 2014, Rentals include the recognition of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2009 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2012 restated amounts include the cumulative impact of adopting GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities*.

(d) 2017 restated amounts include the cumulative impact of adopting GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

See accompanying independent auditors' report.

	2014	2013	2012 (Restated)	2011	2010	2009
\$	1,553,625	\$ 1,462,957	\$ 1,337,372	\$ 1,148,061	\$ 1,069,785	\$ 1,068,105
	1,300,818	1,228,491	1,208,730	1,150,569	1,144,709	1,115,652
	1,058,416	934,459	904,666	895,356	872,774	839,327
	321,760	315,111	338,178	339,131	321,257	316,005
	149,052	139,835	152,945	154,810	154,041	140,817
	98,141	103,186	108,125	112,553	71,457	72,337
	4,481,812	4,184,039	4,050,016	3,800,480	3,634,023	3,552,243
	1,187,877	1,114,397	1,038,243	1,037,681	1,022,195	974,154
	797,516	684,411	749,106	726,883	630,438	683,418
	362,627	301,582	304,020	280,237	272,002	276,830
	277,174	220,859	215,937	219,183	418,639	263,682
	199,919	171,833	174,016	188,432	183,826	168,249
	98,141	103,186	108,125	112,553	71,457	72,337
	2,923,254	2,596,268	2,589,447	2,564,969	2,598,557	2,438,670
	-	-	-	-	53,051	202,978
	53,530	28,229	(30,000)	-	-	-
	(932,149)	(875,979)	(884,239)	(852,727)	(789,011)	(712,331)
	(64,484)	(64,275)	(77,719)	(77,537)	(76,504)	(74,617)
	615,455	675,746	468,611	305,247	223,002	529,603
	20,060	(2,714)	29,161	(53,227)	(762)	141,779
	(648,204)	(612,031)	(647,813)	(552,781)	(496,410)	(497,110)
	19,043	4,423	(4)	-	-	27,125
	(107,606)	(176,848)	(56,446)	(11,507)	(2,166)	(1,120)
	6,128	36,660	65,293	8,343	-	-
	207,898	188,409	52,161	23,727	11,708	10,613
	700,267	689,898	997,441	767,010	358,268	382,978
	233,172	224,301	222,614	214,456	210,387	201,737
	-	-	3,525	-	42,814	50,813
\$	1,046,213	\$ 1,027,844	\$ 1,134,543	\$ 701,268	\$ 346,841	\$ 846,418
\$	10,402,894	\$ 9,442,138	\$ 9,273,213	\$ 10,020,306	\$ 9,200,077	\$ 8,415,993
	470,857	454,467	392,389	294,460	222,871	211,725
	3,900,789	3,831,722	3,034,881	1,411,125	1,601,675	2,050,064
\$	14,774,540	\$ 13,728,327	\$ 12,700,483	\$ 11,725,891	\$ 11,024,623	\$ 10,677,782

Schedule D-2 - Selected Statistical Debt Service Data (Pursuant to Port Authority bond resolutions)

	2018	2017	2016	2015
	(In thousands)			
Gross Operating Revenues*	\$ 5,334,748	\$ 5,211,129	\$ 5,158,795	\$ 4,818,831
Operating expenses	(3,242,315)	(3,132,918)	(3,013,087)	(2,900,652)
Net revenue/(expense) related to the events of September 11, 2001	-	-	-	-
Operating and maintenance contingencies	-	-	-	(50,000)
Net revenue/(expense) related to Superstorm Sandy	-	18,323	-	123
Amounts in connection with operating asset obligations	(12,921)	(16,050)	(18,871)	(21,387)
Net operating revenues	2,079,512	2,080,484	2,126,837	1,846,915
Financial income	86,250	33,574	(4,784)	4,080
Grants and contributions in aid of construction, net	220,741	193,381	347,390	321,980
Application of WTC Retail Joint Venture Payments*	-	-	77,869	66,963
Application of Passenger Facility Charges	433,326	285,335	229,921	273,721
Application of 4 WTC associated payments	65,293	65,293	41,520	36,766
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	-	-	-	-
Restricted Net Revenues - PAICE	-	-	-	-
Net revenues available for debt service and reserves (a)	2,885,122	2,658,067	2,818,753	2,550,425
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (b)	(868,510)	(858,694)	(824,586)	(810,356)
Times, interest earned (a/b)	3.32	3.10	3.42	3.15
Debt maturities and retirements (c)	(319,090)	(300,905)	(268,520)	(259,315)
Times, debt service earned [a/(b+c)]	2.43	2.29	2.58	2.38
APPLICATION OF RESERVES				
Direct investment in facilities	(1,771,900)	(1,623,347)	(1,132,915)	(1,949,785)
Debt retirement acceleration	(8,300)	-	-	-
Change in appropriations for self-insurance	-	-	-	-
Interest on bonds and other asset financing obligations	(103,056)	(69,570)	(81,601)	(66,461)
Repayment of asset financing obligations	(188)	(1,276)	6,669	(51,928)
Acceleration of unamortized brokerage commissions	-	-	-	-
Net increase/(decrease) in reserves	(185,922)	(195,725)	517,800	(587,420)
RESERVE BALANCES				
January 1	4,161,922	4,357,647	3,839,847	4,427,267
December 31	3,976,000	4,161,922	4,357,647	3,839,847
Reserve funds balances represented by:				
General Reserve	2,297,475	2,297,475	2,297,475	2,297,475
Consolidated Bond Reserve	1,678,525	1,864,447	2,060,172	1,542,372
Total	\$ 3,976,000	\$ 4,161,922	\$ 4,357,647	\$ 3,839,847
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)				
Consolidated Bonds and Notes	\$ 20,898,775	\$ 20,672,365	\$ 20,429,565	\$ 21,019,925
Fund for regional development buy-out obligation	143,939	184,230	221,393	253,732
MOTBY obligation	51,032	53,237	55,332	44,383
Amounts payable - Special Project Bonds	1,245,835	1,327,680	1,391,170	1,451,170
Variable rate master notes	69,600	77,900	77,900	77,900
Commercial paper obligations	480,765	464,615	388,315	425,760
Versatile structure obligations	-	-	-	-
Port Authority equipment notes	-	-	-	-
Tower 4 Liberty Bonds	1,225,520	1,225,520	1,225,520	1,225,520
Goethals Bridge Replacement Developer Financing Arrangement	1,021,023	934,198	744,401	430,800
Total financing obligations	\$ 25,136,489	\$ 24,939,745	\$ 24,533,596	\$ 24,929,190

* Commencing in 2014, Gross operating revenues exclude the recognition of unearned income related to the March 2014 transfer of the Port Authority interests in the WTC Retail Joint Venture. Amounts related to this transfer are recognized in their entirety in the year in which they are received.

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

	2014		2013		2012		2011		2010		2009
\$	4,475,193	\$	4,184,039	\$	4,050,016	\$	3,800,480	\$	3,634,023	\$	3,552,243
	(2,923,254)		(2,596,268)		(2,589,447)		(2,564,969)		(2,598,557)		(2,438,670)
	-		-		-		-		53,051		202,978
	-		-		-		-		-		-
	53,530		28,229		(30,000)		-		-		-
	(23,734)		(25,908)		(27,956)		(29,580)		(46,561)		(55,058)
	1,581,735		1,590,092		1,402,613		1,205,931		1,041,956		1,261,493
	14,687		(2,964)		29,121		(53,270)		(900)		141,136
	565,444		540,746		565,976		499,516		367,810		392,471
	652,104		-		-		-		-		-
	221,156		175,421		110,015		215,645		207,122		205,164
	6,128		36,660		65,293		8,343		-		-
	-		-		17,962		57,340		61,468		266,676
	-		4,305		2,710		644		(102)		3,177
	3,041,254		2,344,260		2,193,690		1,934,149		1,677,354		2,270,117
	(635,262)		(556,824)		(539,436)		(480,623)		(436,622)		(427,384)
	4.79		4.21		4.07		4.02		3.84		5.31
	(226,205)		(204,000)		(169,770)		(140,390)		(178,095)		(147,370)
	3.53		3.08		3.09		3.11		2.73		3.95
	(1,473,432)		(1,059,756)		(691,079)		(742,001)		(1,375,008)		(1,522,096)
	-		-		(54,635)		(6,100)		-		-
	28,100		10,414		37,547		1,949		(3,971)		6,463
	(11,542)		(38,689)		(87,764)		(37,702)		(7,580)		(8,938)
	(105,562)		(15,701)		(16,514)		(20,258)		(30,062)		(13,525)
	-		(46,863)		-		-		-		-
	617,351		432,841		672,039		509,024		(353,984)		157,267
	3,809,916		3,377,075		2,705,036		2,196,012		2,549,996		2,392,729
	4,427,267		3,809,916		3,377,075	\$	2,705,036	\$	2,196,012	\$	2,549,996
	2,131,711		2,029,051		2,026,605		1,783,370		1,584,955		1,412,221
	2,295,556		1,780,865		1,350,470		921,666		611,057		1,137,775
\$	4,427,267	\$	3,809,916	\$	3,377,075	\$	2,705,036	\$	2,196,012	\$	2,549,996
\$	19,229,020	\$	18,212,063	\$	18,076,497	\$	15,550,039	\$	13,340,378	\$	12,284,449
	283,562		311,077		336,453		359,859		373,707		386,480
	48,254		52,329		78,060		105,141		138,396		-
	1,530,510		1,605,515		1,675,825		1,741,440		1,803,145		1,064,380
	77,900		77,900		77,900		77,900		77,900		90,990
	448,185		348,110		384,625		396,155		354,280		321,010
	-		-		-		-		175,200		250,900
	31,500		46,925		49,565		68,160		98,645		110,485
	1,225,520		1,225,520		1,225,520		1,225,520		-		-
	210,316		-		-		-		-		-
\$	23,084,767	\$	21,879,439	\$	21,904,445	\$	19,524,214	\$	16,361,651	\$	14,508,694

Schedule D-3 Selected Statistical Financial Data by Business Segment (pursuant to GAAP)

	2018	2017 (Restated)	2016	2015
	(In thousands)			
Gross Operating Revenues:				
Tunnels, Bridges and Terminals	\$ 1,737,458	\$ 1,739,552	\$ 1,742,028	\$ 1,599,575
PATH	203,800	202,880	191,261	184,560
Port	310,637	295,651	300,569	270,263
Aviation	2,762,279	2,682,523	2,646,213	2,537,233
Development	25,632	24,967	25,956	26,561
World Trade Center	303,995	274,029	260,655	207,634
Other ^(a)	207	787	682	756
Total	\$ 5,344,008	\$ 5,220,389	\$ 5,167,364	\$ 4,826,582

Operating Expenses: ^(b)				
Tunnels, Bridges and Terminals	\$ 524,212	\$ 525,862	\$ 509,529	\$ 499,873
PATH	447,552	423,384	415,251	389,276
Port	166,405	160,495	167,724	175,976
Aviation	1,754,801	1,693,563	1,612,470	1,557,926
Development	11,786	12,399	10,853	13,659
World Trade Center	333,848	312,242	293,864	258,748
Other ^{(c) (f)}	3,711	(19,035)	3,396	5,194
Total	\$ 3,242,315	\$ 3,108,910	\$ 3,013,087	\$ 2,900,652

Capital Investment: ^(d)				
Tunnels, Bridges and Terminals	\$ 931,539	\$ 885,311	\$ 1,179,307	\$ 956,231
PATH (including WTC Transportation Hub)	340,635	274,429	454,031	268,428
Port	146,153	106,455	133,874	93,729
Aviation ^(g)	989,693	772,520	584,996	791,805
Development	3,682	893	1,569	2,110
World Trade Center	314,472	311,122	846,597	904,787
Other ^(e)	39,547	150,409	290	3,144
Total	\$ 2,765,720	\$ 2,501,139	\$ 3,200,664	\$ 3,020,234

^(a) Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, and Regional Facilities and Programs.

^(b) Amounts include all direct and allocated operating expenses.

^(c) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program and administrative expenses related to PAICE.

^(d) Capital investment includes contributed capital amounts and write-offs related to capital construction.

^(e) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program, and Gateway Early Work Program.

^(f) 2017 restated amount includes \$ (24) million related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

^(g) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$289 million in 2018 and \$163 million in 2017, respectively.

	2014	2013	2012	2011	2010	2009
\$ 1,447,896	\$ 1,369,559	\$ 1,258,125	\$ 1,078,977	\$ 1,009,891	\$ 1,009,313	
168,668	150,604	134,382	121,102	109,704	106,063	
248,443	262,526	249,609	236,461	223,095	205,861	
2,479,106	2,321,300	2,276,018	2,221,157	2,124,955	2,043,091	
51,077	29,492	87,521	100,800	89,457	98,603	
85,942	50,087	44,107	41,816	76,704	89,189	
680	471	254	167	217	123	
<u>\$ 4,481,812</u>	<u>\$ 4,184,039</u>	<u>\$ 4,050,016</u>	<u>\$ 3,800,480</u>	<u>\$ 3,634,023</u>	<u>\$ 3,552,243</u>	

\$ 510,383	\$ 493,429	\$ 468,263	\$ 460,960	\$ 437,775	\$ 436,796
401,273	338,926	329,663	322,133	385,686	300,874
172,545	176,459	190,043	185,053	163,424	127,240
1,623,190	1,466,692	1,410,070	1,385,582	1,317,749	1,306,078
15,737	15,497	79,620	82,637	77,200	85,246
192,789	94,312	76,149	106,277	116,797	158,348
7,337	10,953	35,639	22,327	99,926	24,088
<u>\$ 2,923,254</u>	<u>\$ 2,596,268</u>	<u>\$ 2,589,447</u>	<u>\$ 2,564,969</u>	<u>\$ 2,598,557</u>	<u>\$ 2,438,670</u>

\$ 961,854	\$ 413,946	\$ 233,637	\$ 168,759	\$ 149,803	\$ 175,392
512,415	559,104	743,136	720,797	752,486	741,002
210,496	180,760	184,750	228,747	302,858	174,459
715,456	468,319	351,535	243,995	518,545	658,292
1,977	527	140	(26,556)	29,297	23,237
1,674,030	1,373,328	1,802,009	2,087,741	1,091,464	903,220
3,822	3,221	6,767	9,464	133,229	44,953
<u>\$ 4,080,050</u>	<u>\$ 2,999,205</u>	<u>\$ 3,321,974</u>	<u>\$ 3,432,947</u>	<u>\$ 2,977,682</u>	<u>\$ 2,720,555</u>

Schedule E - Information on Port Authority Operations

	Year ended December 31, 2018							2017
	Gross Operating Revenues	Operating Expenses ^(a)	Depreciation & Amortization	Income (Loss) from Operations	Interest, Grants & Other Expenses ^(b)	Capital Contributions & PFCs	Increase/ (Decrease) in Net Position	Increase/ (Decrease) in
								Net Position
(In thousands)								
INTERSTATE TRANSPORTATION NETWORK								
George Washington Bridge & Bus Station	\$ 797,617	\$ 127,517	\$ 46,220	623,880	\$ 27,081	\$ -	\$ 596,799	\$ 597,928
Holland Tunnel	192,379	84,022	20,208	88,149	11,374	2,965	79,740	85,853
Lincoln Tunnel	267,236	108,737	68,864	89,635	48,148	667	42,154	51,370
Bayonne Bridge	32,217	15,981	20,372	(4,136)	36,168	-	(40,304)	(55,587)
Goethals Bridge	224,673	29,697	30,510	164,466	61,004	-	103,462	162,564
Outerbridge Crossing	175,863	32,480	5,240	138,143	2,082	-	136,061	146,552
Port Authority Bus Terminal	47,473	125,778	27,261	(105,566)	12,163	-	(117,729)	(117,520)
Subtotal - Tunnels, Bridges & Terminals	1,737,458	524,212	218,675	994,571	198,020	3,632	800,183	871,160
PATH	198,417	423,135	135,537	(360,255)	181,226	44,905	(496,576)	(491,945)
WTC Transportation Hub	-	11,958	74,211	(86,169)	-	(1,458)	(87,627)	6,274
Journal Square Transportation Center	5,383	12,459	5,652	(12,728)	2,413	-	(15,141)	(19,824)
Subtotal - PATH	203,800	447,552	215,400	(459,152)	183,639	43,447	(599,344)	(505,495)
Ferry Transportation	207	489	5,289	(5,571)	3,424	-	(8,995)	(9,599)
Access to the Regions Core (ARC)	-	2,137	10,115	(12,252)	1,731	-	(13,983)	(14,355)
Moynihan Station Transportation Program	-	20	9,372	(9,392)	4,142	-	(13,534)	(2,317)
Gateway Early Work Program	-	-	-	-	-	-	-	-
Total Interstate Transportation Network	1,941,465	974,410	458,851	508,204	390,956	47,079	164,327	339,394
AVIATION								
LaGuardia ^(c)	385,036	339,712	98,051	(52,727)	35,729	73,919	(14,537)	3,883
JFK International ^(c)	1,304,661	810,456	206,413	287,792	68,079	146,377	366,090	377,887
Newark Liberty International ^(c)	1,010,284	544,624	149,413	316,247	49,906	113,193	379,534	304,216
Teterboro	50,009	31,414	14,528	4,067	6,362	2,009	(286)	(4,464)
New York Stewart International ^(c)	12,289	28,595	9,278	(25,584)	2,100	1,694	(25,990)	(25,972)
Total Aviation	2,762,279	1,754,801	477,683	529,795	162,176	337,192	704,811	655,550
PORT								
Port Newark	92,910	86,474	33,220	(26,784)	23,254	48	(49,990)	(50,482)
Elizabeth Port Authority Marine Terminal	162,381	21,796	32,123	108,462	31,323	-	77,139	54,751
Brooklyn Port Authority Marine Terminal	7,726	9,305	1,816	(3,395)	1,033	314	(4,114)	(10,047)
└ Red Hook Terminal	1,231	5,992	62	(4,823)	-	-	(4,823)	(3,748)
Howland Hook Marine Terminal	15,768	12,626	16,442	(13,300)	11,128	2,037	(22,391)	(23,545)
Greenville Yard Port Authority Marine Terminal	896	33	-	863	-	-	863	887
└ NYNJ Rail LLC	5,481	6,657	490	(1,666)	263	22,067	20,138	14,144
Port Jersey - Port Authority Marine Terminal	24,244	23,522	7,696	(6,974)	(2,550)	1,009	(3,415)	(9,106)
Total Port	310,637	166,405	91,849	52,383	64,451	25,475	13,407	(27,146)
DEVELOPMENT								
Essex County Resource Recovery Facility	17	11	1	5	244	-	(239)	(494)
Industrial Park at Elizabeth	1,215	20	254	941	210	-	731	683
Bathgate Industrial Park	3,916	1,994	1,147	775	63	-	712	739
Teleport	11,080	9,276	2,495	(691)	(118)	-	(573)	39
Newark Legal & Communications Center	7	33	-	(26)	-	-	(26)	(43)
Queens West Waterfront Development	1,342	-	605	737	1,177	-	(440)	(593)
Hoboken South Waterfront Development	8,055	452	2,534	5,069	2,043	-	3,026	2,684
Total Development	25,632	11,786	7,036	6,810	3,619	-	3,191	3,015
WORLD TRADE CENTER								
WTC Campus	3,295	147,670	86,217	(230,592)	(357)	48,000	(182,235)	(216,623)
One World Trade Center	207,148	119,976	97,047	(9,875)	122,430	-	(132,305)	(164,194)
WTC Towers 2, 3 & 4	46,801	38,347	68,988	(60,534)	-	63,557	3,023	(12,073)
WTC Tower 7	23,513	19,849	-	3,664	-	-	3,664	2,096
WTC Retail	23,238	8,006	41,612	(26,380)	2,706	17,317	(11,769)	(25,970)
Total World Trade Center	303,995	333,848	293,864	(323,717)	124,779	128,874	(319,622)	(416,764)
Port Authority Insurance Captive Entity, LLC	-	597	-	(597)	(3,980)	-	3,383	3,823
Regional Facilities and Programs	-	468	41,874	(42,342)	18,817	-	(61,159)	(70,042)
Net Revenues related to Superstorm Sandy	-	-	-	-	-	-	-	18,323
Change in accounting principle ^(d)	-	-	-	-	-	-	-	24,008
Total Port Authority	\$ 5,344,008	\$ 3,242,315	\$ 1,371,157	\$ 730,536	\$ 760,818	\$ 538,620	\$ 508,338	\$ 530,161

^(a) Amounts include all direct and allocated operating expenses.

^(b) Amounts include net interest expense (interest expense less financial income), Tower 4 Liberty Bond debt service reimbursements, Pass-through grant program payments, Grants in connection with operating activities and gains or losses generated by the disposition of assets, if any.

^(c) Facility amounts include Passenger Facility Charge activities.

^(d) Represents the 2017 Net Position impact related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2017	Capital Investment ^(a)	Depreciation	Dispositions	Facilities, net Dec. 31, 2018
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	\$ 1,077,182	\$ 183,397	\$ 46,220	\$ -	\$ 1,214,359
Holland Tunnel	434,053	53,573	20,208	-	467,418
Lincoln Tunnel	1,402,783	238,797	68,864	-	1,572,716
Bayonne Bridge	1,346,325	221,016	20,372	-	1,546,969
Goethals Bridge	1,411,514	145,940	30,510	-	1,526,944
Outerbridge Crossing	86,404	15,452	5,240	-	96,616
Port Authority Bus Terminal	494,211	73,364	27,261	-	540,314
Subtotal - Tunnels, Bridges & Terminals	<u>6,252,472</u>	<u>931,539</u>	<u>218,675</u>	<u>-</u>	<u>6,965,336</u>
PATH	2,588,398	315,046	135,537	-	2,767,907
WTC Transportation HUB	3,515,405	24,836	74,211	-	3,466,030
Journal Square Transportation Center	68,860	753	5,652	-	63,961
Subtotal - PATH	<u>6,172,663</u>	<u>340,635</u>	<u>215,400</u>	<u>-</u>	<u>6,297,898</u>
Ferry Transportation	96,735	1,737	5,289	-	93,183
Access to the Region's Core (ARC)	58,043	-	10,115	-	47,928
Moynihan Station Transportation Program	148,500	-	9,372	-	139,128
Gateway Early Work Program	-	37,810	-	-	37,810
Total Interstate Transportation Network	<u>12,728,413</u>	<u>1,311,721</u>	<u>458,851</u>	<u>-</u>	<u>13,581,283</u>
AVIATION ^(b)					
LaGuardia ^(c)	2,100,205	369,568	98,052	-	2,371,721
JFK International	3,609,209	128,582	206,413	-	3,531,378
Newark Liberty International	2,350,684	479,094	149,412	-	2,680,366
Teterboro	216,971	11,723	14,528	-	214,166
New York Stewart International	157,945	726	9,278	-	149,393
Total Aviation	<u>8,435,014</u>	<u>989,693</u>	<u>477,683</u>	<u>-</u>	<u>8,947,024</u>
PORT					
Port Newark	818,815	22,104	33,220	-	807,699
Elizabeth Port Authority Marine Terminal	992,110	10,409	32,123	-	970,396
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	62,737	12,610	1,878	-	73,469
Howland Hook Marine Terminal	475,038	6,719	16,442	-	465,315
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	102,630	38,454	490	-	140,594
Port Jersey-Port Authority Marine Terminal	416,040	55,857	7,696	-	464,201
Total Port	<u>2,867,370</u>	<u>146,153</u>	<u>91,849</u>	<u>-</u>	<u>2,921,674</u>
DEVELOPMENT					
Essex County Resource Recovery Facility	5,806	-	1	-	5,805
Industrial Park at Elizabeth	5,541	-	254	-	5,287
Bathgate Industrial Park	1,563	2,943	1,147	-	3,359
Teleport	9,919	739	2,495	-	8,163
Queens West Waterfront Development	84,801	-	605	-	84,196
Hoboken South Waterfront Development	63,675	-	2,534	-	61,141
Total Development	<u>171,305</u>	<u>3,682</u>	<u>7,036</u>	<u>-</u>	<u>167,951</u>
WORLD TRADE CENTER					
WTC Campus ^(c)	3,816,034	142,089	86,217	-	3,871,906
One World Trade Center	3,364,361	60,497	97,047	-	3,327,811
WTC Towers 2, 3 & 4 ^(d)	2,878,767	40,043	68,988	-	2,849,822
WTC Retail	1,702,312	71,843	41,612	-	1,732,543
Total World Trade Center	<u>11,761,474</u>	<u>314,472</u>	<u>293,864</u>	<u>-</u>	<u>11,782,082</u>
FACILITIES, net	<u>\$ 35,963,576</u>	<u>\$ 2,765,720</u>	<u>\$ 1,329,283</u>	<u>\$ -</u>	<u>\$ 37,400,013</u>
REGIONAL FACILITIES & PROGRAMS	<u>\$ 172,060</u>	<u>\$ -</u>	<u>\$ 41,874</u>	<u>\$ -</u>	<u>\$ 130,186</u>

^(a) Capital investment includes contributed capital amounts and write-offs related to capital construction.

^(b) Facility capital investment amounts include projects funded with Passenger Facility Charges.

^(c) Capital investment includes site infrastructure primarily related to the WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

^(d) Includes WTC net lessee required capital contributions related to the construction of WTC Tower 2, 3 and 4.

^(e) Excludes landlord leasehold capital improvements related to LGA Terminal B of \$289 million.

Schedule G - Port Authority Facility Traffic (Unaudited)*

	2018	2017	2016	2015
AUTOMOBILES				
George Washington Bridge	47,264,000	47,594,000	47,497,000	46,361,000
Lincoln Tunnel	15,742,000	15,841,000	15,993,000	15,706,000
Holland Tunnel	14,460,000	14,247,000	14,727,000	14,763,000
Staten Island Bridges	32,373,000	31,430,000	30,303,000	28,883,000
Subtotal Automobiles	109,839,000	109,112,000	108,520,000	105,713,000
BUSES				
George Washington Bridge	448,000	442,000	440,000	429,000
Lincoln Tunnel	2,170,000	2,161,000	2,164,000	2,165,000
Holland Tunnel	168,000	179,000	191,000	199,000
Staten Island Bridges	186,000	180,000	177,000	176,000
Subtotal Buses	2,972,000	2,962,000	2,972,000	2,969,000
TRUCKS				
George Washington Bridge	3,792,000	3,684,000	3,692,000	3,666,000
Lincoln Tunnel	1,048,000	1,037,000	1,055,000	1,061,000
Holland Tunnel	443,000	446,000	447,000	447,000
Staten Island Bridges	2,163,000	2,153,000	2,085,000	2,091,000
Subtotal Trucks	7,446,000	7,320,000	7,279,000	7,265,000
TOTAL VEHICLES				
George Washington Bridge	51,504,000	51,720,000	51,629,000	50,456,000
Lincoln Tunnel	18,960,000	19,039,000	19,212,000	18,932,000
Holland Tunnel	15,071,000	14,872,000	15,365,000	15,409,000
Staten Island Bridges	34,722,000	33,763,000	32,565,000	31,150,000
Subtotal Vehicles	120,257,000	119,394,000	118,771,000	115,947,000
TUNNELS AND BRIDGES (Eastbound Traffic)				
PATH				
Total passengers	81,733,402	82,812,915	78,553,560	76,541,453
Passenger weekday average	280,860	283,719	269,081	258,425
MARINE TERMINALS				
General cargo ^(a) (Metric tons)	37,577,000	35,450,000	32,556,203	36,781,069
Containers (in twenty foot equivalent units)	7,179,788	6,710,817	6,251,953	6,371,720
International waterborne vehicles	573,035	577,223	505,150	477,170
Waterborne bulk commodities (in metric tons)	3,686,686	3,975,000	3,212,603	5,050,519
CONTAINERS				
New Jersey Marine Terminals	3,828,434	3,599,514	3,416,144	3,427,226
New York Marine Terminals	267,020	246,910	186,364	236,787
Subtotal Containers	4,095,454	3,846,424	3,602,508	3,664,013
BUS TERMINALS				
PASSENGERS				
Port Authority Bus Terminal	76,400,000	76,400,000	75,800,000	74,500,000
George Washington Bridge Bus Station	4,930,000	5,000,000	5,000,000	4,900,000
PATH Journal Square Transportation Center Bus Station	11,999,000	11,972,500	11,966,000	11,940,000
Subtotal Passengers	93,329,000	93,372,500	92,766,000	91,340,000
BUS MOVEMENTS				
Port Authority Bus Terminal	2,410,000	2,400,000	2,380,000	2,350,000
George Washington Bridge Bus Station	341,000	343,000	345,000	340,000
PATH Journal Square Transportation Center Bus Station	959,920	957,800	957,280	957,120
Subtotal Bus Movements	3,710,920	3,700,800	3,682,280	3,647,120
PLANE MOVEMENTS				
John F. Kennedy International Airport	455,542	448,366	448,753	439,298
LaGuardia Airport	372,025	369,152	369,987	358,609
Newark Liberty International Airport	458,674	438,578	431,594	413,873
New York Stewart International Airport	32,542	34,787	37,295	37,834
Subtotal Plane Movements	1,318,783	1,290,883	1,287,629	1,249,614
DOMESTIC PASSENGERS				
John F. Kennedy International Airport	28,117,337	26,961,081	27,245,463	26,806,854
LaGuardia Airport	27,869,644	27,474,292	27,996,763	26,684,923
Newark Liberty International Airport	31,923,876	30,330,568	27,995,353	25,693,128
New York Stewart International Airport	366,130	307,621	275,421	281,754
Subtotal Domestic Passengers	88,276,987	85,073,562	83,513,000	79,466,659
INTERNATIONAL PASSENGERS				
John F. Kennedy International Airport	33,506,419	32,518,263	31,693,184	30,079,898
LaGuardia Airport	2,224,430	2,087,936	1,790,006	1,752,745
Newark Liberty International Airport	14,141,299	12,891,846	12,324,428	11,805,317
New York Stewart International Airport	324,281	141,077	-	-
Subtotal International Passengers	50,196,429	47,639,122	45,807,618	43,637,960
TOTAL PASSENGERS				
John F. Kennedy International Airport	61,623,756	59,479,344	58,938,647	56,886,752
LaGuardia Airport	30,094,074	29,562,228	29,786,769	28,437,668
Newark Liberty International Airport	46,065,175	43,222,414	40,319,781	37,498,445
New York Stewart International Airport	690,411	448,698	275,421	281,754
Subtotal Passengers	138,473,416	132,712,684	129,320,618	123,104,619
CARGO-TONS				
John F. Kennedy International Airport	1,431,090	1,394,509	1,311,191	1,332,091
LaGuardia Airport	5,996	6,878	7,586	7,721
Newark Liberty International Airport	847,935	822,589	746,770	405,214
New York Stewart International Airport	22,808	20,834	18,729	15,144
Subtotal Cargo-tons	2,307,829	2,244,810	2,084,276	1,760,170
Revenue mail-tons	154,377	153,733	140,418	126,026

* Certain 2018 and 2017 numbers reflect estimated data based on available year-end information and are subject to revision.

(a) International oceanborne general and bulk cargo as recorded in the New York - New Jersey Customs District.

See accompanying independent auditors' report.

2014	2013	2012	2011	2010	2009
45,136,000	45,364,000	45,042,000	46,116,000	46,954,000	47,686,000
15,597,000	15,580,000	15,909,000	16,644,000	17,034,000	16,879,000
14,915,000	15,511,000	15,489,000	15,968,000	16,460,000	16,269,000
28,317,000	28,997,000	29,455,000	29,700,000	30,034,000	29,921,000
103,965,000	105,452,000	105,895,000	108,428,000	110,482,000	110,755,000
426,000	429,000	430,000	487,000	514,000	520,000
2,151,000	2,128,000	2,106,000	2,156,000	2,139,000	2,128,000
209,000	220,000	234,000	268,000	265,000	254,000
172,000	171,000	187,000	200,000	204,000	217,000
2,958,000	2,948,000	2,957,000	3,111,000	3,122,000	3,119,000
3,475,000	3,609,000	3,639,000	3,794,000	3,763,000	3,920,000
1,043,000	1,038,000	1,000,000	1,029,000	1,041,000	1,241,000
446,000	427,000	395,000	354,000	312,000	86,000
2,131,000	2,214,000	2,367,000	2,434,000	2,486,000	2,379,000
7,095,000	7,288,000	7,401,000	7,611,000	7,602,000	7,626,000
49,037,000	49,402,000	49,111,000	50,397,000	51,231,000	52,126,000
18,791,000	18,746,000	19,015,000	19,829,000	20,214,000	20,248,000
15,570,000	16,158,000	16,118,000	16,590,000	17,037,000	16,609,000
30,620,000	31,382,000	32,009,000	32,334,000	32,724,000	32,517,000
114,018,000	115,688,000	116,253,000	119,150,000	121,206,000	121,500,000
73,679,425	72,748,729	72,563,052	76,555,644	73,911,000	72,277,000
250,071	244,484	241,725	256,186	246,890	243,413
35,370,355	34,059,540	34,322,209	33,896,217	32,170,041	28,240,770
5,772,303	5,467,347	5,529,908	5,503,485	5,292,020	4,561,527
393,391	452,778	426,943	387,656	493,245	440,463
5,042,690	3,732,292	3,240,189	3,885,614	3,192,132	4,605,609
3,098,049	2,895,769	2,782,059	2,652,744	2,500,503	2,156,961
244,237	274,066	428,750	544,272	575,892	495,248
3,342,286	3,169,835	3,210,809	3,197,016	3,076,395	2,652,209
66,000,000	65,000,000	65,000,000	64,550,000	63,585,000	64,585,000
4,700,000	4,750,000	4,700,000	4,605,000	4,510,000	4,425,000
11,751,500	11,747,500	11,732,600	7,248,160	7,282,900	6,758,800
82,451,500	81,497,500	81,432,600	76,403,160	75,377,900	75,768,800
2,320,000	2,288,000	2,255,000	2,263,500	2,220,000	2,240,000
337,000	335,000	327,000	307,000	300,000	295,000
940,120	939,800	938,608	814,400	818,300	850,800
3,597,120	3,562,800	3,520,608	3,384,900	3,338,300	3,385,800
423,421	406,181	401,728	408,730	396,912	415,044
360,834	370,861	369,989	365,870	361,616	354,008
396,386	413,774	414,127	410,024	409,321	412,041
36,881	38,905	42,123	46,530	47,032	44,571
1,217,522	1,229,721	1,227,967	1,231,154	1,214,881	1,225,664
25,021,432	23,913,096	24,217,083	23,757,976	23,404,277	24,021,233
25,157,202	24,953,572	24,274,029	23,086,756	22,950,115	22,153,236
23,762,627	23,716,837	22,836,683	22,189,669	21,716,886	22,782,126
309,357	320,682	364,848	412,053	395,244	390,065
74,250,618	72,904,187	71,692,643	69,446,454	68,466,522	69,346,660
28,198,994	26,541,183	25,057,093	23,886,084	23,109,877	21,856,709
1,814,893	1,727,528	1,433,755	1,035,722	1,032,967	1,010,223
11,848,060	11,299,399	11,147,344	11,509,823	11,477,304	10,646,771
-	-	-	1,601.00	-	-
41,861,947	39,568,110	37,638,192	36,433,230	35,620,148	33,513,703
53,220,426	50,454,279	49,274,176	47,644,060	46,514,154	45,877,942
26,972,095	26,681,100	25,707,784	24,122,478	23,983,082	23,163,459
35,610,687	35,016,236	33,984,027	33,699,492	33,194,190	33,428,897
309,357	320,682	364,848	413,654	395,244	390,065
116,112,565	112,472,297	109,330,835	105,879,684	104,086,670	102,860,363
1,343,855	1,321,035	1,319,226	1,382,949	1,392,866	1,156,040
7,140	6,720	7,009	7,390	7,516	6,712
666,840	663,155	742,898	812,341	860,970	761,920
15,227	17,490	18,781	16,263	12,934	10,755
2,033,062	2,008,400	2,087,914	2,218,943	2,274,286	1,935,427
112,524	158,778	174,242	184,696	185,681	204,511

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APPENDIX B

**Condensed Consolidated Financial Statements as of and for the
Six-Month Period Ended June 30, 2019 (Unaudited)**

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The Port Authority of New York and New Jersey

Condensed Consolidated Financial Statements as of and for the
Six-Month Period Ended June 30, 2019 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of the financial activities of the Port Authority of New York and New Jersey (The Port Authority) and its component units, as of and for the six-month period ended June 30, 2019. This overview is intended to serve as an introduction to the unaudited condensed consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and should be read in conjunction with the Port Authority's audited financial statements and appended note disclosures for the year ended December 31, 2018 that are posted in the corporate information section on the Port Authority's website.

The unaudited financial results for the six-month period ended June 30, 2019 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2019.

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) section provides an assessment of how the Port Authority's financial position has changed and identifies the factors that, in management's view, significantly affected the Port Authority's overall financial position.

The Condensed Consolidated Financial Statements

The Statement of Net Position provides information about the nature and amounts of investments in resources (Assets) and obligations (Liabilities) to the Port Authority, with the difference between the two reported as Net Position (Equity).

The Statement of Revenues, Expenses and Changes in Net Position shows how the Port Authority's overall Net position changed during the six-month period ended June 30, 2019 and June 30, 2018.

The Statement of Cash Flows provides information about the Port Authority's cash receipts, cash payments, and net changes in cash resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities for the six-month period ended June 30, 2019 and June 30, 2018.

2. FINANCIAL REPORTING ENTITY

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

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

3. BASIS OF ACCOUNTING

The Port Authority's activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, Deferred outflows of resources, Liabilities, Deferred inflows of resources, Net position, Revenues and Expenses are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the condensed consolidated financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

4. FINANCIAL STATEMENT COMPARISON FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

	Six-Month Period Ended June 30, 2019	Six-Month Period Ended June 30, 2018	Variance
	(in thousands)		
Gross operating revenues	\$ 2,685,273	\$ 2,621,680	\$ 63,593
Operating expenses	(1,625,651)	(1,558,967)	(66,684)
Net operating income	1,059,622	1,062,713	(3,091)
Depreciation and amortization	(694,703)	(652,033)	(42,670)
Net revenue related to Superstorm Sandy	171,765	-	171,765
Income from operations	536,684	410,680	126,004
Financial income*	59,152	21,532	37,620
Interest expense, net**	(433,478)	(420,533)	(12,945)
Grants and other non-operating revenues/(expenses)***	13,268	18,054	(4,786)
Capital contributions and Passenger Facility Charges (PFC's)	279,241	275,122	4,119
Non-operating expenses, net	(81,817)	(105,825)	24,008
Increase in net position	\$ 454,867	\$ 304,855	\$ 150,012

* Includes changes to the fair market value of investments of \$26.3 million in 2019 and \$(9.2) million in 2018, respectively.

** Six-month period ended June 2019 and June 2018 interest expense amounts are net of \$32.6 million due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee.

*** Includes pass-through grant payments to sub-recipients of \$298 thousand in 2019 and \$1.3 million in 2018, respectively.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

Overview of Operating Results:

Net operating income of \$1.1 billion for the six-month period ended June 30, 2019 is approximately \$13 million or 1.2% above the 2019 operating budget and flat when compared to the same six-month period of 2018.

The Port Authority's *Net Position (Equity)* increase of \$454.9 million for the six-month period ended June 30, 2019 is approximately \$150 million higher than the same six-month period in 2018. This increase is primarily due to the receipt in June 2019 of insurance proceeds of \$172 million related to Super Storm Sandy losses.

Gross operating revenues of \$2.7 billion increased \$63.6 million as compared to the same six-month period in 2018. This overall increase is primarily due to; **a.)** a \$35.4 million increase in scheduled rent increases, and higher activity and occupancy at Aviation facilities, Marine Terminals and the World Trade Center (WTC); **b.)** a \$25.7 million increase in airline cost recovery based fees due to increased policing and security costs and additional aeronautical capital investment being placed into service; and **c.)** a \$2.5 million increase in bridge and tunnels tolls due to a 1.9% increase in overall vehicular traffic, partially offset by increased toll violations and toll discounts resulting from higher E-ZPass® usage.

Operating expenses of \$1.6 billion increased \$66.7 million as compared to the same six-month period in 2018. This overall increase is primarily due to: **a.)** a \$20.9 million increase in employee compensation due to general wage increases and additional headcount necessary to meet ongoing public safety and operational requirements, **b.)** a \$39.3 million increase in payments to third-party contractors as a result of scheduled contractor rate increases, incremental resources necessary to manage the impacts of construction at LaGuardia Airport and PATH, and the commencement in July 2018 of maintenance payments to the Goethals Bridge Public Private Partnership; partially offset by a decrease in snow and ice removal contract services activities, and **c.)** a \$12.2 million increase in materials and equipment related to the replacement of fleet vehicles, including specialized snow removal vehicles and the purchase of electrical supplies at Aviation facilities.

Depreciation and amortization of \$694.7 million increased \$42.7 million as compared to the same six-month period of 2018 as a result of the completion of approximately \$6.0 billion of capital construction projects during 2018 and 2019. These capital infrastructure assets include elements of the; **a.)** LaGuardia Airport (LGA) Redevelopment Program; **b.)** Goethals Bridge Replacement Bridge Program; **c.)** Bayonne Bridge Navigational Clearance Program; **d.)** PATH Signal Replacement Program; **e.)** Lincoln Tunnel Access Program; and, **f.)** JFK infrastructure rehabilitation projects.

Net revenues related to Superstorm Sandy of \$171.8 million represent final insurance recoveries received in the second quarter of 2019 for losses sustained by the Port Authority as a result of Superstorm Sandy.

Non-Operating Income and Expense Activities, net:

Financial Income of \$59.2 million increased \$37.6 million as compared to the same six-month period of 2018, primarily due to an increase in non-cash unrealized gains related to the fair market value of United States Treasury securities.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

Interest Expense of \$433.5 million increased \$12.9 million as compared to the same six-month period of 2018 due to increased Goethals Bridge Replacement Developer Financing Arrangement (DFA) debt service payments; partially offset by lower outstanding Consolidated Bonds and the Fund for Regional Development Buy-Out obligation.

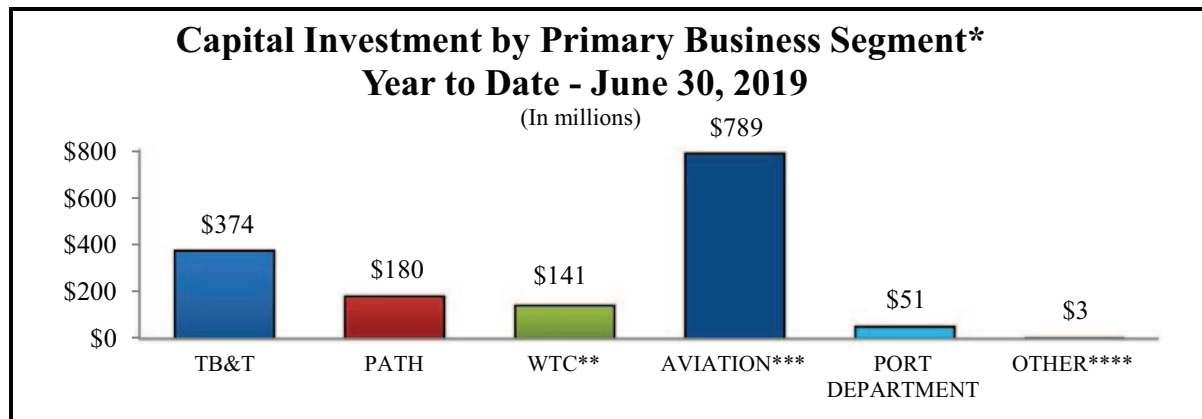
Assets:

Port Authority Assets totaled \$47.6 billion at June 30, 2019, an increase of \$288.6 million from December 31, 2018. This overall increase is primarily due to:

Facilities, net of \$38.1 billion, increased approximately \$729.1 million, primarily due to additional capital investment in Aviation and Tunnel and Bridge transportation facilities, as outlined in the 2017-2026 ten-year capital plan; less year-to-date depreciation.

For additional information related to the Port Authority's current ten-year capital plan, please refer to Port Authority's website at: <http://corpinfo.panynj.gov/documents/Capital-Plan-2017-2026>.

The following chart depicts capital investment in Port Authority facilities of \$1.5 billion for the six-month period ended June 30, 2019, summarized by business segment.



* Business segment capital investment includes Security capital projects of \$45 million and non-Port Authority managed capital projects of \$136 million, respectively.

** Includes capital investment related to the WTC Transportation Hub and required capital contributions from the WTC Tower 3 net lessee.

*** Includes landlord leasehold capital improvements totaling \$133 million related to the redevelopment of LaGuardia Airport Terminal B.

**** Includes Development Facilities, Regional Facilities and Programs, Ferry Transportation and Gateway Early Work Program.

Receivables (including restricted amounts) of \$943.7 million increased \$235.8 million from December 31, 2018, primarily due to timing differences in receiving payments from **a.)** lessees at Aviation facilities, **b.)** third party capital contributions primarily related to PATH and WTC Superstorm Sandy permanent repair and resiliency capital projects, **c.)** the maturity of certain securities on June 30, 2019 and **d.)** insurance recoveries related to Superstorm Sandy.

Port Authority Investments of \$3.2 billion decreased approximately \$539.7 million from December 2018 primarily due to the funding of capital construction at Port Authority facilities.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

Port Authority Investments, at fair value

Investment Type*	Fair Value Hierarchy Levels***	At June 30, 2019 (In thousands)	Weighted Average Maturity (In days)
United States Treasury Notes	Level 1	\$ 2,047,847	359
United States Treasury Bills	Level 1	325,340	62
JFK International Air Terminal LLC Obligations****	-	55,803	2,347
Repurchase Agreements****	-	790,305	3
Total Investments**		\$ 3,219,295	
Portfolio Weighted Average Maturity (in days)			276

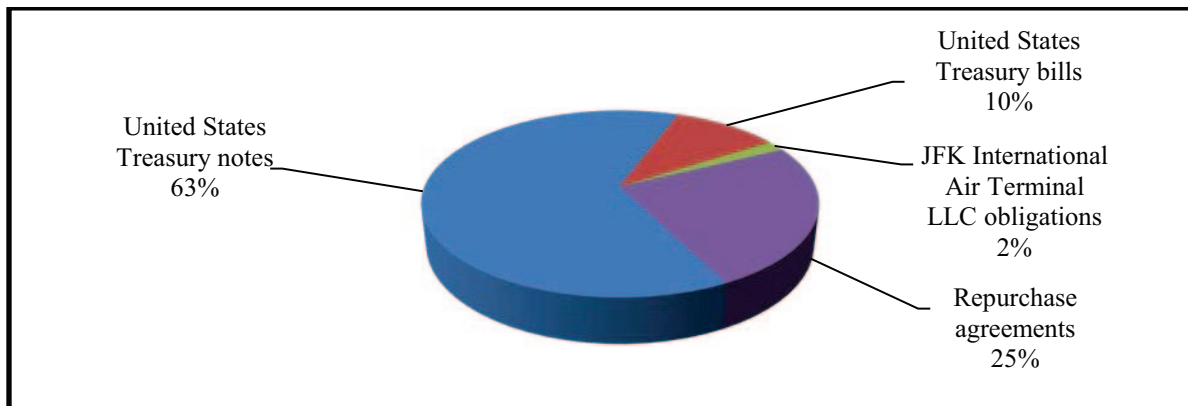
* Excludes \$5.3 million of Collateralized Bank Accounts that are classified as cash equivalents and approximately \$1.6 billion in investments that are on deposit in a restricted trust dedicated to Other Postemployment Benefits (OPEB).

** Excludes accrued interest receivable amounts of \$12.9 million.

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

**** Investments are valued at unamortized cost.

Port Authority Investments Asset Allocation:



Port Authority Insurance Captive Entity, LLC (PAICE) restricted investments of \$128.4 million decreased approximately \$113.5 million from December 2018 primarily due to the issuance of intercompany loans to the Port Authority in the first-quarter of 2019.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF AND FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019 (UNAUDITED)

PAICE Investments, at fair value

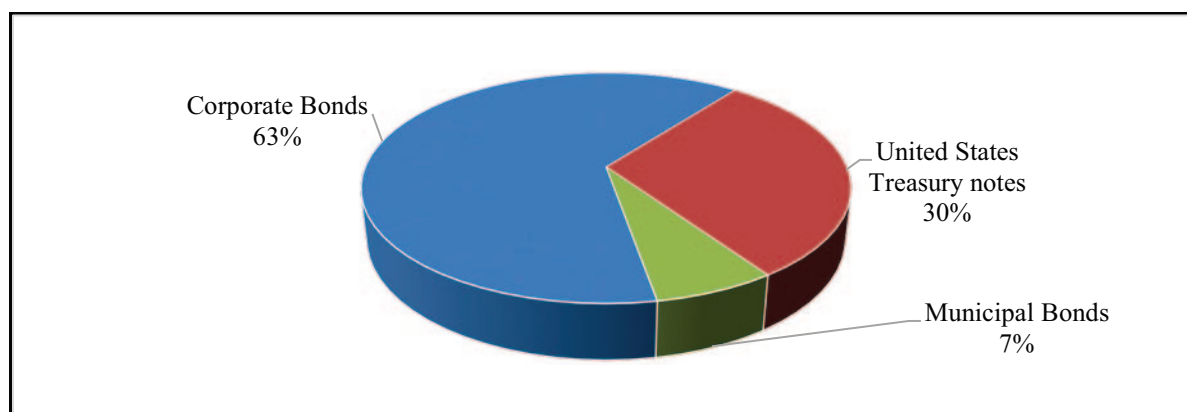
Investment Type	Fair Value Hierarchy Levels**	at June 30, 2019 (In thousands)	Weighted Average Maturity (In Days)
United States Treasury Notes	Level 1	\$ 37,700	1,388
Corporate Bonds	Level 2	81,101	838
Municipal Bonds	Level 2	8,645	1,194
Total Investments*		\$ 127,446	
Portfolio weighted average maturity (In days)			1,025

* Excludes \$210 million intercompany loan to the Port Authority and accrued interest receivable of \$913 thousand.

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

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

PAICE Investments Asset Allocation:



Cash balances of \$137.6 million decreased approximately \$157.4 million from December 2018 primarily due to increased payments to employees for the retroactive wage settlement of expired labor contract, payments to contractors for the ambitious capital construction program, and the timing of debt issuances to fund construction.

Cash flows from operations of \$954.4 million decreased approximately \$186.7 million when compared to the same six-month period of 2018. This overall decrease is primarily due to an increase in payments to employees as a result of the settlement of expired labor contracts; partially offset by the receipt of Superstorm Sandy insurance proceeds.

Liabilities:

Port Authority liabilities totaled \$31.6 billion at June 30, 2019, a decrease of \$176.9 million from December 31, 2018. This overall decrease is due to:

CONDENSED CONSOLIDATED STATEMENTS OF NET POSITION – UNAUDITED*

	JUNE 30, 2019	DECEMBER 31, 2018
	(In thousands)	
Assets		
Facilities, net	\$ 38,129,072	\$ 37,400,013
Cash, including restricted amounts	137,640	295,055
Port Authority investments, including PFCs	3,232,212	3,771,889
PAICE restricted investments	128,359	241,870
Receivables, including restricted amounts	943,742	707,898
Amounts receivable - Special Project Bonds projects	1,233,903	1,233,432
Amounts receivable - Tower 4 Liberty Bonds	1,245,331	1,245,637
Unamortized costs for regional programs	110,926	130,186
Landlord leasehold investment-LGA Terminal B	584,949	451,547
Other assets	1,886,675	1,866,703
Total assets	<u>47,632,809</u>	<u>47,344,230</u>
Deferred outflows of resources		
Loss on debt refunding's	73,805	78,510
Pension related amounts	276,586	276,586
OPEB related amounts	169,257	169,257
Total deferred outflows of resources	<u>519,648</u>	<u>524,353</u>
Liabilities		
Bonds and other asset financing obligations	23,844,594	23,897,174
Amounts payable - Special Project Bonds projects	1,233,903	1,233,432
Amounts payable - Tower 4 Liberty Bonds	1,245,331	1,245,637
Accounts payable	1,366,788	1,275,183
Accrued payroll, pension, and other employee benefits	2,380,899	2,550,373
Unearned income -WTC Retail	750,847	755,478
Accrued interest and other liabilities	764,197	806,172
Total liabilities	<u>31,586,559</u>	<u>31,763,449</u>
Deferred inflows of resources		
Gain on debt refundings	49,756	43,859
Pension related amounts	177,998	177,998
OPEB related amounts	4,883	4,883
Total deferred inflows of resources	<u>232,637</u>	<u>226,740</u>
Net position	<u>\$ 16,333,261</u>	<u>\$ 15,878,394</u>

**CONDENSED CONSOLIDATED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION – UNAUDITED***

	SIX-MONTHS ENDED JUNE 30, 2019	2018
	(In thousands)	
Gross operating revenues	\$ 2,685,273	\$ 2,621,680
Operating expenses	(1,625,651)	(1,558,967)
Depreciation and amortization	(694,703)	(652,033)
Net revenues related to Superstorm Sandy	171,765	-
Income from operations	<u>536,684</u>	410,680
Non-operating expenses, net	(361,058)	(380,947)
Capital contributions and PFC's	279,241	275,122
Non-operating revenues/(expenses)	<u>(81,817)</u>	(105,825)
Increase in net position	454,867	304,855
Net position, January 1	15,878,394	15,370,056
Net position, June 30	<u>\$ 16,333,261</u>	<u>\$ 15,674,911</u>

see footnote () on next page.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS – UNAUDITED*

	SIX-MONTHS ENDED JUNE 30,	
	2019	2018
	(In thousands)	
Net cash provided by operating activities	\$ 954,418	\$ 1,141,092
Net cash (used for) noncapital financing activities	(23,215)	(8,035)
Net cash (used for) capital construction and related financing activities	(1,741,243)	(885,372)
Net cash provided by / (used for) investing activities	652,625	(613,057)
Net (decrease) in cash	(157,415)	(365,372)
Cash at beginning of year	295,055	858,896
Cash at six-months ended	\$ 137,640	\$ 493,524

* The unaudited Condensed Consolidated Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows have been prepared, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with accounting principles generally accepted in the United States of America. This unaudited condensed financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2018.

CONDENSED CONSOLIDATED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES - UNAUDITED

Six-month period ended June 30, 2019

	(In thousands)						
	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$ 847,951	\$ 265,836	\$ 122,445	\$ 459,670	\$ 120,186	\$ 4,802	\$ 344,286
PATH	101,390	218,382	100,137	(217,129)	79,840	57,118	(239,851)
Aviation	1,400,555	897,358	235,847	267,350	71,397	174,352	370,305
Port Commerce	162,186	79,414	47,733	35,039	35,654	9,471	8,856
World Trade Center	161,055	158,653	152,714	(150,312)	49,110	33,498	(165,924)
Other**	12,136	6,008	35,827	(29,699)	4,871	-	(34,570)
Net revenue related to Superstorm Sandy	-	-	-	171,765	-	-	171,765
Total	\$ 2,685,273	\$ 1,625,651	\$ 694,703	\$ 536,684	\$ 361,058	\$ 279,241	\$ 454,867

Six-month period ended June 30, 2018

	(In thousands)						
	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income/(Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions and PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	\$ 847,953	\$ 253,208	\$ 100,301	\$ 494,444	\$ 77,349	\$ 1,166	\$ 418,261
PATH	100,911	223,399	103,206	(225,694)	93,971	19,909	(299,756)
Aviation	1,357,526	842,297	224,580	290,649	84,106	172,392	378,935
Port Commerce	158,369	82,162	45,871	30,336	41,909	14,831	3,258
World Trade Center	144,703	150,124	141,387	(146,808)	66,334	66,824	(146,318)
Other**	12,218	7,777	36,688	(32,247)	17,278	-	(49,525)
Total	\$ 2,621,680	\$ 1,558,967	\$ 652,033	\$ 410,680	\$ 380,947	\$ 275,122	\$ 304,855

* Amounts include allocated net interest expense (interest expense less financial income), 4 WTC Liberty Bond debt service reimbursements, Grants in connection with operating activities, Pass-through grant program payments; and gains or losses generated by the disposition of assets, if any.

** Other includes Development Facilities, certified Regional Facilities and Programs, Ferry Transportation, Access to the Regions Core (ARC), Moynihan Station Transportation Program, Gateway Early Work Program and PAICE administrative expenses.

Note: These unaudited schedules related to Port Authority Facilities have been prepared, subject to audit, adjustment and reconciliation, solely for general information purpose, in accordance with accounting principles generally accepted in the United States of America. This unaudited financial information should be read in conjunction with the Consolidated Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2018.

REVENUES AND RESERVES-Unaudited (pursuant to Port Authority bond resolutions)

	Six-Month Period Ended June 30, 2019 (Actual)	Six-Month Period Ended June 30, 2019 (Budget)	Six-Month Period Ended June 30, 2018 (Actual)
		(In thousands)	
Gross operating revenues*	\$ 2,680,643	\$ 2,642,502	\$ 2,617,051
Total operating expenses	(1,625,651)	(1,600,259)	(1,558,967)
Net revenues related to Superstorm Sandy	171,765	-	-
Amounts in connection with operating asset obligations**	(5,206)	(5,206)	(6,868)
Net operating revenue	1,221,551	1,037,037	1,051,216
Grants and contributions in aid of construction	116,205	137,736	128,589
Application of Passenger Facility Charges	141,171	148,105	44,353
Financial Income and Other	91,507	67,422	52,339
Net revenues available for debt service	1,570,434	1,390,300	1,276,497
Debt service***	(521,367)	(512,257)	(507,806)
Net Revenues after Debt Service and Transfers to Reserves****	\$ 1,049,067	\$ 878,043	\$ 768,691

* Excludes amortization of upfront payments received in connection with the purchase of the Port Authority's interests in the WTC Retail Joint Venture.

** Includes interest expense on Equipment notes and the Fund for Regional Development Buy-out obligation.

*** Includes debt service on Consolidated Bonds and Notes and Special obligations of the Port Authority including, Commercial Paper obligations, Variable rate master notes, the MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement Developer Financing Arrangement (DFA).

**** Excludes applications from the Consolidated Bond Reserve Fund (CBRF) for purposes of funding direct capital investment in Port Authority Facilities.

FACILITY TRAFFIC – Unaudited

	Six-Month Period Ended June 30, 2019	Six-Month Period Ended June 30, 2018	Pct. Increase/ (Decrease)
	(In thousands)		
Total Passengers-Aviation*	68,405	66,312	3.2%
Total Vehicles-Tunnels and Bridges	59,250	58,160	1.9%
Total Passengers- PATH	40,489	40,691	(0.5%)
PATH Passengers- Average Weekday Ridership	283	280	1.3%
Total Cargo Containers (TEU)-Marine Terminals	3,653	3,450	5.9%
Total Rail Lifts-Marine Terminals	329	315	4.4%

* 2019 facility traffic information contains estimated data based on available information and is subject to revision.

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THE PORT AUTHORITY OF NY & NJ

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