OFFICIAL STATEMENT DATED JULY 1, 2020

$1,100,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED NOTES, SERIES AAA*

The Consolidated Notes, Series AAA (the "Notes") 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 Notes 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.

Dated: Date of delivery.

Maturity: **$1,100,000,000 1.086% Consolidated Notes, Series AAA, Due July 1, 2023, Price 100%, CUSIP Number[(1)] 73358W4V3**
Not Subject to Redemption Prior to Maturity

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 the Notes or as to market price or suitability of the Notes 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is no assurance that any rating on the Notes will continue for any period of time or that it will not be revised or withdrawn.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 Notes may have an effect on the market price of the Notes.

Moody's Investors Service: Aa3 S&P: A+ Fitch Ratings: AA-

Delivery: The Notes shall be delivered upon original issuance on or about July 8, 2020, 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 the Notes 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, to the effect that the Notes 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. Bond Counsel is of the opinion that interest on the Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). 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 Notes. General Counsel of the Port Authority will pass upon certain legal matters pertaining to the Notes for the Port Authority. Nixon Peabody LLP shall pass upon certain legal matters pertaining to the Notes for the Underwriters.

This cover page contains certain information for quick reference only; it is not a summary of the terms of the Notes. This Official Statement must be read in its entirety to obtain information essential to the making of an informed decision with respect to the Notes. 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 Notes that would permit a public offering of the Notes or the distribution of any information in connection with the Notes 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 Notes, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

Citigroup

Ramirez & Co., Inc. **Siebert Williams Shank & Co., LLC**

J.P. Morgan **Loop Capital Markets** **Rice Financial Products Company**

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* Subject to federal taxation.

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$1,100,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED NOTES, SERIES AAA*

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 Notes 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 Notes that would permit a public offering of the Notes or the distribution of any information in connection with the Notes 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 Notes, 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.

To the extent the information in this Official Statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be materially different from future results, performance and achievements expressed or implied by any forward-looking statements. Actual results could differ materially from those set forth in the forward-looking statements.

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 July 1, 2020

* Subject to federal taxation.

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 "Notes" or "Securities" mean the Notes offered hereby.

Notice to Prospective Investors in the European Economic Area

THE NOTES 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") OR IN THE UNITED KINGDOM ("UK"). 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 (EU) 2016/97 (AS AMENDED, THE "INSURANCE DISTRIBUTION 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 ("QUALIFIED INVESTOR") AS DEFINED IN REGULATION (EU) 2017/1129 (AS AMENDED OR SUPERSEDED, THE "PROSPECTUS REGULATION"). CONSEQUENTLY, NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA OR IN THE UK HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTOR IN THE EEA OR IN THE UK MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

THIS OFFICIAL STATEMENT IS NOT A PROSPECTUS FOR PURPOSES OF THE PROSPECTUS REGULATION. THIS OFFICIAL STATEMENT AND ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES DESCRIBED HEREIN HAVE BEEN PREPARED ON THE BASIS THAT ALL OFFERS OF NOTES IN ANY MEMBER STATE OF THE EEA OR THE UK (EACH, A "RELEVANT STATE") WILL BE MADE ONLY TO A QUALIFIED INVESTOR. ACCORDINGLY, ANY PERSON MAKING OR INTENDING TO MAKE ANY OFFER IN THAT RELEVANT STATE OF NOTES WHICH ARE THE SUBJECT OF THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT MAY ONLY DO SO WITH RESPECT TO QUALIFIED INVESTORS. NONE OF THE ISSUER OR THE INITIAL PURCHASERS HAS AUTHORIZED, NOR DO THEY AUTHORIZE, THE MAKING OF ANY OFFER OF THE NOTES OTHER THAN TO QUALIFIED INVESTORS.

Notice to Prospective Investors in Hong Kong

THE CONTENTS OF THIS OFFICIAL STATEMENT HAVE NOT BEEN REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN HONG KONG. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFER OF THE NOTES. YOU ARE ADVISED TO EXERCISE CAUTION IN RELATION TO THE OFFERING CONTEMPLATED IN THIS OFFICIAL STATEMENT. 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)) ("CO") 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 NOTES MAY NOT BE OFFERED, SOLD OR CONSITUTED 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 OR REGULATIONS MADE UNDER THE SFO OR IN CIRCUMSTANCES WHICH DO NOT RESULT IN THE OFFICIAL STATEMENT BEING A PROSPECTUS AS DEFINED IN THE CO OR WHICH DO NOT CONSTITUTE AN OFFER OR INVITATION TO THE PUBLIC WITHIN THE MEANING OF THE COMPANIES ORDINANCE (CHAPTER 622 OF THE LAWS OF HONG KONG). IN ADDITION, UNLESS PERMITTED BY THE SECURITIES LAWS OF HONG KONG, NO PERSON MAY ISSUE OR DISTRIBUTE OR HAVE IN ITS POSSESSION FOR THE PURPOSES OF ISSUE OR DISTRIBUTION, WHETHER IN HONG KONG OR ELSEWHERE, ANY ADVERTISEMENT, INVITATION OR DOCUMENT RELATING TO THE NOTES, 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 NOTES WHICH ARE OR ARE INTENDED TO BE DISPOSED OF ONLY (A) TO PERSONS OUTSIDE HONG KONG, AND (B) TO "PROFESSIONAL INVESTORS" AS DEFINED IN THE SFO AND ANY RULES OR REGULATIONS MADE UNDER THE SFO.

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THIS OFFICIAL STATEMENT IS NOT INTENDED TO CONSTITUTE AN OFFER OR SOLICITATION TO PURCHASE OR INVEST IN THE NOTES DESCRIBED HEREIN. THE NOTES 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 NOTES CONSTITUTES A PROSPECTUS OR A KEY INFORMATION DOCUMENT AS SUCH TERMS ARE UNDERSTOOD PURSUANT TO ARTICLES 35 ET SEQ. AND 58 SEQ. OF THE SWISS FEDERAL ACT ON FINANCIAL SERVICES 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 NOTES MAY BE PUBLICLY OFFERED 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 NOTES HAVE BEEN OR WILL BE FILED WITH OR APPROVED BY ANY SWISS REGULATORY AUTHORITY. THE NOTES ARE NOT SUBJECT TO SUPERVISION BY ANY SWISS REGULATORY AUTHORITY, E.G., THE SWISS FINANCIAL MARKET SUPERVISORY AUTHORITY FINMA, AND INVESTORS IN THE NOTES WILL NOT BENEFIT FROM PROTECTION OR SUPERVISION BY SUCH AUTHORITY.

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

THE OFFER OF THE NOTES 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 NOTES, INCLUDING ANY COPY OF THIS OFFICIAL STATEMENT OR ANY OTHER DOCUMENTS

RELATING TO THE NOTES, 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 NOTES. TAIWAN INVESTORS WHO SUBSCRIBE AND PURCHASE THE NOTES SHALL COMPLY WITH ALL RELEVANT SECURITIES, TAX AND FOREIGN EXCHANGE LAWS AND REGULATIONS IN EFFECT IN TAIWAN.

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THE ISSUE AND DISTRIBUTION OF THIS OFFICIAL STATEMENT IS RESTRICTED BY LAW. THIS OFFICIAL STATEMENT IS NOT BEING DISTRIBUTED BY, NOR HAS IT BEEN APPROVED FOR THE PURPOSES OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "FSMA") BY, A PERSON AUTHORIZED UNDER THE FSMA. EACH INITIAL PURCHASER WILL REPRESENT AND AGREE THAT (A) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FSMA) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OR SALE OF THE NOTES IN CIRCUMSTANCES IN WHICH SECTION 21(1) OF THE FSMA DOES NOT APPLY TO THE ISSUER OR THE DEPOSITOR, AND (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

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POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE NOTES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

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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 March 31, 2020, and significant capital projects as of March 31, 2020, appear at "*Information on Capital Investment in Certain Port Authority Facilities*" and "*Significant Capital Projects*" in Section II hereof. Facility activity for calendar year 2019 appears in "*APPENDIX A—Financial Statements as of and for the Years Ended December 31, 2019 and December 31, 2018 and Appended Notes*" (hereinafter referred to as "Appendix

A"). Certain facility traffic information for the three-month periods ending March 31, 2020 and March 31, 2019 appears in "*APPENDIX B—Condensed Enterprise Fund Financial Statements as of and for the Three-Month Period Ended March 31, 2020 (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 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, 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, "*Note Resolutions and Legal Opinion*.")

Financial Statements

The financial statements of the Port Authority as of and for the years ended December 31, 2019 and December 31, 2018, along with the notes, schedules and other supplementary 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 United States generally accepted accounting principles ("GAAP"); 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 GAAP; 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 financial statements under GAAP.

On March 4, 2020, in connection with the release of the financial statements of the Port Authority for the years ended December 31, 2019 and December 31, 2018, 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 financial statements, was accurate in all material respects and was reported in a manner designed to present fairly the Port Authority's enterprise fund and fiduciary fund net position, changes in net position, and cash flows, in conformity with GAAP; 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 financial statements in conformity with GAAP.

While the Port Authority's financial statements as of and for the years ended December 31, 2019 and December 31, 2018 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 enterprise fund financial statements for the Port Authority for the three-month period ended March 31, 2020 ("Unaudited First Quarter FS") have been prepared by the Port Authority, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with GAAP, and appear in Appendix B. Such Unaudited First Quarter FS should be read in conjunction with the financial statements and the related notes and schedules of the Port Authority for the year ended December 31, 2019, set forth in Appendix A hereto.

Impacts from the Novel Coronavirus (COVID-19) Pandemic

A worldwide outbreak of novel coronavirus ("COVID-19"), a respiratory tract illness, has been declared by the World Health Organization to be a pandemic, spreading quickly beginning in late 2019. Beginning January 31, 2020 with an Executive Proclamation by the President of the United States preventing entry to certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Through a succession of executive orders, both Governor Andrew Cuomo of New York and Governor Phil Murphy of New Jersey took actions to reduce social contact by requiring non-essential workers across the States to stay at home, closing schools, restaurants, bars and other public venues, and cancelling almost all public gatherings. Certain of such restrictions have subsequently been lifted, as the two States move to phased re-openings, but it is expected that other limitations will remain in place for some time.

The Port Authority's mission is to facilitate the efficient movement of people and goods in the New York City metropolitan region. Its facilities, including its seaports, airports, bridges and tunnels, bus terminals, the PATH system and the World Trade Center complex in New York City are all located in the region which was particularly hard hit by the illness. The Port Authority's facilities remain open and operating, permitting essential workers to travel in the area and allowing needed supplies to reach the region from air, land and sea. They are, however, currently operating at reduced volumes as a result of the COVID-19 crisis, as described in detail below.

The information provided in this Section entitled "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" represents the Port Authority's current assessments, based on the data it had available at the time this Official Statement was compiled; such data may ultimately prove to be incomplete or misleading, especially when reviewed over a longer period of time. Operating and financial performance of the Port Authority during the COVID-19 emergency and beyond in light of lingering effects of the emergency, are dependent in part on the actions of facility users, governmental actors and the regional economy as a whole.

Operational Update

Fares, Tolls and User Fees

Beginning in early March 2020, the Port Authority's facilities have experienced significantly reduced usage compared to previous years and its 2020 operating forecast (which generally assumed increased usage over 2019). Because approximately one third of the Port Authority's revenues are derived from passenger tolls, fares and user fees, declining utilization has had and will continue to have a negative effect on the Port Authority's revenues for an indeterminate period of time. In addition, some tenants who pay rent to locate and operate at the Port Authority's facilities are also heavily affected by the reduced activity levels and may be unable to meet certain obligations to the Port Authority. Some have requested specific relief from contractual payment obligations.

The Port Authority compared average weekday use of its PATH transit system, its trans-Hudson bridges and tunnels and its airports for the period June 8, 2020 to June 12, 2020 against the average weekday use in June 2019. Declines are as follows:

	% Decline from June 2019
PATH riders	89%
Bridges and tunnels (autos)	28%
Bridges and tunnels (trucks)	10%
Aviation passengers†	92%

†Based on TSA checkpoint entries

This data shows an increase in the level of activity at the bridges and tunnels from its lowest point, a 62% decline for the average weekday during the period of April 6 through April 10 as compared to the average weekday in April 2019. The Port Authority expects the upward trend in auto and truck activity at the bridges and tunnels to continue as the region continues its phased re-opening, which began in New York City on June 8, 2020.

Almost all airlines are operating under reduced schedules and some have reduced service to individual airports, when they otherwise serve a region through a different airport. In addition, the Federal Aviation Administration ("FAA") has granted certain temporary waivers permitting airlines to further curtail service at particular airports. Finally, airlines face restrictions on international flights imposed by the destination country. There can be no assurance when and whether airlines will return to pre-COVID-19 schedules or whether airlines will decide to curtail services at the Port Authority airports, temporarily or permanently.

Cargo shipping activity at the Port Authority's seaports has been more resilient than passenger traffic at the airports, on PATH, and across bridges and tunnels. The month of May 2020 showed a decline of 18% as compared to the month of May 2019. Year to date through May 31, 2020, cargo activity is 7% below 2019 level for the same period. Future volume will depend on worldwide and regional economic growth and regional demand for imported products.

The Port Authority expects that activity levels will continue a gradual recovery as the travel restrictions imposed by the States of New York and New Jersey and the federal government are lifted. However, the speed of the recovery is difficult to estimate as it is dependent on when the traveling public is confident the emergency has abated, and how growth of the regional economy is affected, among other factors. The Port Authority expects the speed of recovery may vary by type of facility.

The Unaudited First Quarter Financial Statements referenced under the heading "*Description of the Port Authority – Financial Statements*" above include periods during which travel was curtailed pursuant to the COVID-19 pandemic. However, those results were primarily impacted by COVID-19 effects in the month of March 2020; therefore, results of the three-month period ended March 31, 2020 are not fully indicative of the potential annual impact of the COVID-19 emergency on the Port Authority's annual 2020 results.

Operational Changes

The Port Authority is taking certain actions to address the effect of the coronavirus pandemic on its facilities.

The Port Authority is continuing to keep all of its facilities open and operating but has implemented multiple operating changes to adapt to reduced volumes and to incorporate safety measures related to COVID-19. For example, the Port Authority is currently collecting tolls exclusively by electronic means at its Hudson River crossings. The Port Authority is also adapting to lower activity levels at its airports, bus terminal and the World Trade Center, consolidating operations and reducing the operating footprint in facilities where passenger and rider volume has dropped. The airports, working with the airlines, have consolidated flights into a reduced number of gates of selected terminals and concourses. As activity levels are increasing, the Port Authority will modify its operating footprint to accommodate the higher activity levels. In addition, the Port Authority has made certain changes to its operational protocols at its facilities to increase cleaning and disinfecting and to enable social distancing to attempt to reduce the spread of the infection among its customers and employees, including requiring that face coverings be worn in all its facilities.

Essential infrastructure construction continues at Port Authority facilities in accordance with New York and New Jersey coronavirus guidelines, including implementation of appropriate safety protocols by the Port Authority's contractors and other permittees.

Rents and Property Use Charges

Some tenants who pay rent to locate and operate at Port Authority facilities are also affected by the reduced activity levels and may be unable to meet certain obligations to the Port Authority.

The Port Authority has generally provided relief for retail concessionaires and certain other counterparties at its airports by calculating rentals or fee-based payments as a percentage of gross receipts only, and temporarily suspending through May or June 2020, minimum annual guaranteed ("MAG") payments calculated regardless of actual gross receipts earned by such entities. In addition, percentage rent or fees otherwise payable by such entities in the period March through May or June 2020 may be deferred and paid in six equal monthly installments in the period July 1, 2020 through December 31, 2020.

In addition, airlines which have signed flight fee agreements with the Port Authority have been permitted to defer the remittance of certain cost recovery fees due to the Port Authority for activity during the period of March 1, 2020 to April 30, 2020, with payments resuming in June 2020 for May activity. Deferred payments will be made in monthly installments over a six-month period beginning on July 1, 2020. The Port Authority has also announced that it will not adjust flight fee rates for signatory airlines in July 2020, which are typically adjusted in July to take into account variance from expected flight volume in order to maintain overall Port Authority recovery of its rate base. The difference between the adjusted and unadjusted amounts will be paid over a three-year period beginning on January 1, 2021.

The Port Authority is also providing relief for a portion of retailers at bus and rail terminals by temporarily suspending fixed rent obligations for March through June 2020 and instead calculating rents solely based on a percentage of actual sales. Such rentals may be deferred and paid in six equal monthly installments in the period July 1, 2020 through December 31, 2020.

The financial impact to the Port Authority of the MAG elimination for concessionaires at the airports, bus terminals and rail stations as described above, and revenue reductions at One WTC due to the termination of certain leases and the exercise of contractual rights is estimated at approximately $31 million in lower revenues for 2020. The impact of the deferrals of percentage of gross receipts for concessionaries and airports permittees is approximately $16 million in deferred cash flow expected to be recovered over the second half of 2020 from percentage rentals and permittees remittances.

The financial impact to the Port Authority related to the cost recovery revenue from signatory airlines as described above is estimated at approximately $85 million for the deferral of the remittances for activity during the period from March 1 to April 30, 2020. These remittances are expected to be recovered in the period from July 1 through December 31, 2020. Not adjusting the flight fee rates for signatory airlines in July 2020 will result in a reduction of revenue collected in 2020 of approximately $270 million; this is expected to be recovered in the period from 2021 through 2023.

Other Port Authority tenants and contractors have also requested relief from contractual obligations on account of the COVID-19 emergency. The Port Authority is continuing to evaluate such requests.

Financial Position

Operating Costs

The Port Authority has continued to examine its operating budget to assess opportunities to reduce costs and take advantage of reduced traffic volumes. Staff has identified approximately $200 million in operating savings in 2020, primarily as a result of lower activity. The Port Authority continues to examine its costs including the potential incremental costs necessary to address COVID-19 operating protocols as activity increases.

Capital Program

The Port Authority is evaluating the impact of COVID-19 on its 2017-2026 Capital Plan, which is likely to be modified. No decisions have been made as to the level of modification to be undertaken or specific projects impacted.

Liquidity

As of May 31, 2020, unrestricted cash and investments, excluding amounts in the capital fund which support the capital construction program (discussed below) but including amounts in the General Reserve Fund total approximately $2.86 billion. This amount is less than the next two years of debt service on all outstanding bonds which are secured by a pledge of the General Reserve Fund (see "*General Reserve Fund*" in Section III hereof.)

On May 31, 2020, the Port Authority had outstanding $22.1 billion of Consolidated Bonds, with a weighted average life of 19.7 years and a weighted average interest rate of 4.7%. This debt is secured by a pledge of the consolidated revenues of the Port Authority and a General Reserve Fund established by New York and New Jersey statute, which is maintained at the level of 10% of the principal amount of all outstanding bonds of the Port Authority that are legal for investment.

In addition to the cash and investments noted above, on May 31, 2020, the Port Authority had approximately $303 million in its capital fund to support its capital construction program. It also had approximately $138 million in commercial paper authorization in excess of the commercial paper currently outstanding. The Port Authority's commercial paper program, which is used to fund the Port Authority's capital program, totals $750 million, of which approximately $500 million is currently supported by lines of credit that may be utilized in the event of market disruption; the Port Authority expects to support the remainder of the commercial paper program with an additional $250 million line of credit from a commercial bank. To mitigate the impact of any future market disruption risk in the Port Authority's CP program, the Port Authority has qualified to participate in the commercial paper funding facility offered by the Federal Reserve Bank of New York ("CPFF"). Under the Facility, the Port Authority may sell up to approximately $550 million in total aggregate amount of three-month commercial paper to CPFF through participating commercial paper dealers through March 17, 2021 (subject to extension by the Board of Governors of the Federal Reserve System). The Port Authority continues to market its commercial paper in the public markets and has not yet sold any of its commercial paper to CPFF.

Prospective Financial Condition

The Port Authority has analyzed various possible scenarios that consider the range of potential impacts that the pandemic may have on its financial condition, which assume a wide variety of possible economic recoveries, federal aid and Port Authority actions. Under even more optimistic scenarios, the Port Authority expects a significant decline in its revenues which will require the Port Authority to evaluate on an ongoing basis various possible options to manage its operating and capital expenditures and liquidity. Based on various internal scenario evaluations, and on the assumption that the economy will recover to 2019 levels sometime between the second quarter of 2021 and the third quarter of 2023 (which assumption remains uncertain), the Port Authority preliminarily estimates that it may experience a reduction in revenue of approximately $3 billion for the twenty four-month period of March 2020 through March 2022 compared to budgeted amounts. That being said, considering that the ultimate impact of COVID-19 is not predictable and subject to many developments and actions outside of the control of the Port Authority, the Port Authority does not have the ability to assess whether even its most pessimistic internal scenarios are likely to occur or not or whether the ultimate impact may be much worse.

Factors outside the Port Authority's control include (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19, (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g., when bridge and tunnel traffic normalize, when airport passenger traffic normalizes, among others) and (3) the amount and the terms of any financial assistance or aid from the federal government.

However, and subject to the foregoing, based on its current financial position and forecasts, the Port Authority expects to meet its obligations as they become due, including both short term operating expenses and debt service on the Consolidated Bonds.

Description of the Notes

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

Purposes

The proceeds of the Notes shall be allocated to pay debt service on Consolidated Bonds, and may also be allocated to any purpose for which at the time of issuance of the Notes the Port Authority is authorized by law to issue its obligations.

Dated

The Notes shall be dated as of the date of delivery upon original issuance of the Notes (see "*Delivery*" in this Section I).

Maturity

The Notes (*which shall not be subject to redemption prior to maturity*) shall be comprised of $1,100,000,000 in total aggregate principal amount, maturing on July 1, 2023, and shall bear interest (see "*Interest*," below), at the stated rate of 1.086% per annum until maturity.

Interest

Interest on the Notes shall accrue on and after the date of delivery upon original issuance of the Notes until maturity on July 1, 2023, and shall be payable semiannually commencing on July 1, 2021 and on each January 1 and July 1 thereafter until maturity on July 1, 2023, at the stated rate of interest of 1.086% per annum.

Additional Information Pertaining to the Notes

Security and Repayment

The Notes are "short-term bonds" (within the meaning of the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 (the "Consolidated Bond Resolution")) and are treated as short-term bonds for purposes of calculating the issuance test in Section 3 of the Consolidated Bond Resolution (see "*Consolidated Bond Resolution*" in Section III hereof). The Notes are considered Consolidated Bonds of the Port Authority and 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 Notes 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). It is presently expected that the Notes will be repaid with the proceeds of a future issuance of Consolidated Bonds.

Denominations, Registration and Exchange

The Notes 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 Notes, the sole registered holder of the Notes 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 denomination for the Notes shall be $1,100,000,000. The only authorized denominations for beneficial ownership interests in the Notes shall be $5,000 and integral multiples of $5,000. The book-entry system applicable to the Notes 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 note for the Notes, fully registered in the name of such depository or its nominee, of like tenor of the Notes then outstanding, in accordance with instructions to be given by the depository to be replaced or its nominee, as registered holder of the Notes. 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 notes of like tenor of the Notes 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 Notes), in accordance with instructions to be given upon termination of the book-entry system applicable to the Notes by the depository which had maintained such system or its nominee, as registered holder of the Notes. 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 Notes, 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 Notes, "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.

Payments

Both principal of and interest on the Notes shall be payable in lawful money of the United States of America. Principal of the Notes shall be payable at maturity upon presentation and surrender of the Notes 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 Notes, in a county in whole or in part in the Port District. Interest on the Notes, 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 Notes 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 Notes. During the period in which the Depository or its nominee is the sole registered holder of the Notes, payments with respect to the Notes shall be made to the Depository or its nominee, as sole registered holder of the Notes, pursuant to arrangements with respect thereto between the Port Authority and the Depository or its nominee; disbursal of such payments to the Depository's participants is the responsibility of the Depository, and disbursal of such payments to the individual purchasers of beneficial ownership interests in the Notes is the responsibility of the Depository's participants.

Notices

During the period in which the Depository or its nominee is the sole registered holder of the Notes, any notice 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 Notes, 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 Notes 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 Notes, any such notices to be provided by the Port Authority shall be provided to the registered holders of the Notes 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 Notes (which appears in Section VI hereof, "*Note Resolutions and Legal Opinion*").

Tax Matters

State and Local Tax Exemption and Federal Income Taxability. In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing law, regulations, rulings and court decisions, the Notes 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 Notes is not excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986 (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 Notes 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 Notes that acquire the Notes 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 Notes 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 Notes (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 Notes pursuant to this offering for the issue price that is applicable to the Notes (i.e., the price at which a substantial amount of the Notes are sold to the public) and who hold their Notes 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 Notes that are not U.S. persons for U.S. federal income tax purposes.

Interest on the Notes 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.

Notes 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 Note 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 Note. Beneficial owners of a Note purchased at a premium should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 Notes 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 Notes, the Port Authority shall function as Registrar for the Notes.

Paying Agent

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

Bond Counsel

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

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

Financial Advisor to the Port Authority

Frasca & Associates, LLC

Independent Auditors

The financial statements of the Port Authority as of and for the years ended December 31, 2019 and December 31, 2018 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 Enterprise Fund Financial Statements as of and for the three-month period ended March 31, 2020, 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 Notes

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 Notes (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*" in Section VI hereof), constitute contracts with the holders in whose names the Notes are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Notes, the Depository or its nominee shall be the only registered holder of the Notes.

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

Delivery

The Notes shall be available for delivery upon original issuance on or about July 8, 2020. All proceedings pertaining to, and the issuance of, the Notes are subject to the sole unqualified approving legal opinion of Bond Counsel. In connection with the delivery upon original issuance of the Notes 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.

The Notes shall be delivered upon original issuance as one fully registered note in the aggregate principal amount of $1,100,000,000, registered in the name of a qualified securities depository or its nominee as sole registered holder of the Notes. It is presently expected that The Depository Trust Company, New York, N.Y., or its nominee, shall be the sole registered holder of the Notes at delivery upon original issuance. At the time of such delivery, the Notes 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 Notes (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 Notes 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 Notes. Individual purchases of beneficial ownership interests in the Notes 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 Notes, the Notes 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. Material litigation pending against the Port Authority is described in this Official Statement together with the Port Authority facility to which it relates. The Port Authority believes its financial resources, including public liability insurance policies, are adequate to satisfy any recovery for damages against it under litigation currently pending or threatened in writing, without material adverse effect on its business as a whole.

Certificate with Respect to Litigation

In connection with the delivery upon original issuance of the Notes, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Notes, 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 Notes, or questioning the proceedings taken for the issuance of the Notes, 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 sufficient to provide for the payment of the principal of and interest on the Notes, or affecting the validity of the Notes 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 Notes shall be purchased pursuant to a note purchase agreement (the "Note Purchase Agreement") dated July 1, 2020, by the Underwriters, for which Citigroup Global Markets Inc. is acting as the representative, at a purchase price equal to $1,096,271,025.78 (reflecting an Underwriters' discount totaling $3,728,974.22).

This section provides certain information with respect to the Note Purchase Agreement. This information does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Note Purchase Agreement executed by the Underwriters and the Port Authority. No attempt is made herein to summarize the Note Purchase Agreement. The Note 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 Note Purchase Agreement, the Underwriters shall pay the purchase price for the Notes and shall accept delivery of the Notes from the Port Authority, subject to certain conditions, on or about July 8, 2020. Pursuant to the Note Purchase Agreement, the Underwriters shall purchase all of the Notes if any are purchased.

The Underwriters may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) and others at prices lower than the initial offering prices or yields higher than the initial offering yields for the Notes. Subsequent to the initial offering, the offering prices and yields for the Notes may be changed from time to time by the Underwriters. Additionally, in connection with the offering of the Notes, the Underwriters may overallot or effect transactions that stabilize or maintain the market price of the Notes 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.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Port Authority as Underwriters) for the distribution of the Notes at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

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 Notes, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Notes, a certificate to the effect that (a) the Preliminary Official Statement pertaining to the Notes (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 delivery upon original issuance of the Notes, 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 Notes, 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 Notes (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*" in Section VI hereof), constitute contracts with the holders in whose names the Notes are registered on the books and records of the Registrar for the Notes; and neither any public advertisement or notice nor the Note 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 Notes, the Depository or its nominee shall be the sole registered holder of the Notes.

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. To the extent the information in this Official Statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be materially different from future results, performance and achievements expressed or implied by any forward-looking statements. Actual results could differ materially from those set forth in the forward-looking statements.

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, "*Note 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 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 Notes, the Port Authority shall agree with the registered holders of the Notes, and for the benefit of any individual purchasers of beneficial ownership interests in the Notes, 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 Notes 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 Notes, 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 Notes, or other material events affecting the tax status of the Notes; (7) modifications to the rights of the holders of the Notes, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Notes, 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 Notes, 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 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 Notes and for the benefit of any individual purchasers of beneficial ownership interests in the Notes.

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 Director & Member–Christie 55 Solutions, LLC
KEVIN P. MCCABE–July 1, 2019
Partner–River Crossing Strategy Group
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

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
James McCoy	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

* 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.

reorganization of the leadership of the Board of Commissioners, and a recommitment to the Port 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 would 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 on October 30, 2019.

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 12, 2019, the Board of Commissioners approved a 2020 annual budget (the "2020 Budget") of approximately $8.6 billion. The 2020 Budget includes approximately $3.4 billion in operating expenses and $3.6 billion in capital investment, with the remaining amount of approximately $1.6 billion covering debt service and deferred and other expenses. The $3.6 billion capital budget aligns with the refreshed 10-year, 2017-2026 Capital Plan (see "*2017-2026 Capital Plan*" in this Section II) adopted by the Board of Commissioners in September 2019 and provides for investment in critical regional transportation projects.

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"), which was modified by the Board of Commissioners on September 26, 2019, pursuant to the reassessment process described below (see "*Biennial Reassessment of the 2017-2026 Capital Plan*" in this Section II). The 2017-2026 Capital Plan totals $37 billion, and includes $34.3 billion in direct spending on Port Authority facilities, and up to $2.7 billion in support of debt service payments on Gateway Program low-cost borrowing for Phase 1 of that Program, subject to facility certification (see "*The Gateway Program*" in this Section II).

The 2017-2026 Capital Plan was developed and subsequently updated 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 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 allocated to the various projects under consideration using a comprehensive risk-based approach. In determining funding allocation, the first priority is to ensure sufficient funds to deliver the projects that are currently in construction. Next, funds are allocated to maintain assets in full operational capacity and provide for projects required by law or for security purposes. Funds are allocated next to provide for projects that will restore and fortify assets damaged by Superstorm Sandy, and finally to other high priority projects that will expand and improve critical transportation assets.

As a consequence of these planning principals, the 2017-2026 Capital Plan is comprised of spending to (1) renew 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 ($10.3 billion); (2) expand capacity, improve connectivity and advance the region's transportation needs ($14.2 billion); (3) restore infrastructure that was damaged by Superstorm Sandy and enhance storm resiliency at Port Authority facilities (including debt service support for the Gateway Program), in partnership with federal and regional entities ($4.6 billion); and (4) deliver projects that are currently under construction ($7.9 billion). From a facilities perspective, the 2017-2026 Capital Plan provides $16.4 billion for aviation projects, $10 billion for tunnels, bridges and terminal projects, $5 billion for PATH projects, $1.1 billion for Port projects, and $1.8 billion for World Trade Center site projects, with the remaining $2.7 billion for debt service support of the Gateway Program.

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 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 are continuing their current practice of monitoring quarterly capital expenditures and capital capacity.

In connection with adoption of the 2017-2026 Capital Plan, the Board of Commissioners mandated certain additional oversight requirements. At least every two years the Board of Commissioners is to 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 is required to modify the 2017-2026 Capital Plan to ensure that these two conditions can be met and to maintain a balanced plan. 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. The Port Authority's recent reassessment and adoption of modifications to the 2017-2026 Capital Plan described below was undertaken pursuant to this process.

Biennial Reassessment of the 2017-2026 Capital Plan

In 2018-2019, the Port Authority undertook the biennial process to reassess the 2017-2026 Capital Plan, as directed by the Board of Commissioners (see "*2017-2026 Capital Plan*" in this Section II). In connection with its review, the Board of Commissioners found that the two conditions for maintaining a balanced plan had been satisfied and that certain additions and modifications to the 2017-2026 Capital Plan as originally approved, were warranted. On September 26, 2019, the Board of Commissioners adopted the proposed 2019 reassessment, which included certain changes to the 2017-2026 Capital Plan, resulting in an increase of $4.8 billion in total direct spending on Port Authority facilities for a total of $37 billion. It is projected that approximately $4.5 billion, or 94%, of the proposed increase will 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 increase in spending reflects increased scope for four projects in the 2017-2026 Capital Plan to be paid for by corresponding project revenue increases and to take into account prior Board actions with respect to those projects: (1) the design and construction of a new AirTrain Newark, (2) enabling works for the terminal development projects at JFK Airport (see "Air Terminals—*John F. Kennedy International Airport*" in this Section II), (3) design and construction of AirTrain LaGuardia, and (4) construction of a new Terminal One at Newark Airport, together with the addition of three new projects: (1) PATH Improvement Plan (see "Interstate Transportation Network—*Railroad — The Hudson Tubes Facility*" in this Section II), (2) installation of electric vehicle infrastructure, and (3) planning for a new Terminal Two at Newark Airport.

Ongoing Budget and Capital Plan Review

As discussed in "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof, the outbreak of the COVID-19 pandemic has caused the Port Authority to continue to review its operating and capital budgets to reduce costs and conserve cash through December 2020 and possibly beyond. In addition, the Port Authority is evaluating the impact of the COVID-19 pandemic on the 2017-2026 Capital Plan, which is likely to be modified. No decisions have been made as to the level of modification to be undertaken or specific projects impacted. See "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof and "*Annual Budget*" in this Section II.

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 1, 2020, variable rate obligations outstanding were approximately 3.03% 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

Many of the Port Authority's facilities are located in or proximate to low-lying coastal areas including, in some instances, federally-designated flood hazard areas. The risk of flooding at these facilities may be exacerbated by future sea level rise. 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 Port Authority facilities 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 costs due to Superstorm Sandy, including service restoration, asset repair and replacement and lost revenue due to business interruption, is approximately $2.9 billion, of which $1.3 billion has been incurred to date, with the remainder to be incurred over the next several years as the Port Authority repairs and replaces damaged assets. It is anticipated that available insurance coverage and federal disaster relief funds will substantially cover the Port Authority's estimated loss from Superstorm Sandy.

Particularly since Superstorm Sandy, 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 addresses site-wide and project-specific flooding vulnerabilities, flood mitigation strategies and improvement alternatives. Most of these priority protective measures have been installed and full implementation of the World Trade Center flood hazard mitigation plan is expected by late 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) 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. However, there can be no assurance that future climate-related events will not negatively affect the region's infrastructure, including the facilities of the Port Authority.

Operating and Construction Costs

As the Port Authority's individual facilities age, it is expected that their respective operating costs 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.

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, 2020 and expires on June 1, 2021) applies to all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Property damage and loss of revenue insurance on the operating portions of the World Trade Center[1] and related infrastructure is provided in a separate program (which was renewed effective June 1, 2020 and expires on June 1, 2021).

The Port Authority also purchased terrorism insurance with respect to its facilities for a three-year term, effective June 2, 2018. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 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, 2019 and expires October 27, 2020) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2019 and expires October 27, 2020) applies to such facilities, including components of the World Trade Center. Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers, and was renewed effective October 27, 2019 and expires October 27, 2021.

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

Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority-operated facilities under construction (excluding the World Trade Center, where such insurance is handled through a contractor controlled insurance program), which was renewed effective June 1, 2020 and expires June 1, 2023, including builders' risk, construction general liability insurance, and statutory

[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.

[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 2020, 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 $200 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.

workers' compensation coverage. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

The Port Authority placed a standalone wrap-up contractors' insurance program on March 27, 2018, for construction of Terminal 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

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. 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 34.5% 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. Finally, effective with the 2020 renewal of the Property and Loss of Revenue policies, PAICE provides $165 million in coverage under the World Trade Center program and $40 million in coverage under the Port Authority facilities program.

The Port Authority expects to be able to replace each category of its insurance coverage described above as it expires with insurance providing substantially similar coverage, although premium costs may materially change over time driven by market factors and episodic changes in Port Authority loss levels occurring from time to time.

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® 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.

Prior to 2019, the tolls schedule for the Port Authority's six vehicular crossings had not been revised since September 18, 2011 (the "2011 Tolls Schedule"). The tolls authorized pursuant to the 2011 Tolls Schedule provided for certain automatic increases, with the last such increase taking effect on December 6, 2015.

On September 26, 2019, the Board of Commissioners authorized certain adjustments to the schedule of tolls, fares and other fees at Port Authority facilities ("Revised Schedule"). The Revised Schedule incorporates the previously authorized Consumer Price Index ("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. The Revised Schedule will generate approximately $235 million in incremental annual net revenue and support the Port Authority's Capital Plan (see "*2017-2026 Capital Plan*" in this Section II).

The Revised Schedule for tolls at the Port Authority's six vehicular crossings ("Toll Schedule") is as follows: beginning on January 5, 2020, the cash/toll by mail ("TbM") rate for cars during all hours increased by $1.00 from $15.00 to $16.00. The discount for autos using E-ZPass® was reduced by $0.25, resulting in an increase of $1.25. After 2020, tolls will be adjusted for the cumulative effect of inflation when applied to the current Class 1 cash/TbM tolls. At the time the first CPI increase reaches $1.00, tolls for all vehicular classes except classes 8 and 9 (buses) will increase by $1.00, and the discount for autos using E-ZPass® will be further reduced by $0.25, resulting in an increase of $1.25. Thereafter, and when all electronic tolling has been implemented at all crossings, tolls for all vehicular classes will be adjusted annually by the CPI increase. The Toll Schedule also provides 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 Toll Schedule, E-ZPass® discounts are 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 are charged the cash/TbM rate. In addition, the Carpool Discount Plan has been discontinued in preparation for eventual electronic tolling at all crossings and to address safety concerns. In addition, New York and New Jersey E-ZPass® Customer Service Center accounts that registered for the Port Authority Staten Island Bridges Plan will be charged 50% of the then prevailing E-ZPass® Auto Peak toll if customers make a minimum 3 trips per calendar month. The Port Authority Staten Island Bridges Plan applies to customers in Class 1, 7 and 11 vehicles.

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge, on April 24, 2019 at the Outerbridge Crossing, and on September 4, 2019 at the Goethals Bridge. On July 25, 2019, the Board of Commissioners authorized a project to implement cashless tolling at the Holland Tunnel, Lincoln Tunnel, and George Washington Bridge. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling, but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

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 operating cashless tolling facilities, claiming that such entities improperly collect excessive administrative fees from motorists who are delinquent in paying tolls billed by mail. After an initial dismissal by the court with leave to re-plead, a new complaint was filed against the Port Authority and other defendants in April 2020. The Port Authority intends to continue its vigorous defense of this matter.

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 May 2020, the federal court of appeals reinstated a claim previously dismissed by the district court, that tolls collected and not used for purposes of the interstate transportation network could violate the Commerce Clause of the U.S. Constitution. 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 Commerce Clause.

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 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 the design, construction, financing and maintenance of the Replacement Bridge, a 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. The private developer contributed approximately $106.8 million of project equity. The remaining funds for construction were to be contributed by the Port Authority, based on achieving certain milestones. 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, and receives toll revenues.

The Port Authority has made approximately $150 million of milestone payments payable to the private developer. Upon achieving the Substantial Completion milestone, pursuant to a "Developer Financing Arrangement" the developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately $1.02 billion, subject to certain adjustments, to be paid in monthly payments (the "DFA Payments") over the term of the Project Agreement, which has a scheduled expiration date on the thirty-fifth anniversary of Substantial Completion. The Port Authority's obligation to make DFA Payments is memorialized as an interest-bearing loan from the developer to the Port Authority. Such monthly DFA Payments commenced in July 2018. The DFA Payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. 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 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 $70 million for 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 conducted 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 as part of the scoping process. The comment period for the planning-level scoping document for the Port Authority Bus Terminal replacement project closed on September 18, 2019.

George Washington Bridge Bus Station

The Port Authority 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. Prior to the COVID-19 emergency, 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 Bus Station, as well as a net lease of the retail areas therein (the "Retail Lease"). 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 over 90% leased.

The general contractor responsible for the project to redevelop the Bus Station has filed an action against the Port Authority, claiming that the Port Authority, and not the private sector developer of the Bus Station, was the real party directing the redevelopment of the Bus Station and therefore should be liable for project design flaws, construction delays and unexpected site conditions suffered by the general contractor. The Port Authority disputes the general contractor's allegations in this matter and is vigorously defending the position that the Port Authority is not liable for the damages alleged by the general contractor. The Port Authority has also been notified that the private sector developer filed a petition for relief under Chapter 11 of the federal bankruptcy code in the United States Bankruptcy Court for the Southern District of New York on October 7, 2019. The private sector developer arranged debtor-in-possession ("DIP") financing and continues to operate its business and manage its property. The Bankruptcy Court granted approval to conduct a sale process for the private sector developer's assets, including the Retail Lease, to a party that will meet certain qualification standards. Due to the impact of COVID-19 and certain intercreditor issues, the sale process for the private sector developer's assets is expected to be delayed until at least July 2020. The DIP financing is expected to remain in place through December 31, 2020. If the DIP financing expires or is otherwise terminated, and the private sector developer is unable to secure the financing needed for operations from another party, the private sector developer would likely file for relief under Chapter 7 of the federal bankruptcy code and relinquish its leasehold interest in the Bus Station in favor of the Port Authority.

Nonetheless, these filings are not expected to impact day to day activity at the Bus Station. They will not impact bus service, which is managed directly by the Port Authority, and they will not impact the Bus Station's existing retailers, which have leases to conduct business at the Bus Station. The Port Authority will actively monitor events and, if necessary, is prepared to step in to further ensure continuity of all facility operations.

Railroad — The Hudson Tubes Facility

The PATH system is an interurban rapid transit system with thirteen stations, including the World Trade Center Transportation Hub (see "World Trade and Economic Development—*The World Trade Center Transportation Hub*" in this Section II), and 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 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 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 "*Biennial Reassessment of the 2017-2026 Capital Plan*" in this Section II). As part of the PATH Improvement Plan, PATH added incremental train service in September 2019 that resulted 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 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") in tandem with 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 November 2018.

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 November 1, 2019. Although the PATH base fare for a single trip remains at $2.75, the cost of multi-trip tickets was increased to $25.00 for a 10-trip ticket, $50.00 for a 20-trip ticket and $100 for a 40-trip ticket (each of which is scheduled to increase as of November 1, 2020 to $26.00, $52.00 and $104.00, respectively). PATH SmartLink unlimited passes are currently available as a 1-day unlimited pass for $10.00, a 7-day unlimited pass for $34.50 and a 30-day unlimited pass for $106.00 (each of which is scheduled to increase as of November 1, 2020 to $10.50, $36.00 and $110.25, respectively). After 2020, PATH fares will be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result in an adjustment of at least $0.25.

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, decreased to $448,445,000 in 2019 from $459,152,000 in 2018. The year to year decrease in the annual operating deficit was primarily attributable to (i) increased PATH fare revenues due to increased passenger activity and fare increases, and (ii) reduced expenses due to reduced amortization expense, which was partly offset by higher employee compensation related to train operations and track maintenance. 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 acted 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 have historically been 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. However, the Port Authority's financial position has been, and is expected to continue to be, negatively affected by the COVID-19 emergency, which has dramatically reduced passenger volume at its airports and materially affected the credit quality of the airlines which use its facilities. See "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof. 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 2019, JFK Airport, LaGuardia Airport, Newark Airport and New York Stewart International Airport ("Stewart Airport") handled approximately 140.5 million passengers, an increase of approximately 1.6% from 2018.

In September 2019, the Board of Commissioners adopted certain toll and fare adjustments and other revenue initiatives, including an increase of the fares for AirTrain JFK and AirTrain Newark to $7.75, effective November 1, 2019, as well as a new Ground Transportation Access fee at JFK Airport, LaGuardia Airport and Newark Airport effective October 3, 2020. The Ground Transportation Access fee will be $2.50 for all for-hire vehicles other than taxis (such as limos and app-based providers) for each pick-up and drop-off, and $1.25 for each pooled for-hire-vehicle pick-up and drop-off (where two or more paying parties share a single pre-arranged ride and pay separately), and $1.25 for each taxi pick-up. The fee for each taxi pick-up will increase to $1.75 on October 1, 2022.

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 FAA has approved 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. On January 22, 2018, the FAA approved PFC collection authority 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. The FAA estimated that the earliest expiration date for the Port Authority's PFC collection authority would be June 1, 2025. To date, use authority for $875 million of the $1.78 billion has been approved by the FAA, and the Port Authority must obtain approval for the use of the remaining $825 million by January 21, 2021 in order to maintain that collection authority. At such time as the UAL matter (discussed below) is resolved, additional applications will be submitted by the Port Authority to the FAA for authority to continue PFC collection and use at the airports for eligible airport related capital construction and planning projects and authority for application of the remaining PFCs already collected will be requested.

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 has appealed the Director's Determination. The appeal is fully briefed and the Port Authority is awaiting a determination from the FAA. By Order dated January 27, 2020, the FAA extended the date for decision on the appeal to March 24, 2020; no decision has been rendered to date. Due to this matter, the FAA has declined to approve new PFCs for collection and application, and has deferred consideration of, or declined to approve, certain federal aviation grants.

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 and certain other airport sponsors from prohibitions on use of airport revenues for non-airport purposes. 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, which is expected to be issued in July 2020. 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, for example, New York and New Jersey statutes and Port Authority bond covenants require pooling of surplus Port Authority revenues to facilitate the financing and effectuation of its facilities, including the airports which may be inconsistent with the general prohibition against use of airport revenues for non-airport purposes.

Federal Aviation Administration Congestion Management

In an effort to deal with ongoing flight delays during peak hours of operation at JFK Airport, LaGuardia Airport and Newark Airport, the FAA has, from time to time, issued orders for the airports to establish operational caps 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 such 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 (now referred to as the Worldwide Airport Slot 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 resultant delays is through increasing air space capacity, better management of existing air space capacity, and improved customer service.

Certain Information with Respect to the Leases Relating to the Port Authority Airports and Other Related Matters

The Port Authority operates JFK Airport and LaGuardia Airport under a lease agreement with the City of New York and Newark Airport under a lease agreement with the City of Newark (which also covers Port Newark) and arrangements with the City of Elizabeth, each 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 substantially 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.

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 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 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. On October 22, 2019, the Port Authority and the City of Newark entered into a supplement to the agreements which provides for a term extension through December 31, 2075 in return for an up-front payment of $5 million, and an additional supplemental rental of $5 million per year through 2049.

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 million to $3 million 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.

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, Terminal B, Terminal C and Terminal D. Terminals B, C and D are currently being redeveloped as described below.

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 is responsible for the design and construction of certain supporting infrastructure on behalf of the Port Authority, including the West Garage and 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, which lease also provides for design and construction (at the Port Authority's cost) for the Central Hall and a limited obligation to operate and maintain the Central Hall, for a term of seven years from substantial completion of the Central Hall. The Port Authority and LGP are considering whether the Port Authority will arrange to design and construct interior improvements for the Central Hall. In October 2019, the Port Authority commenced a solicitation for requests for proposals for an entity to fit out and operate the interior of the Central Hall for certain designated and permitted uses while LGP would continue to operate and maintain the core and shell of the Central Hall for the term previously noted.

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 at 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. On June 13, 2020, the Central Terminal Building in Terminal B opened to the public. The remainder of the project is expected to be completed in stages through 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 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. The first concourse of the New Terminal C was opened for public use in November 2019, and it is presently anticipated that additional portions of the New Terminal C will become available for public use beginning in 2021 through final completion in 2026.

In February 2017 and November 2017, the Board of Commissioners authorized initial planning work for a new AirTrain system serving LaGuardia Airport. The Port Authority advanced a proposed route connected to the Long Island Rail Road and New York City Transit at Willets Point, Queens. In June 2018, the New York State Legislature passed into law Assembly Bill A11158 (the "Legislation") providing the New York State Department of Transportation with certain rights to acquire property, if the proposed project proceeds along a route encompassed within an area specified in the Legislation. In May 2019, the FAA issued a Notice of Intent to Prepare an environmental impact statement and a request for scoping comments to assess the potential impacts of the various options to provide access to LaGuardia Airport including the proposed project. Scoping comments were solicited over a 46-day period ending on June 17, 2019 and on November 4, 2019, the Scoping Report summarizing the public comments was publicly released. In October 2019, the Board of Commissioners authorized a program for the construction of a new AirTrain system serving LaGuardia Airport at a total estimated cost of $2.05 billion, inclusive of $75 million in previously authorized planning work.

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, and is currently the largest airport in the New York metropolitan region, by passenger volume and cargo volume. The Central Terminal Area contains six individual airline passenger terminals. The terminals are independently operated (some directly by airlines and some by private terminal operators) under leases from the Port Authority. Five of the terminals include federal inspection services facilities for processing arriving international passengers. As a result of COVID-19, consolidation of operations into fewer terminals has occurred (reducing the number of terminals with federal inspection stations in operation initially to four; the federal inspection services facility in Terminal 7 has since re-opened) and may continue beyond the initial emergency (see “Impacts from the Novel Coronavirus (COVID-19) Pandemic” in Section I hereof). Cargo buildings, four runways ranging in length from approximately 8,400 feet to 14,600 feet, 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. 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, provides exclusive airport access for passengers and others using the airport. A full-service hotel containing approximately 500 guest rooms is located at the site of the TWA Flight Center at JFK Airport.

As of June 1, 2020, the Port Authority entered into a lease amendment with American Airlines, Inc. for the expansion of Terminal 8 on the northwest portion of the passenger terminal area at American’s cost, anticipated to be approximately $340 million. The expansion and refurbishment will result in the reconfiguration of certain gates to increase international widebody aircraft capacity and expand the size of the terminal building, as well as upgrading passenger amenities, expected to enable British Airways Plc. to co-locate with American, its oneworld alliance® partner. Early works construction began in 2019, with scheduled completion in 2022-2023.

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. Based on the master planning effort and New York State Governor Andrew Cuomo’s 2017 “Vision Plan” for modernization and upgrade of JFK Airport and its terminal facilities, the Port Authority has also been working with various stakeholders, including incumbent airline and terminal operators, for redevelopment and possible expansion of the terminals. An environmental assessment under NEPA was completed in April 2020 when the FAA issued a Finding of No Significant Impact and Record of Decision for the redevelopment of JFK Airport. Funding for the overall redevelopment was approved by the Board of Commissioners as part of the Port Authority’s 2017-2026 Capital Plan.

In connection with the planning effort to redevelop JFK Airport, the Port Authority has obtained authorization to enter into a lease with a terminal developer group which desires to redevelop the southern passenger terminal area (currently occupied by Terminals 1 and 2 and an aircraft parking area formerly occupied by Terminal 3) and to make arrangements with the current terminal operator for redevelopment of existing Terminal 4. The Board has also authorized continued negotiations with a developer group for redevelopment of the northeastern portion of the passenger terminal area. As a result of the COVID-19 emergency and the current review of the Port Authority’s 2017-2026 Capital Plan, certain of these activities may be delayed, modified or curtailed. See “Impacts from the Novel Coronavirus (COVID-19) Pandemic” in Section I hereof.

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 October 22, 1947, 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, the following are located at the airport: cargo buildings (including an express package handling and sorting facility), a 590-room hotel and 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.

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. On October 24, 2019, the Board of Commissioners authorized vision planning to advance the master planning efforts for the redevelopment of Newark Airport and provide for planning work for the development of a new Terminal Two to replace the existing Terminal B, at a total estimated cost of $35 million.

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, 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. The project broke ground in September 2019.

On October 24, 2019, the Board of Commissioners authorized a program for the construction of a new AirTrain system at Newark Airport (replacing the existing system) at a total estimated cost of $2.05 billion, inclusive of $40 million in previously authorized planning work and a previously authorized project for the design and construction of a certain number of AirTrain Newark guideway foundations, which were located within the right-of-way of the redevelopment program, at an estimated cost of $75 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 is expected to begin replacement of the air traffic control tower in 2020.

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 ("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, New York, 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, 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 and concessions management, 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 and other interested parties, including the Port Authority's predecessor in interest as airport lessee, relating to 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 name some or all of the following defendants: the Port Authority as lessee and operator of Stewart Airport; the manufacturers of the chemicals (including 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; this matter has also been 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. In 2016, the New York State Department of Environmental Conservation adopted emergency regulations identifying certain PFAS compounds as hazardous substances under state law, and in 2019-2020, both New York and New Jersey enacted bans on the use of PFAS compounds, except for federally-required purposes (such as the fire-fighting requirements of the Federal Aviation Administration). The Port Authority is instituting measures to limit the use of PFAS compounds at its facilities except as required by federal law.

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. A consultant was retained in October 2019 and the study is underway.

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 March 31, 2020, WTC Tower 1 LLC has leased (i) approximately 2.7 million square feet of office space at One World Trade Center, representing approximately 90% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck.

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 March 31, 2020, 2.2 million square feet of space in Tower 4 has been leased, representing approximately 98% 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 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 March 31, 2020, 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 $58.8 million.

Tower 3 Net Lease

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of March 31, 2020, approximately 2.0 million square feet of space in Tower 3 has been leased, representing approximately 79% 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.

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 March 31, 2020, the aggregate of Tower 3 Liberty Bond debt service payments and deferred rent due from the Tower 3 Silverstein net lessee totaled approximately $39.4 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 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. In the event a mixed-use project is selected for development, amendments to the General Project Plan for the World Trade Center site approved by LMDC in June 2004, and amended in February 2007, would be required. Proposals have been received and are being evaluated.

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 and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which 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.

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 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 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 creates a flexible roadmap to develop a competitive, financially successful port that maximizes regional jobs and economic impacts while minimizing environmental effects 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 began implementing key findings and recommendations in the second half of 2019, the most significant of which is the Navigation Improvement Study with the U.S. Army Corps of Engineers that will be completed in 2021. That study will provide critical information on the optimal location for establishing additional container capacity. A study is also underway to identify the development costs and business case for the build out of one or more underutilized port properties to support the nascent Off Shore Wind industry and preparations are underway to solicit parties that may be interested in a vacant parcel at the Port Jersey Port Authority Marine Terminal.

On June 17, 2019, the Port Authority announced the completion of the ExpressRail Port Jersey facility, operated by Global Container Terminal – Bayonne ("GCT-Bayonne"), the final piece of the Port of New York and New Jersey's intermodal rail network ("ExpressRail") which now connects facilities in Elizabeth, Newark, Jersey City and Staten Island to the national freight rail network. The ExpressRail facilities were designed to reduce the Port's reliance on trucks to transport cargo and expands its geographic cargo reach to inland hubs. The ExpressRail facilities are served by Conrail, which is jointly owned by the Class 1 railroads CSX Corporation and Norfolk Southern. Utilizing this operating structure, Conrail provides local intermodal switching and operational support in the Port area. Conrail connects directly to the CSX and Norfolk Southern mainlines allowing the Port to serve inland markets primarily in the Midwest, Ohio Valley, 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 comprising approximately 930 acres adjacent to Newark Airport. The marine terminal includes wharves, deep water ship berths, container cranes, 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 October 22, 1947. 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.

In October 2019, the Port Authority and the City of Newark entered into a lease supplement further extending the term through 2075, for consideration of certain additional rental payments. These agreements are described at "*Certain Information with Respect to the Leases Relating to the Port Authority Airports and Other Related Matters*."

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, ancillary service structures and 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 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 constructed two new carfloats (rail barges), a new transfer bridge, and a new support yard for that 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.

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 comprises three parcels on the southern side of the peninsula and will eventually be redeveloped. The Port Authority and LEG-BP Bayonne Owner LLC ("LEG-BP") entered into an agreement dated December 19, 2018 to exchange 9.78 acres of Port Authority owned property for a similarly-sized land parcel and associated riparian rights owned by LEG-BP, which, along with cooperative covenants to address access and maintenance of shared roadways and related infrastructure, 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") comprising 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, as revised by a supplemental agreement effective in September 1986, 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. Effective June 30, 1995, the Port Authority and a marine terminal operator entered into a lease for a portion of this facility for a term which, following extension, now expires on December 31, 2029.

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 freight 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 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.

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 Conrail's property in Jersey City, N.J., which is 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 ("PJRC"), a New Jersey corporation, 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 shortline 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 facilitates 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 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 pursuant to which the PDC let to the Port Authority certain property for the development of an industrial and manufacturing project on land owned by PDC in the Bronx, N.Y., which expires on October 19, 2020. The Port Authority has determined not to renew the agreement and plans to vacate the premises on or before the expiration date.

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’s fiber optic network includes a link to the World Trade Center site. The Port Authority entered into a ground lease with Teleport Associates, a joint venture of Murray Teleport Associates and Silverstein Teleport Company, in order to develop such office space at the Teleport comprising, approximately 286,000 square feet, in July 1985 for a term ending in March 2024. Teleport Associates subsequently assigned its leasehold interest for such office space to The Corporate Commons of Staten Island, LLC, a subsidiary of The Nicotra Group, LLC, in December 2008.

While the Teleport initially operated primarily as a data center, it has evolved to include the aforementioned commercial office space and educational facilities.

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 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. The Port Authority may have certain indemnification obligations with respect to 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 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 National Railroad Passenger Corporation ("Amtrak") customers.

New Jersey and New York have prioritized two portions of the overall program. First, the States propose the replacement of the Portal Bridge in Secaucus, New Jersey, a swing bridge which sometimes fails to close after opening for maritime traffic (the "Portal North Bridge Project"). Second, the States propose to design and construct a new rail tunnel under the Hudson River to relieve the existing tunnel so it can be repaired, with the new tunnel thereafter available for providing additional reliability and resiliency ("Tunnel Project").

In 2019, the legislatures of New York and New Jersey established a new public authority, the "Gateway Development Commission" ("Commission"), to lead the Gateway Program. The Commission is intended to replace a not-for-profit corporation ("Corporation") with similar goals, because the States had been informed by the U.S. Department of Transportation ("USDOT") that a not-for-profit entity like the Corporation would not be eligible to apply for grants.

The Port Authority has included $2.7 billion in its 2017-2026 Capital Plan to support the Gateway Program through funding of Gateway Program debt service payments on up to an aggregate amount of $2.7 billion low-cost borrowing for the Gateway Program, once all other financing had been obtained for the project and subject to facility certification. 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" (see "*2017-2026 Capital Plan*" in this Section II).

To date, the Port Authority has sponsored the NEPA review of the Tunnel Project by certain agencies of USDOT. The Port Authority is awaiting issuance of a Record of Decision from the Federal Railroad Administration ("FRA") and Federal Transit Administration ("FTA") for the Tunnel Project and received a Categorical Exclusion from FTA for the Hudson Yards Concrete Casing – Section 3 element (to preserve a right of way under the Hudson Yards real estate development on the New York side of the proposed Tunnel Project) on November 20, 2019. However, FRA, through a Notice of Intent published on June 15, 2020, announced its intent to prepare an environmental impact statement with sponsors WRY Tenant, LLC and Amtrak for the Western Rail Yard Infrastructure Project, which is proposed, in part, to include a portion of the Hudson Yards Concrete Casing – Section 3 element (excluding certain early work projects addressed below). The Port Authority has also acted as federal grant applicant for the Tunnel Project. It is intended that the Commission will carry out the lead role in the financing and development of the Tunnel Project as soon as it is provided with the appropriate resources from the State of New York, State of New Jersey and Amtrak. NJ Transit is the sponsor and grant applicant for the Portal North Bridge Project.

On February 15, 2018, the Board of Commissioners certified $79 million for the Gateway Early Work Program (defined below), as an additional facility of the Port Authority, and further authorized the issuance of Consolidated Bonds for purposes which include capital expenditures in connection with such Gateway Early Work Program. To date, the Port Authority has provided $35 million to reimburse Amtrak for a portion of the preliminary engineering and planning costs for the Gateway Program. In addition, the Port Authority has agreed to advance up to $31.5 million for operating expenses for the Gateway Program and $12.5 million for certain early works projects (collectively, the "Gateway Early Work Program"), with the understanding that Amtrak will provide equal funding.

The Portal North Bridge Project submittal to USDOT by NJ Transit in support of the fiscal year 2021 budget proposal resulted in a "Medium-High" project rating from FTA and such project was advanced into the engineering phase by FTA on June 19, 2020, indicating that two of the three conditions for a federal grant for full construction funding have been met. To date, the Tunnel Project has not advanced within the USDOT towards FTA grant and USDOT loan financing, although efforts are ongoing. Previous submittals to USDOT for the Tunnel Project in support of the fiscal year 2019, 2020, and 2021 budget proposals resulted in "Medium-Low" project ratings from the FTA, foreclosing the possibility of grant funding at this time.

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). See also "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof and "Annual Budget" 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 Notes 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 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 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 March 31, 2020 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 March 31, 2020, the Port Authority has provided approximately $958 million in connection with these projects out of a total authorized amount of $1.1 billion. The final cost of some elements of the projects remains subject to certification by the Corps.

The channel improvements described above 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.

In April 2020, the Corps completed a study that recommended Congress authorize an additional improvement project, the New York and New Jersey Anchorage Project, which will enable the largest vessels calling at the Port of New York and New Jersey to use the Gravesend Anchorage, rather than going back to sea, as they wait to call on the Port of New York and New Jersey facilities. The project is expected to be included for authorization in a forthcoming reauthorization of the Water Resources Development Act.

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 ("GHG") emissions by 35 percent by 2025 and to reduce all emissions associated with its facilities 80 percent by 2050. The Port Authority continuously updates its climate action strategy, which includes sustainability and energy-related programs to curb its emissions and, in addition, announced a series of specific 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; (iii) setting forth sustainable construction, design, and operations standards in major capital projects; and (iv) 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 Energy, Resilience and Operational Excellence Consortium, the Climate Group's EV100, and below50. The Port Authority maintains an annual GHG and Criteria Air Pollutant inventory, and discloses its annual inventories along with climate risks, opportunities, actions and progress via the Carbon Disclosure Project ("CDP"). The Port Authority has been recognized by CDP as a leader in climate action and disclosure, scoring an A- for the most recent disclosure in 2019. The Port Authority has also been recognized by the Airports Council International ("ACI") with all five of the Port Authority airports obtaining Level 3 Airport Carbon Accreditation. 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.

Information on Capital Investment in Certain Port Authority Facilities

	Facilities, net Dec. 31, 2019	Capital Investment (a)	Depreciation	Dispositions	Facilities, net Mar. 31, 2020
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,354,302	$ 70,414	$ 12,927	$ -	$ 1,411,789
Holland Tunnel	503,926	11,849	5,908	-	509,867
Lincoln Tunnel	1,697,535	49,396	19,623	-	1,727,308
Bayonne Bridge	1,609,005	3,197	8,535	-	1,603,667
Goethals Bridge	1,530,133	1,535	10,560	-	1,521,108
Outerbridge Crossing	127,414	3,010	1,735	-	128,689
Port Authority Bus Terminal	569,029	10,971	8,070	-	571,930
Subtotal - Tunnels, Bridges & Terminals	7,391,344	150,372	67,358	-	7,474,358
PATH	2,976,479	79,399	30,971	-	3,024,907
WTC Transportation HUB	3,414,371	4,454	18,885	-	3,399,940
Journal Square Transportation Center	63,674	2,081	1,049	-	64,706
Subtotal - PATH	6,454,524	85,934	50,905	-	6,489,553
Ferry Transportation	87,942	26	1,320	-	86,648
Access to the Region's Core (ARC)	37,813	-	2,529	-	35,284
Moynihan Station Transportation Program	129,128	-	2,500		126,628
Gateway Early Work Program	44,044	1,391	-		45,435
Total Interstate Transportation Network	14,144,795	237,723	124,612	-	14,257,906
AVIATION (b)					
LaGuardia (e)	2,682,764	104,821	32,131	-	2,755,454
JFK International	3,724,604	64,642	51,482	-	3,737,764
Newark Liberty International	3,251,530	172,716	36,626	-	3,387,620
Teterboro	220,730	375	3,677	-	217,428
New York Stewart International	153,931	6,722	2,342	-	158,311
Total Aviation	10,033,559	349,276	126,258	-	10,256,577
PORT					
Port Newark	789,602	5,548	8,987	-	786,163
Elizabeth Port Authority Marine Terminal	942,179	1,457	6,881	-	936,755
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	75,435	984	733	-	75,686
Howland Hook Marine Terminal	469,391	1,786	4,564	-	466,613
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	167,494	7,718	405	-	174,807
Port Jersey-Port Authority Marine Terminal	496,486	1,875	3,028	-	495,333
Total Port	2,940,587	19,368	24,598	-	2,935,357
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	5,036	-	63	-	4,973
Bathgate Industrial Park	1,254	-	460	-	794
Teleport	6,402	-	386	-	6,016
Queens West Waterfront Development	83,620	-	144	-	83,476
Hoboken South Waterfront Development	58,626	-	629	-	57,997
Total Development	160,743	-	1,682	-	159,061
WORLD TRADE CENTER					
WTC Campus (c)	3,924,077	25,113	23,060	-	3,926,130
One World Trade Center	3,269,628	14,923	25,167	-	3,259,384
WTC Towers 2, 3 & 4(d)	2,797,128	2,680	19,461	-	2,780,347
WTC Retail	1,746,468	4,045	11,060	-	1,739,453
Total World Trade Center	11,737,301	46,761	78,748	-	11,705,314
FACILITIES, net	$ 39,016,984	$ 653,129	$ 355,898	$ -	$ 39,314,215
REGIONAL FACILITIES & PROGRAMS	$ 93,456	$ -	$ 8,478	$ -	$ 84,978

(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 $34 million.

Significant Capital Projects
(as of March 31, 2020) *
(Dollars in Millions)

Facility	Project Name	Current Authorization/ Reauthorization	Mar-20 Total Expended
AVIATION			
JFK	Replacement of Building 156 (Control Tower) Roofing and HVAC	10/2014	$15.6
JFK	JFK Redevelopment	10/2019	153.0
JFK	Rehabilitation of Runway 13L-31R and Improvements of Associated Infrastructure and Runway Access	09/2018	220.5
JFK	Enhancements of Taxiways CA and CB	11/2017	27.4
JFK	Rehabilitation of Taxiways A and B East and Taxiways A and B South	11/2019	3.5
JFK	Replacement of Bergen and Van Wyck Electrical Substations and Switchgears at Central Substation	03/2019	7.3
JFK	Replacement of Fire Alarm Systems Phase I	05/2019	3.8
JFK	Replacement of Farmers Substation	02/2020	2.2
JFK/EWR/TEB	Replacement of AOA Light Circuit	11/2016	56.2
JFK/LGA/EWR/SWF	Replacement of Parking Access and Revenue Control Systems	11/2015	44.2
LGA	Rehabilitation of Runways 13 & 22 Including Deck Safety Overrun and Associated EMAS	04/2013	81.4
LGA	Flood Mitigation and Storm Resiliency	02/2015	39.3
LGA	Redevelopment Program - Terminal B Redevelopment	03/2016	2,058.7
LGA	Redevelopment of Terminals C & D	07/2016	104.8
LGA	New AirTrain LaGuardia	10/2019	41.5
LGA	Rehabilitation of Runway 4-22 and Associated Taxiways	07/2017	22.4
EWR	New AirTrain Newark	10/2019	-
EWR	Redevelopment of Terminal 1	02/2018	1,076.1
EWR	Rehabilitation of Runway 11-29	11/2017	38.0
EWR	Rehabilitation of Runway 4R-22L	11/2019	1.2
EWR	Terminal 1 Redevelopment Program - South Airfield Paving	12/2017	53.0
EWR	Terminal 1 Redevelopment Program - Installation of AirTrain Footing	12/2017	38.3
EWR	Terminal 1 Public Parking Facility	07/2018	63.5
SWF	New International Arrivals and Federal Inspection Service Facility	10/2018	23.3
TEB	Rehabilitation of Runway 6-24	06/2019	1.9

* See footnote (*) to this chart.

(Significant Capital Projects as of March 31, 2020 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Mar-20 Total Expended
INTERSTATE TRANSPORTATION NETWORK			
HT	Rehabilitation of Electrical and Mechanical Vent System	07/2015	$215.1
HT	Replacement of Piers 9/204	12/2016	82.5
HT	Latent Salt Damage Repairs and Mitigation Program	02/2018	20.9
LT	Access Infrastructure Improvements	03/2011	1,425.6
BB/GB/GWB HT/LT/OBX	Replacement of Toll Collection System	06/2016	68.7
HT/LT/GWB	Implementation of Cashless Tolling	07/2019	16.4
GWB	Restoring the George Program - Replacement of Suspender Ropes	03/2014	255.8
GWB	Restoring the George Program - Replacement of the Palisades Interstate Parkway Helix Ramp	02/2013	70.3
GWB	Restoring the George Program - Rehabilitation of Center Ave and Lemoine Ave Bridge	10/2018	29.1
GWB	Restoring the George Program - Rehabilitation of Main Span Upper Level Structural Steel - Phase II	04/2017	8.6
GWB	Restoring the George Program - Rehabilitation of Lower Level Structural Steel	09/2019	37.2
GB	Construction of Interchange Ramps	07/2013	5.2
GB/OBX	Implementation of Cashless Tolling	06/2018	42.3
PABT	Preliminary Planning for Terminal Replacement	02/2017	47.7
PABT	Replacement of South Wing Hvac Units and Associated Electrical Distribution System	12/2019	50.3
PATH	Signal System Replacement Program	04/2017	690.2
PATH	Replacement of Substation #7	02/2020	38.0
PATH	Replacement and Upgrade of Harrison Station	03/2012	200.3
PATH	Replacement of Exchange Place Escalators	02/2016	6.0
PATH	Infrastructure Repairs to Tunnels E and F between Exchange Place and World Trade Center Stations	09/2016	99.1
PATH	Construction and Installation of Permanent Flood Protection Measures at HCMF and Tracks G and H	11/2016	10.7
PATH	Flood Mitigation and Storm Resilience Protection for Stations Program	09/2018	21.9
PATH	C-Yard Vehicle Storage Facility & Additional Track	10/2019	0.2
PATH	Replacement of Substation #8	06/2019	14.4
PATH	Preliminary Planning for PATH Rail Extension to Newark Liberty Rail Link Station	04/2017	34.7
PATH	9-Car Train Program	10/2019	4.5
PATH	Overhaul Program for PA-5 Railcars	12/2017	18.7
PATH	Expansion of Railcar Fleet	06/2018	39.4
PATH	Replacement of Substation #14	06/2019	11.5
PATH	Replacement of Tracks in Open Areas	06/2018	2.3
PATH	Restoration of Hoboken, Newport, Exchange Place and Grove Street Stations	09/2018	2.5
PATH	Replacement of Substation #2	12/2018	35.7

(Significant Capital Projects as of March 31, 2020 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Mar-20 Total Expended
PORT COMMERCE			
PN/EPAMT/HH	Consolidated Project To 50'-NY/NJ **	07/2001	$958.9
PN	Rehabilitation of Port Street Capacity and Corbin Street Ramps	10/2016	27.4
PN	Reconstruction of Berth 3 Wharf	07/2019	47.4
GPAMT	Development of the New York New Jersey Rail Float System	09/2014	120.5

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. See also "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof and "*2017-2026 Capital Plan*" in Section II hereof.

** March-20 Total Expended includes expenditures for projects that are subject to certification by the United States Army Corps of Engineers as well as those that have been certified.

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 Notes are set forth at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*" 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 Notes) 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 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.

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 Notes (see "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*" in Section VI hereof), constitute the entire agreement between the Port Authority and registered holders of the Notes, 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.

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 Notes, 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.

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 March 31, 2020 was $2,388,150,000.

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.

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 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:

$384,050,000 Special Project Bonds, Series 6, JFK International Air Terminal LLC Project (John F. Kennedy International Airport passenger terminal)[*]; and

$766,365,000 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

[*] On October 11, 2019 the New York State Transportation Development Corporation published a notice under the Tax Equity and Fiscal Responsibility Act of 1982 that it intends to issue bonds which proceeds will be used to refund Special Project Bonds, Series 6 and a portion of Special Project Bonds, Series 8.

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 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 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. Commercial Paper Obligations, and the interest thereon, are secured by and are payable from the Consolidated Bond Reserve Fund. To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amount of Series A Notes and Series C Notes, and the interest due at maturity, the Port Authority has entered into liquidity facilities with each of PNC Bank, National Association and Bank of Montreal, acting through its Chicago Branch, respectively. The Port Authority currently anticipates obtaining an additional $250 million line of credit with a commercial bank in connection with its Series B Notes to further support its Commercial Paper Obligations program. See "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I hereof. In addition, to mitigate any market disruption risk in the Port Authority's CP program due to the ongoing Covid-19 Pandemic (see "*Impacts from the Novel Coronavirus (COVID-19) Pandemic*" in Section I), the Port Authority has qualified to participate in the commercial paper funding facility offered by the Federal Reserve Bank of New York through the CP Funding Facility II LLC (CPFF), managed by Pacific Investment Management Company LLC (PIMCO). Under the Facility, the Port Authority may sell up to $550,135,000 in total aggregate amount of three-month commercial paper to CPFF through participating commercial paper dealers through March 17, 2021 (subject to extension by the Board of Governors of the Federal Reserve System). The Port Authority has not yet sold any of its commercial paper to CPFF.

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 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.

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 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)).

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.

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 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 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

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 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

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

(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 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.

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.

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.

(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 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.

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.

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 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.

(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 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 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.

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.

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

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.

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.

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

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.

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).

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.

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.

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.

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 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).

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, and pursuant to the resolution of June 28, 2018 with respect to the discontinuance of the Port Authority Carpool Plan at the Outerbridge Crossing and Goethals 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.

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 September 26, 2019, relating to changes in the tolls schedule for vehicular interstate crossings and other fees.

Resolution of September 26, 2019, relating to the reassessment and changes to the 2017-2026 Capital Plan.

Resolution of December 12, 2019, relating to the approval and adoption of the Port Authority’s Budget for 2020 with respect to capital and operating expenses.

SCHEDULES OF OUTSTANDING DEBT

The following schedule of Consolidated Bonds (as of July 1, 2020)* 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 2020 include interest and mandatory payments expected to be paid in 2020 and accrued interest on Consolidated Bonds issued in 2020, and have not been adjusted other than to reflect the refundings of series of Consolidated Bonds that occurred in 2020 prior to the date of this schedule.

Consolidated Bonds (as of July 1, 2020)* (in thousands)	**TOTAL ALL ISSUES**		
	Total Principal Amount $23,261,860		
Year	**Total**	**Interest**	**Amortization**
2020	$1,463,878	$1,038,728	$425,150
2021	1,475,525	1,026,515	449,010
2022	1,470,531	1,006,181	464,350
2023	2,554,819	980,624	1,574,195
2024	1,470,780	953,670	517,110
2025	1,449,006	925,596	523,410
2026	1,446,716	900,911	545,805
2027	1,448,560	876,625	571,935
2028	1,442,862	851,202	591,660
2029	1,465,929	825,654	640,275
2030	1,473,343	787,913	685,430
2031	1,482,360	757,210	725,150
2032	1,480,286	722,526	757,760
2033	1,468,499	687,059	781,440
2034	1,402,094	651,794	750,300
2035	1,420,431	615,826	804,605
2036	1,328,202	576,497	751,705
2037	1,247,860	539,300	708,560
2038	1,166,007	507,112	658,895
2039	1,180,559	475,469	705,090
2040	1,078,370	442,050	636,320
2041	1,030,216	410,656	619,560
2042	1,024,628	381,878	642,750
2043	999,645	351,050	648,595
2044	834,206	318,246	515,960
2045	919,486	288,371	631,115
2046	732,776	264,276	468,500
2047	724,188	243,713	480,475
2048	690,733	221,208	469,525
2049	565,659	200,789	364,870
2050	475,922	183,722	292,200
2051	466,033	169,468	296,565
2052	280,096	157,051	123,045
2053	477,824	148,844	328,980
2054	468,882	133,657	335,225
2055	459,920	118,165	341,755
2056	435,739	102,519	333,220
2057	402,620	87,345	315,275
2058	310,309	74,219	236,090
2059	301,375	63,670	237,705
2060	282,599	53,089	229,510
2061	273,664	42,814	230,850
2062	264,731	32,476	232,255
2063	58,026	24,301	33,725
2064	58,010	22,745	35,265
2065	132,076	20,296	111,780
2066	100,588	16,423	84,165
2067	100,558	13,613	86,945
2068	93,281	10,736	82,545
2069	93,248	7,993	85,255
2070-2094	224,746	124,746	100,000
TOTAL	**$43,698,401**	**$20,436,541**	**$23,261,860**

* "Total All Issues" includes (i) the Notes; and (ii) $100,000,000 Consolidated Bonds, Ninety-third Series with interest included in each of the years 2020 through 2069, and with principal and interest included on a cumulative basis during the period 2070 through 2094. It is presently expected that the Notes will be repaid with the proceeds of a future issuance of Consolidated Bonds. Not included are: (i) Special Project Bonds; (ii) Commercial Paper Obligations; (iii) Variable Rate Master Notes; and (iv) Equipment Notes.

Principal Amounts of Certain Port Authority Obligations Outstanding (as of July 1, 2020)*

Consolidated Bonds:	**Par Value**
Eighty-fifth Series, 5.2%-5.375%, Serial/Term, due 2020-2028	$57,800,000
Ninety-third Series, 6.125%, Term, due 2094	100,000,000
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 Sixty-third Series, 2.375%-5%, Serial/Term, due 2020-2040	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 2020-2028 (C)	111,180,000
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 2020-2041 (C)	274,560,000
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 2020-2037 (C)	286,230,000
One Hundred Seventy-third Series, 3%-5%, Serial, due 2020-2032	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 2020-2042	380,140,000
One Hundred Seventy-sixth Series, 1.05%-2.5%, Serial, due 2020-2022 (A)	51,000,000
One Hundred Seventy-seventh Series, 3%-5%, Serial/Term, due 2020-2043 (C)	309,705,000
One Hundred Seventy-eighth Series, 5%, Serial/Term, due 2020-2043 (C)	393,890,000
One Hundred Seventy-ninth Series, 4%-5%, Serial/Term, due 2020-2043	778,810,000
One Hundred Eightieth Series, 4%-5%, Serial, due 2020-2021	14,865,000
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 2020-2039	346,125,000
One Hundred Eighty-fifth Series, 4%-5%, Serial, due 2020-2034 (C)	419,050,000
One Hundred Eighty-sixth Series, 5%, Serial/Term, due 2020-2044 (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 2020-2035 (C)	64,915,000
One Hundred Eighty-ninth Series, 3%-5%, Serial/Term, due 2020-2045	419,365,000
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 2020-2035 (C)	263,570,000
One Hundred Ninety-fourth Series, 4%-5.25%, Serial/Term, due 2020-2055	1,157,320,000
One Hundred Ninety-fifth Series, 1.45%-5%, Serial/Term, due 2020-2036 (C)	272,155,000
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 2020-2041 (C)	161,545,000
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 2020-2037 (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 2020-2057	723,550,000
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 2020-2022 (A)	85,130,000
Two Hundred Ninth Series, 5%, Serial, due 2020-2038	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
Two Hundred Seventeenth Series, 4%-5%, Serial/Term, due 2030-2049	400,000,000
Two Hundred Eighteenth Series, 4%-5%, Serial/Term, due 2030-2049 (C)	525,000,000
Two Hundred Nineteenth Series, 3.5%, Term, due 2067 (C)	50,000,000
Two Hundred Twentieth Series, 4%, Term, due 2059 (C)	125,000,000
Consolidated Notes:	
Series AAA, 1.086%, due July 1, 2023 (A)*	1,100,000,000
Total	$23,217,030,000

Footnotes appear on following page

Equipment Notes	$ —
Versatile Structure Obligations	$ —
Commercial Paper Obligations	$655,315,000
Variable Rate Master Notes	$ 69,600,000

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 Notes.

NOTE RESOLUTIONS AND LEGAL OPINION

Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Notes Commencing With Series AAA

(Adopted July 26, 2018)

This resolution constitutes a contract with the holders in whose names the Notes are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Notes, the Depository or its nominee shall be the sole registered holder of the Notes.

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 short-term bonds (hereinafter called "Consolidated Notes"), from time to time, in conformity with the Consolidated Bond Resolution and has now determined that it is appropriate to establish certain additional series of Consolidated Notes 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 or Consolidated Notes;

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 Notes issued pursuant to this resolution commencing with Series AAA and denominated with three uniform letters in consecutive alphabetical order thereafter (e.g., Series BBB, Series CCC, etc.), 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 Notes and the issuance of each such series with a term to maturity not in excess of three years is authorized, provided, however, that the total aggregate principal amount of Consolidated Notes issued pursuant to this resolution, Consolidated Bonds issued pursuant to the resolution "Establishment and Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series" 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 shall be issued in conformity with the Consolidated 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 "Notes"). This resolution shall constitute a contract with the registered holders of the Notes 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 Notes 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, 8 and 9 of this resolution as in the opinion of the Committee on Finance will effectuate the issuance of the Notes, 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 Notes may be used for any purpose for which at the time of issuance of the Notes the Authority is authorized by law to issue its obligations. The Committee on Finance may allocate the proceeds of the Notes, 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 Notes.

Both principal of and interest on the Notes shall be payable in lawful money of the United States of America; principal of the Notes 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 Notes 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 Notes.

SECTION 4. The Notes shall be issued only in registered form, registered as to both principal and interest and not as to either alone, in authorized denominations.

SECTION 5. 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 Notes. The Notes 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 note or notes may be exchanged for a note or notes 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 Notes as above provided shall be filed with the Registrar of the Authority; all notes to be surrendered pursuant to such requests shall be surrendered to the Registrar; and all notes delivered in exchange as aforesaid shall be delivered by the Registrar. All notes surrendered to the Registrar in exchange for other notes 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 notes, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

SECTION 6. The Notes 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 Notes.

If less than all of the Notes then outstanding are to be called for redemption at the option of the Authority, and if the Notes then outstanding include notes of any serial maturities, the notes so to be called shall be in inverse order of maturity, and if notes constituting a particular maturity are to be called for redemption, but not all notes constituting such maturity are to be called for redemption, the notes so to be called shall be determined by lot by the Registrar.

Notice to redeem any of the Notes 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 notes 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 Notes.

On or before the date fixed for redemption specified in the notice to redeem any of the Notes, 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 notes 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 notes so called for redemption and to be paid to them respectively upon presentation and surrender of such notes 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 notes 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 notes on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the notes so called on and after the date fixed for their redemption, and such notes 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 notes 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 note of the minimum authorized denomination, and the word "note" as used in the foregoing provisions of this Section 6 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 note are to be called for redemption, then upon notice to redeem such unit or units, the registered holder of such note shall forthwith present such note to the Registrar who shall issue a new note or notes of like tenor of smaller authorized denominations but of the same aggregate principal amount in exchange therefore, pursuant to Section 5 of this resolution, including a new note or notes with the aggregate principal amount of the unit or units of face value called for redemption; and such new note or notes shall be deemed to be duly called for redemption without further notice to the registered holder thereof. If the registered holder of such note of a denomination greater than the minimum authorized denomination shall fail to present such note to the Registrar for the issuance of new notes of smaller denominations in exchange therefore, as aforesaid, such note 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 note represented by such unit or units of face value on and after the date fixed for redemption, and such note 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) represented by such unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

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 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 form of the note, including provisions with respect to assignment, for the Notes shall be determined by the Committee on Finance or by an Authorized Officer. The notes shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be signed manually by an Authorized Officer. In case any Authorized Officer who shall have signed any of the notes shall cease to be an Authorized Officer before such notes shall have been actually issued, such notes may nevertheless be issued as though such Authorized Officer who signed such notes had not ceased to be an Authorized Officer.

SECTION 9. In case any note shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new note of like tenor in exchange or substitution for and upon cancellation of such mutilated note or in lieu of or in substitution for such destroyed or lost note; or if such note shall have matured, instead of issuing a substitute note the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute note shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such note 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 note 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 note, 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 note so issued in substitution. Any note issued under the provisions of this Section 9 in lieu of any note alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the note 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 10. 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); provided, however, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Notes shall be subject to prior approval of the Committee on Finance[*].

[*] See footnotes (*) and (**) on p. VI-7.

Resolution Authorizing the Sale of Certain Series of Consolidated Notes Commencing with Series AAA

(Adopted July 26, 2018)

SECTION 1. This resolution shall apply with equal force and effect to each series of Consolidated Notes sold on or after September 1, 2018 pursuant to this resolution commencing with Series AAA and denominated with three uniform letters in consecutive alphabetical order thereafter (*e.g.*, Series BBB, Series CCC, etc.), 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 "Notes").

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 Notes at a true interest cost to the Authority not in excess of eight percent with a term to maturity not in excess of three years, at public or private sale, with or without advertisement, in one or more installments, 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 Notes; provided, however, that the total aggregate principal amount of the Notes sold pursuant to this resolution, Consolidated Bonds sold pursuant to the resolution entitled "*Sale of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*" 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 Notes, to fix the time or times of sale of the Notes, 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 Notes, to enter into any contracts or agreements pertaining to the Notes; to fix the time or times and determine the terms and conditions of delivery of the Notes; to appoint one or more Paying Agents and a Registrar, 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 Notes 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 Notes, 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 Notes 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);

provided, *however*, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Notes 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 Notes on the basis that the Notes are to be in conformity with, and that the interest on the Notes 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 Notes 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 Notes, as to the status of the projects for which the proceeds of the Notes are to be used, as to the Authority's intentions with respect to the application and investment of the proceeds of the Notes, 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.

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* In connection with the acceptance by an Authorized Officer of an offer to purchase the Notes represented by the Note Purchase Agreement (see "*Underwriting*" in Section I hereof), the terms of the Notes 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 Notes to the summary description of the Notes as set forth in and pursuant to the Note Purchase Agreement with respect to the Notes; such description is reflected at "*Description of the Notes*," and at "*Additional Information Pertaining to the Notes*" in Section I hereof.

** On May 21, 2020, the Committee on Finance of the Port Authority approved the issuance and sale of one or more series of Consolidated Notes, to be designated as 2020 Consolidated Bond Anticipation Notes, in a maximum principal amount of up to $1.1 billion, for the purposes and in accordance with the terms and conditions of such approval.

Form of Legal Opinion of Bond Counsel

In connection with the delivery upon original issuance of the Notes by the Port Authority, Bond Counsel will render a legal opinion on such date of delivery relating to the Notes 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 Notes, Series AAA

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 $1,100,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Notes, Series AAA (the "Notes"), 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 Notes (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 original delivery of the Notes on 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 original delivery of the Notes on 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 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 Notes 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 or having the effect of 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 Notes 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 Notes 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 Notes, 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 Notes is not excluded from gross income for federal income tax purposes under Section 103(a) of the Internal Revenue Code of 1986 (the "Code").

The Notes 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 Notes arising under the Code.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX A

Financial Statements as of and for the Years Ended December 31, 2019 and December 31, 2018 and Appended Notes

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PORT AUTHORITY NY NJ

AIR LAND RAIL SEA

Comptroller's Department

FINANCIAL STATEMENTS & APPENDED NOTES

for the Year Ended December 31, 2019

THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2019

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CERTIFICATE WITH RESPECT TO 2019 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 financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2019 and December 31, 2018 (the "Financial Statements") that ***(a)*** to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority's enterprise fund and fiduciary fund Net position, Changes in Net position, and Cash flows, in conformity with United States of America generally accepted accounting principles ("U.S. GAAP"); and ***(b)*** on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with U.S. GAAP.

Dated: New York, New York
March 4, 2020

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 Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary activities of the Port Authority as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

Adoption of New Accounting Pronouncement

As discussed in Note A.3.o to the basic financial statements, as of January 1, 2018, the Authority adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are 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 basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audits for the years ended December 31, 2019 and 2018 were conducted for the purpose of forming an opinion on the Port Authority's basic financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, related to the years ended December 31, 2019 and 2018 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic financial statements for the years ended December 31, 2019 and 2018, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1, D-2, D-3, E and F related to the years ended December 31, 2019 and 2018 is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2019 and 2018 as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Port Authority as of and for the years ended December 31, 2017, 2016, 2015, 2014, 2013, and 2012 (not presented herein), and have issued our reports thereon dated March 20, 2018, March 1, 2017, March 7, 2016, March 13, 2015, March 6, 2014, and February 25, 2013, respectively, which contained unmodified opinions on the respective financial statements. The supplementary information included in Schedules D-1 and D-2, as listed in the table of contents, for the years ended December 31, 2017, 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, 2017, 2016, 2015 and 2014, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable. This information has been subjected to the auditing procedures applied in the audits of the financial statements for the years ended December 31, 2017, 2016, 2015, 2014, 2013 and 2012, as applicable, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included in Schedules D-1 and D-2 related to the years ended December 31, 2017, 2016, 2015, 2014, 2013, and 2012 and the supplementary information included in Schedule D-3 related to the years ended December 31, 2017, 2016, 2015 and 2014, is fairly stated, in all material respects, in relation to the basic financial statements for the years ended December 31, 2017, 2016, 2015, 2014, 2013, and 2012 financial statements, as applicable, as a whole.

The Port Authority's financial statements for the years ended December 31, 2010 and 2011 (not presented herein) were audited by other auditors whose reports thereon expressed unmodified opinions on those respective financial statements. The reports of the other auditors on these financial statements stated that the supplementary information included in Schedules D-1 and D-2 for fiscal years 2010 and 2011, was subjected to the auditing procedures applied in the audits of the respective financial statements and, in their opinion, was fairly stated in all material respects in relation to the respective financial statements as a whole.

The supplementary information included in Schedule D-3 for fiscal years 2010 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 financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

We have audited the accompanying Schedules A, B and C of the Port Authority, which comprise financial statements that present the assets and liabilities as of December 31, 2019, 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, 2019, 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, 2018, and we expressed an unmodified audit opinion on them in our report dated March 6, 2019. In our opinion, the summarized comparative information presented on Schedules A, B, and C herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited Schedules A, B and C as of and for the year ended December 31, 2018 from which it has been derived.

Emphasis of Matters

Basis of Accounting

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

Restriction on Use

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

KPMG LLP

New York, New York
March 4, 2020

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Management's Discussion and Analysis (Unaudited)
Years ended December 31, 2019 and 2018

Introduction

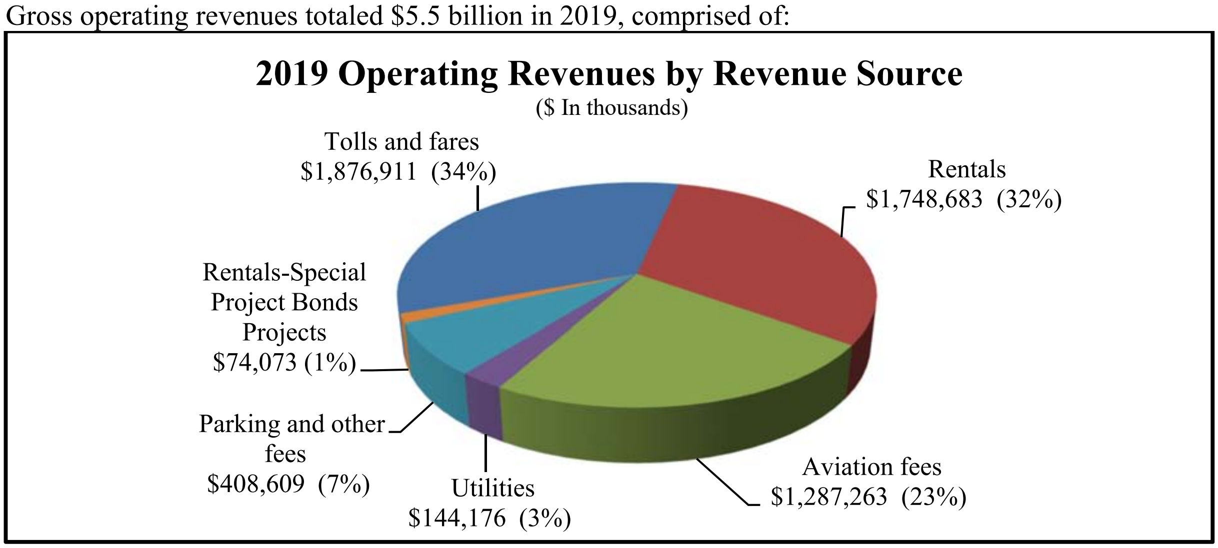
The following discussion and analysis of business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority) and its component units described herein (see *Note A.1 – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the enterprise and fiduciary fund financial statements ("the financial statements") of the Port Authority for the year ended December 31, 2019, with selected comparative information for the years ended December 31, 2018 and December 31, 2017. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and appended note disclosures that follow the Management's Discussion and Analysis section of this report.

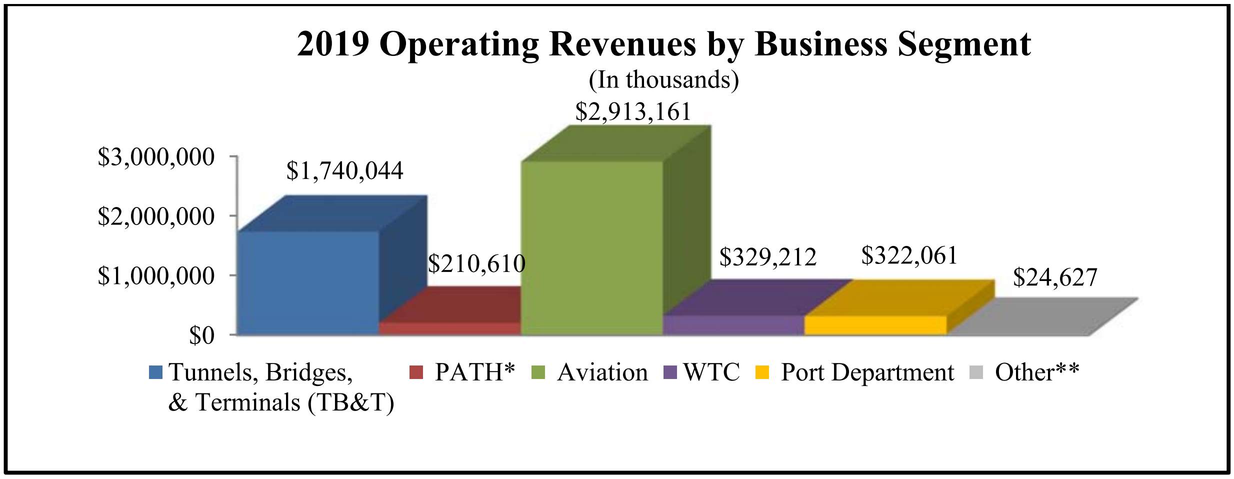
2019 Enterprise Fund Financial Results

The Port Authority's net position increased approximately $589 million from December 31, 2018, comprised of $828 million in Income from operations, less $239 million in non-operating expenses.

Description	**2019**
	(In thousands)
Gross operating revenues	**$5,539,715**
Operating expenses	**(3,430,176)**
Depreciation and amortization	**(1,457,426)**
Net revenue related to Superstorm Sandy	**175,678**
Income from operations	**827,791**
Non-operating revenues/(expenses), net	**(792,478)**
Capital contributions and Passenger Facility Charges (PFCs)	**553,622**
Non-operating revenues/(expenses) activities	**(238,856)**
Increase in net position	**$588,935**

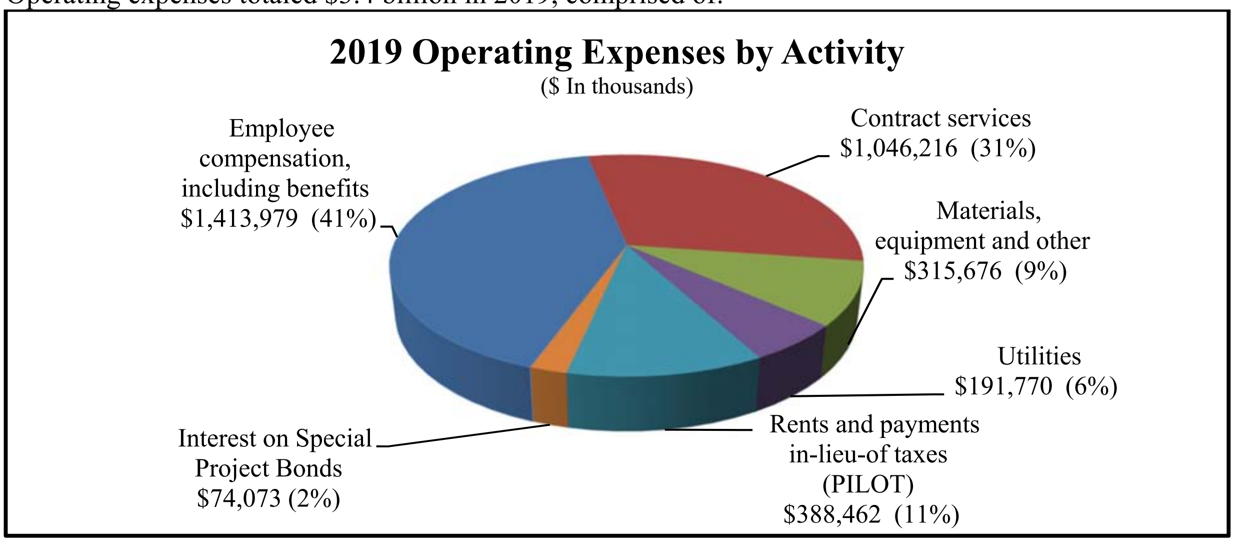
Gross operating revenues totaled $5.5 billion in 2019, comprised of:

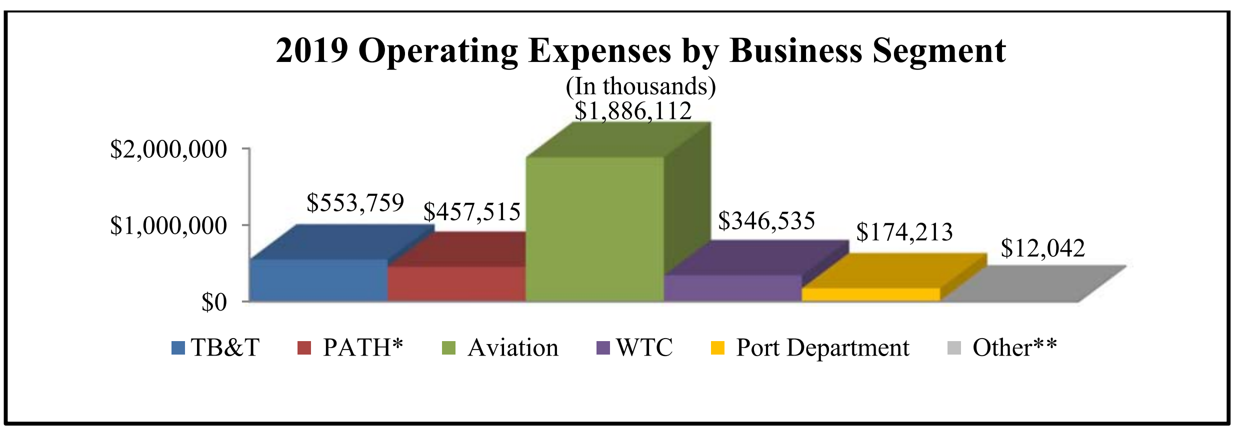




* Port Authority Trans-Hudson Corporation (PATH) includes World Trade Center (WTC) Transportation Hub.
**Other includes Development Facilities and Ferry Transportation.

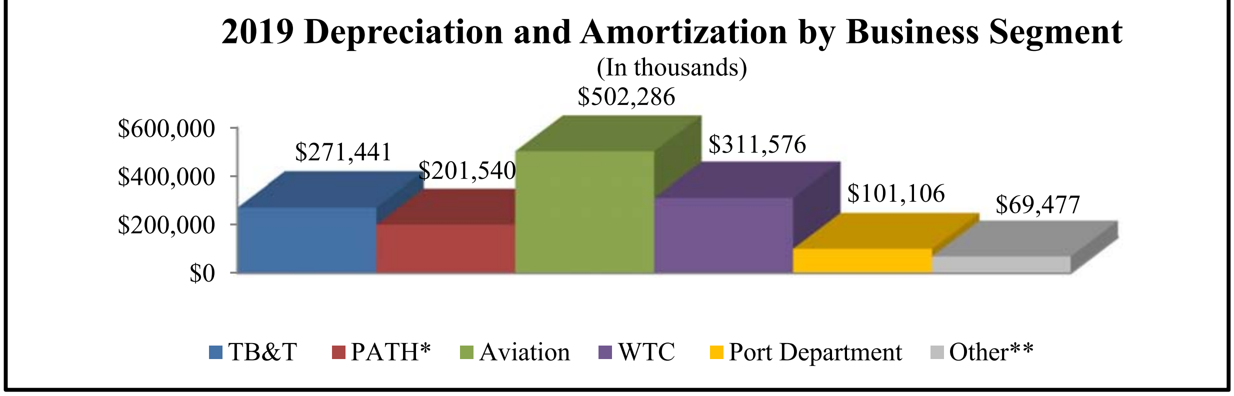
Operating expenses totaled $3.4 billion in 2019, comprised of:





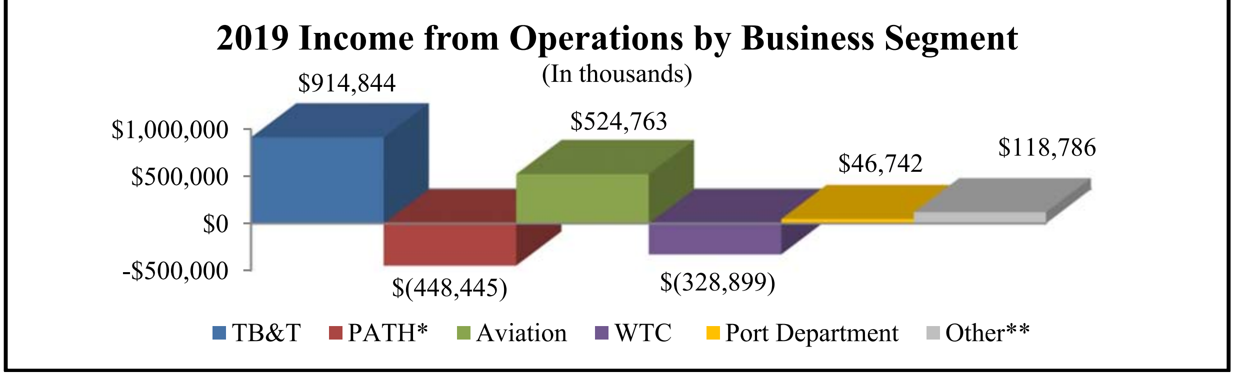
* PATH includes WTC Transportation Hub.
**Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation and Moynihan Station Transportation Program.

Depreciation and amortization totaled $1.5 billion in 2019, comprised of:



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

Income from operations totaled $828 million in 2019, comprised of:



* PATH includes WTC Transportation Hub.
** Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Moynihan Station Transportation Program, Ferry Transportation and Net revenues related to Superstorm Sandy.

Non-operating revenues and expenses are comprised of interest expense, financial income, PFCs, grants, in connections with operating activities and contributions in aid of construction. Non-operating activities decreased net position by $239 million in 2019:

	2019
	(In thousands)
Contributions in aid of construction and PFCs	**$ 553,622**
Grants, in connection with operating activities and pass-through grant program payments	**22,523**
Financial income, including changes in fair value of investments	**87,948**
Interest expense in connection with bonds and other asset financings, net*	**(902,949)**
Non-operating revenues/(expenses), net	**$ (238,856)**

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

Enterprise Fund Financial Statements Comparison for the Years Ended December 31, 2019, December 31, 2018 and December 31, 2017

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

	2019	2018	2017
		(In thousands)	
ASSETS			
Current assets	**$ 2,325,761**	$ 2,660,266	$ 2,767,697
Noncurrent assets:			
Facilities, net	**39,016,984**	37,400,013	35,963,576
Other noncurrent assets	**7,793,264**	7,283,951	7,751,457
Total assets	**49,136,009**	47,344,230	46,482,730
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	**71,113**	78,510	73,148
Pension related amounts	**277,938**	276,586	328,602
OPEB related amounts	**141,943**	169,257	-
Total deferred outflows of resources	**490,994**	524,353	401,750
LIABILITIES			
Current liabilities	**3,330,227**	3,421,109	3,375,701
Noncurrent liabilities:			
Bonds and other asset financing obligations	**24,421,179**	22,919,908	22,464,963
Other noncurrent liabilities	**4,977,960**	5,422,432	5,483,366
Total liabilities	**32,729,366**	31,763,449	31,324,030
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	**51,946**	43,859	47,237
Pension related amounts	**102,956**	177,998	68,237
OPEB related amounts	**275,406**	4,883	74,920
Total deferred inflows of resources	**430,308**	226,740	190,394
NET POSITION			
Net investment in capital assets	**14,620,518**	14,190,682	13,179,105
Restricted	**550,736**	500,610	760,912
Unrestricted	**1,296,075**	1,187,102	1,430,039
Net position, December 31st	**$ 16,467,329**	$ 15,878,394	$ 15,370,056

2019 vs. 2018

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

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

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

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

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

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

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

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

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

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

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 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).

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 (LGA) Airport 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 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 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 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 NYLSRS 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).

Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position

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

	2019	2018	2017
		(In thousands)	
Gross operating revenues	**$ 5,539,715**	$ 5,344,008	$ 5,220,389
Operating expenses	**(3,430,176)**	(3,242,315)	(3,108,910)
Depreciation and amortization	**(1,457,426)**	(1,371,157)	(1,275,303)
Net revenue related to Superstorm Sandy	**175,678**	-	18,323
Income from operations	**827,791**	730,536	854,499
Non-operating revenues/(expenses), net	**(792,478)**	(760,818)	(787,596)
Capital contributions and PFCs	**553,622**	538,620	463,258
Increase in net position	**588,935**	508,338	530,161
Net position, January 1st	**15,878,394**	15,370,056	14,839,895
Net position, December 31st	**$ 16,467,329**	$15,878,394	$ 15,370,056

Financial results of an individual facility for 2019 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Gross Operating Revenues

A summary of gross operating revenues follows:

	2019	2018	2017
		(In thousands)	
Gross operating revenues:			
Tolls and fares	**$ 1,876,911**	$ 1,865,384	$ 1,873,622
Rentals	**1,748,683**	1,673,994	1,618,439
Aviation fees	**1,287,263**	1,192,454	1,128,352
Parking and other	**408,609**	384,088	377,421
Utilities	**144,176**	149,008	139,502
Rentals - Special Project Bonds Projects	**74,073**	79,080	83,053
Total	**$ 5,539,715**	$ 5,344,008	$ 5,220,389

2019 vs. 2018

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

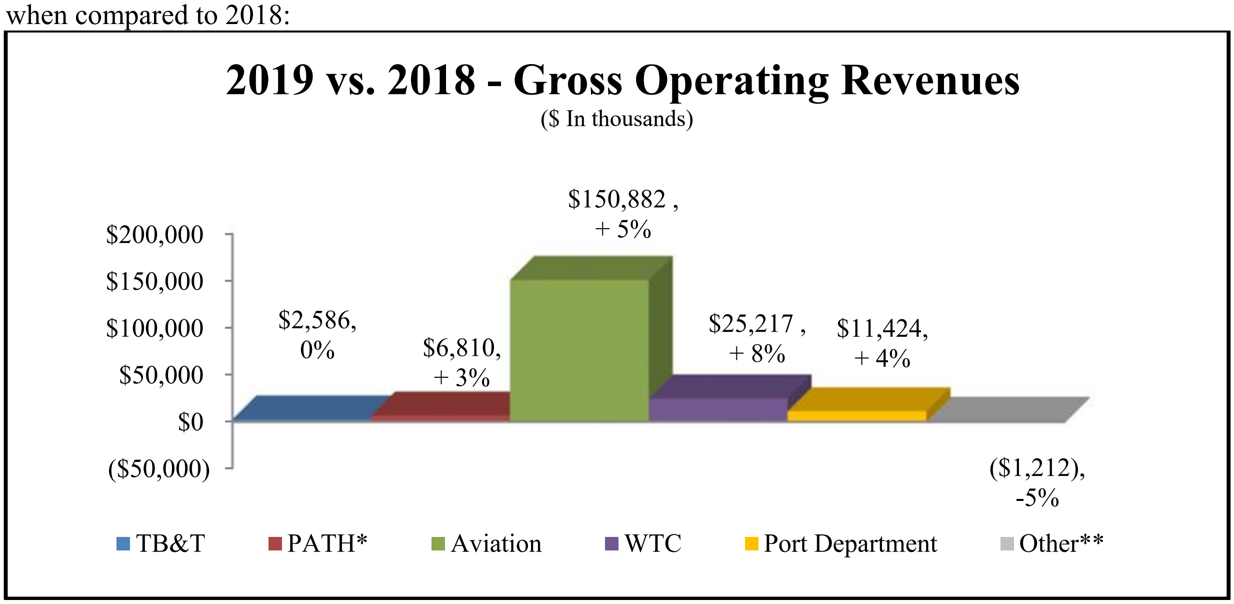
Aviation fees of $1.3 billion increased $95 million or 8.0% as compared to 2018. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain capital investment and operating expenses incurred by the Port Authority. The 2019 increase in aviation fees was primarily due to; ***a.)*** increased customer service initiatives; ***b.)*** increased policing and security costs necessary to meet ongoing public safety needs, including traffic management efforts in support of ongoing construction activities at LGA Airport; ***c.)*** additional aeronautical capital investment being placed into operational service in 2019, including a new concrete runway at John F. Kennedy International (JFK) Airport and ***d.)*** increased maintenance costs related to AirTrain JFK and AirTrain EWR.

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

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

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

The following chart depicts the 2019 increase/(decrease) in gross operating revenues by business segment when compared to 2018:



* PATH includes WTC Transportation Hub.
** Other includes Regional Facilities and Programs, Development Facilities and Ferry Transportation.

2018 vs. 2017

Gross operating revenues totaled $5.3 billion in 2018, an increase of $124 million or 2.4% from 2017.

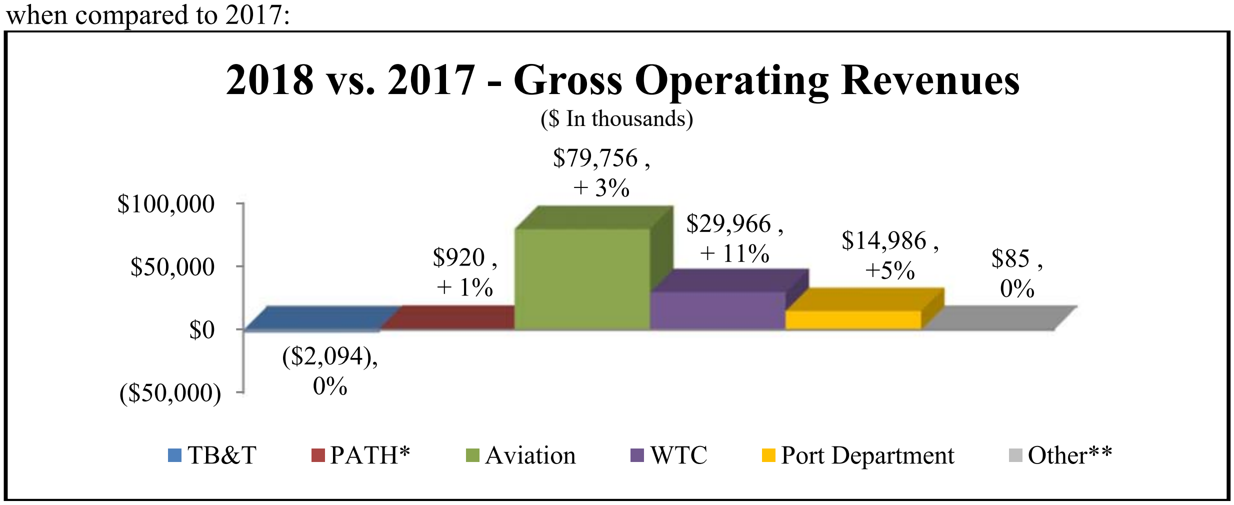
Aviation fees of $1.2 billion increased $64 million or 5.7% from 2017. Aviation fees paid by airlines operating at certain Port Authority Aviation facilities provide for the recovery of certain Port Authority capital investments and operating expenses. The increase in 2018 fees was primarily due to increased policing and security to meet ongoing security requirements, aeronautical related capital investment being placed into service and increased snow and ice removal activities.

Rentals of $1.7 billion increased $56 million or 3.4% from 2017 primarily due to increased activity based percentage rentals at Aviation Facilities and Marine Terminals resulting from an all-time high in aviation passenger and container activity, increased fixed rentals due to scheduled rent increases at Aviation Facilities and Marine Terminals, and increased fixed and percentage rentals at One World Trade Center 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 World Trade Center tenant charges resulting from increased occupancy and increased CFCs and Wharfage fees at 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 Airport, and lessened demand for public parking at the three major airports.

Toll and PATH fares of $1.9 billion remained relatively flat from 2017 due to increased tolling discounts resulting from higher E-ZPass® 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 0.7% increase in overall vehicular traffic at the six vehicular crossings.

The following chart depicts the 2018 increase/(decrease) in 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.

Operating Expenses

Operating expenses totaled $3.4 billion in 2019, an increase of $188 million or 5.8% when compared to the same twelve-month period of 2018.

A summary of operating expenses follows:

	2019	2018	2017
		(In thousands)	
Operating expenses:			
Employee compensation, including benefits	**$ 1,413,979**	$ 1,338,277	$ 1,318,935
Contract services	**1,046,216**	934,821	880,331
Rents and payments in-lieu-of taxes (PILOT)	**388,462**	396,048	390,576
Materials, equipment and other	**315,676**	298,121	252,533
Utilities	**191,770**	195,968	183,482
Interest on Special Project Bonds	**74,073**	79,080	83,053
Total	**$ 3,430,176**	$ 3,242,315	$ 3,108,910

2019 vs. 2018

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

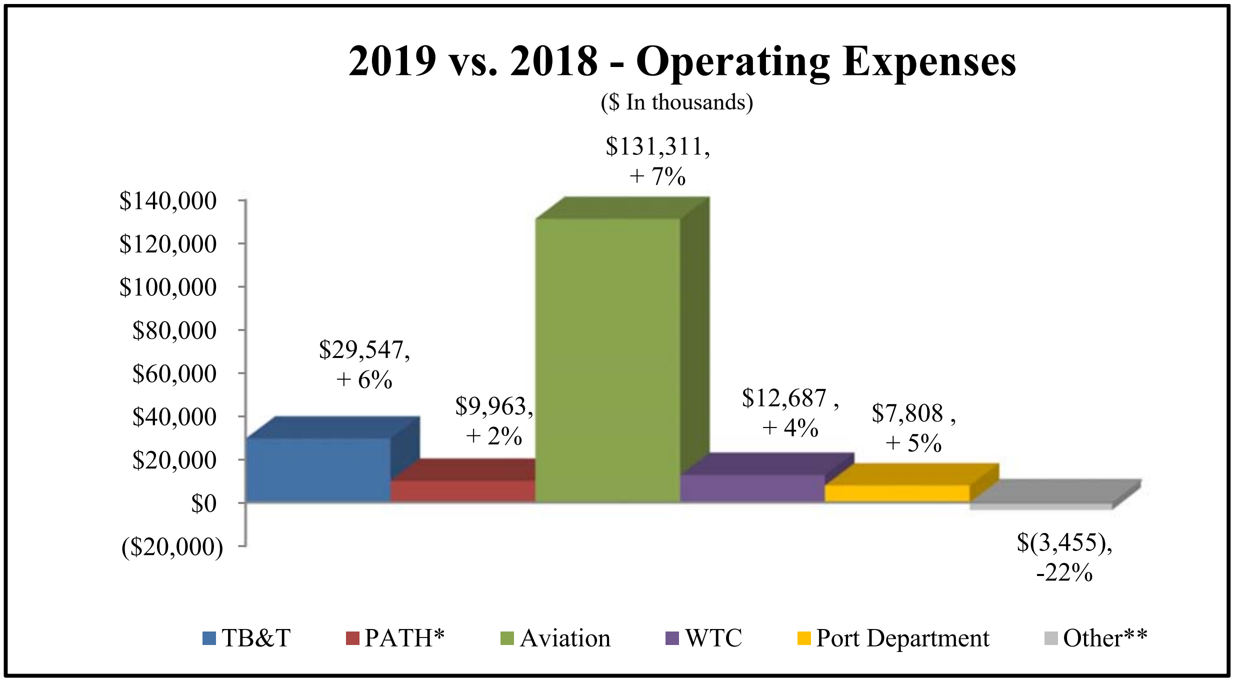
Employee compensation, including employer provided healthcare and retirement benefits of $1.4 billion, increased $76 million or 5.7% as compared to 2018 primarily due to; ***a.)*** increased civilian and public safety employee headcount to meet operational and public safety requirements; ***b.)*** general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

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

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

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

The following chart depicts the 2019 increase/(decrease) in operating expenses by business segment when compared to 2018:



* 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.

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.

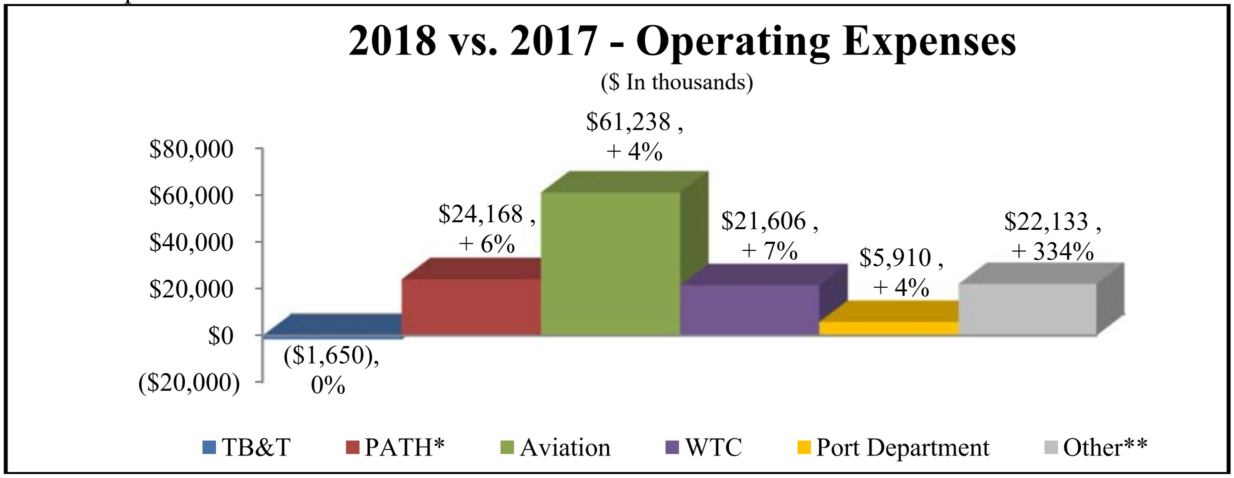
Contract Services of $935 million increased $54 million, or 6.2% from 2017 primarily due to increased customer service related initiatives, including new customer information technology across facilities, increased security at Port Authority facilities due to evolving security requirements, increased maintenance dredging at 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 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 Aviation facilities, 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 JFK Airport 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 increase/(decrease) 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.*

Depreciation and Amortization

A summary of depreciation and amortization follows:

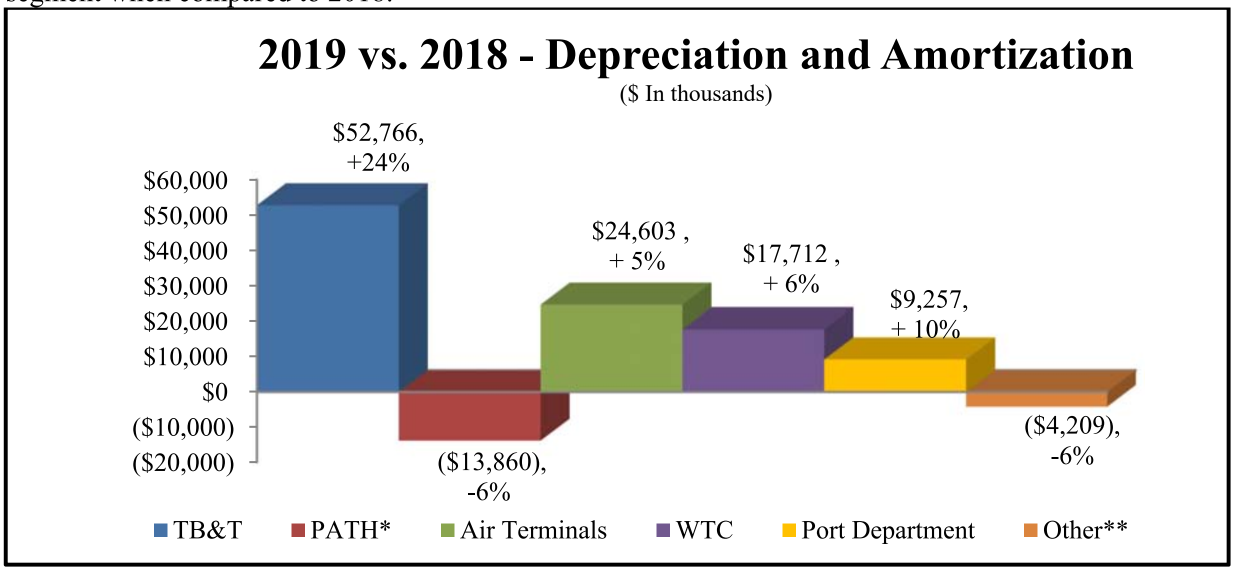
	2019	2018	2017
		(In thousands)	
Depreciation and amortization:			
Depreciation of facilities	**$ 1,420,696**	$ 1,329,283	$ 1,231,139
Amortization of costs for regional programs	**36,730**	41,874	44,164
Total	**$ 1,457,426**	$ 1,371,157	$ 1,275,303

2019 vs. 2018

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

These capital infrastructure assets have been placed into service and being depreciated over the assets estimated useful life.

The following chart depicts the 2019 increase/(decrease) in depreciation and amortization by business segment when compared to 2018:



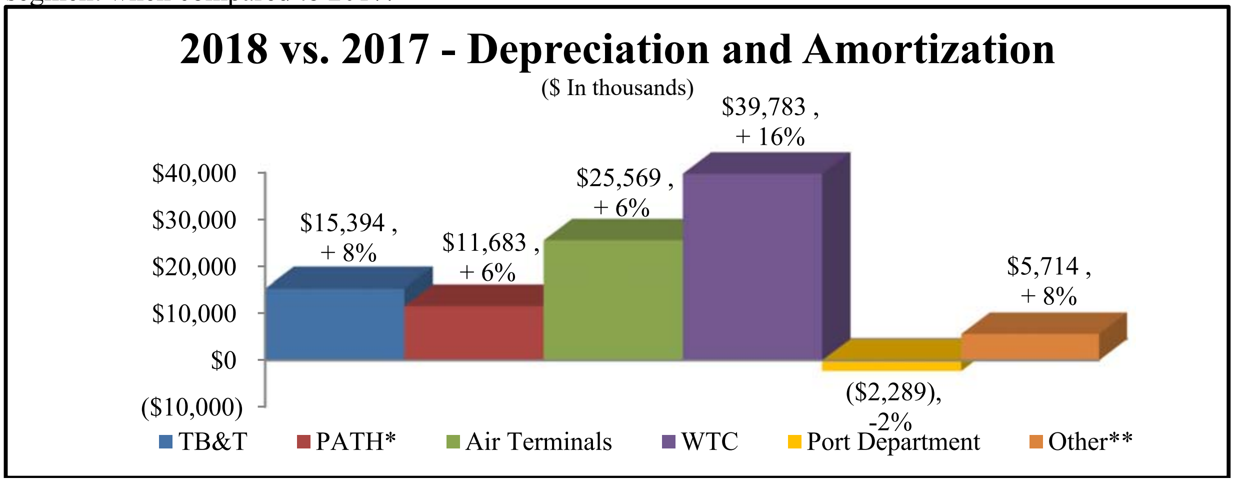
* PATH includes WTC Transportation Hub.

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

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 System Replacement Program and installation of PTC, Goethals Bridge Replacement Program, Bayonne Bridge Navigational Clearance Program, LTA Program, WTC Tower 3, JFK runway improvements and LGA Airport 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.

The following chart depicts the 2018 increase/(decrease) depreciation and amortization 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.

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

Superstorm Sandy Insurance Recoveries

Net revenues related to Superstorm Sandy of $175.7 million represent final insurance recoveries received in 2019 for losses sustained as a result of Superstorm Sandy.

Income from Operations

Income from operations is comprised of gross operating revenues, less the sum of ***a.)*** operating expenses, ***b.)*** depreciation and amortization and ***c.***) net revenues related to Superstorm Sandy.

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

2018 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 Airport**.**

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2019	2018	2017
		(In thousands)	
Non-operating revenues and (expenses):			
Financial income	**$ 66,965**	$ 77,406	$ 48,077
Net increase / (decrease) in fair value of investments	**20,983**	11,898	(12,751)
Interest expense in connection with bonds and other asset financings, net*	**(902,949)**	(872,690)	(843,050)
Pass-through grant program payments	**(3,142)**	(1,438)	(19,717)
Grants, in connection with operating activities	**25,665**	24,006	39,845
Non-operating expenses, net	**$ (792,478)**	$ (760,818)	$ (787,596)

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

2019 vs. 2018

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

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

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

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

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

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 Goethals Bridge Replacement DFA payments due to the substantial completion of the replacement bridge in June 2018.

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 DHS for cyber security and counter terrorism initiatives.

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 offset in their entirety by a ***Contribution in aid of construction*** *or a* ***Grant, in connection with an operating activity***.

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

	2019	2018	2017
		(In thousands)	
Contributions in aid of construction	**$ 261,054**	$ 252,225	$ 187,473
PFCs	**292,568**	286,395	275,785
Total	**$ 553,622**	$ 538,620	$ 463,258

2019 vs. 2018

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

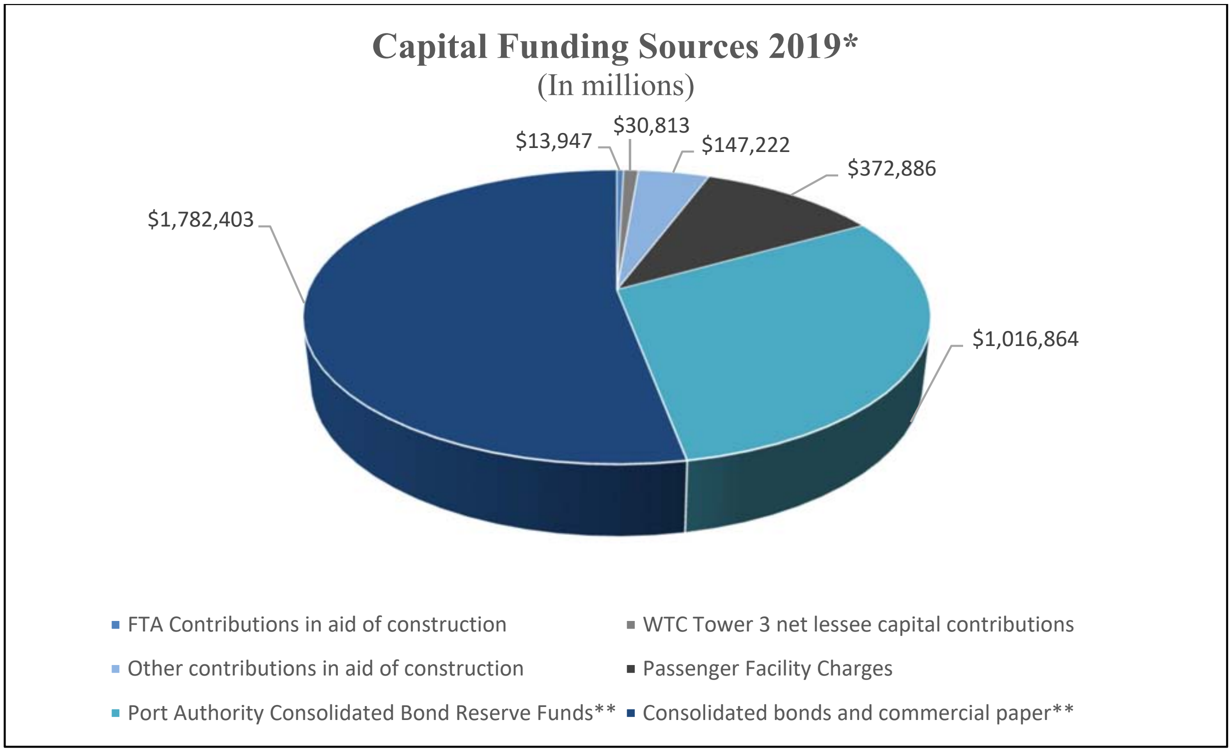
PFCs of $293 million increased $6 million from 2018 due to a 1.6% increase in passenger activity.

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 FEMA and the FTA for Superstorm Sandy restoration and resiliency capital projects. For additional information related to grants and capital contributions, see *Note F - Grants and Contributions in Aid of Construction.*

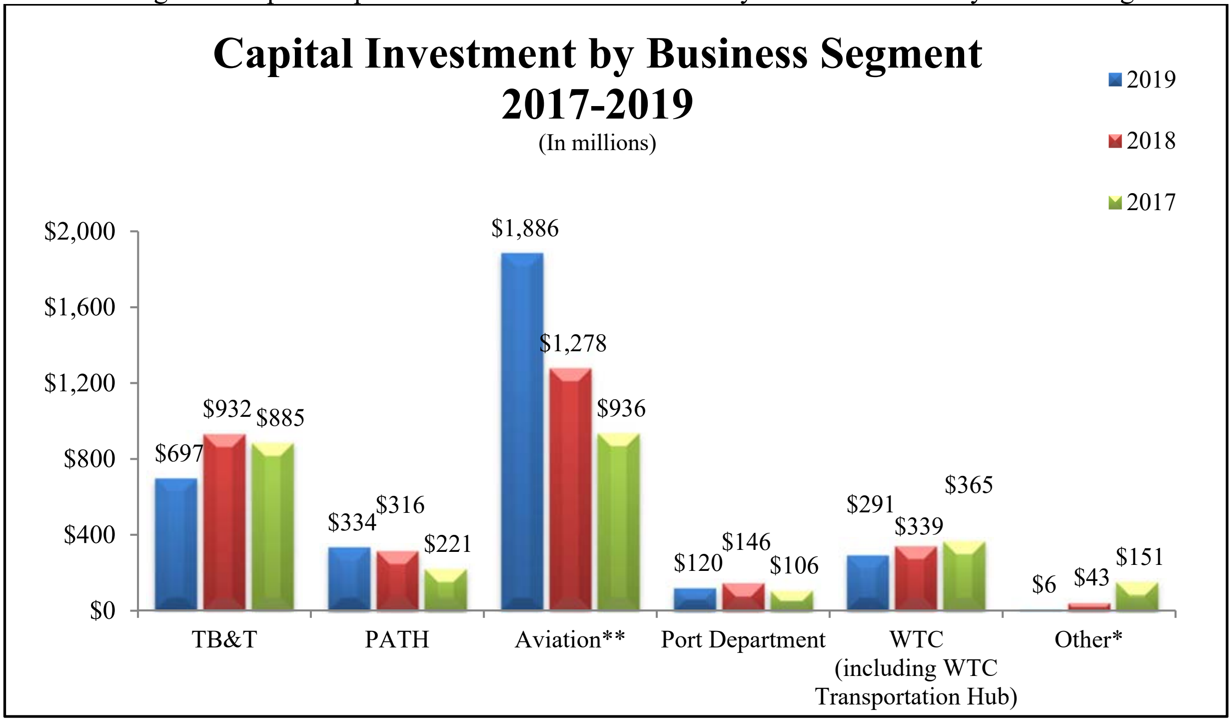
Capital Construction Activities

Port Authority capital investment, including contributed capital, accrued amounts and landlord leasehold capital investment related to LGA Terminal B, totaled $3.4 billion in 2019, $3.1 billion in 2018 and $2.7 billion in 2017.



* Capital funding sources exclude accrued amounts in connection with capital construction activities.
** Includes funding for landlord leasehold capital improvements related to LGA Terminal B.

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.

** Includes landlord leasehold capital improvements related to LGA Terminal B of $297 million in 2019, $289 million in 2018 and $163 million in 2017, respectively.

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

Capital Financing and Debt Management

As of December 31, 2019, bonds and other asset financing obligations of the Port Authority totaled approximately $27.9 billion, including $1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/obligor and $1.1 billion related to Special Project Bonds. For additional information related to bonds and other asset financing obligations of the Port Authority, see *Note D-Outstanding Financing Obligations*.

During 2019, the Port Authority received approximately $2.8 billion of consolidated bond proceeds, including $393 million in premiums received at the time of issuance. Of this amount, $1.9 billion was allocated for purposes of funding capital construction, $758 million was used to refund outstanding consolidated bonds to achieve savings on future debt service payments and $100 million was used to retire existing commercial paper obligations.

During 2019, the Port Authority issued approximately $120 million of commercial paper obligations 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 2019 remained the same when compared to 2018. 2019 Standard and Poor's (S&P), Fitch Ratings and Moody's Investors Service considered the Port Authority's outlook stable.

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

On September 26, 2019, the Board of Commissioners authorized certain adjustments to the schedule of tolls at the Port Authority's six vehicular crossings. The Revised Schedule incorporates the previously authorized Consumer Price Index (CPI) inflation adjustment for bridge and tunnel tolls. Effective January 5, 2020, the cash and toll by mail rate for cars during all hours increased from $15.00 to $16.00. The discount for autos using E-ZPass® would be reduced by $0.25, resulting in an increase of $1.25. After 2020, tolls will be adjusted for the cumulative effect of inflation when applied to the current Class 1 cash and toll by mail tolls. At the time the first CPI increase reaches $1.00, tolls for all vehicular classes except classes 8 and 9 (buses) 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. For additional information related to tolling rates, E-ZPass® discounts and designated user programs, please refer to the following link: http://www.panynj.gov/bridges-tunnels/tolls.html

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge, April 24, 2019 at the Outerbridge Crossing, and September 4, 2019 at the Goethals Bridge. On July 25, 2019, the Board of Commissioners authorized a project to implement cashless tolling at the Holland Tunnel, Lincoln Tunnel and George Washington Bridge. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling, but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

The PATH fare schedule was revised effective on November 1, 2019. Although the PATH base fare for a single trip remains at $2.75, the cost of multi-trip tickets was increased to $25.00 for a 10-trip ticket, $50.00 for a 20-trip ticket and $100.00 for a 40-trip ticket (each of which is scheduled to increase as of November 1, 2020 to $26.00, $52.00 and $104.00, respectively). After 2020, PATH fares will be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result in an adjustment of at least $0.25. For additional information related to PATH fares please refer to the following link: http://www.panynj.gov/path/fares.html

On December 12, 2019, the Board of Commissioners approved a 2020 budget that provides for capital and operating expenditures during calendar year 2020 totaling $8.6 billion. To obtain a copy of the 2020 budget, please refer to the following link: https://corpinfo.panynj.gov/pages/budget/

On February 16, 2017, the Board of Commissioners approved a ten-year capital plan covering 2017-2026, which, as part of the biennial process to reassess the 2017-2026 capital plan directed by the Board of Commissioners, was modified from $32.2 billion to $37 billion by the Board of Commissioners on September 26, 2019. To obtain a copy of the capital plan, please refer to the following link: https://www.panynj.gov/port-authority/en/about/capital-plan.html

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

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

	2019	2018	2017
		(In thousands)	
Total contributions*	**$ 256,536**	$ 247,761	$ 243,528
Total net investment income/(loss)	**285,996**	(86,274)	175,795
Total deductions*	**(156,642)**	(147,855)	(143,622)
Increase in net position	**385,890**	13,632	275,701
Net position – January 1	**1,413,736**	1,400,104	1,124,403
Net position – December 31	**$ 1,799,626**	$ 1,413,736	$ 1,400,104

* Includes current year OPEB payments totaling $156.5 million in 2019, $147.8 million in 2018 and $143.5 million in 2017 to OPEB plan members or their beneficiaries out of available Port Authority operating funds.

2019 vs. 2018

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

Trust assets totaled $1.803 billion at December 31, 2019, an increase of $361 million from December 31, 2018. This increase in Trust assets is primarily due to a $387 million increase in value of Trust investments, partially offset by a decrease in cash and cash deposits of $26 million.

Net investment income totaled $286 million in 2019, an increase of $372 million from 2018, primarily due to a $364 million increase in the fair value of Trust investments, a $9 million increase in interest income and dividends and a decrease in investment expense of $1 million. The money-weighted rate of return on Trust investments was 19.57% in 2019 and (5.95%) in 2018.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Net Position

	December 31, 2019	December 31, 2018
	(In thousands)	
ASSETS		
Current assets:		
Cash	**$ 93,315**	$ 157,143
Restricted cash	**76,989**	132,961
Investments	**1,228,711**	1,529,511
Restricted investments - PAICE	**2,604**	37,162
Restricted investments - PFC	**18,838**	23,609
Current receivables, net	**681,361**	540,962
Other current assets	**143,213**	161,133
Restricted receivables and other assets	**80,730**	77,785
Total current assets	**2,325,761**	2,660,266
Noncurrent assets:		
Restricted cash	**4,813**	4,951
Investments	**2,564,584**	2,218,769
Restricted investments - PAICE	**127,542**	204,708
Other amounts receivable, net	**178,796**	136,996
Other noncurrent assets	**1,684,517**	1,649,710
Restricted noncurrent assets - PAICE	**6,954**	8,015
Amounts receivable - Special Project Bonds	**1,138,906**	1,233,432
Amounts receivable - Tower 4 Liberty Bonds	**1,245,025**	1,245,637
Unamortized costs for regional programs	**93,456**	130,186
Landlord leasehold investment-LGA Terminal B	**748,671**	451,547
Facilities, net	**39,016,984**	37,400,013
Total noncurrent assets	**46,810,248**	44,683,964
Total assets	**49,136,009**	47,344,230
DEFERRED OUTFLOWS OF RESOURCES		
Loss on debt refundings	**71,113**	78,510
Pension related amounts	**277,938**	276,586
OPEB related amounts	**141,943**	169,257
Total deferred outflows of resources	**490,994**	524,353
LIABILITIES		
Current liabilities:		
Accounts payable	**1,316,914**	1,275,183
Accrued interest and other current liabilities	**458,385**	501,986
Restricted other liabilities - PAICE	**8,866**	7,630
Accrued payroll and other employee benefits	**500,945**	659,044
Current portion bonds and other asset financing obligations	**1,045,117**	977,266
Total current liabilities	**3,330,227**	3,421,109
Noncurrent liabilities:		
Accrued pension and other postemployment benefits	**1,538,117**	1,891,329
Other noncurrent liabilities	**268,693**	253,252
Unearned income related to WTC Retail joint venture	**746,218**	755,478
Restricted other noncurrent liabilities - PAICE	**41,001**	43,304
Amounts payable - Special Project Bonds	**1,138,906**	1,233,432
Amounts payable - Tower 4 Liberty Bonds	**1,245,025**	1,245,637
Bonds and other asset financing obligations	**24,421,179**	22,919,908
Total noncurrent liabilities	**29,399,139**	28,342,340
Total liabilities	**32,729,366**	31,763,449
DEFERRED INFLOWS OF RESOURCES		
Gain on debt refundings	**51,946**	43,859
Pension related amounts	**102,956**	177,998
OPEB related amounts	**275,406**	4,883
Total deferred inflows of resources	**430,308**	226,740
NET POSITION	**$ 16,467,329**	$ 15,878,394
Net position is comprised of:		
Net investment in capital assets	**$ 14,620,518**	$ 14,190,682
Restricted:		
Passenger Facility Charges	**55,814**	52,378
Port Authority Insurance Captive Entity, LLC	**394,922**	348,232
Minority Interest in Tower 1 Joint Venture	**100,000**	100,000
Unrestricted	**1,296,075**	1,187,102
NET POSITION	**$ 16,467,329**	$ 15,878,394

See Notes to Financial Statements.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Revenues, Expenses and Changes in Net Position	Year ended December 31, 2019	2018
	(In thousands)	
Gross operating revenues:		
Tolls and fares	**$ 1,876,911**	$ 1,865,384
Rentals	**1,748,683**	1,673,994
Aviation fees	**1,287,263**	1,192,454
Parking and other	**408,609**	384,088
Utilities	**144,176**	149,008
Rentals - Special Project Bonds Projects	**74,073**	79,080
Total gross operating revenues	**5,539,715**	5,344,008
Operating expenses:		
Employee compensation, including benefits	**1,413,979**	1,338,277
Contract services	**1,046,216**	934,821
Rents and payments in-lieu-of taxes (PILOT)	**388,462**	396,048
Materials, equipment and other	**315,676**	298,121
Utilities	**191,770**	195,968
Interest on Special Project Bonds	**74,073**	79,080
Total operating expenses before depreciation, amortization and other operating expenses	**3,430,176**	3,242,315
Net (revenues) related to Superstorm Sandy	**(175,678)**	-
Depreciation of facilities	**1,420,696**	1,329,283
Amortization of costs for regional programs	**36,730**	41,874
Income from operations	**827,791**	730,536
Non-operating revenues and (expenses):		
Financial income	**66,965**	77,406
Net increase in fair value of investments	**20,983**	11,898
Interest expense in connection with bonds and other asset financing	**(968,242)**	(937,983)
Pass-through grant program payments	**(3,142)**	(1,438)
4 WTC associated payments	**65,293**	65,293
Grants, in connection with operating activities	**25,665**	24,006
Non-operating expenses, net	**(792,478)**	(760,818)
Income / (Loss) before capital contributions and passenger facility charges	**35,313**	(30,282)
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	**261,054**	252,225
Passenger facility charges	**292,568**	286,395
Total capital contributions and passenger facility charges	**553,622**	538,620
Increase in net position	**588,935**	508,338
Net position, January 1	**15,878,394**	15,370,056
Net position, December 31	**$ 16,467,329**	$ 15,878,394

See Notes to Financial Statements.

Statements of Cash Flows

	Year ended December 31, 2019	2018
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	**$ 5,371,526**	$ 5,198,892
Cash received related to Superstorm Sandy Insurance	**177,039**	9,494
Cash paid to or on behalf of employees	**(1,703,846)**	(1,421,042)
Cash paid to suppliers	**(1,525,446)**	(1,453,743)
Cash paid to municipalities	**(396,295)**	(383,124)
Net cash provided by operating activities	**1,922,978**	1,950,477
Cash flows from noncapital financing activities:		
Principal paid on noncapital financing obligations	**-**	(33,620)
Payments for Fund for regional development buy-out obligation	**(53,211)**	(53,214)
Consent fee	**-**	15,000
Grants received in connection with operating activities	**20,704**	45,195
Pass-through grant payments	**(4,294)**	(7,315)
Net cash (used for) noncapital financing activities	**(36,801)**	(33,954)
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	**(3,217,180)**	(2,774,784)
Proceeds from capital obligations issued for refunding purposes (including commercial paper)	**4,372,675**	3,349,935
Principal paid through capital obligations refundings (including commercial paper)	**(4,372,675)**	(3,349,935)
Proceeds from sales of capital obligations allocated for construction	**2,055,697**	893,863
Principal paid on capital obligations	**(379,815)**	(384,155)
Interest paid on capital obligations	**(1,077,993)**	(1,056,955)
Payments for MOTBY obligation	**(5,000)**	(5,000)
Contributions in aid of construction	**149,589**	166,784
Proceeds from passenger facility charges	**290,331**	287,635
Financial income allocated to capital projects	**2,427**	4,381
Net cash (used for) capital and related financing activities	**(2,181,944)**	(2,868,231)
Cash flows from investing activities:		
Purchase of investment securities	**(18,255,902)**	(34,359,449)
Proceeds from maturity and sale of investment securities	**18,359,610**	34,677,781
Interest received on investment securities	**69,278**	63,740
Other interest income	**2,843**	5,795
Net cash provided by investing activities	**175,829**	387,867
Net (decrease) in cash	**(119,938)**	(563,841)
Cash at beginning of year	**295,055**	858,896
Cash at end of year	**$ 175,117**	$ 295,055

See Notes to Financial Statements.

Statements of Cash Flows (continued)

		Year ended December 31, 2019		2018
		(In thousands)		
2. Reconciliation of income from operations to net cash provided by operating activities:				
Income from operations	**$**	**827,791**	$	730,536
Adjustments to reconcile income from operations to net cash provided by operating activities:				
Depreciation of facilities		**1,420,696**		1,329,283
Amortization of costs for regional programs		**36,730**		41,874
Amortization of other assets		**81,782**		58,007
Change in operating assets and operating liabilities:				
(Increase) in receivables		**(67,449)**		(32,448)
(Increase) in deferred charges and other assets		**(84,135)**		(126,881)
Increase in payables		**16,420**		10,272
(Decrease)/increase in other liabilities		**(9,729)**		31,859
(Decrease) in unearned income related to WTC retail joint venture		**(9,260)**		(9,260)
(Decrease) in accrued payroll, pension and other employee benefits		**(289,868)**		(82,765)
Total adjustments		**1,095,187**		1,219,941
Net cash provided by operating activities	**$**	**1,922,978**	$	1,950,477

3. Capital obligations:

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

4. Noncash investing, capital and financing activities:

Noncash activity of $122 million in 2019 and $114 million in 2018 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 2019 and 2018, the Silverstein net lessees contributed $31 million and $54 million, respectively, towards construction of WTC Tower 3. In 2019 and 2018, 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.

Noncash capital asset write-offs totaled $26.8 million in 2019 and $8.1 million in 2018.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Fiduciary Net Position

	December 31, 2019	December 31, 2018
	(In thousands)	
ASSETS		
Cash and deposits	$ **8,134**	$ 34,166
Receivables:		
Due from broker for investments sold	**3,879**	4,247
Investment income	**3,445**	3,024
Total receivables	**7,324**	7,271
Investments, at fair value:		
Domestic equities	**657,245**	494,308
Fixed income	**600,733**	555,728
International equities	**420,226**	289,453
Real estate	**109,717**	61,109
Total investments	**1,787,921**	1,400,598
Total assets	**1,803,379**	1,442,035
LIABILITIES		
Payables:		
Due to broker for investments purchased	**3,753**	28,299
Total liabilities	**3,753**	28,299
Net position restricted for postemployment benefits other than pensions	$ **1,799,626**	$ 1,413,736

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Changes in Fiduciary Net Position

	Year ended December 31, 2019	2018
	(In thousands)	
Additions:		
Employer contributions*	$ **256,536**	$ 247,761
Investment income:		
Net increase/ (decrease) in fair value of investments	**240,293**	(123,528)
Interest and dividends	**47,542**	38,270
(Less) investment expense	**(1,839)**	(1,016)
Net investment income/(loss)	**285,996**	(86,274)
Total additions	**542,532**	161,487
Deductions:		
Benefit payments*	**156,536**	147,761
Administrative expense	**106**	94
Total deductions	**156,642**	147,855
Net increase in net position	**385,890**	13,632
Net position restricted for postemployment benefits other than pensions:		
Beginning of year	**1,413,736**	1,400,104
End of year	$ **1,799,626**	$ 1,413,736

* Includes OPEB payments totaling $156.5 million in 2019 and $147.8 million in 2018, respectively, to OPEB plan members or their beneficiaries out of available Port Authority operating funds.

See Notes to Financial Statements.

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

1. Reporting Entity

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

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

c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, general counsel of the Port Authority, and management of the Port Authority. The Audit Committee retained KPMG, LLP to perform the independent audit of the Port Authority's financial statements and Mitchell Titus, LLP to perform the independent audit of the Port Authority of New York and New Jersey Retiree Health Benefits Trust for the year ending December 31, 2019.

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

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

* The blended component units listed 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.

e. *The Port Authority of New York and New Jersey Retiree Health Benefits Trust* (the Trust) was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation (PATH) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including, group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority's Board of Commissioners serve as the board of directors of the Trust. In accordance with GASB Statement No. 84, *"Fiduciary Activities,"* the Trust is a fiduciary component unit of the Port Authority.

2. Basis of Accounting

a. Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

b. Port Authority fiduciary activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are accounted for in a fiduciary fund with investments reported at fair value, advance fundings reported when paid and contributions related to pay-as-you go benefit payments reported when benefit payments come due.

c. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

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

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

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

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

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

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

c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, collateralized time deposits, and money market accounts.

d. Restricted cash and investments are primarily comprised of Passenger Facility Charges (PFCs), cash restricted for use by the Port Authority Insurance Captive Entity, LLC (PAICE), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.

e. Enterprise fund net position is comprised of:

- *Net investment in capital assets*, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

- *Restricted*, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority's policy to use restricted resources first.

- *Unrestricted*, which consists of net resources that do not meet the definition of *Restricted* or *Net investment in capital assets*.

f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.

g. Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Statements of Net Position.

h. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.

i. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for Federal Aviation Administration (FAA) approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net*.

j. Required capital contributions due the Port Authority from the World Trade Center (WTC) Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Statements of Net Position and a *Contribution in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. Subsequent to becoming ready for their intended use, WTC Towers 2, 3 and 4 will be depreciated over their estimated useful life. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively.

k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).

l. In accordance with GASB Statement No. 23, "*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities,*" as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

m. Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the *Bonds and other asset financing obligations* on the Statements of Net Position.

n. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

o. In January 2017, GASB issued Statement No. 84, *"Fiduciary Activities."* The requirements of GASB Statement No. 84 were 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. Adoption of GASB Statement No. 84 required the inclusion of, *Statements of Fiduciary Net Position* and *Statements of Changes in Fiduciary in Net Position* related to *the Port Authority of New York and New Jersey Retiree Health Benefits Trust* and additional note disclosures (*Note C- Cash and Investments*).

p. 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 were 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. Adoption of this statement resulted in additional disclosures contained in *Note D- Outstanding Financing Obligations*.

q. 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.

r. In June 2018, GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* The requirements of GASB Statement No. 89 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.

s. In May 2019, GASB issued Statement No. 91, *"Conduit Debt Obligations."* The requirements of GASB Statement No. 91 are effective for financial statements periods beginning after December 15, 2020. The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 91.

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

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

a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.

b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority's bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.

c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.

e. Consolidated bonds and notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.

f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retiring existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.

g. Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Facility infrastructure investment* in the capital fund.

h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities*.

i. Amounts received in connection with the March 18, 2014 transfer of the Port Authority’s interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received and are recorded on that basis on *Schedule A – Revenues and Reserves*.

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

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

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

Statements of Net Position to Schedule B – Assets and Liabilities

		Years ended December 31,	
		2019	2018
		(In thousands)	
Net position reported on Statements of Net Position		**$ 16,467,329**	$ 15,878,394
Add:	Accumulated depreciation of facilities	**18,509,563**	17,324,312
	Accumulated retirements and gains and losses on disposition of assets	**3,076,592**	2,841,147
	Application of WTC retail joint venture payments	**796,936**	796,936
	Cumulative amortization of costs for regional programs	**1,442,903**	1,406,173
	Cumulative unamortized discount and premium	**1,547,133**	1,201,235
	Subtotal	**25,373,127**	23,569,803
Less:	Deferred income - PFCs	**55,814**	52,378
	Income related to WTC retail joint venture	**50,718**	41,458
	Operating and maintenance contingencies	**50,000**	50,000
	Subtotal	**156,532**	143,836
	Total	**$ 41,683,924**	$ 39,304,361
Net position reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)		**$ 41,683,924**	$ 39,304,361

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

		Years ended December 31,	
		2019	2018
		(In thousands)	
Increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position		**$ 588,935**	$ 508,338
Add:	Depreciation of facilities	**1,420,696**	1,329,283
	Application of PFCs	**289,639**	433,326
	Amortization of costs for regional programs	**36,730**	41,874
	Amortization of discount and premium	**(47,099)**	(46,506)
	Subtotal	**1,699,966**	1,757,977
Less:	Debt maturities and retirements	**334,419**	319,278
	Debt retirement acceleration	**-**	8,300
	WTC Towers 2,3,4 Net Lessee capital contributions	**30,812**	54,052
	Direct investment in facilities	**1,550,920**	1,771,900
	PFC Collections	**292,568**	286,395
	Income related to WTC retail joint venture	**9,260**	9,260
	PFC interest income/fair value adjustment	**508**	3,052
	Change in accounting principle for OPEB and pensions	**18,375**	-
	Subtotal	**2,236,862**	2,452,237
	Total	**$ 52,039**	$ (185,922)
Increase/(Decrease) in Reserves reported on Schedule A - Revenues and Reserves (pursuant to Port Authority bond resolutions)		**$ 52,039**	$ (185,922)

Note B - Facilities, net

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

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

	Facilities, net Dec. 31, 2017	Additions	Transfers to Completed Construction	Depreciation (In thousands)	Retirements / Dispositions	Facilities, net Dec. 31, 2018
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

* Construction in progress additions include the impact of capital write-offs totaling $26.8 million in 2019 and $8.1 million in 2018.

1. Net interest expense added to the cost of facilities was $131.4 million in 2019 and $135 million in 2018.

2. Projects that have been suspended pending determination of their continued viability totaled $34.6 million in 2019 and $33.1 million in 2018.

3. Depreciation includes accelerated depreciation of $2.4 million in 2019 and $29.5 million in 2018 related to capital assets that were retired and taken out of service.

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

Note C – Cash and Investments

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

Cash	December 31, 2019	2018
	(In thousands)	
Cash on hand	$ 1,274	$ 1,384
Cash equivalents	173,843	293,671
Total cash	175,117	295,055
Less restricted cash	81,802	137,912
Unrestricted cash	$ 93,315	$ 157,143

Investments, at fair value*	Fair Value Hierarchy Levels**	Port Authority (2019)	PAICE (2019)	Total (2019)	Total (2018)
		December 31, 2019 (In thousands)			2018
United States Treasury notes	Level 1	$ 2,590,231	$ 44,397	$ 2,634,628	$ 3,052,916
United States Treasury bills	Level 1	708,071	-	708,071	544,260
United States government agency obligations	Level 2	16,820	-	16,820	15,189
United States Treasury obligations held pursuant to repurchase agreements***	-	431,755	-	431,755	172,879
JFK International Air Terminal LLC obligations (JFKIAT)***	-	47,831	-	47,831	55,803
Other governmental obligations	Level 2	-	-	-	6,084
Corporate bonds	Level 2	-	74,779	74,779	152,589
Municipal bonds	Level 2	-	10,142	10,142	-
Accrued interest receivable		17,425	828	18,253	14,039
Total investments		3,812,133	130,146	3,942,279	4,013,759
Less current investments****		1,247,549	2,604	1,250,153	1,590,282
Noncurrent investments		$ 2,564,584	$ 127,542	$ 2,692,126	$ 2,423,477

* Cash and investments of approximately $1.8 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included on the Port Authority's Enterprise 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 $19 million and $24 million in 2019 and 2018, respectively.

Port Authority Investment Policies

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

Total actual bank balances excluding amounts held by third party trustees were $115.4 million at December 31, 2019. Of that amount, $2.8 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of $112.6 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 1.3% total Port Authority investments at December 31, 2019) for certain costs attributable to the construction of Terminal 4 (JFKIAT) 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 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, 2019, follows:

Port Authority Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	$2,590,231	996
United States Treasury bills	708,071	6
United States government agency obligations	16,820	10
United States REPO	431,755	2
JFKIAT obligations	47,831	2,163
Total fair value of investments*	$3,794,708	
Investment weighted average maturity		709

*Excludes accrued interest receivable amounts of $17.4 million.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements (REPO) bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2019 and 2018, 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, and 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. During 2019 the Port Authority borrowed $210 million from PAICE for the efficient and cost-effective deployment of capital resources among the Port Authority and its wholly-owned affiliates.

The fair value and weighted average maturity of investments held by PAICE at December 31, 2019, follows:

PAICE Investment Type	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)
United States Treasury notes	$ 44,397	1,280
Corporate bonds	74,779	783
Municipal bonds	10,142	1,052
Total fair value of investments*	$ 129,318	
Investment weighted average maturity		975

*Excludes accrued interest receivable amounts of $828 thousand.

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

Investment Policies

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

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

Rate of Return

The annual money-weighted rate of return on Trust investments, net of investment expense was 19.57% and (5.95%) for 2019 and 2018, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Diversification

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

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

Market Risk

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

Investment Type	Fair Value hierarchy level*	December 31, 2019	2018
		(In thousands)	
Cash and cash equivalents	**Level 1**	**$ 8,134**	$ 34,166
Investment at fair value:			
Fixed income securities:			
Corporate and foreign bonds	**Level 2**	**186,753**	147,207
U.S. Treasury securities	**Level 1**	**101,338**	140,675
Municipal bonds	**Level 2**	**7,256**	8,881
Asset-backed securities	**Level 2**	**276,208**	174,437
Bond funds	**Level 1**	**29,178**	84,528
Mutual funds:			
Equity mutual funds:			
Domestic mutual funds	**Level 1**	**657,245**	494,308
International mutual funds	**Level 1**	**420,226**	289,453
Real estate mutual funds	**Level 1**	**109,717**	61,109
Total investments		**$ 1,787,921**	$ 1,400,598
Total cash, cash equivalents and investments		**$ 1,796,055**	$ 1,434,764

* 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.

Credit Risk

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

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

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

Ratings	Corporate and foreign bonds	U.S. Treasury securities	Municipal bonds	Asset-backed securities	Bonds funds	Total
TSY	$ -	$101,338	$ -	$ -	$ -	$101,338
AAA	21	-	-	49,009	-	49,030
AA+/AA/AA-	3,030	-	1,466	154,347	-	158,843
A+/A/A-	35,853	-	3,675	19,837	-	59,365
BBB+/BBB/BBB-	99,335	-	2,115	25,387	-	126,837
BB+/BB/BB-	33,856	-	-	7,017	-	40,873
B+/B/B-	12,594	-	-	5,578	-	18,172
CC/CCC+/CCC/CCC-	908	-	-	3,103	-	4,011
N/A	1,156	-	-	11,930	29,178	42,264
Total	**$186,753**	**$101,338**	**$7,256**	**$276,208**	**$29,178**	**$600,733**

Cash and cash equivalents held in the Trust of $8.1 million consist of $8 million of short-term U.S. Government Treasury Securities and $0.1 million of money market funds. The money market funds have credit ratings of AAAm and Aaa-mf by Standard and Poor's and Moody's, respectively.

Concentration of Credit Risk

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

Custodial Credit Risk

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

Interest Rate Risk

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

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

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

Audited financial statements of the Trust for the year ended December 31, 2019, 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.

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

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

		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	-	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

A. Consolidated Bonds and Notes

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

	Dec. 31, 2017	Issued/ Accreted	Refunded/ Retired	Dec. 31, 2018
		(In thousands)		
Consolidated bonds and notes - 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 - cost	$21,696,375	$ 2,223,500	$ 1,789,061	$ 22,130,815

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

For information related to the payment of consolidated bonds and notes, *see Note E- General and Consolidated Bond Reserve Fund (pursuant to Port Authority bond resolutions)*.

Debt service requirements to maturity for Consolidated Bonds and Notes outstanding at December 31, 2019 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2020	$ 425,150	$ 1,033,983	$ 1,459,133
2021	449,010	1,014,569	1,463,579
2022	464,350	994,235	1,458,585
2023	474,195	973,655	1,447,850
2024	517,110	953,670	1,470,780
2025-2029	2,873,085	4,379,989	7,253,074
2030-2034	3,700,080	3,606,504	7,306,584
2035-2039	3,628,855	2,714,204	6,343,059
2040-2044	3,063,185	1,903,878	4,967,063
2045-2049	2,414,485	1,218,358	3,632,843
2050-2054	1,376,015	792,743	2,168,758
2055-2059	1,464,045	445,917	1,909,962
2060-2064	761,605	175,425	937,030
2065-2069	450,690	69,062	519,752
2070-2094	100,000	124,746	224,746
	$ 22,161,860	$ 20,400,938	$ 42,562,798

Information related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's official statement dated November 19, 2019 which can be located in the corporate information section on the Port Authority's website at:
https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html

During 2019, the Port Authority raised funds from the sale of Consolidated Bonds, including bond issuance premiums, to refund $758.3 million of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately $263.7 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2019 debt refundings (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) totaled approximately $204.8 million in net present value savings, or 27% of the refunded par amount.

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

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

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.*

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.

On August 29, 2019, the Port Authority entered into an agreement with the Bank of Montreal, acting through its Chicago Branch, establishing a Letter of Credit in the amount of approximately $250 million to provide additional liquidity support to the Port Authority's obligation to pay principal and interest on Commercial Paper, Series C Notes. As of December 31, 2019, this commitment amount has not been drawn upon. In addition, on November 1, 2019, the Port Authority entered into a Revolving Credit Agreement with PNC Bank, National Association with a commitment amount of $250 million to provide additional liquidity support to the Port Authority's obligation to pay principal and interest on Commercial Paper, Series A Notes. As of December 31, 2019, this commitment amount has not been drawn upon.

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

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

	Dec. 31, 2017	Issued	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.

Interest rates for all commercial paper notes ranged from 1.11% to 2.8% in 2019.

C. Variable Rate Master Notes

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

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

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

	Dec. 31, 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.

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 1.11% to 2.38% in 2019.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2019, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2020	$ -	$ 1,242	$ 1,242
2021	25,000	998	25,998
2022	24,700	415	25,115
2023	-	356	356
2024	-	357	357
2025	19,900	356	20,256
	$ 69,600	$ 3,724	$ 73,324

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, 2019 and December 31, 2018, 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.*

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Obligation outstanding	$ 184,230	$ -	$ 40,291	$ 143,939

Payment requirements related to the Port Authority's purchase of the Fund's interests at December 31, 2019 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2020	$47,359	$5,851	$ 53,210
2021	52,899	709	53,608
	$ 100,258	$ 6,560	$ 106,818

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

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

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

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
			(In thousands)	
Obligation Outstanding	$ 53,237	$ -	$ 2,205	$ 51,032

Payment requirements for the MOTBY obligation outstanding, at December 31, 2019 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
	(In thousands)		
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	2,997	2,003	5,000
2025-2029	17,519	7,481	25,000
2030-2033	17,627	2,373	20,000
	$ 48,711	$ 21,289	$ 70,000

G. Tower 4 Liberty Bonds

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

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

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

	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

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2019 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2020	$ -	$ 65,293	$ 65,293
2021	-	65,293	65,293
2022	-	65,293	65,293
2023	-	65,293	65,293
2024	-	65,293	65,293
2025-2029	79,975	322,598	402,573
2030-2034	162,310	291,003	453,313
2035-2039	207,435	245,876	453,311
2040-2044	265,155	188,155	453,310
2045-2049	343,840	109,477	453,317
2050-2051	166,805	14,522	181,327
Total	$ 1,225,520	$ 1,498,096	$ 2,723,616

H. Goethals Bridge Replacement Developer Financing Arrangement

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

Pursuant to the Goethals Bridge Replacement "Developer Financing Arrangement" (DFA) contained within the Project Agreement, upon Substantial Completion of the Replacement Bridge the private developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately $1.02 billion, subject to certain adjustments, to be paid in monthly payments of principal and interest (DFA payments) over the term of the Project Agreement. The Port Authority's obligation to make DFA payments is memorialized as an interest-bearing loan from the private developer to the Port

Authority. Monthly DFA payments commenced in July 2018. DFA payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. DFA payments are a special obligation of the Port Authority, payable over a thirty-five-year term (see *Note E – General and Consolidated Bond Reserve Funds,* for additional information related to the payment of special obligations of the Port Authority).

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

	Dec. 31, 2017	Accretion	Amortization	Dec. 31, 2018
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	$ 934,198	$ 86,825	$ -	$1,021,023

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)	
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	2,844	58,454	61,298
2025-2029	33,058	287,500	320,558
2030-2034	71,988	273,344	345,332
2035-2039	125,775	246,245	372,020
2040-2044	199,326	201,446	400,772
2045-2049	299,629	132,116	431,745
2050-2053	287,680	34,069	321,749
Total	$ 1,022,518	$ 1,467,219	$ 2,489,737

* DFA loan interest rate equals 5.64%.

I. Amounts Payable - Special Project Bonds

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

A summary of December 31, 2019 and December 31, 2018 Special Project Bonds outstanding are as follows:

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

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

(a) Special project bonds, Series 4, KIAC Partners Project, were issued in 1996 to refund special project bonds, Series 3, KIAC Partners Project, and in connection with a project at JFK, 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.**

** On October 11, 2019 the New York State Transportation Development Corporation published a notice under the Tax Equity and Fiscal Responsibility Act of 1982 that it intends to issue bonds which proceeds will be used to refund Special Project Bonds, Series 6 and a portion of Special Project Bonds, Series 8.

	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.

Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)

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

Consolidated Bonds and Consolidated Notes

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

The General Reserve Fund is pledged in support of Consolidated Bonds and Consolidated Notes. Statutes, which require the Port Authority to create and maintain the General Reserve Fund (General Reserve Fund Statutes), established the principle of pooling revenues from all facilities and require the Port Authority to apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2019, the General Reserve Fund balance was $2,388,243,000 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

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

Amounts deposited into the General Reserve Fund may be accumulated or applied only to purposes set forth in the General Reserve Fund Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the General Reserve Fund. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in the Consolidated Bond Resolution. At December 31, 2019, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain both reserve funds in cash and specified securities.

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

Special Obligations

Commercial paper obligations, Variable Rate Master Notes, the MOTBY obligation, Tower 4 Liberty Bonds and the Goethals Bridge Replacement DFA are special obligations of the Port Authority. The Port Authority is also a special limited co-obligor on the senior debt issued for WTC Tower 3, with a capped amount of debt service shortfalls payable as a special obligation of the Port Authority (see *Note L – Information with Respect* *to the Redevelopment of the World Trade Center 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 and Consolidated Notes issued in whole or in part for such purposes, or from net revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefore, from other moneys of the Port Authority legally available for such payments when due.

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

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

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

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

Special project bonds are not secured by or payable from the General Reserve Fund or the Consolidated Bond Reserve Fund.

Note F – Grants and Contributions in Aid of Construction

During 2019 and 2018, the Port Authority received reimbursements related to certain policing activities as well as federal, state and local funding for operating and capital construction activities:

Policing programs

K-9 Program – The FAA and the Transportation Security Administration (TSA) provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately $1.2 million in 2019 and $1.3 million in 2018.

U.S. Department of State (USDOS) – The Port Authority recognized $751,000 in 2019 and $721,000 in 2018 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

Grants, in connection with operating activities

Security Programs – In 2019 and 2018, the Port Authority recognized approximately $16.3 million and $10.1 million, respectively from the TSA for security related programs, including Urban Area Security Initiatives programs, Transit Security and the Port Security programs.

Federal Emergency Management Agency (FEMA) – In 2019, the Port Authority recognized $3.2 million, from the immediate response and repair efforts related to Hurricane Maria and Winter Storm Quinn.

Airport Improvement Program (AIP) – The Port Authority recognized $2.7 million in 2019 and $3.7 million in 2018 in AIP discretionary funding primarily related to certain capacity and planning studies at aviation facilities, and the construction of electric charging stations at JFK Airport.

Superstorm Sandy – In 2019 and 2018, the Port Authority recognized $2.3 million and $7.7 million, respectively, from the FEMA and Federal Transit Administration (FTA) for Superstorm Sandy immediate repair efforts.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2019 and 2018, the Port Authority recognized $169 million and $84.4 million, respectively in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

AIP – The Port Authority recognized $45.1 million in 2019 and $20.5 million in 2018 in AIP funding primarily related to rehabilitation of taxiways and runways at all Airport Facilities, including airport wide infrastructure at Newark Airport.

WTC Tower 3 – The Port Authority recognized $30.8 million in 2019 and $54 million in 2018 in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration (FHWA) – In 2019 and 2018, the Port Authority recognized $8 million and $18 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

Other – The Port Authority recognized $8.1 million in 2019 which is primarily related to $3.9 million from Department of Homeland Security for port security projects, $2.4 million from TSA for security systems at JFK Airport and $1.8 million from New Jersey Department of Transportation related to freight railroad improvements.

Note G - Lease Commitments

Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately $1.3 billion and $1.2 billion in 2019 and 2018, respectively.

Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport and WTC. Investments in such facilities, as of December 31, 2019, 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, 2019 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2020 (a)	$ 1,135,858
2021 (a)	1,031,688
2022	1,004,149
2023	936,749
2024	811,670
2025-2100 (b)	23,433,624
Total future minimum rentals (c)	$ 28,353,738

(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 2020-2021.
(b) Includes future minimum rentals of approximately $14.2 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.
(c) Future minimum rentals exclude amounts attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of certain retail space located within WTC Towers 2 and 3.

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 $320 million in 2019 and $321 million in 2018, respectively. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2019 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)
2020	$ 321,633
2021	313,808
2022	310,495
2023	310,424
2024	306,675
2025-2029	1,542,052
2030-2034	1,558,410
2035-2039	1,542,210
2040-2044	1,537,209
2045-2049	1,267,176
2050-2099*	1,748,423
Total future minimum rent payments	$ 10,758,515

* Future minimum rent payments for the years 2050-2099 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 million of buses and ancillary bus facilities in the States of New York and New Jersey, with up to $220 million allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority has provided 2,907 buses and related spare parts under the Port Authority Bus Programs in the States of New York and New Jersey. As of June 30, 1998, title to all buses leased under such programs in the States of New York and New Jersey was transferred to the respective lessees thereof. Funds related to this program have been fully allocated and amortized.

Regional Development Facility (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that $250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2019, approximately $249 million has been allocated under this program.

Regional Economic Development Program (certified in 1989) – This facility is comprised of up to $400 million for certain transportation, economic development and infrastructure renewal projects. Funds allocated under this program totaled approximately $397 million as of December 31, 2019.

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, 2019, 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 and amortized.

New York Transportation, Economic Development and Infrastructure Renewal Program (certified in 2002) – This facility was established to provide up to $250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. All funds under this program have been fully allocated.

Regional Transportation Program (certified in 2002) – This facility was established in conjunction with a program to provide up to $500 million for regional transportation initiatives. All funds under this program have been fully allocated.

Hudson-Raritan Estuary Resources Programs (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed $120 million.

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, 2019, approximately $2.2 billion has been expended under regional facilities. Costs for these programs are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2018	Project Expenditures	Amortization	Dec. 31, 2019
		(In thousands)		
Port Authority Bus Program	$ -	$ -	$ -	$ -
Regional Development Facility	1,307	-	341	966
Regional Economic Development Program	1,931	-	654	1,277
Oak Point Rail Freight Link	-	-	-	-
New Jersey Marine Development Program	1	-	1	-
New York Transportation, Economic Development and Infrastructure Renewal Program	22,502	-	8,146	14,356
Regional Transportation Program	44,885	-	12,558	32,327
Hudson-Raritan Estuary Resources Program	19,712	-	3,433	16,279
Regional Rail Freight Program	2,453	-	1,597	856
Meadowlands Passenger Rail Facility	37,395	-	10,000	27,395
Total unamortized costs of regional programs	$ 130,186	$ -	$ 36,730	$ 93,456

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of $150 million to the State of New York to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Gateway Early Work Program (certified in 2018) – On February 15, 2018, the Board of Commissioners certified (i) up to $35 million in funds authorized by the Board in March 2016, and (ii) up to $44 million in funds authorized by the Board in February 2018, for a total of $79 million (collectively, the "Gateway Early Work Program"), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. The Port Authority's participation in the Gateway Program is subject to approval by the Board of Commissioners, consistent with statutory, contractual and other commitments of the Port Authority, including agreements between the Port Authority and the holders of its obligations. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Note I - Pension Plans

Port Authority and PATH employees participate in different retirement plans, as described below.

Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller's Office, the New York State and Local Employees' Retirement System (ERS) or the New York State and Local Police and Fire Retirement System (PFRS), collectively referred to as the New York State and Local Retirement System (NYSLRS). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

	ERS Membership		PFRS Membership	
Tier	**On or After:**	**Before:**	**On or After:**	**Before:**
1	-	July 1, 1973	-	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Members in Tiers 1–4 need five (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, 2019 and March 31, 2018 were approximately 14.9 percent and 15.3 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2019 and March 31, 2018 were approximately 23.5 percent and 24.4 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 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 2019 totaled $131.9 million including $70.6 million to ERS and $61.3 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, 2019 and March 31, 2018, 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 - 2019 and 2018

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* as amended, defines the Net Pension Liability (NPL) as the difference between the Total Pension Liability (TPL) and the pension plan's fiduciary net position determined as of a measurement date established by the employer. For purposes of measuring the NPL, the plan's fiduciary net position has been determined on the same basis as it is reported for ERS and PFRS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value.

The Port Authority's proportionate share of the NYSLRS plans' NPLs totaled:

NPL	December 31, 2019	December 31, 2018
	(In thousands)	
ERS	$91,792	$ 41,500
PFRS	129,920	77,081
Total Net Pension Liability	$221,712	$118,581

The NPLs at December 31, 2019 and 2018 were measured as of March 31, 2019 and 2018, based on actuarial valuations as of April 1, 2018 and 2017, with update procedures used to roll forward the TPL to March 31, 2019 and 2018, respectively.

The Port Authority's proportion of the NYSLRS plans' NPL totaled:

	2019	2018
ERS	1.3%	1.3%
PFRS	7.7%	7.6%

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 - 2019 and 2018

The Port Authority's proportionate share of the NYSLRS plans' actuarially determined pension expense totaled:

Pension Expense	**2019**	**2018**
	(In thousands)	
ERS	$ 66,146	$ 54,797
PFRS	79,500	69,095
Total Pension Expense	$ 145,646	$ 123,892

NYSLRS Deferred Inflows/Outflows of Resources - 2019 and 2018

GASB Statement No. 68, as amended, requires certain changes in the NPL to be recognized as deferred inflows of resources or deferred outflows of resources. Deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows), to future years' pension expense, using a systematic and rational method over a closed period.

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2019:

		December 31, 2019	
Deferred Outflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ 18,076	$ 31,561	$ 49,637
Changes in actuarial assumptions	23,073	47,203	70,276
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	13,043	2,333	15,376
Subtotal - Deferred Outflows of Resources	54,192	81,097	135,289
Port Authority contributions subsequent to the measurement date*	70,582	61,277	131,859
Total Deferred Outflows of Resources	$ 124,774	$ 142,374	$ 267,148

*Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2020.

Deferred Inflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ 6,162	$ 13,871	$ 20,033
Net difference between projected and actual earnings on pension plan investments	23,559	26,020	49,579
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	679	17,514	18,193
Total Deferred Inflows of Resources	$ 30,400	$ 57,405	$ 87,805

Deferred outflows and deferred inflows as of December 31, 2019, excluding contributions made by the Port Authority after the measurement date, will be recognized in future years pension expense as follows:

Year ended December 31:	ERS	PFRS	Total
		(In thousands)	
2020	$ 23,719	$ 20,370	$ 44,089
2021	(14,469)	(9,427)	(23,896)
2022	841	(2,454)	(1,613)
2023	13,701	13,153	26,854
2024	-	2,050	2,050
Total	$ 23,792	$ 23,692	$ 47,484

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2018:

	December 31, 2018		
Deferred Outflows of Resources	**ERS**	**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 the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2019.

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

NYSLRS Actuarial Assumptions - 2019 and 2018

The TPL for each plan was determined using an actuarial valuation as of April 1, 2018 for fiscal year 2019 and April 1, 2017 for fiscal year 2018, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2019 and March 31, 2018, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	**2019**	2018
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	4.2%, indexed by service	3.8%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

PFRS	**2019**	2018
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	5.0%, indexed by service	4.5%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Mortality rates for both the fiscal year 2019 and 2018 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:

	2019*		**2018***	
Asset Class	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%	7.50%
Real estate	10%	5.55%	10%	5.55%
Absolute return strategies**	2%	3.75%	2%	3.75%
Opportunistic portfolio	3%	5.68%	3%	5.68%
Real assets	3%	5.29%	3%	5.29%
Bonds and mortgages	17%	1.31%	17%	1.31%
Cash	1%	(0.25)%	1%	(0.25)%
Inflation-indexed bonds	4%	1.25%	4%	1.25%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.

** Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

NYSLRS Discount Rate Analysis - 2019 and 2018

The discount rate used to calculate the TPL for ERS and PFRS was 7.0% for both 2019 and 2018, 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 2019 and 2018 using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

		2019	
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
		(In thousands)	
ERS - Port Authority's proportionate share of the NPL	$ 401,330	$ 91,792	$ (168,242)
PFRS - Port Authority's proportionate share of the NPL	469,512	129,920	(153,678)
Total	$ 870,842	$ 221,712	$ (321,920)

		2018	
	1% Decrease (6.0%)	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)

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, 2019 and 2018, 339 and 255 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2019		2018
		(In thousands)	
Employer Contributions	**$ 2,675**		$ 2,030
Employee Contributions	**1,956**		1,491
Total	**$ 4,631**		$ 3,521

Port Authority Trans-Hudson Corporation (PATH) Employees

Federal Railroad Retirement Program

PATH employees are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH represented and non-represented employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2019 and 2018, 1,232 and 1,231 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)		
2019	7.65%	$ 8,466	7.65%	$ 8,466	$ 16,932
2018	7.65%	$ 8,197	7.65%	$ 8,197	$ 16,394

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2019	4.9%	$ 4,832	13.1%	$ 12,918	$ 17,750
2018	4.9%	$ 4,687	13.1%	$ 12,530	$ 17,217

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 $6.7 million in 2019 and $6.8 million in 2018.

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, 2019, no amounts have been deposited into the trust to fund future pension payments.

PATH Exempt Employee Supplemental Pension Plan – Total Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2019 and 2018

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	2019*	2018**
	(In thousands)	
Beginning Balance	$ 89,381	$ 84,091
Changes recognized for the fiscal year:		
Service cost	1,720	1,585
Interest on the total pension liability	3,070	3,169
Differences between expected and actual experience	1,778	(1,449)
Changes in assumptions	(15,700)	5,676
Benefit payments	(3,751)	(3,691)
Net change in TPL	(12,883)	5,290
TPL recognized at December 31	$ 76,498	$ 89,381

* The Plan's TPL reported at December 31, 2019 was measured as of January 1, 2019 based on an actuarial valuation as of the same date.

** 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.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2019 and 2018

Pension expense related to the Plan totaled:

	2019	2018
	(In thousands)	
Pension Expense	$ 3,996	$ 8,824

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2019 and 2018

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, 2019 and December 31, 2018, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	**2019**	**2018**
	(In thousands)	
Differences between actual and expected experience	$ 3,375	$ 3,153
Changes in actuarial assumptions	3,487	6,264
Subtotal - Deferred Outflows of Resources	6,862	9,417
Contributions subsequent to the measurement date*	3,928	3,751
Total Deferred Outflows of Resources	$ 10,790	$ 13,168

* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2020.

At December 31, 2019 and December 31, 2018, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	**2019**	**2018**
	(In thousands)	
Differences between actual and expected experience	$ 888	$ 1,420
Changes in actuarial assumptions	14,263	3,160
Total Deferred Inflows of Resources	$ 15,151	$ 4,580

Deferred outflows and deferred inflows as of December 31, 2019, excluding contributions made by the Port Authority after the measurement date, will be recognized in future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2020	$ (1,976)
2021	(2,143)
2022	(2,406)
2023	(1,764)
Total	$ (8,289)

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2019 and 2018

The TPL measured as of January 1, 2019 and January 1, 2018, 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, 2019 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Mortality rates used in the 2019 and 2018 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2018 and MP-2017 from 2010, respectively. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

As of the January 1, 2019 and January 1, 2018 valuation date, Plan participants comprised:

	2019	2018
Retired PATH Exempt Employees (or their beneficiaries)	114	110
Active PATH Exempt Employees	95	96
Terminated but vested employees who are not currently receiving benefits	17	19
Total participants	226	225

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2019 and 2018

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 4.10% as of the January 1, 2019 measurement date and 3.44% as of the January 1, 2018 measurement date.

The following tables present the 2019 and 2018 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.

		2019	
	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
		(In thousands)	
Total Pension Liability	$ 85,852	$ 76,498	$ 68,676

		2018	
	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
		(In thousands)	
Total Pension Liability	$ 101,822	$ 89,381	$ 79,079

Note J – Other Postemployment Benefits (OPEB)

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (the Plan) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as other postemployment benefits (OPEB). Benefits are provided through a third-party insurer. 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:

	2019	2018
Retirees and surviving spouses currently receiving benefits	7,951	7,738
Covered spouses of retired employees receiving benefits	4,135	3,954
Active employees plan participants	7,970	7,728
Total plan members	20,056	19,420

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2018 and 2019, certain Plan provisions relating to represented employees' contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including, type of benefit, hire date, years of service, pension earnings and retirement date.

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. In 2019 and 2018, annual advanced funding contributions in each year to the Trust totaled $100 million.

On December 14, 2006, the Port Authority on behalf of itself and its component unit, PATH established The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* defines the Net OPEB Liability (NOL) as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net OPEB Liability – 2019 and 2018	**Total OPEB Liability (a)**	**The Trust Fiduciary Net Position (b)**	**Net OPEB Liability (a) - (b)**
		(In thousands)	
Balance at December 31, 2018	$ 3,095,346	$ 1,413,736	$ 1,681,610
Changes Increase/(Decrease) for the year:			
Service cost	33,132	-	33,132
Interest cost on the total OPEB liability	213,607	-	213,607
Changes in benefit terms	(4,046)	-	(4,046)
Differences between expected and actual experience	99,585	-	99,585
Changes in assumptions	(241,555)	-	(241,555)
Benefit payments	(156,536)	(156,536)	-
Contributions-employer*	-	256,536	(256,536)
Net investment income	-	285,996	(285,996)
Administrative expenses	-	(106)	106
(Decrease)/Increase	(55,813)	385,890	(441,703)
Balance at December 31, 2019	$ 3,039,533	$ 1,799,626	$1,239,907

*Includes OPEB payments totaling $156.5 million to OPEB plan members or their beneficiaries out of available Port Authority operating funds.

	Total OPEB Liability (a)	The 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	158,119	13,632	144,487
Balance at December 31, 2018	$ 3,095,346	$ 1,413,736	$ 1,681,610

* Includes OPEB payments totaling $147.8 million to OPEB plan members or their beneficiaries out of available Port Authority operating funds.

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 31:

	2019			2018		
	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
			(In thousands)			
Net OPEB Liability	1,657,112	1,239,907	900,404	2,118,029	1,681,610	1,327,270

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:

	2019			2018		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
			(In thousands)			
Net OPEB Liability	914,168	1,239,907	1,641,829	1,339,152	1,681,610	2,105,053

OPEB Expense

OPEB expense related to the Plan totaled:

	2019	2018
	(In thousands)	
OPEB Expense	$ 112,666	$ 152,954

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2019 and 2018, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**2019**	2018
	(In thousands)	
Differences between actual and expected experience	$ 141,943	$ 75,271
Net difference between projected and actual earnings on OPEB plan investments	-	93,986
Total Deferred Outflows of Resources	$ 141,943	$ 169,257

At December 31, 2019 and 2018, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	**2019**	2018
	(In thousands)	
Changes in actuarial assumptions	$ 203,700	$ 4,883
Net difference between expected and actual earnings on OPEB plan investments	71,706	-
Total Deferred Inflows of Resources	$ 275,406	$ 4,883

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)
2020	$ (27,731)
2021	(27,731)
2022	(9,001)
2023	(49,630)
2024	(19,370)
Total	$ (133,463)

Actuarial Methods and Assumptions

The actuarially determined valuation of OPEB is reviewed annually for the purpose of estimating the present value of postemployment benefits earned by plan participants as of the valuation. Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment with a salary scale at a rate of 3% per year, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority's total OPEB liabilities were measured as of December 31, 2019 and 2018 based on actuarial valuations as of January 1, 2019 and 2018 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 2019 and 2018 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2018 and 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-2018 and Scale MP-2017 from the central year for civilian employees, for years 2019 and 2018, respectively.

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2019	2018
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%	6.00%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.50%	5.50%
Pharmacy benefit cost trend rate***	8.00%	9.00%
Dental benefit cost trend rate	5.00%	5.00%
Employer Group Waiver Plan savings***	8.00%	9.00%

* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 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 31 is summarized in the following table:

	Target Asset Allocation		**Long-Term Expected Real Rate of Return***	
Asset Class	**2019**	2018	**2019**	2018
Domestic Equity	33%	33%	4.9%	5.0%
International Equity	21%	21%	4.9%	4.9%
Real Estate Investment Trust	6%	6%	3.8%	4.0%
Fixed Income	40%	40%	3.2%	2.6%

* 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.

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, 2019, 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 Statements of Net Position totaled $179 million at December 31, 2019, and is comprised of the following:

	Dec. 31, 2018	Additions	Deductions	Dec. 31, 2019
		(In thousands)		
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	$ 58,240	$36,929	$15,814	$79,355
Long-term receivables from tenants	29,192	10,099	1,392	37,899
Amounts Due – Goethals Bridge Replacement Bridge Developer	28,238	-	-	28,238
Tower 4 Liberty Bonds debt service	10,906	65,293	51,797	24,402
Other receivables	9,049	76	223	8,902
Insurance receivable - Superstorm Sandy	1,371	-	1,371	-
Total other amounts receivable, net	$ 136,996	$112,397	$70,597	$178,796

4. The 2019 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2018	Additions	Deductions	Dec. 31, 2019
		(In thousands)		
Self-Insured Public Liability Claims	$ 70,277	$3,943	$5,817	$ 68,403
Self-Insured Worker's Compensation Claims	68,894	20,270	20,733	68,431
Other payables	57,474	26,205	6,001	77,678
Goethals Bridge Replacement milestone payments	49,100	900	48,000	2,000
Pollution remediation obligation	16,827	10,619	5,785	21,661
Asset forfeiture program	21,652	9,618	2,011	29,259
Reinsurance premium payable	20,943	-	17,850	3,093
Surety and security deposits	4,900	863	1,002	4,761
WTC Joint Venture Preferred Returns	4,898	9,364	6,464	7,798
Deferred Gain/Loss on NLCC	4,761	-	-	4,761
Total Liabilities	$ 319,726	$81,782	$113,663	$287,845
Less: Current worker's compensation liability	17,374			17,152
Current Goethals Bridge milestones	49,100			2,000
Total other non-current liabilities	$ 253,252			$268,693

Unearned income related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture is:

	Dec. 31, 2018	Additions	Deductions	Dec. 31, 2019
		(In thousands)		
Unearned Income related to WTC Retail Joint Venture	$ 755,478	$ -	$ 9,260	$ 746,218

For additional information see *Note L – Information with Respect to the Redevelopment of the World Trade Center Site.*

5. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligating event occurs. In 2019, the Port Authority recognized an additional $10.6 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2019 totaled $91 million, net of $2.1 million in expected recoveries.

As of December 31, 2019, the outstanding pollution remediation liability totaled $21.7 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.

Note L – Information with Respect to the Redevelopment of the World Trade Center

Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority.

The redevelopment of the WTC provides for approximately 10 million square feet of above-grade office space with associated storage, mechanical, loading, below-grade parking, and other non-office space, and consists of One World Trade Center, Tower 2, Tower 3, Tower 4, WTC Site 5, approximately 456,000 square feet of retail space, a WTC Transportation Hub, a memorial and interpretive museum (Memorial/Museum), a Greek orthodox church, The Performing Arts Center at the WTC and certain related infrastructure. A December 2010 World Trade Center Amended and Restated Master Development Agreement (MDA), among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

Future minimum rentals (see *Note G – Lease Commitments*) include rentals of approximately $14.2 billion, for the years 2025-2100, relating to the net leases for WTC Towers 2, 3 and 4. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. In June 2011, The Durst Organization contributed $100 million for a minority equity interest in the joint venture related to One World Trade Center through the current net lessee WTC Tower 1 LLC. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2019, WTC Tower 1 LLC has leased, (i) approximately 2.5 million square feet of office space at One World Trade Center, representing approximately 85% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck, which opened to the public in 2015.

World Trade Center Tower 2

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

World Trade Center Tower 3

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Tenant Support Agreement"). Under the Tower 3 Tenant Support Agreement, the Port Authority is required to provide up to $600 million in overall support, comprised of: (x) $210 million for the construction of Tower 3 as a landlord capital improvement, and (y) backstop funding of $390 million for (i) construction overruns and certain leasing cost overruns, through landlord capital improvements (ii) operating expense deficits and certain leasing cost overruns through the Tower 3 Silverstein net lessee's right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and (iii) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of $390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to $200 million of the $600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to $400 million. To date, the Port Authority has applied $80 million of the $93.4 million received from the State of New York as a capital contribution for the partial reimbursement of the $210 million landlord capital improvement the Port Authority made in December 2014 towards the construction of Tower 3. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive $130 million plus accrued interest in WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC payments in lieu of taxes (PILOT) credits from City of New York commenced in July 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of the $390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, with an overall term for such reimbursement or payment not to exceed the term of the Tower 4 support agreement described below. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the $390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third-party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 net lessee exercised its right to defer certain Tower 3 net lease rent payments due the Port Authority effective November 2017. As of December 31, 2019, deferred rent due from the Tower 3 net lessee totaled approximately $27 million. The Port Authority has also provided approximately $9 million in senior debt service shortfalls.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2019, 71% of leasable office space has been leased to tenants.

World Trade Center Tower 4

In December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's participation in the financing for Tower 4 construction.

Tower 4 Liberty Bonds were issued on November 15, 2011, in the aggregate principal amount of approximately $1.2 billion, by the New York Liberty Development Corporation to finance construction and development of WTC Tower 4. The Port Authority is a co-borrower/obligor for the Liberty Bonds, and is obligated to make certain debt service payments on the Tower 4 Liberty Bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority).

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2019, deferred rent due from the Tower 4 net lessee totaled approximately $44 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, 2019, 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 $24.4 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2019, approximately 98% 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 development throughout the WTC site. Other infrastructure work includes street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion 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, 2019, 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, 2019, \$50.7 million has been cumulatively recognized as rental income.

WTC Memorial and Museum

The Port Authority does not have any responsibility for the operation and maintenance of the Memorial, the Memorial/Museum or the Visitor Orientation and Education Center (VOEC). The WTC Memorial Plaza opened for public access on September 11, 2011. The museum opened to the public on May 21, 2014.

Note M – Risk Financing Activities

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

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 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 Center* and related infrastructure is provided in a separate program (which was renewed effective June 1, 2019 and expires on June 1, 2020).

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")** and commercial reinsurers.

Public Liability Insurance Programs

The public liability insurance program for Port Authority aviation facilities (which was renewed effective October 27, 2019 and expires October 27, 2020) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2019 and expires October 27, 2020) 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 was renewed effective October 27, 2019 and expires October 27, 2021.

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

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

** Under TRIPRA, the formula 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.

Construction Insurance Programs

The Port Authority maintains an ongoing wrap-up contractors' insurance program for all Port Authority-operated facilities under construction (excluding the World Trade Center, where such insurance is handled through a contractor controlled insurance program), which was renewed effective June 1, 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 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

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. 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.

The financial results for PAICE for the year ended December 31, 2019 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	$ 473,108
Total Liabilities	129,018
Net Position, December 31, 2019	$ 344,090
Operating Results 2019	
Revenues	$ 53,287
Expenses	7,385
Change in Net Position	$ 45,902
Net Position at January 1, 2019	$ 298,188
Net Position at December 31, 2019	$ 344,090

The audited financial statements for the years ended December 31, 2019 and December 31, 2018 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported (IBNR) claims. Self-insured loss reserves were discounted to their present value using a 5.25% discount rate. Changes in the self-insured public liability self-insured loss reserves and self-insured worker's compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
		(In thousands)		
2019	$ 70,277	$ 3,943	$ 5,817	$ 68,403
2018	$ 66,171	$ 11,724	$ 7,618	$ 70,277

* 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)		
2019	$ 68,894	$ 20,270	$ 20,733	$ 68,431
2018	$ 64,057	$ 26,518	$ 21,681	$ 68,894

* Loss reserves exclude loss adjustment expenditures.

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (ERS)

Schedule of Proportionate Share of Net Pension Liability*

	2019	2018	2017	2016	2015
			($ In thousands)		
Port Authority's proportion of the net pension liability	1.3%	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	$91,792	$ 41,500	$120,672	$212,555	$ 44,906
Covered payroll (April 1 – March 31)	$515,065	$408,384	$395,378	$392,529	$309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	17.8%	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	96.2%	98.2%	94.7%	90.7%	97.9%

Schedule of Employer Contributions*	2019	2018	2017	2016	2015
			($ In thousands)		
Contractually required contribution	$70,582	$56,866	$56,743	$57,530	$63,072
Contributions in relation to the contractually required contribution	$70,582	$56,866	$56,743	$57,530	$63,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Port Authority's covered payroll (January 1 – December 31)	$536,454	$ 500,841	$ 404,701	$ 395,725	$ 409,234
Contributions as a percentage of covered payroll	13.2%	11.4%	14.0%	14.5%	15.4%

NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM (PFRS)

Schedule of Proportionate Share of Net Pension Liability*

	2019	2018	2017	2016	2015
			($ In thousands)		
Port Authority's proportion of the net pension liability	7.7%	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	$129,920	$ 77,081	$152,806	$236,004	$ 24,490
Covered payroll (April 1– March 31)	$271,764	$ 263,292	$256,168	$246,060	$ 248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	47.81%	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	95.1%	96.9%	93.5%	90.2%	99.0%

Schedule of Employer Contributions*	2019	2018	2017	2016	2015
			($ In thousands)		
Contractually required contribution	$61,277	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contributions in relation to the contractually required contribution	$61,277	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Port Authority's covered payroll (January 1 – December 31)	$393,630	$ 262,701	$260,867	$253,096	$253,597
Contributions as a percentage of covered payroll	15.6%	22.8%	23.3%	22.8%	21.2%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

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)		
2019	7.65%	$ 8,466	7.65%	$ 8,466	$ 16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
2013	7.65%	7,551	7.65%	7,551	15,102
Total Taxes		$ 56,316		$ 56,316	$ 112,632

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2019	4.9%	$ 4,832	13.1%	$ 12,918	$ 17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
2013	4.4%	3,714	12.6%	10,636	14,350
Total Taxes		$ 30,717		$ 83,581	$ 114,298

*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*

	2019	2018	2017	2016	2015
			($ In thousands)		
Total Pension Liability					
Service cost	$1,720	$ 1,585	$ 1,323	$ 1,280	$ 900
Interest cost	3,070	3,169	2,961	2,850	3,271
Differences between expected and actual experience	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	**$76,498**	**$ 89,381**	**$ 84,091**	**$ 83,388**	**$ 81,095**
Covered Payroll	$13,052	$ 13,913	$ 13,590	$ 13,187	$ 12,356
Total Pension Liability as a % of Covered Payroll	586.1%	642.4%	618.8%	632.4%	656.3%

*Information provided for Required Supplementary Information will be provided for ten (10) years, as the information becomes available in subsequent years.

Note: As of December 31, 2019, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Schedule of Changes in the Port Authority's Net OPEB Liability and Related Ratios

	2019	2018	2017
		($ In thousands)	
Total OPEB liability:			
Service cost	$ 33,132	$ 25,442	$ 23,778
Interest cost	213,607	202,303	196,930
Changes in benefit terms	(4,046)	(6,948)	-
Differences between expected and actual experience	99,585	90,986	-
Changes in assumptions	(241,555)	(5,903)	-
Benefit payments	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	(55,813)	158,119	77,180
Total OPEB liability-beginning	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:			
Contributions-employer	256,536	247,761	243,528
Net investment income	285,996	(86,274)	175,795
Benefit payments	(156,536)	(147,761)	(143,528)
Administrative expenses	(106)	(94)	(94)
Net change in plan fiduciary net position	385,890	13,632	275,701
Plan fiduciary net position-beginning	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	$ 1,239,907	$ 1,681,610	$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	59.21%	45.67%	47.67%
Covered-Employee payroll	$1,041,188	$870,525	$772,549
Net OPEB liability as a percentage of Covered-Employee payroll	119.09%	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.

See accompanying independent auditors' report.

Schedule A - Revenues and Reserves
(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2019			2018
	Operating Fund	**Reserve Funds**	**Combined Total**	Combined Total
		(In thousands)		
Gross operating revenues:				
Tolls and fares	$ 1,876,911	$ -	**$ 1,876,911**	$ 1,865,384
Rentals	1,739,423	-	**1,739,423**	1,664,734
Aviation fees	1,287,263	-	**1,287,263**	1,192,454
Parking and other	408,609	-	**408,609**	384,088
Utilities	144,176	-	**144,176**	149,008
Rentals - Special Project Bonds Projects	74,073	-	**74,073**	79,080
Total gross operating revenues	5,530,455	-	**5,530,455**	5,334,748
Operating expenses:				
Employee compensation, including benefits	1,413,979	-	**1,413,979**	1,338,277
Contract services	1,046,216	-	**1,046,216**	934,821
Rents and payments in-lieu-of taxes (PILOT)	388,462	-	**388,462**	396,048
Materials, equipment and other	315,676	-	**315,676**	298,121
Utilities	191,770	-	**191,770**	195,968
Interest on Special Project Bonds	74,073	-	**74,073**	79,080
Total operating expenses	3,430,176	-	**3,430,176**	3,242,315
Amounts in connection with operating asset obligations	9,529	-	**9,529**	12,921
Net (revenue)/expense related to Superstorm Sandy	(175,678)	-	**(175,678)**	-
Net operating revenues	2,266,428	-	**2,266,428**	2,079,512
Financial income:				
Interest income	2,491	64,474	**66,965**	77,287
Net increase in fair value of investments	4,243	16,232	**20,475**	8,963
Contributions in aid of construction	230,242	-	**230,242**	198,173
Application of Passenger Facility Charges	289,639	-	**289,639**	433,326
Application of 4 WTC associated payments	65,293	-	**65,293**	65,293
Grants, in connection with operating activities	25,665	-	**25,665**	24,006
Pass-through grant program payments	(3,142)	-	**(3,142)**	(1,438)
Net revenues available for debt service and reserves	2,880,859	80,706	**2,961,565**	2,885,122
Debt service:				
Interest on bonds and other asset financing obligations	872,275	133,537	**1,005,812**	971,566
Debt maturities and retirements	334,500	-	**334,500**	319,090
Debt retirement acceleration	-	-	**-**	8,300
Repayment of special obligations	-	(81)	**(81)**	188
Total debt service	1,206,775	133,456	**1,340,231**	1,299,144
Transfers to reserves	$ (1,674,084)	1,674,084	**-**	-
Revenues after debt service and transfers to reserves		1,621,334	**1,621,334**	1,585,978
Direct investment in facilities		(1,550,920)	**(1,550,920)**	(1,771,900)
Change in Accounting Principle		(18,375)	**(18,375)**	-
Increase/(Decrease) in reserves		52,039	**52,039**	(185,922)
Reserve balances, January 1		3,976,000	**3,976,000**	4,161,922
Reserve balances, December 31		$ 4,028,039	**$ 4,028,039**	$ 3,976,000

See Notes to Financial Statements.

Schedule B - Assets and Liabilities

(pursuant to Port Authority bond resolutions)

	December 31, 2019 Operating Fund	Capital Fund	Reserve Funds	Combined Total	2018 Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 93,213	$ 102	$ -	**$ 93,315**	$ 157,143
Restricted cash:					
Passenger Facility Charges	-	-	-	**-**	161
Port Authority Insurance Captive Entity, LLC	64,586	-	-	**64,586**	117,922
Other, including Asset Forfeiture Funds	12,403	-	-	**12,403**	14,878
Investments	966	835,274	392,471	**1,228,711**	1,529,511
Restricted Investments - PAICE	2,604	-	-	**2,604**	37,162
Restricted investments - PFC	18,838	-	-	**18,838**	23,609
Interfund balances	(1,090,046)	(28,793)	1,118,839	**-**	-
Current receivables, net	681,361	-	-	**681,361**	540,962
Other current assets	84,738	58,475	-	**143,213**	161,133
Restricted receivables and other assets	80,730	-	-	**80,730**	77,785
Total current assets	(50,607)	865,058	1,511,310	**2,325,761**	2,660,266
Noncurrent assets:					
Restricted cash	4,813	-	-	**4,813**	4,951
Investments	47,118	737	2,516,729	**2,564,584**	2,218,769
Restricted investments - PAICE	127,542	-	-	**127,542**	204,708
Other amounts receivable, net	141,922	36,874	-	**178,796**	136,996
Other noncurrent assets	1,686,229	1,804	-	**1,688,033**	1,653,558
Restricted other noncurrent assets - PAICE	6,954	-	-	**6,954**	8,015
Amounts receivable - Special Project Bonds Projects	-	1,150,415	-	**1,150,415**	1,245,835
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Invested in facilities	-	62,883,408	-	**62,883,408**	59,548,616
Total noncurrent assets	2,014,578	65,298,758	2,516,729	**69,830,065**	66,246,968
Total assets	1,963,971	66,163,816	4,028,039	**72,155,826**	68,907,234
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	277,938	-	-	**277,938**	276,586
OPEB related amounts	141,943	-	-	**141,943**	169,257
LIABILITIES					
Current liabilities:					
Accounts payable	317,911	999,003	-	**1,316,914**	1,275,183
Accrued interest and other current liabilities	504,280	4,105	-	**508,385**	551,986
Restricted other liabilities - PAICE	8,866	-	-	**8,866**	7,630
Accrued payroll and other employee benefits	500,945	-	-	**500,945**	659,044
Unapplied Passenger Facility Charges	55,814	-	-	**55,814**	52,378
Current portion bonds and other asset financing obligations	72,684	972,433	-	**1,045,117**	977,266
Total current liabilities	1,460,500	1,975,541	-	**3,436,041**	3,523,487
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	1,538,117	-	-	**1,538,117**	1,891,329
Other noncurrent liabilities	237,504	26,428	-	**263,932**	248,491
Restricted other noncurrent liabilities - PAICE	41,001	-	-	**41,001**	43,304
Amounts payable - Special Project Bonds	-	1,150,415	-	**1,150,415**	1,245,835
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Bonds and other asset financing obligations	445,753	22,412,642	-	**22,858,395**	21,687,869
Total noncurrent liabilities	2,262,375	24,815,005	-	**27,077,380**	26,342,348
Total liabilities	3,722,875	26,790,546	-	**30,513,421**	29,865,835
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	102,956	-	-	**102,956**	177,998
OPEB related amounts	275,406	-	-	**275,406**	4,883
NET POSITION	$ (1,717,385)	$ 39,373,270	$ 4,028,039	**$ 41,683,924**	$ 39,304,361
Net position is comprised of:					
Facility infrastructure investment	-	39,373,270	-	**$ 39,373,270**	$ 37,064,123
Change in accounting principle	(1,717,385)	-	-	**(1,717,385)**	(1,735,762)
Reserves	-	-	4,028,039	**4,028,039**	3,976,000
NET POSITION	$ (1,717,385)	$ 39,373,270	$ 4,028,039	**$ 41,683,924**	$ 39,304,361

See Notes to Financial Statements.

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2019			2018
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
		(In thousands)		
Balance, January 1	$ 2,297,475	$ 1,678,525	**$ 3,976,000**	$ 4,161,922
Increase in reserve funds *	90,768	1,664,022	**1,754,790**	1,697,522
	2,388,243	3,342,547	**5,730,790**	5,859,444
Applications:				
Repayment of special obligations	-	(81)	**(81)**	188
Interest on asset financing obligations	-	133,537	**133,537**	103,056
Debt retirement acceleration	-	-	**-**	8,300
Direct investment in facilities	-	1,550,920	**1,550,920**	1,771,900
Change in Accounting Principle	-	18,375	**18,375**	-
Total applications	-	1,702,751	**1,702,751**	1,883,444
Balance, December 31	$ 2,388,243	$ 1,639,796	**$ 4,028,039**	$ 3,976,000

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling $1.67 billion, plus financial income generated on reserve funds of $80.7 million in 2019.

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STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2019

The Statistical and Other Supplemental Information section presents additional information as a means to provide context to the information contained in the financial statements, note disclosures and schedules.

Selected Statistical Financial Trends Data – Schedule D-1 (Pursuant to GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal condition has changed over time.

Selected Statistical Debt Service – Schedule D-2 (Pursuant to Port Authority bond resolutions)

The Port Authority has several forms of outstanding financing obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds* to the financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Selected Statistical Financial Data by Business Segment – Schedule D-3 (Pursuant to GAAP)

Schedule provides information on gross operating revenues, operating expenses and capital investment, summarized by Port Authority business segments.

Information on Port Authority Operations – Schedule E (Pursuant to GAAP)

Detailed information on Port Authority's operating results including income from operations, non-operating expenses, net interest expense, capital contributions, and net income is provided on a Port Authority operating facility level.

Information on Capital Investment in Port Authority Facilities – Schedule F (Pursuant to GAAP)

Schedule provides information on capital investment, summarized by Port Authority operating facilities, including current year capital investment and depreciation.

Port Authority Facility Traffic – Schedule G (Unaudited)

This schedule provides comparative information on Port Authority facility traffic relative to vehicles, passengers, containers, cargo, waterborne vehicles and plane movements.

Schedule D-1 - Selected Statistical Financial Trends Data (pursuant to GAAP)

	2019	2018	2017 (Restated)	2016
				(In thousands)
Revenues, Expenses and Changes in Net Position:				
Gross operating revenues:				
Tolls and fares	**$ 1,876,911**	$ 1,865,384	$ 1,873,622	$ 1,865,481
Rentals [(a)]	**1,748,683**	1,673,994	1,618,439	1,564,527
Aviation fees	**1,287,263**	1,192,454	1,128,352	1,112,436
Parking and other	**408,609**	384,088	377,421	399,178
Utilities	**144,176**	149,008	139,502	138,987
Rentals - Special Project Bonds Projects	**74,073**	79,080	83,053	86,755
Gross operating revenues	**5,539,715**	5,344,008	5,220,389	5,167,364
Operating expenses:				
Employee compensation, including benefits [(d)]	**1,413,979**	1,338,277	1,318,935	1,290,334
Contract services	**1,046,216**	934,821	880,331	852,926
Rents and amounts in-lieu-of taxes (PILOT)	**388,462**	396,048	390,576	352,293
Materials, equipment and other	**315,676**	298,121	252,533	264,977
Utilities	**191,770**	195,968	183,482	165,802
Interest on Special Project Bonds	**74,073**	79,080	83,053	86,755
Operating expenses	**3,430,176**	3,242,315	3,108,910	3,013,087
Net revenue/(expense) related to the events of September 11, 2001	**-**	-	-	-
Net revenue/(expense) related to the events of Superstorm Sandy	**175,678**	-	18,323	-
Depreciation of facilities	**(1,420,696)**	(1,329,283)	(1,231,139)	(1,173,747)
Amortization of costs for regional programs	**(36,730)**	(41,874)	(44,164)	(64,765)
Income from operations [(d)]	**827,791**	**730,536**	854,499	915,765
Income on investments (including fair value adjustment) [(b)]	**87,948**	89,304	35,326	(3,974)
Interest expense on bonds and other asset financing [(b)]	**(968,242)**	(937,983)	(908,343)	(900,914)
Net gain/(loss) on disposition of assets	**-**	-	-	-
Pass-through grant program payments	**(3,142)**	(1,438)	(19,717)	(10,695)
4 WTC associated payments	**65,293**	65,293	65,293	41,521
Grants in connection with operating activities	**25,665**	24,006	39,845	64,315
Contributions in aid of construction	**261,054**	252,225	187,473	674,950
Passenger facility charges	**292,568**	286,395	275,785	264,363
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	-	-	-
Increase in net position December 31, [(d)]	**$ 588,935**	**$ 508,338**	$ 530,161	$ 1,045,331
Net position is comprised of				
Net investment in capital assets	**$ 14,620,518**	$ 14,190,682	$ 13,179,105	$ 12,746,144
Restricted	**550,736**	500,610	760,912	567,443
Unrestricted [(d)]	**1,296,075**	1,187,102	1,430,039	3,261,307
Net position December 31, [(c)]	**$ 16,467,329**	15,878,394	$ 15,370,056	$ 16,574,894

(a) Commencing in 2014, Rentals include the recognition of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture.

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2009 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2012 restated amounts include the cumulative impact of $160 million related to the adoption of GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities.*

(d) 2017 restated amounts include the cumulative impact of $1.7 billion related to the adoption of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

See accompanying independent auditors' report.

2015	2014	2013	2012 (Restated)	2011	2010
$ 1,718,770	$ 1,553,625	$ 1,462,957	$ 1,337,372	$ 1,148,061	$ 1,069,785
1,446,980	1,300,818	1,228,491	1,208,730	1,150,569	1,144,709
1,063,902	1,058,416	934,459	904,666	895,356	872,774
359,631	321,760	315,111	338,178	339,131	321,257
144,580	149,052	139,835	152,945	154,810	154,041
92,719	98,141	103,186	108,125	112,553	71,457
4,826,582	4,481,812	4,184,039	4,050,016	3,800,480	3,634,023
1,178,967	1,187,877	1,114,397	1,038,243	1,037,681	1,022,195
833,903	797,516	684,411	749,106	726,883	630,438
356,162	362,627	301,582	304,020	280,237	272,002
252,071	277,174	220,859	215,937	219,183	418,639
186,830	199,919	171,833	174,016	188,432	183,826
92,719	98,141	103,186	108,125	112,553	71,457
2,900,652	2,923,254	2,596,268	2,589,447	2,564,969	2,598,557
-	-	-	-	-	53,051
123	53,530	28,229	(30,000)	-	-
(1,124,383)	(932,149)	(875,979)	(884,239)	(852,727)	(789,011)
(64,665)	(64,484)	(64,275)	(77,719)	(77,537)	(76,504)
737,005	615,455	675,746	468,611	305,247	223,002
4,215	20,060	(2,714)	29,161	(53,227)	(762)
(882,840)	(648,204)	(612,031)	(647,813)	(552,781)	(496,410)
-	19,043	4,423	(4)	-	-
(51,429)	(107,606)	(176,848)	(56,446)	(11,507)	(2,166)
36,766	6,128	36,660	65,293	8,343	-
101,074	207,898	188,409	52,161	23,727	11,708
586,295	700,267	689,898	997,441	767,010	358,268
248,707	233,172	224,301	222,614	214,456	210,387
-	-	-	3,525	-	42,814
$ 779,793	$ 1,046,213	$ 1,027,844	$ 1,134,543	$ 701,268	$ 346,841
$ 11,810,573	$ 10,402,894	$ 9,442,138	$ 9,273,213	$ 10,020,306	$ 9,200,077
456,429	470,857	454,467	392,389	294,460	222,871
3,262,561	3,900,789	3,831,722	3,034,881	1,411,125	1,601,675
$ 15,529,563	$ 14,774,540	$ 13,728,327	$ 12,700,483	$ 11,725,891	$ 11,024,623

Schedule D-2 - Selected Statistical Debt Service Data (Pursuant to Port Authority bond resolutions)

	2019	2018	2017	2016
				(In thousands)
Gross Operating Revenues*	$ 5,530,455	$ 5,334,748	$ 5,211,129	$ 5,158,795
Operating expenses	(3,430,176)	(3,242,315)	(3,132,918)	(3,013,087)
Net revenue/(expense) related to the events of September 11, 2001	-	-	-	-
Operating and maintenance contingencies	-	-	-	-
Net revenue/(expense) related to Superstorm Sandy	175,678	-	18,323	-
Amounts in connection with operating asset obligations	(9,529)	(12,921)	(16,050)	(18,871)
Net operating revenues	2,266,428	2,079,512	2,080,484	2,126,837
Financial income	87,440	86,250	33,574	(4,784)
Grants and contributions in aid of construction, net	252,765	220,741	193,381	347,390
Application of WTC Retail Joint Venture Payments*	-	-	-	77,869
Application of Passenger Facility Charges	289,639	433,326	285,335	229,921
Application of 4 WTC associated payments	65,293	65,293	65,293	41,520
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	-	-	-	-
Restricted Net Revenues - PAICE	-	-	-	-
Net revenues available for debt service and reserves (a)	2,961,565	2,885,122	2,658,067	2,818,753
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (b)	(872,275)	(868,510)	(858,694)	(824,586)
Times, interest earned (a/b)	3.40	3.32	3.10	3.42
Debt maturities and retirements (c)	(334,500)	(319,090)	(300,905)	(268,520)
Times, debt service earned [a/(b+c)]	2.45	2.43	2.29	2.58
APPLICATION OF RESERVES				
Direct investment in facilities	(1,550,920)	(1,771,900)	(1,623,347)	(1,132,915)
Debt retirement acceleration	-	(8,300)	-	-
Appropriations for self-insurance and changes in accounting principles	(18,375)	-	-	-
Interest on bonds and other asset financing obligations	(133,537)	(103,056)	(69,570)	(81,601)
Repayment of asset financing obligations	81	(188)	(1,276)	6,669
Acceleration of unamortized brokerage commissions	-	-	-	-
Net increase/(decrease) in reserves	52,039	(185,922)	(195,725)	517,800
RESERVE BALANCES				
January 1	3,976,000	4,161,922	4,357,647	3,839,847
December 31	4,028,039	3,976,000	4,161,922	4,357,647
Reserve funds balances represented by:				
General Reserve	2,388,243	2,297,475	2,297,475	2,297,475
Consolidated Bond Reserve	1,639,796	1,678,525	1,864,447	2,060,172
Total	$ 4,028,039	$ 3,976,000	$ 4,161,922	$ 4,357,647
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)				
Consolidated Bonds and Notes	$ 22,161,860	$ 20,898,775	$ 20,672,365	$ 20,429,565
Fund for regional development buy-out obligation	100,258	143,939	184,230	221,393
MOTBY obligation	48,711	51,032	53,237	55,332
Amounts payable - Special Project Bonds	1,150,415	1,245,835	1,327,680	1,391,170
Variable rate master notes	69,600	69,600	77,900	77,900
Commercial paper obligations	500,565	480,765	464,615	388,315
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	1,022,518	1,021,023	934,198	744,401
Total financing obligations	$ 26,279,447	$ 25,136,489	$ 24,939,745	$ 24,533,596

* Commencing in 2014, Gross operating revenues exclude the recognition of unearned income related to the March 2014 transfer of the Port Authority interests in the WTC Retail Joint Venture. For bond resolution financial reporting, amounts due the Port Authority related to this transfer are recognized in their entirety in the year in which they are received.

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

2015	2014	2013	2012	2011	2010
$ 4,818,831	$ 4,475,193	$ 4,184,039	$ 4,050,016	$ 3,800,480	$ 3,634,023
(2,900,652)	(2,923,254)	(2,596,268)	(2,589,447)	(2,564,969)	(2,598,557)
-	-	-	-	-	53,051
(50,000)	-	-	-	-	-
123	53,530	28,229	(30,000)	-	-
(21,387)	(23,734)	(25,908)	(27,956)	(29,580)	(46,561)
1,846,915	1,581,735	1,590,092	1,402,613	1,205,931	1,041,956
4,080	14,687	(2,964)	29,121	(53,270)	(900)
321,980	565,444	540,746	565,976	499,516	367,810
66,963	652,104	-	-	-	-
273,721	221,156	175,421	110,015	215,645	207,122
36,766	6,128	36,660	65,293	8,343	-
-	-	-	17,962	57,340	61,468
-	-	4,305	2,710	644	(102)
2,550,425	3,041,254	2,344,260	2,193,690	1,934,149	1,677,354
(810,356)	(635,262)	(556,824)	(539,436)	(480,623)	(436,622)
3.15	4.79	4.21	4.07	4.02	3.84
(259,315)	(226,205)	(204,000)	(169,770)	(140,390)	(178,095)
2.38	3.53	3.08	3.09	3.11	2.73
(1,949,785)	(1,473,432)	(1,059,756)	(691,079)	(742,001)	(1,375,008)
-	-	-	(54,635)	(6,100)	-
-	28,100	10,414	37,547	1,949	(3,971)
(66,461)	(11,542)	(38,689)	(87,764)	(37,702)	(7,580)
(51,928)	(105,562)	(15,701)	(16,514)	(20,258)	(30,062)
-	-	(46,863)	-	-	-
(587,420)	617,351	432,841	672,039	509,024	(353,984)
4,427,267	3,809,916	3,377,075	2,705,036	2,196,012	2,549,996
3,839,847	4,427,267	3,809,916	3,377,075	$ 2,705,036	$ 2,196,012
2,297,475	2,131,711	2,029,051	2,026,605	1,783,370	1,584,955
1,542,372	2,295,556	1,780,865	1,350,470	921,666	611,057
$ 3,839,847	$ 4,427,267	$ 3,809,916	$ 3,377,075	$ 2,705,036	$ 2,196,012
$ 21,019,925	$ 19,229,020	$ 18,212,063	$ 18,076,497	$ 15,550,039	$ 13,340,378
253,732	283,562	311,077	336,453	359,859	373,707
44,383	48,254	52,329	78,060	105,141	138,396
1,451,170	1,530,510	1,605,515	1,675,825	1,741,440	1,803,145
77,900	77,900	77,900	77,900	77,900	77,900
425,760	448,185	348,110	384,625	396,155	354,280
-	-	-	-	-	175,200
-	31,500	46,925	49,565	68,160	98,645
1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	-
430,800	210,316	-	-	-	-
$ 24,929,190	$ 23,084,767	$ 21,879,439	$ 21,904,445	$ 19,524,214	$ 16,361,651

Schedule D-3 Selected Statistical Financial Data by Business Segment (pursuant to GAAP)

	2019	2018	2017 (Restated)	2016
				(In thousands)
Gross Operating Revenues:				
Tunnels, Bridges and Terminals	**$ 1,740,044**	$ 1,737,458	$ 1,739,552	$ 1,742,028
PATH	**210,610**	203,800	202,880	191,261
Port	**322,061**	310,637	295,651	300,569
Aviation	**2,913,161**	2,762,279	2,682,523	2,646,213
Development	**24,380**	25,632	24,967	25,956
World Trade Center	**329,212**	303,995	274,029	260,655
Other [(a)]	**247**	207	787	682
Total	**$ 5,539,715**	$ 5,344,008	$ 5,220,389	$ 5,167,364
Operating Expenses: [(b)]				
Tunnels, Bridges and Terminals	**$ 553,759**	$ 524,212	$ 525,862	$ 509,529
PATH	**457,515**	447,552	423,384	415,251
Port	**174,213**	166,405	160,495	167,724
Aviation	**1,886,112**	1,754,801	1,693,563	1,612,470
Development	**11,475**	11,786	12,399	10,853
World Trade Center	**346,535**	333,848	312,242	293,864
Other [(c) (f)]	**567**	3,711	(19,035)	3,396
Total	**$ 3,430,176**	$ 3,242,315	$ 3,108,910	$ 3,013,087
Capital Investment: [(d)]				
Tunnels, Bridges and Terminals	**$ 697,449**	$ 931,539	$ 885,311	$ 1,179,307
PATH (including WTC Transportation Hub)	**358,166**	340,635	274,429	454,031
Port	**120,019**	146,153	106,455	133,874
Aviation [(g)]	**1,588,820**	989,693	772,520	584,996
Development	**111**	3,682	893	1,569
World Trade Center	**266,795**	314,472	311,122	846,597
Other [(e)]	**6,307**	39,547	150,409	290
Total	**$ 3,037,667**	$ 2,765,720	$ 2,501,139	$ 3,200,664

(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 $297 million in 2019, $289 million in 2018 and $163 million in 2017, respectively.

See accompanying independent auditors' report.

2015	2014	2013	2012	2011	2010
$ 1,599,575	$ 1,447,896	$ 1,369,559	$ 1,258,125	$ 1,078,977	$ 1,009,891
184,560	168,668	150,604	134,382	121,102	109,704
270,263	248,443	262,526	249,609	236,461	223,095
2,537,233	2,479,106	2,321,300	2,276,018	2,221,157	2,124,955
26,561	51,077	29,492	87,521	100,800	89,457
207,634	85,942	50,087	44,107	41,816	76,704
756	680	471	254	167	217
$ 4,826,582	$ 4,481,812	$ 4,184,039	$ 4,050,016	$ 3,800,480	$ 3,634,023
$ 499,873	$ 510,383	$ 493,429	$ 468,263	$ 460,960	$ 437,775
389,276	401,273	338,926	329,663	322,133	385,686
175,976	172,545	176,459	190,043	185,053	163,424
1,557,926	1,623,190	1,466,692	1,410,070	1,385,582	1,317,749
13,659	15,737	15,497	79,620	82,637	77,200
258,748	192,789	94,312	76,149	106,277	116,797
5,194	7,337	10,953	35,639	22,327	99,926
$ 2,900,652	$ 2,923,254	$ 2,596,268	$ 2,589,447	$ 2,564,969	$ 2,598,557
$ 956,231	$ 961,854	$ 413,946	$ 233,637	$ 168,759	$ 149,803
268,428	512,415	559,104	743,136	720,797	752,486
93,729	210,496	180,760	184,750	228,747	302,858
791,805	715,456	468,319	351,535	243,995	518,545
2,110	1,977	527	140	(26,556)	29,297
904,787	1,674,030	1,373,328	1,802,009	2,087,741	1,091,464
3,144	3,822	3,221	6,767	9,464	133,229
$ 3,020,234	$ 4,080,050	$ 2,999,205	$ 3,321,974	$ 3,432,947	$ 2,977,682

Schedule E - Information on Port Authority Operations

	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	2018 Increase/ (Decrease) in Net Position
	Year ended December 31, 2019 (In thousands)							
INTERSTATE TRANSPORTATION NETWORK								
George Washington Bridge & Bus Station	$ 795,128	$ 148,664	$ 56,144	$ 590,320	$ 25,161	$ -	**$ 565,159**	$ 596,799
Holland Tunnel	197,934	82,082	22,801	93,051	10,082	5,036	**88,005**	79,740
Lincoln Tunnel	252,182	117,969	81,110	53,103	47,709	2,358	**7,752**	42,154
Bayonne Bridge	38,569	16,583	33,035	(11,049)	53,302	-	**(64,351)**	(40,304)
Goethals Bridge	241,792	38,902	40,624	162,266	109,806	-	**52,460**	103,462
Outerbridge Crossing	165,451	26,952	7,095	131,404	2,296	-	**129,108**	136,061
Port Authority Bus Terminal	48,988	122,607	30,632	(104,251)	10,236	-	**(114,487)**	(117,729)
Subtotal - Tunnels, Bridges & Terminals	1,740,044	553,759	271,441	914,844	258,592	7,394	**663,646**	800,183
PATH	204,677	429,044	121,424	(345,791)	166,761	106,461	**(406,091)**	(496,576)
WTC Transportation Hub	-	14,519	75,407	(89,926)	-	-	**(89,926)**	(87,627)
Journal Square Transportation Center	5,933	13,952	4,709	(12,728)	1,006	-	**(13,734)**	(15,141)
Subtotal - PATH	210,610	457,515	201,540	(448,445)	167,767	106,461	**(509,751)**	(599,344)
Ferry Transportation	247	283	5,314	(5,350)	3,029	-	**(8,379)**	(8,995)
Access to the Regions Core (ARC)	-	248	10,115	(10,363)	1,180	-	**(11,543)**	(13,983)
Moynihan Station Transportation Program	-	36	10,000	(10,036)	4,842	-	**(14,878)**	(13,534)
Gateway Early Work Program	-	-	-	-	-	-	**-**	-
Total Interstate Transportation Network	1,950,901	1,011,841	498,410	440,650	435,410	113,855	**119,095**	164,327
AVIATION								
LaGuardia [(c)]	429,046	370,045	124,009	(65,008)	35,260	75,846	**(24,422)**	(14,537)
JFK International [(c)]	1,367,791	863,504	205,915	298,372	61,495	172,743	**409,620**	366,090
Newark Liberty International [(c)]	1,052,070	591,802	148,539	311,729	48,701	105,453	**368,481**	379,534
Teterboro	52,987	38,082	14,454	451	4,902	6,535	**2,084**	(286)
New York Stewart International [(c)]	11,267	22,679	9,369	(20,781)	3,751	4,853	**(19,679)**	(25,990)
Total Aviation	2,913,161	1,886,112	502,286	524,763	154,109	365,430	**736,084**	704,811
PORT								
Port Newark	99,017	82,180	35,868	(19,031)	23,186	2,563	**(39,654)**	(49,990)
Elizabeth Port Authority Marine Terminal	161,648	22,862	30,885	107,901	27,286	60	**80,675**	77,139
Brooklyn Port Authority Marine Terminal	7,397	11,917	2,548	(7,068)	1,888	813	**(8,143)**	(4,114)
└Red Hook Terminal	757	5,098	62	(4,403)	(11)	-	**(4,392)**	(4,823)
Howland Hook Marine Terminal	17,406	22,233	18,650	(23,477)	11,281	10,194	**(24,564)**	(22,391)
Greenville Yard Port Authority Marine Terminal	892	129	-	763	(3)	-	**766**	863
└NYNJ Rail LLC	6,185	7,268	1,618	(2,701)	510	8,420	**5,209**	20,138
Port Jersey - Port Authority Marine Terminal	28,759	22,526	11,475	(5,242)	13,880	557	**(18,565)**	(3,415)
Total Port	322,061	174,213	101,106	46,742	78,017	22,607	**(8,668)**	13,407
DEVELOPMENT								
Essex County Resource Recovery Facility	7	107	-	(100)	215	-	**(315)**	(239)
Industrial Park at Elizabeth	1,223	127	249	847	180	-	**667**	731
Bathgate Industrial Park	4,100	2,107	2,105	(112)	82	-	**(194)**	712
Teleport	9,301	8,782	1,873	(1,354)	219	-	**(1,573)**	(573)
Newark Legal & Communications Center	54	44	-	10	-	-	**10**	(26)
Queens West Waterfront Development	1,426	-	576	850	1,027	-	**(177)**	(440)
Hoboken South Waterfront Development	8,269	308	2,515	5,446	1,742	-	**3,704**	3,026
Total Development	24,380	11,475	7,318	5,587	3,465	-	**2,122**	3,191
WORLD TRADE CENTER								
WTC Campus	4,449	149,806	93,353	(238,710)	(4,868)	51,728	**(182,114)**	(182,235)
One World Trade Center	221,783	138,568	97,392	(14,177)	109,994	-	**(124,171)**	(132,305)
WTC Towers 2, 3 & 4	54,931	30,502	78,041	(53,612)	-	-	**(53,612)**	3,023
WTC Tower 7	24,505	18,536	-	5,969	-	-	**5,969**	3,664
WTC Retail	23,544	9,123	42,790	(28,369)	2,863	2	**(31,230)**	(11,769)
Total World Trade Center	329,212	346,535	311,576	(328,899)	107,989	51,730	**(385,158)**	(319,622)
Port Authority Insurance Captive Entity, LLC	-	-	-	-	-	-	**-**	3,383
Regional Facilities and Programs	-	-	36,730	(36,730)	13,488	-	**(50,218)**	(61,159)
Net Revenues related to Superstorm Sandy		-	-	175,678	-	-	**175,678**	-
Total Port Authority	$ 5,539,715	$ 3,430,176	$ 1,457,426	$ 827,791	$ 792,478	$ 553,622	**$ 588,935**	**$ 508,338**

[(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.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2018	Capital Investment [a]	Depreciation	Dispositions	Facilities, net Dec. 31, 2019
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,214,359	$ 196,087	$ 56,144	$ -	$ 1,354,302
Holland Tunnel	467,418	59,309	22,801	-	503,926
Lincoln Tunnel	1,572,716	205,929	81,110	-	1,697,535
Bayonne Bridge	1,546,969	95,071	33,035	-	1,609,005
Goethals Bridge	1,526,944	43,813	40,624	-	1,530,133
Outerbridge Crossing	96,616	37,893	7,095	-	127,414
Port Authority Bus Terminal	540,314	59,347	30,632	-	569,029
Subtotal - Tunnels, Bridges & Terminals	6,965,336	697,449	271,441	-	7,391,344
PATH	2,767,907	329,996	121,424	-	2,976,479
WTC Transportation HUB	3,466,030	23,748	75,407	-	3,414,371
Journal Square Transportation Center	63,961	4,422	4,709	-	63,674
Subtotal - PATH	6,297,898	358,166	201,540	-	6,454,524
Ferry Transportation	93,183	73	5,314	-	87,942
Access to the Region's Core (ARC)	47,928	-	10,115	-	37,813
Moynihan Station Transportation Program	139,128	-	10,000	-	129,128
Gateway Early Work Program	37,810	6,234	-	-	44,044
Total Interstate Transportation Network	13,581,283	1,061,922	498,410	-	14,144,795
AVIATION [b]					
LaGuardia [e]	2,371,721	435,052	124,009	-	2,682,764
JFK International	3,531,378	399,140	205,914	-	3,724,604
Newark Liberty International	2,680,366	719,703	148,539	-	3,251,530
Teterboro	214,166	21,018	14,454	-	220,730
New York Stewart International	149,393	13,907	9,369	-	153,931
Total Aviation	8,947,024	1,588,820	502,285	-	10,033,559
PORT					
Port Newark	807,699	17,771	35,868	-	789,602
Elizabeth Port Authority Marine Terminal	970,396	2,668	30,885	-	942,179
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	73,469	4,576	2,610	-	75,435
Howland Hook Marine Terminal	465,315	22,726	18,650	-	469,391
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	140,594	28,518	1,618	-	167,494
Port Jersey-Port Authority Marine Terminal	464,201	43,760	11,475	-	496,486
Total Port	2,921,674	120,019	101,106	-	2,940,587
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	5,287	-	251	-	5,036
Bathgate Industrial Park	3,359	-	2,105	-	1,254
Teleport	8,163	111	1,872	-	6,402
Queens West Waterfront Development	84,196	-	576	-	83,620
Hoboken South Waterfront Development	61,141	-	2,515	-	58,626
Total Development	167,951	111	7,319	-	160,743
WORLD TRADE CENTER					
WTC Campus [c]	3,871,906	145,523	93,352	-	3,924,077
One World Trade Center	3,327,811	39,209	97,392	-	3,269,628
WTC Towers 2, 3 & 4[d]	2,849,822	25,348	78,042	-	2,797,128
WTC Retail	1,732,543	56,715	42,790	-	1,746,468
Total World Trade Center	11,782,082	266,795	311,576	-	11,737,301
FACILITIES, net	$ 37,400,013	$ 3,037,667	$ 1,420,696	$ -	$ 39,016,984
REGIONAL FACILITIES & PROGRAMS	$ 130,186	$ -	$ 36,730	$ -	$ 93,456

[a] Capital investment includes contributed capital amounts and write-offs related to capital construction.

[b] Facility capital investment amounts include projects funded with Passenger Facility Charges.

[c] Capital investment includes campus wide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

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

[e] Excludes landlord leasehold capital improvements related to LGA Terminal B of $297 million.

Schedule G - Port Authority Facility Traffic (Unaudited)*

	2019	2018	2017	2016
TUNNELS AND BRIDGES (Eastbound Traffic)				
AUTOMOBILES				
George Washington Bridge	47,809,000	47,264,000	47,594,000	47,497,000
Lincoln Tunnel	15,317,000	15,742,000	15,841,000	15,993,000
Holland Tunnel	15,033,000	14,460,000	14,247,000	14,727,000
Staten Island Bridges	33,636,000	32,373,000	31,430,000	30,303,000
Subtotal Automobiles	**111,795,000**	109,839,000	109,112,000	108,520,000
BUSES				
George Washington Bridge	428,000	448,000	442,000	440,000
Lincoln Tunnel	2,186,000	2,170,000	2,161,000	2,164,000
Holland Tunnel	159,000	168,000	179,000	191,000
Staten Island Bridges	167,000	186,000	180,000	177,000
Subtotal Buses	**2,940,000**	2,972,000	2,962,000	2,972,000
TRUCKS				
George Washington Bridge	3,724,000	3,792,000	3,684,000	3,692,000
Lincoln Tunnel	1,031,000	1,048,000	1,037,000	1,055,000
Holland Tunnel	443,000	443,000	446,000	447,000
Staten Island Bridges	2,295,000	2,163,000	2,153,000	2,085,000
Subtotal Trucks	**7,493,000**	7,446,000	7,320,000	7,279,000
TOTAL VEHICLES				
George Washington Bridge	51,961,000	51,504,000	51,720,000	51,629,000
Lincoln Tunnel	18,534,000	18,960,000	19,039,000	19,212,000
Holland Tunnel	15,635,000	15,071,000	14,872,000	15,365,000
Staten Island Bridges	36,098,000	34,722,000	33,763,000	32,565,000
Subtotal Vehicles	**122,228,000**	120,257,000	119,394,000	118,771,000
PATH				
Total passengers	82,219,587	81,733,402	82,812,915	78,553,560
Passenger weekday average	284,380	280,860	283,719	269,081
MARINE TERMINALS				
General cargo [(a)] (Metric tons)	41,090,000	37,577,000	35,450,000	32,556,203
Containers (in twenty foot equivalent units)	7,471,131	7,179,788	6,710,817	6,251,953
International waterborne vehicles	565,179	573,035	577,223	505,150
Waterborne bulk commodities (in metric tons)	3,245,536	3,686,686	3,975,000	3,212,603
CONTAINERS				
New Jersey Marine Terminals	3,950,890	3,828,434	3,599,514	3,416,144
New York Marine Terminals	287,217	267,020	246,910	186,364
Subtotal Containers	**4,238,107**	4,095,454	3,846,424	3,602,508
BUS TERMINALS				
BUS DEPARTURES				
Port Authority Bus Terminal	1,190,000	1,203,000	1,199,000	1,193,000
George Washington Bridge Bus Station	166,000	171,000	172,000	172,000
PATH Journal Square Transportation Center Bus Station	482,725	479,960	478,900	478,640
Total Departures	**1,838,725**	1,853,960	1,849,900	1,843,640
AVIATION				
PLANE MOVEMENTS				
John F. Kennedy International Airport	456,060	455,495	448,366	448,753
LaGuardia Airport	373,356	371,905	369,152	369,987
Newark Liberty International Airport	446,320	453,377	438,578	431,594
New York Stewart International Airport	33,340	32,542	34,787	37,295
Subtotal Plane Movements	**1,309,076**	1,313,319	1,290,883	1,287,629
DOMESTIC PASSENGERS				
John F. Kennedy International Airport	28,233,791	28,117,337	26,961,081	27,245,463
LaGuardia Airport	28,875,041	27,857,697	27,474,292	27,996,763
Newark Liberty International Airport	32,004,140	31,730,735	30,330,568	27,995,353
New York Stewart International Airport	369,954	366,130	307,621	275,421
Subtotal Domestic Passengers	**89,482,926**	88,071,899	85,073,562	83,513,000
INTERNATIONAL PASSENGERS				
John F. Kennedy International Airport	34,317,281	33,518,898	32,518,263	31,693,184
LaGuardia Airport	2,209,853	2,224,430	2,087,936	1,790,006
Newark Liberty International Airport	14,332,312	14,128,785	12,891,846	12,324,428
New York Stewart International Airport	159,591	324,281	141,077	-
Subtotal International Passengers	**51,019,037**	50,196,394	47,639,122	45,807,618
TOTAL PASSENGERS				
John F. Kennedy International Airport	62,551,072	61,636,235	59,479,344	58,938,647
LaGuardia Airport	31,084,894	30,082,127	29,562,228	29,786,769
Newark Liberty International Airport	46,336,452	45,859,520	43,222,414	40,319,781
New York Stewart International Airport	529,545	690,411	448,698	275,421
Subtotal Passengers	**140,501,963**	138,268,293	132,712,684	129,320,618
CARGO-TONS				
John F. Kennedy International Airport	1,336,520	1,422,160	1,394,509	1,311,191
LaGuardia Airport	6,376	5,996	6,878	7,586
Newark Liberty International Airport	824,932	848,161	822,589	746,770
New York Stewart International Airport	22,674	22,808	20,834	18,729
Subtotal Cargo-tons	**2,190,502**	2,299,125	2,244,810	2,084,276
Revenue mail-tons	178,346	154,244	153,733	140,418

* Certain 2019 and 2018 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.

2015	2014	2013	2012	2011	2010
46,361,000	45,136,000	45,364,000	45,042,000	46,116,000	46,954,000
15,706,000	15,597,000	15,580,000	15,909,000	16,644,000	17,034,000
14,763,000	14,915,000	15,511,000	15,489,000	15,968,000	16,460,000
28,883,000	28,317,000	28,997,000	29,455,000	29,700,000	30,034,000
105,713,000	103,965,000	105,452,000	105,895,000	108,428,000	110,482,000
429,000	426,000	429,000	430,000	487,000	514,000
2,165,000	2,151,000	2,128,000	2,106,000	2,156,000	2,139,000
199,000	209,000	220,000	234,000	268,000	265,000
176,000	172,000	171,000	187,000	200,000	204,000
2,969,000	2,958,000	2,948,000	2,957,000	3,111,000	3,122,000
3,666,000	3,475,000	3,609,000	3,639,000	3,794,000	3,763,000
1,061,000	1,043,000	1,038,000	1,000,000	1,029,000	1,041,000
447,000	446,000	427,000	395,000	354,000	312,000
2,091,000	2,131,000	2,214,000	2,367,000	2,434,000	2,486,000
7,265,000	7,095,000	7,288,000	7,401,000	7,611,000	7,602,000
50,456,000	49,037,000	49,402,000	49,111,000	50,397,000	51,231,000
18,932,000	18,791,000	18,746,000	19,015,000	19,829,000	20,214,000
15,409,000	15,570,000	16,158,000	16,118,000	16,590,000	17,037,000
31,150,000	30,620,000	31,382,000	32,009,000	32,334,000	32,724,000
115,947,000	114,018,000	115,688,000	116,253,000	119,150,000	121,206,000
76,541,453	73,679,425	72,748,729	72,563,052	76,555,644	73,911,000
258,425	250,071	244,484	241,725	256,186	246,890
36,781,069	35,370,355	34,059,540	34,322,209	33,896,217	32,170,041
6,371,720	5,772,303	5,467,347	5,529,908	5,503,485	5,292,020
477,170	393,391	452,778	426,943	387,656	493,245
5,050,519	5,042,690	3,732,292	3,240,189	3,885,614	3,192,132
3,427,226	3,098,049	2,895,769	2,782,059	2,652,744	2,500,503
236,787	244,237	274,066	428,750	544,272	575,892
3,664,013	3,342,286	3,169,835	3,210,809	3,197,016	3,076,395
1,179,000	1,166,000	1,155,000	1,127,000	1,132,000	1,117,000
170,000	168,000	167,000	163,000	153,000	150,000
478,560	470,060	469,900	469,304	407,200	409,150
1,827,560	1,804,060	1,791,900	1,759,304	1,692,200	1,676,150
439,298	423,421	406,181	401,728	408,730	396,912
358,609	360,834	370,861	369,989	365,870	361,616
413,873	396,386	413,774	414,127	410,024	409,321
37,834	36,881	38,905	42,123	46,530	47,032
1,249,614	1,217,522	1,229,721	1,227,967	1,231,154	1,214,881
26,806,854	25,021,432	23,913,096	24,217,083	23,757,976	23,404,277
26,684,923	25,157,202	24,953,572	24,274,029	23,086,756	22,950,115
25,693,128	23,762,627	23,716,837	22,836,683	22,189,669	21,716,886
281,754	309,357	320,682	364,848	412,053	395,244
79,466,659	74,250,618	72,904,187	71,692,643	69,446,454	68,466,522
30,079,898	28,198,994	26,541,183	25,057,093	23,886,084	23,109,877
1,752,745	1,814,893	1,727,528	1,433,755	1,035,722	1,032,967
11,805,317	11,848,060	11,299,399	11,147,344	11,509,823	11,477,304
-	-	-	-	1,601.00	-
43,637,960	41,861,947	39,568,110	37,638,192	36,433,230	35,620,148
56,886,752	53,220,426	50,454,279	49,274,176	47,644,060	46,514,154
28,437,668	26,972,095	26,681,100	25,707,784	24,122,478	23,983,082
37,498,445	35,610,687	35,016,236	33,984,027	33,699,492	33,194,190
281,754	309,357	320,682	364,848	413,654	395,244
123,104,619	116,112,565	112,472,297	109,330,835	105,879,684	104,086,670
1,332,091	1,343,855	1,321,035	1,319,226	1,382,949	1,392,866
7,721	7,140	6,720	7,009	7,390	7,516
405,214	666,840	663,155	742,898	812,341	860,970
15,144	15,227	17,490	18,781	16,263	12,934
1,760,170	2,033,062	2,008,400	2,087,914	2,218,943	2,274,286
126,026	112,524	158,778	174,242	184,696	185,681

PORT
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APPENDIX B

Condensed Enterprise Fund Financial Statements as of and for the Three-Month Period Ended March 31, 2020 (Unaudited)

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The Port Authority of New York and New Jersey

Condensed Enterprise Fund Financial Statements as of and for the Three-Month Period Ended March 31, 2020 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

TABLE OF CONTENTS

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of Port Authority of New York and New Jersey (The Port Authority) and its component units' business-type activities as of and for the three-month period ended March 31, 2020. This overview is intended to serve as an introduction to the unaudited condensed enterprise fund financial statements which have been prepared in accordance with U.S. generally accepted accounting principles (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, 2019 that are located in the corporate information section on the Port Authority's website.

The unaudited financial results for the three-month period ended March 31, 2020 contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2020.

Management's Discussion and Analysis

Management's Discussion and Analysis (MD&A) 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.

Condensed Enterprise Fund Financial Statements

The Statement of Net Position provides information about the nature and amounts of investments in resources (Assets) and obligations (Liabilities) of 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 three-month period ended March 31, 2020 and March 31, 2019.

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 three-month period ended March 31, 2020 and March 31, 2019.

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.

3. BASIS OF ACCOUNTING

Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Port Authority follows U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Preparation of the unaudited condensed enterprise fund financial statements in conformity with U.S. generally accepted accounting principles requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the condensed 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 THREE-MONTH PERIOD ENDED MARCH 31, 2020

($ in thousands)	**Three-Month Period Ended March 31, 2020**	Three-Month Period Ended March 31, 2019	Variance
Gross operating revenues	**$ 1,320,167**	$ 1,291,906	$ 28,261
Operating expenses	**(824,269)**	(802,347)	(21,922)
Net operating income	**495,898**	489,559	6,339
Depreciation and amortization	**(364,376)**	(341,792)	(22,584)
Income from operations	**131,522**	147,767	(16,245)
Financial income*	**77,688**	31,939	45,749
Interest expense, net**	**(220,239)**	(226,572)	6,333
Grants and other non-operating revenues/(expenses)***	**5,189**	6,081	(892)
Capital contributions and Passenger Facility Charges	**122,080**	145,115	(23,035)
Non-operating expenses, net	**(15,282)**	(43,437)	28,155
Increase in net position	**$ 116,240**	$ 104,330	$ 11,910

* Includes changes to the fair market value of investments of $57 million in 2020 and $13 million in 2019, respectively.

** Three-month periods ended March 2020 and March 2019 interest expense amounts are net of $16.3 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 $(479) thousand in 2020 and $(38) thousand in 2019, respectively.

Operating Activities

Net operating income of $496 million for the three-month period ended March 31, 2020 is $6.3 million, or 1.3% higher than the same three-month period of 2019 and $25 million, or 5% lower than 2020 budgeted amounts. The increase versus prior year is primarily due to increased tolling revenue at Tunnel and Bridge facilities, partially offset by increased operating expenses driven by the addition of two police graduating classes in the last eight months that did not impact the first quarter of 2019.

Gross operating revenues of $1.3 billion are $28.3 million, or 2.2% higher as compared to the same three-month period in 2019. This increase is primarily due to: ***a.)*** a $15.2 million increase in tolls at the Port Authority's six vehicular crossings due to scheduled increases in tolling rates which became effective January 2020, partially offset by lower vehicular activity in March due to COVID-19 travel restrictions; ***b.)*** a $14.1 million increase in cost recovery based aviation fees due to increased policing, including additional support for LaGuardia Airport (LGA) Redevelopment traffic management, civilian security costs, and additional aeronautical capital investment placed into service; and, ***c.)*** a $9.6 million increase in rentals resulting from scheduled rent increases at Aviation facilities, and World Trade Center (WTC) and higher occupancy at One WTC. These increases were partially offset by a decrease in percentage rentals and public parking revenues, primarily at Aviation facilities, due to lower activity in March resulting from COVID-19 travel restrictions.

Operating expenses of $824.3 million are $21.9 million, or 2.7% higher as compared to the same three-month period in 2019. This increase is primarily due to: ***a.)*** a $30.2 million increase in labor expense (excluding snow and ice removal) due to general wage increases, and additional police necessary to meet public safety requirements; ***b.)*** a $19.7 million increase in payments to contractors (excluding snow and ice removal) primarily due to increased Tunnel and Bridge E-ZPass® processing fees due to higher E-ZPass® utilization and WTC campus operation and maintenance expenditures due to scheduled increases in contractor billing rates and increased building services at One WTC due to increased occupancy. These increases are partially offset by: ***a.)*** a $8.2 million decrease in utilities due to lower consumption resulting from milder weather conditions; and, ***b.)*** a $21.3 million decrease in snow and ice removal activities due to milder weather conditions.

Non-Operating Revenue and Expense Activities

Depreciation and amortization of $364.4 million is $22.6 million, or 6.6% higher as compared to the same three-month period of 2019 due to the scheduled completion of approximately $3.6 billion of capital construction projects in 2019 and the first quarter of 2020. These capital infrastructure projects include completed assets related to: ***a.)*** WTC Redevelopment; ***b.)*** the Bayonne Bridge Navigational Clearance Program; ***c.)*** the LGA Airport Redevelopment Program; ***d.)*** rehabilitation of runways 13L-31R at John F. Kennedy International (JFK) Airport; ***e.)*** the George Washington Bridge Rehabilitation "Restore the George" Program; and, ***f.)*** the Lincoln Tunnel Access Program. These capital infrastructure assets have been placed into operational service and are now being depreciated over their estimated useful lives.

Financial Income of $77.7 million is $45.7 million, or 143.2% higher as compared to the same three-month period of 2019 primarily due to an increase in non-cash unrealized gains related to the change in fair value of securities held in Port Authority investment accounts.

Contributions in aid of construction and PFCs of $122.1 million is $23 million, or 15.9% lower as compared to the same three-month period of 2019 primarily due to lower Federal Transit Administration (FTA) funding for Superstorm Sandy restoration and resiliency capital projects at PATH facilities due to lower capital spending and a $10 million decrease in non-cash contributions related to the completion of WTC Tower 3, which reached substantial completion in March 2018.

Interest Expense, net of $220.2 million is $6.3 million, or 2.8% lower as compared to the same three-month period of 2019 due to increase in amortization of bond premiums received at the time of issuance.

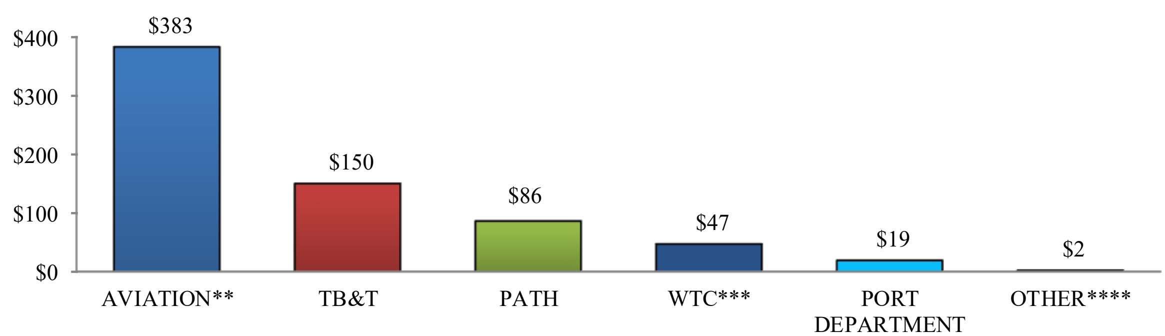
Assets

Port Authority Assets totaled $49.2 billion at March 31, 2020, an increase of $41.7 million from December 31, 2019. This overall increase is primarily due to:

Facilities, net of $39.3 billion increased approximately $297.2 million, primarily due to the continued capital investment in Aviation and Tunnel and Bridge core transportation facilities, as outlined in the 2017-2026 Capital Plan, less year-to-date depreciation.

The following chart depicts capital investment in Port Authority facilities of $687 million for the three-month period ended March 31, 2020, summarized by business segment.

Capital Investment by Primary Business Segment*
Year to Date - March 31, 2020
(In millions)



* Business segment capital investment includes Security capital projects of $18 million and non-Port Authority managed capital projects of $88 million, respectively.

** Includes landlord leasehold capital improvements totaling $34.1 million related to the redevelopment of LGA Terminal B.

*** Includes capital investment related to the WTC Transportation Hub and required capital contributions from the WTC Tower 3 net lessee.

**** Includes Development Facilities, Regional Facilities and Programs, Ferry Transportation and Gateway Early Work Program.

For additional information related to the Port Authority's 2017-2026 Capital Plan, visit the Port Authority's website at: https://www.panynj.gov/port-authority/en/about/capital-plan.html.

Receivables (including restricted amounts) of $1 billion increased $115 million from December 2019 primarily due to: ***a.)*** timing differences in receiving payments from lessees at Aviation facilities; ***b.)*** timing of receipt of proceeds from the sale of PAICE investment securities; and, ***c.)*** increased amounts due from Three WTC and Four WTC net lessees for payments deferred in accordance with the tenant support agreement. This is partially offset by: ***a.)*** lower capital contribution receivables due to the receipt of funding for PATH Superstorm Sandy recovery efforts and hazard mitigation grant programs; and, ***b.)*** lower amounts due from other tolling agencies for E-ZPass® tolls collected on behalf of the Port Authority.

Cash and Investments (excluding PAICE restricted investments) of $3.7 billion decreased approximately $251 million when compared to December 2019 due to increased payments to employees as a result of the settlement of expired labor contracts and cash drawdowns for the funding of capital construction at Port Authority facilities.

Port Authority Investments, *at fair value*

Investment Type*	Fair Value Hierarchy Levels***	March 31, 2020	Weighted Average Maturity
		(In thousands)	(In days)
United States Treasury Notes	Level 1	**$ 2,522,639**	654
United States Treasury Bills	Level 1	**153,483**	59
United States Government Agency Obligations	Level 1	**18,613**	8
JFK International Air Terminal LLC Obligations****	-	**47,831**	2,072
Repurchase Agreements****	-	**756,697**	3
Total Investments**		**$ 3,499,263**	
Portfolio Weighted Average Maturity (In days)			503

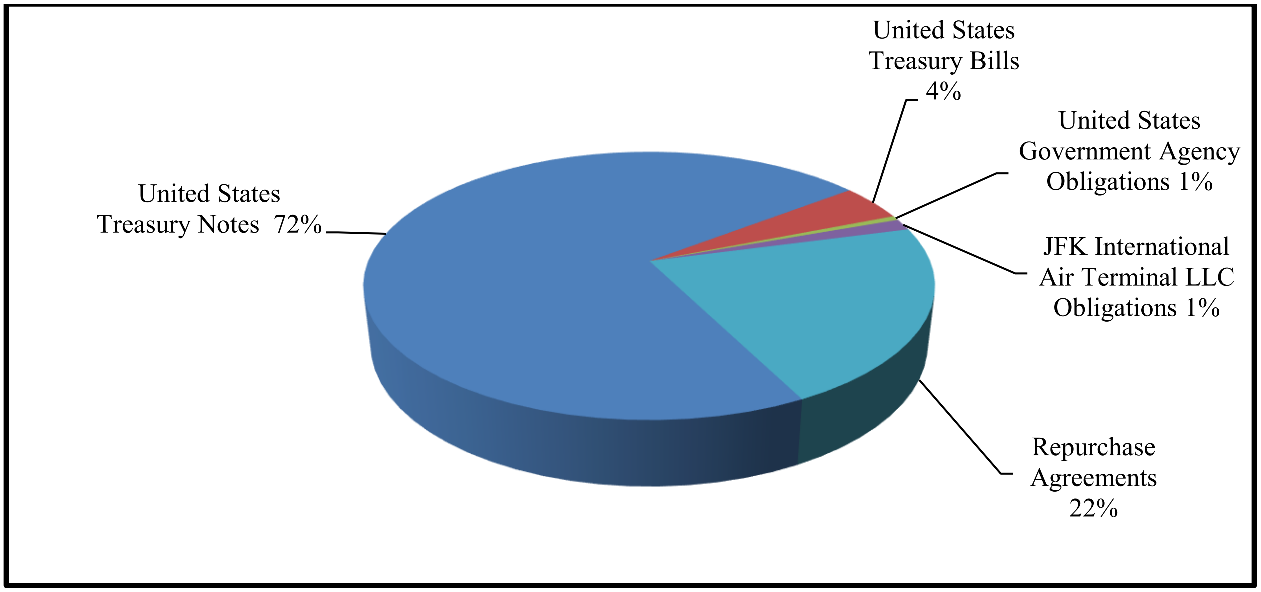
* Cash and investments of approximately $1.6 billion held in the Port Authority of NY and NJ Retiree Health Benefits Trust are not included on the Port Authority's Enterprise Statements of Net Position.

** Excludes accrued interest receivable amounts of $17 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 $23.9 million decreased approximately $106.3 million from December 2019 due to the sale of certain securities in the first quarter of 2020 that have not been reinvested.

PAICE Investments, *at fair value*

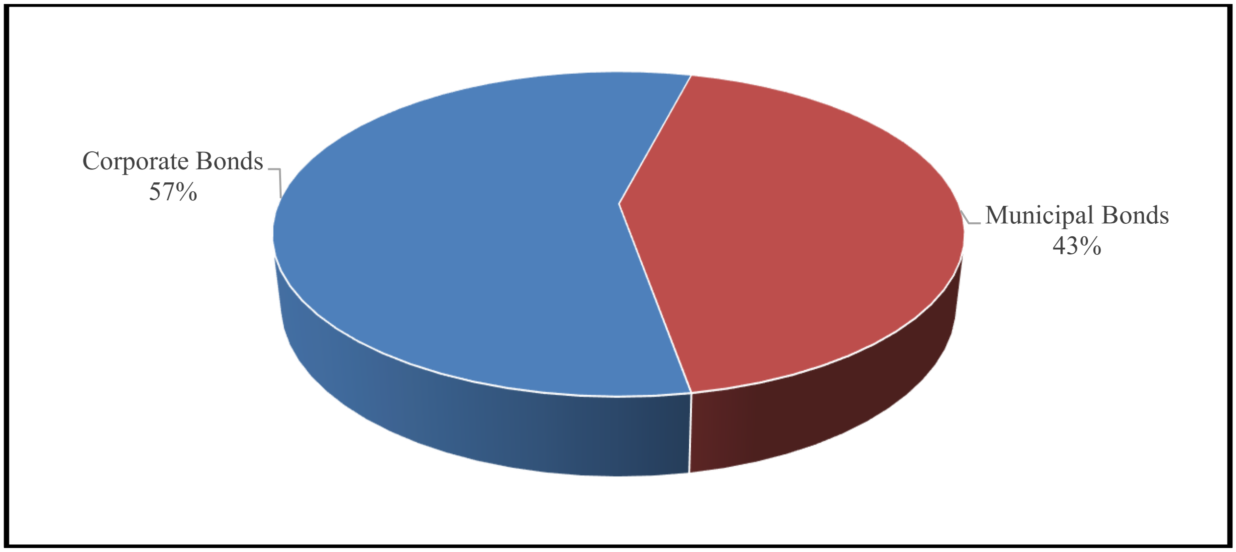
Investment Type	Fair Value Hierarchy Levels**	March 31, 2020	Weighted Average Maturity
		(In thousands)	(In days)
Corporate Bonds	Level 2	**$ 13,421**	799
Municipal Bonds	Level 2	**10,204**	962
Total Investments*		**$ 23,625**	
Portfolio Weighted Average Maturity (In days)			870

* Excludes $210 million in intercompany loans to the Port Authority and accrued interest receivable of $252 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



Liabilities

Port Authority liabilities totaled $32.7 billion at March 31, 2020, a decrease of $75.7 million from December 31, 2019. This overall decrease is due to:

Bonds and other asset financing obligations of $25.4 billion decreased $41.9 million from December 31, 2019 due to a decrease in amounts owed related to The Fund for Regional Development Buy-Out Obligation.

Bonds and Other Financing Obligations*

($ in millions)	Opening Balance Jan 1, 2020	Issued/ Accreted	Refunded/ Retired	Ending Balance March 31, 2020
Consolidated Bonds and Notes	$ 22,161	$ -	$ 3	**$ 22,158**
Commercial Paper Notes	501	699	697	**503**
Variable Rate Master Notes	70	-	-	**70**
Fund for Regional Development Buy-Out Obligation	100	-	24	**76**
MOTBY Obligation	49	-	-	**49**
Goethals Bridge Replacement Developer Financing Arrangement	1,022	-	-	**1,022**
Subtotal Principal	**$ 23,903**	**$ 699**	**$ 724**	**$ 23,878**
Unamortized premium/(discount)	1,563	-	17	**1,546**
Total	**$ 25,466**	**$ 699**	**$ 741**	**$ 25,424**

*Excludes Amounts Payable-Special Project Bonds of $1.1 billion and Tower 4 Liberty Bonds of $1.2 billion.

Accrued interest and other liabilities of $864.8 million increased $87.9 million primarily due to the timing of scheduled debt service payments.

Accrued payroll, pension and other employee benefits of $2.0 billion decreased $58.5 million from December 2019 primarily due to payments to employees as a result of the retroactive settlement of expired labor contracts.

Accounts payable of $1.3 billion decreased $60.9 million from December 2019 primarily due to the timing of payments related to capital construction projects.

Please see page 13 for a discussion on COVID 19 related impacts on the Port Authority.

CONDENSED STATEMENTS OF NET POSITION – UNAUDITED*

($ in thousands)	MARCH 31, 2020	DECEMBER 31, 2019
Assets		
Facilities, net	**$ 39,314,215**	$ 39,016,984
Cash and investments - unrestricted	**3,589,542**	3,886,610
Cash and investments - restricted, including PFC and PAICE	**170,884**	230,786
Receivables, including restricted amounts	**1,013,665**	898,688
Amounts receivable - Special Project Bonds projects	**1,139,094**	1,138,906
Amounts receivable - Tower 4 Liberty Bonds	**1,244,872**	1,245,025
Unamortized costs for regional programs	**84,978**	93,456
Landlord leasehold investment-LGA Terminal B	**782,773**	748,671
Other assets	**1,837,723**	1,876,883
Total assets	**49,177,746**	49,136,009
Deferred outflows of resources		
Loss on debt refundings	**68,879**	71,113
Pension related amounts	**277,938**	277,938
OPEB related amounts	**141,943**	141,943
Total deferred outflows of resources	**488,760**	490,994
Liabilities		
Bonds and other asset financing obligations	**25,424,386**	25,466,296
Amounts payable - Special Project Bonds projects	**1,139,094**	1,138,906
Amounts payable - Tower 4 Liberty Bonds	**1,244,872**	1,245,025
Accounts payable	**1,256,053**	1,316,914
Accrued payroll, pension, and other employee benefits	**1,980,522**	2,039,062
Unearned income -WTC Retail	**743,902**	746,218
Accrued interest and other liabilities	**864,824**	776,945
Total liabilities	**32,653,653**	32,729,366
Deferred inflows of resources		
Gain on debt refundings	**50,922**	51,946
Pension related amounts	**102,956**	102,956
OPEB related amounts	**275,406**	275,406
Total deferred inflows of resources	**429,284**	430,308
Net position	**$ 16,583,569**	$ 16,467,329

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – UNAUDITED*

($ in thousands)	THREE-MONTHS ENDED MARCH 31, 2020	2019
Gross operating revenues	**$ 1,320,167**	$ 1,291,906
Operating expenses	**(824,269)**	(802,347)
Depreciation and amortization	**(364,376)**	(341,792)
Income from operations	**131,522**	147,767
Non-operating expenses, net	**(137,362)**	(188,552)
Capital contributions and PFC's	**122,080**	145,115
Non-operating revenues/(expenses)	**(15,282)**	(43,437)
Increase in net position	**116,240**	104,330
Net position, January 1	**16,467,329**	15,878,394
Net position, March 31	**$ 16,583,569**	$ 15,982,724

*see footnote (*) on next page.

CONDENSED STATEMENTS OF CASH FLOWS – UNAUDITED*

($ in thousands)	THREE-MONTHS ENDED MARCH 31, 2020	2019
Net cash provided by operating activities	**$ 321,900**	$ 472,247
Net cash (used for) noncapital financing activities	**(22,521)**	(25,755)
Net cash (used for) capital construction and related financing activities	**(674,949)**	(812,739)
Net cash provided by investing activities	**420,887**	253,743
Net increase/(decrease) in cash	**45,317**	(112,504)
Cash at beginning of year	**175,117**	295,055
Cash at three-months ended	**$ 220,434**	$ 182,551

* The unaudited Condensed 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 U.S. generally accepted accounting principles. This unaudited condensed financial information should be read in conjunction with the 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, 2019.

CONDENSED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES – UNAUDITED

	Three-month period ended March 31, 2020						
	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income (Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions & PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	$ 416,801	$ 135,919	$ 67,357	$ 213,525	$ 50,196	$ 5,656	$ 168,985
PATH	46,294	112,513	50,905	(117,124)	25,073	12,428	(129,769)
Aviation	686,403	452,375	126,256	107,772	27,633	93,586	173,725
Port Commerce	81,911	38,632	24,599	18,680	12,717	4,032	9,995
World Trade Center	82,878	82,438	78,751	(78,311)	17,418	6,378	(89,351)
Other**	5,880	2,392	16,508	(13,020)	4,325	-	(17,345)
Total	$ 1,320,167	$ 824,269	$ 364,376	$ 131,522	$ 137,362	$ 122,080	$ 116,240

	Three-month period ended March 31, 2019						
	Gross Operating Revenues	Operating Expenses	Depreciation and Amortization	Income (Loss) from Operations	Interest, Grants & Other Expenses *	Capital Contributions & PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	$ 401,697	$ 126,576	$ 59,598	$ 215,523	$ 60,861	$ 3,780	$ 158,442
PATH	48,302	108,339	50,096	(110,133)	42,579	29,440	(123,272)
Aviation	678,900	448,465	116,344	114,091	37,512	88,875	165,454
Port Commerce	78,920	39,691	22,476	16,753	16,820	5,167	5,100
World Trade Center	77,504	75,792	75,280	(73,568)	27,850	17,853	(83,565)
Other**	6,583	3,484	17,998	(14,899)	2,930	-	(17,829)
Total	$ 1,291,906	$ 802,347	$ 341,792	$ 147,767	$ 188,552	$ 145,115	$ 104,330

* 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 U.S. generally accepted accounting principles. This unaudited financial information should be read in conjunction with the 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, 2019.

Revenue and Reserves-Unaudited (pursuant to Port Authority bond resolutions)

($ in thousands)	**Three-Month Period Ended March 31, 2020 (Actual)**	Three-Month Period Ended March 31, 2020 (Budget)	Three-Month Period Ended March 31, 2019 (Actual)
Gross operating revenues*	**$ 1,317,852**	$ 1,370,102	$ 1,289,591
Total operating expenses	**(824,269)**	(851,676)	(802,347)
Amounts in connection with operating asset obligations**	**(1,857)**	(1,858)	(2,746)
Net operating revenue	**491,726**	516,568	484,498
Grants and contributions in aid of construction	**36,229**	72,104	59,148
Application of Passenger Facility Charges	**81,532**	73,593	64,769
Financial Income and Other	**93,924**	26,913	48,121
Net revenues available for debt service	**703,411**	689,178	656,536
Debt service***	**(252,800)**	(255,834)	(251,111)
Net Revenues after Debt Service and Transfers to Reserves**	**$ 450,611**	$ 433,344	$ 405,425

* Excludes amortization of upfront payments received in connection with the purchase of Port Authority interests in the WTC Retail Joint Venture.

** Includes interest expense on Equipment notes and 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 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

(In thousands)	**Three-Month Period Ended Mar. 31, 2020**	**Three-Month Period Ended Mar. 31, 2019**	**% Variance**
Total Passengers, Aviation*	25,382	31,139	(18.5%)
Total Vehicles, Bridges and Tunnels	26,096	27,913	(6.5%)
Total Passengers, PATH	15,972	19,323	(17.3%)
PATH Passengers, Average Weekday Ridership	225	277	(18.8%)
Total Cargo Containers (TEU), Marine Terminals*	1,697	1,793	(5.4%)
Total Rail Lifts, Marine Terminals*	177	165	7.3%

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

COVID-19 Related Impacts

A worldwide outbreak of novel coronavirus ("COVID-19"), a respiratory tract illness, has been declared by the World Health Organization to be a pandemic, spreading quickly from Wuhan, China, where it was first identified in late December. Beginning in January 31, 2020 with an Executive Proclamation by the President of the United States preventing entry to certain foreign nationals, there has been a focus on containing the disease by prohibiting non-essential travel and limiting person-to-person contact. Currently, approximately 90% of Americans are curtailing activities outside the home and both Governor Andrew Cuomo of New York and Governor Phil Murphy of New Jersey have issued executive orders requiring non-essential workers across the States to stay at home. On March 13, 2020, the President declared a national emergency and advised work from home whenever possible through April 30, 2020. Other governmental actions to reduce social contact have required closure of schools, restaurants, bars and other public venues and cancellation of almost all public gatherings.

The Port Authority of New York and New Jersey's mission is to facilitate the efficient movement of people and goods in the New York City metropolitan region. Its facilities, including its seaports, airports, bridges and tunnels, bus terminals, the Port Authority Trans-Hudson commuter rail transit system ("PATH") and the World Trade Center complex in New York City are all located in the region which is the current epicenter of the outbreak. The Port Authority's facilities remain open and operating, permitting essential workers to travel in the area and for needed supplies to reach the region from air, land and sea. They are, however operating at reduced volumes as a result of the COVID-19 crisis, as described in detail below.

Because approximately one third of the Port Authority's revenues are derived from passenger tolls, fares and user fees, declining utilization has had and will continue to have a negative effect on our revenues for an indeterminate period of time. In addition, some tenants who pay rent to locate and operate at our facilities are also heavily affected by the reduced activity levels and may be unable to meet certain obligations to the Port Authority. Some have requested specific relief from contractual payment obligations.

Reduced Facility Usage

The Port Authority compared average weekday use of its PATH transit system, and its trans-Hudson bridges and tunnels and its airports for the period March 30, 2020 to April 3, 2020 against the average weekday use in March 2019. Declines are as follow:

	% Decline from March 2019
PATH	94.3%
Bridges and Tunnels (autos)	61.3%
Bridges and Tunnels (trucks)	27.6%
Aviation Passengers*	95.9%

*Based on TSA checkpoint entries

The Port Authority expects that activity levels will remain similarly depressed until the travel restrictions imposed by the States of New York and New Jersey and the federal government are lifted. Further, the speed of the recovery is difficult to estimate as it is dependent on when the traveling public is confident the emergency has abated and will likely vary by type of facility.

Cargo volumes at the Port Authority's seaports decreased less than at the airports, PATH and bridges and tunnels, declining by 22% for the month of March 2020 as compared to the same period in 2019. Due to the resumption of factory production in China, commencing in March, we expect cargo volumes at our ports to improve somewhat for the month of April. May volumes and beyond will be influenced by regional demand.

Foreseeing continued reduced facility use through the end of 2020, on March19, 2020 the Port Authority sent a letter to the New York and New Jersey Congressional delegation providing them with a preliminary calculation of the potential impact of the COVID-19 on Port Authority revenues and expenses, and urging them to support federal funding to provide support for the Port Authority and other essential transportation entities. On March 27, 2020, the federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") became effective. CARES Act provides assistance for airports and air carriers, buttressing the domestic airline industry as a whole. The FAA announced on April 14, 2020 that it has allocated approximately $450 million of grants under the CARES Act to the Port Authority airports. There can be no assurance that the CARES Act funding will be sufficient to fully compensate the Port Authority for its losses at the airports. The CARES Act also provides funding through FEMA to cover the incremental costs of responding to COVID-19. The Port Authority estimates that it could receive approximately $25 million under these provisions. At this time, we do not believe that the CARES Act provides funding to cover revenue losses for the Port Authority's tunnels and bridges, and it is unclear whether the PATH system will receive funding from the formula grant provisions respecting mass transit systems.

In addition, the Federal Reserve has taken steps to ensure liquidity in the financial markets, and, under CARES Act, it is now authorized to acquire certain state and local financial instruments, which could stabilize the bond markets utilized by municipal issuers such as the Port Authority.

Overall, the dynamic nature of the emergency including its duration, extent, and severity and the actions regulators may take to meet its effects in the future, makes its short- and long-term impact on the Port Authority uncertain.

On March 26, 2020, S&P Global Ratings revised to negative the outlooks on nearly all long-term debt ratings in the U.S. transportation infrastructure sector, including the Port Authority, due to the severe and ongoing impacts associated with the coronavirus emergency. On April 9, 2020, Moody's Investor Services affirmed its rating of Aa3 on the Port Authority's Consolidated Bonds and its Prime 1 rating on the Port Authority's commercial paper, but changed its outlook from Stable to Negative.

Liquidity and Financial Position

As of March 31, 2020, unrestricted cash and investments, including amounts in the General Reserve Fund total approximately $3.34 billion, with investments valued at market.

On March 31, 2020, the Port Authority had outstanding $22.2 billion of Consolidated Bonds, with a weighted average life of 19.9 years and a weighted average interest rate of 4.7%. This debt is secured by a pledge of the consolidated revenues of the Port Authority and a General Reserve Fund established by New York and New Jersey statute, which is maintained at the level of 10% of the principal amount of all outstanding bonds of the Port Authority that are legal for investment.

In addition to the cash and investments noted above, on March 31, 2020, the Port Authority had approximately $387 million in its capital fund to support its capital construction program. It also had approximately $230 million in commercial paper authorization in excess of the commercial paper currently outstanding. The Port Authority's commercial paper program totals $750 million, of which approximately $484 million is currently supported by lines of credit that may be utilized in the event of market disruption. This program is used to fund the Port Authority's capital program. The commercial paper program is currently stable, in part due to the action of the Federal Reserve to enhance liquidity in the short-term debt market.

Operational Changes and Stakeholder Assistance

The Port Authority is taking certain actions to address the effect of the coronavirus pandemic on its facilities.

The Port Authority is continuing to keep all of its facilities open and operating but has implemented multiple operating changes to adapt to reduced volumes and to incorporate safety measures related to COVID-19. The Port Authority implemented a reduced PATH schedule beginning on March 29, 2020 which is designed to maintain reliable service levels and also enable passengers to keep a safe social distance on-board trains and on platforms. The Port Authority is also collecting tolls exclusively by electronic means and has temporarily suspended cash toll collection at its Hudson River crossings. The Port Authority is also adapting to lower activity levels at its airports, bus terminal and the World Trade Center, consolidating operations and reducing the operating footprint in facilities where passenger and rider volume has dropped. The airports, working with the airlines have consolidated flights into a reduced number of gates of selected terminals and concourses. The bus terminal has taken similar actions. These facilities continue to accommodate those essential workers who need to travel, and the reduced footprint eases the demands on maintenance, security and cleaning. In addition, the Port Authority has made certain changes to its operational protocols at its facilities to increase cleaning and disinfecting and to maximize social distancing to attempt to reduce the spread of the infection among its customers and employees.

Essential infrastructure construction continues at Port Authority facilities in accordance with New York and New Jersey coronavirus guidelines including maintenance of social distancing, under the supervision of contractors and other permittees.

The Port Authority has also announced a temporary deferral of certain fees and rental costs at its three major airports to ensure continuity of operations, as follows.

For airport concessionaires and permittees with contracts directly with the Port Authority, rent payments will be calculated as a percentage of gross receipts only, without a minimum annual guarantee ("MAG") floor in the period from March 1, 2020 to May 31, 2020 (the "Deferral Period"). Percentage rents may be deferred (but will not be waived) and paid in monthly installments over a six-month period beginning on July 1, 2020. The Port Authority has also called on unaffiliated air terminal operators to take similar action on MAG payment requirements and payment deferrals with respect to the operators' own subtenants at Port Authority facilities. The Port Authority urged its tenants and permittees to not contest unemployment insurance claims, commit to give preference to furloughed or laid off workers when the recovery occurs, and make use of the CARES Act assistance as available including complying with the conditions of such assistance.

Signatory airlines operating at the airports will be permitted to defer the remittance of certain cost recovery fees due to the Port Authority for activity during the period of March 1, 2020 to April 30, 2020, with payments expected to resume in June 2020 for May activity. Deferred payments will be made in monthly installments over a six-month period beginning on July 1, 2020.

The financial impact to the Port Authority of the MAG elimination and the deferrals described above is estimated at approximately $7.5 million in lower concession revenues for 2020 and approximately $175 million in deferred cash flow over the second quarter of 2020 for cost recovery rentals and permittees remittances. Given the uncertainty of air travel and mass transit activity in the upcoming months, the Port Authority will continue to evaluate then-current conditions and forecasts to make an assessment with respect to any relief to additional counterparties and for subsequent periods.

The COVID-19 emergency continues to evolve and its ultimate impact on the Port Authority is unknown at this time, although the agency believes it has sufficient liquidity and resources to fund operations and debt service requirements. The Port Authority continues to review its operating and capital budgets to reduce costs and conserve cash through December 2020 and possibly beyond.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY • CONSOLIDATED NOTES, SERIES AAA

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