NEW ISSUE - BOOK-ENTRY ONLY

In the opinion of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. and BurgherGray LLP, Co-Bond Counsel, under existing law, and assuming continuing compliance with the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 1WTC-2021 Bonds will not be included in gross income of holders of the Series 1WTC-2021 Bonds for federal income tax purposes, except that no opinion is expressed to the extent that any Series 1WTC-2021 Bonds are held by a person who is a "substantial user" of the facilities financed with the proceeds of the Series 1WTC-2021 Bonds or a "related person" within the meaning of Section 147(a) of the Code. Interest on the Series 1WTC-2021 Bonds will not constitute a tax preference item for purposes of computation of the alternative minimum tax imposed on individuals. Under existing law, interest on the Series 1WTC-2021 Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York and the City of Yonkers, to the extent that such interest is excluded from gross income for federal income tax purposes. See "TAX EXEMPTION" herein.

$638,805,000
NEW YORK LIBERTY DEVELOPMENT CORPORATION
Liberty Revenue Refunding Bonds, Series 1WTC-2021
(Secured by Port Authority Consolidated Bonds)

Dated: Date of Delivery **Due: February 15, as noted on the inside cover page**

New York Liberty Development Corporation (the "Issuer") is issuing its $638,805,000 Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2021 Bonds") pursuant to a Financing and Trust Agreement (the "Financing Agreement") to be entered into among the Issuer, The Bank of New York Mellon, as Trustee (the "Trustee") and The Port Authority of New York and New Jersey (the "Port Authority") on the date of the closing of the Series 1WTC-2021 Bonds. The proceeds of the Series 1WTC-2021 Bonds will be used by the Issuer to purchase the Port Authority's Consolidated Bonds, Two Hundred Twenty-Eighth Series A in the principal amount of $70,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series B in the principal amount of $175,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series C in the principal amount of $160,000,000 and Consolidated Bonds, Two Hundred Twenty-Eighth Series D in the principal amount of $233,805,000 (collectively, the "2021 Consolidated Bonds"). The 2021 Consolidated Bonds 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. The Port Authority intends to use the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its Consolidated Bonds, One Hundred Seventieth Series in the principal amount of $672,480,000 (the "2011 Consolidated Bonds"), which were purchased by the Issuer with the proceeds of the Issuer's Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2011 Bonds"). The amounts received by the Issuer from the redemption of the 2011 Consolidated Bonds will be used to currently refund, and effect the defeasance and redemption of, the Issuer's outstanding Series 1WTC-2011 Bonds. The proceeds of the Port Authority's 2011 Consolidated Bonds were used to finance a portion of the costs of the development and construction of a 104 story building, known as "One World Trade Center" (the "Project").

The Series 1WTC-2021 Bonds are special limited revenue obligations of the Issuer, the principal of and interest on which are payable solely from moneys deposited in the Bond Fund, constituting payments with respect to the 2021 Consolidated Bonds, held under the Financing Agreement. The Series 1WTC-2021 Bonds are not a debt or pledge of the faith and credit of the State of New York, the New York Job Development Authority, the New York State Urban Development Corporation d/b/a/ Empire State Development, the Port Authority or any other authority, public benefit corporation or local development corporation, or any municipality of the State of New York. The Issuer has no taxing power. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1WTC-2021 BONDS" herein.

The Series 1WTC-2021 Bonds will mature on the dates and bear interest from their date at the rates set forth on the inside cover page, payable semiannually on February 15 and August 15 commencing August 15, 2022. The Series 1WTC-2021 Bonds are subject to optional and mandatory redemption at par as described herein. See "DESCRIPTION OF THE SERIES 1WTC-2021 BONDS."

The Series 1WTC-2021 Bonds will be held initially in book-entry only form, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 1WTC-2021 Bonds. Individual purchases of beneficial interests in the Series 1WTC-2021 Bonds will be made in book-entry form under DTC's book-entry only system. Purchasers of beneficial interests in the Series 1WTC-2021 Bonds will not receive certificates representing their interests in the Series 1WTC-2021 Bonds. See "BOOK-ENTRY ONLY SYSTEM."

So long as Cede & Co. is the registered owner of the Series 1WTC-2021 Bonds, payments of principal of and interest on the Series 1WTC-2021 Bonds will be paid through the facilities of DTC. Disbursement of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the purchasers of beneficial interests in the Series 1WTC-2021 Bonds is the responsibility of DTC participants and indirect participants, as more fully described herein.

This cover page is only a brief general summary. Investors must read this entire Official Statement, including the information incorporated by reference, to obtain essential information for making an informed investment decision.

The Series 1WTC-2021 Bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified approval of legality by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. and BurgherGray LLP, Co-Bond Counsel. Certain legal matters will be passed upon for the Issuer by Goldie Weixel, Esq., its acting general counsel and The Hardwick Law Firm, LLC, disclosure counsel to the Issuer. Certain legal matters will be passed upon for the Port Authority by Amy Fisher Esq., its first deputy general counsel and by Orrick, Herrington & Sutcliffe LLP, the Port Authority's bond and disclosure counsel. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP. It is expected that the Series 1WTC-2021 Bonds in definitive form will be available for delivery to DTC in New York, New York, or its custodial agent, on or about December 22, 2021.

Siebert Williams Shank & Co., LLC **Goldman Sachs & Co. LLC**
BofA Securities **Citigroup**
Ramirez & Co., Inc. **UBS**
Blaylock Van LLC **Jefferies** **J.P. Morgan**
Oppenheimer & Co. Inc.

December 14, 2021

$638,805,000
Liberty Revenue Refunding Bonds, Series 1WTC-2021
(Secured by Port Authority Consolidated Bonds)

$405,000,000 Serial Bonds

Maturity (February 15)	Principal Amount	Interest Rate	Yield	CUSIP†
2041	$ 70,000,000	2.25%	2.48%	649519EK7
2042	175,000,000	3.00	2.27*	649519EL5
2043	160,000,000	4.00	1.83*	649519EM3

$233,805,000 Term Bonds

$233,805,000 2.75% Term Bonds due February 15, 2044 Yield 2.72%* CUSIP† 649519EN1

IMPORTANT INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Unlawful Offers. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Series 1WTC-2021 Bonds by any person in any jurisdiction in which such an offer, solicitation or sale is not authorized or in which the person making such offer, solicitation or sale is not qualified to do so, or to any person to whom it is unlawful to make such an offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Issuer, the Port Authority, the Trustee or the Underwriters. *This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 1WTC-2021 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 1WTC-2021 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale*.

Not a Contract; Not Investment Advice. This Official Statement is not a contract, and provides no investment advice. Investors should consult their financial advisors and legal counsel with their questions about this Official Statement and the Series 1WTC-2021 Bonds being offered, or anything else related to this issue of the Series 1WTC-2021 Bonds.

No Guarantee of Information. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their 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.

The information and expressions of opinion set forth herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Port Authority or in any other matter since the date of this Official Statement.

The only information provided by the Issuer appears under the headings "INTRODUCTION – the Issuer," "INTRODUCTION – Special Limited Revenue Obligations," "THE ISSUER," "LIBERTY BOND PROGRAM" and "LITIGATION – the Issuer." The Issuer has provided this information or obtained it from other sources believed to be reliable. The Issuer does not, however, guarantee the accuracy or completeness of that information, nor has any one source guaranteed the information provided by any other source. Information and expressions of opinion are subject to change without notice, and investors should not draw any implication that there have been no changes since the date of this Official Statement. Neither the delivery of, nor any sale made under, this Official Statement shall under any circumstances create any implication that there has been no change in affairs of the Issuer, the Port Authority or in any of the other matters described herein.

The order and placement of material in this Official Statement, including the Appendices hereto, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including the Appendices hereto, must be considered in its entirety.

Underwriter Transactions. In connection with this offering, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 1WTC-2021 Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 1WTC-2021 Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the inside facing cover page hereof, and said public offering price may be changed from time to time by the Underwriters.

Statements of Expectations. This Official Statement contains statements that, to the extent they are not recitations of historical fact, constitute "forward looking statements." In this respect, the words "estimate," "anticipate," "expect," "intent," "believe" and similar expressions are intended to identify forward looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected.

References to Documents. Where statutes, reports, agreements or other documents are referred to herein, reference should be made to such statutes, reports, agreements or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof, and all summaries of such statutes, reports or other documents are qualified in their entirety by reference to such statutes, reports or other documents.

No Registration. Upon issuance, the Series 1WTC-2021 Bonds and related instruments will not be registered under the Securities Act of 1933, as amended, or under any state securities law, and the Financing Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon the exemptions contained in such Acts. The registration, qualification or exemption therefrom of the Series 1WTC-2021 Bonds and related instruments in accordance with the applicable securities laws

of the jurisdictions wherein the Series 1WTC-2021 Bonds may be offered or sold shall not be construed as a recommendation of the Series 1WTC-2021 Bonds by any person. The Series 1WTC-2021 Bonds will not be listed on any stock or other securities exchange. The Series 1WTC-2021 Bonds have not been recommended by any federal or state securities commission or regulatory authority, and neither the United States Securities and Exchange Commission (the "SEC") nor any other federal, state or governmental entity or agency will have passed upon the accuracy or adequacy hereof. Any representation to the contrary may be a criminal offense.

This Official Statement Does Not Constitute Legal, Business or Tax Advice. The contents of this Official Statement are not to be construed as legal, business or tax advice. Prospective investors should consult their own attorneys and business and tax advisors as to legal, business and tax advice. In making an investment decision, prospective investors must rely on their own examination of the terms of the offering of the Series 1WTC-2021 Bonds, including the merits and risks involved.

Website Addresses. Unless, and except to the extent explicitly incorporated by reference herein, any website addresses identified herein, and any information that is contained on such websites, or obtainable through such websites, or that is contained on or obtainable through other sources that are directly or indirectly linked to or referred to in such websites, are not incorporated into, and are not a part of, this Official Statement for any purpose, including, without limitation, for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"). Any hyperlinks included herein are included solely for the reader's convenience, do not constitute such an incorporation by reference in the absence of an accompanying explicit textual statement, and are limited by any such accompanying statement.

Purchase of the Series 1WTC-2021 Bonds involves risk. Prospective investors should read this entire Official Statement prior to making an investment decision.

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SUMMARY STATEMENT

The following summary is a general description of the terms of the Series 1WTC-2021 Bonds and is qualified in its entirety by reference to the detailed information appearing elsewhere in the Official Statement, including the Appendices hereto, and to each of the documents referenced herein. Prospective investors should read this Official Statement in its entirety prior to making an investment decision. Purchase of the Series 1WTC-2021 Bonds involves risk.

Bonds Offered:	$638,805,000 New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds).
Issuer:	New York Liberty Development Corporation.
Port Authority:	The Port Authority of New York and New Jersey.
Use of Proceeds:	To purchase the Port Authority's Consolidated Bonds, Two Hundred Twenty-Eighth Series A in the principal amount of $70,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series B in the principal amount of $175,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series C in the principal amount of $160,000,000 and Consolidated Bonds, Two Hundred Twenty-Eighth Series D in the principal amount of $233,805,000 (collectively, the "2021 Consolidated Bonds"). The Port Authority intends to use the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its Consolidated Bonds, One Hundred Seventieth Series in the principal amount of $672,480,000 (the "2011 Consolidated Bonds"), which were purchased by the Issuer with the proceeds of the Issuer's Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2011 Bonds"). The amounts received by the Issuer from the redemption of the 2011 Consolidated Bonds will be used to currently refund, and effect the defeasance and redemption of, the Issuer's outstanding Series 1WTC-2011 Bonds. See "PLAN OF REFUNDING."
Financing Agreement:	Financing and Trust Agreement to be entered into among the Issuer, the Trustee and the Port Authority on the date of the closing of the Series 1WTC-2021 Bonds. See APPENDIX A - "SUMMARY OF THE FINANCING AGREEMENT."
Security and Source of Payment:	All right, title and interest of the Trustee in the 2021 Consolidated Bonds and the Bond Fund held under the Financing Agreement, as described under the heading "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1WTC-2021 BONDS."
Ratings:	S&P: A+ Fitch: A+ See "RATINGS."
Trustee:	The Bank of New York Mellon
Representative of Underwriters:	Siebert Williams Shank & Co., LLC
Co-Bond Counsel:	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, NY and BurgherGray LLP, New York, NY.
Issuer's Counsel:	Goldie Weixel, Esq.
Issuer's Disclosure Counsel:	The Hardwick Law Firm, LLC, New York, NY.
Port Authority Counsel:	Amy Fisher, Esq., the Port Authority's first deputy general counsel.
Port Authority Bond and Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, New York, NY.
Underwriters' Counsel:	Nixon Peabody LLP, New York, NY.
Port Authority Financial Advisor:	Frasca & Associates, LLC, New York, NY.

OFFICIAL STATEMENT
Relating to

$638,805,000
New York Liberty Development Corporation
Liberty Revenue Refunding Bonds, Series 1WTC-2021
(Secured by Port Authority Consolidated Bonds)

INTRODUCTION

General

This Official Statement, including the inside cover page, the Summary Statement and Appendices hereto, provides information concerning the issuance by the New York Liberty Development Corporation (the "Issuer") of its $638,805,000 Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2021 Bonds"). See "DESCRIPTION OF THE SERIES 1WTC-2021 BONDS" herein. Unless otherwise defined herein, certain capitalized terms used herein shall have the meanings set forth in APPENDIX A – "SUMMARY OF THE FINANCING AGREEMENT – Certain Definitions."

The Issuer

The Issuer is an instrumentality of the State of New York, separate and apart from the State of New York itself, and constitutes a not-for-profit local development corporation created under the New York Not-for-Profit Corporation Law. See "THE ISSUER" herein.

Purpose of Issue

On December 8, 2011, the Issuer issued its $672,480,000 Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2011 Bonds") to purchase The Port Authority of New York and New Jersey (the "Port Authority") Consolidated Bonds, One Hundred Seventieth Series in the principal amount of $672,480,000 (the "2011 Consolidated Bonds"). The Port Authority agreed pursuant to the Financing and Trust Agreement dated as of December 8, 2011, among the Issuer, Wells Fargo Bank, N.A., as Trustee, and the Port Authority to use the proceeds of the 2011 Consolidated Bonds for the purpose of financing a portion of the costs of the development and construction of a 104 story building, known as "One World Trade Center" (the "Project"), that contains approximately three million square feet of commercial office space and an indoor observation deck. See "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY" and Appendix D.

The Series 1WTC-2021 Bonds will be issued pursuant to a Financing and Trust Agreement (the "Financing Agreement") to be entered into among the Issuer, The Bank of New York Mellon, as Trustee (the "Trustee") and the Port Authority on the date of the closing of the Series 1WTC-2021 Bonds. The Issuer is issuing the Series 1WTC-2021 Bonds to purchase the Port Authority's Consolidated Bonds, Two Hundred Twenty-Eighth Series A in the principal amount of $70,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series B in the principal amount of $175,000,000, Consolidated Bonds, Two Hundred Twenty-Eighth Series C in the principal amount of $160,000,000 and Consolidated Bonds, Two Hundred Twenty-Eighth Series D in the principal amount of $233,805,000 (collectively, the "2021 Consolidated Bonds"). The 2021 Consolidated Bonds 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. The Port Authority intends to use the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its 2011 Consolidated Bonds, which were purchased by the Issuer with the proceeds of the Series 1WTC-2011 Bonds. The amounts received by the Issuer from the redemption of the 2011 Consolidated Bonds will be used to currently refund, and effect the defeasance and redemption of, the Issuer's outstanding Series 1WTC-2011 Bonds.

Special Limited Revenue Obligations

THE SERIES 1WTC-2021 BONDS ARE SPECIAL LIMITED REVENUE OBLIGATIONS OF THE ISSUER, THE PRINCIPAL OF AND INTEREST ON WHICH ARE PAYABLE SOLELY FROM MONEYS DEPOSITED IN THE BOND FUND, CONSTITUTING PAYMENTS WITH RESPECT TO THE 2021 CONSOLIDATED BONDS, HELD UNDER THE FINANCING AGREEMENT. THE SERIES 1WTC-2021 BONDS ARE NOT A DEBT OR PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF NEW YORK, THE NEW YORK JOB DEVELOPMENT AUTHORITY, THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION D/B/A/ EMPIRE STATE DEVELOPMENT, THE PORT AUTHORITY OR ANY OTHER AUTHORITY, PUBLIC BENEFIT CORPORATION OR LOCAL DEVELOPMENT CORPORATION, OR ANY MUNICIPALITY OF THE STATE OF NEW YORK. THE ISSUER HAS NO TAXING POWER. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1WTC-2021 BONDS" herein.

THE ISSUER

The Issuer was created as the "New York Liberty Development Corporation" in 2002 by the New York Job Development Authority ("JDA") at the direction of the Governor of the State of New York, under the Not-for-Profit Corporation Law of the State of New York. Its address is c/o Empire State Development, 633 Third Avenue, New York, New York 10017 (Info. Tel. 212-803-3520). The Issuer is an instrumentality of the State of New York (the "State"), separate and apart from the State itself, the JDA and the New York State Urban Development Corporation doing business as the Empire State Development ("ESD"). The Issuer has no taxing power.

The Issuer was formed in response to the terrorist attacks of September 11, 2001, for the public purpose of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities and lessening the burdens of government of the State of New York and the JDA. The Issuer undertakes its public purpose by issuing qualified "New York Liberty Bonds" (as defined in the heading below entitled "LIBERTY BOND PROGRAM") as may be designated by the Governor of the State of New York or the Mayor of The City of New York, or both, in accordance with the provisions of the Job Creation and Worker Assistance Act of 2002; by issuing "Recovery Zone Facility Bonds" as designated by the Issuer in accordance with the provisions of the American Reinvestment and Recovery Act of 2009; by issuing such other federally tax-exempt obligations and non-federally tax-exempt obligations as may be appropriate; and by exercising all or any part of such public functions and doing any work related to or in connection with the offering of the Series 1WTC-2021 Bonds or other Liberty Bonds or obligations.

The Issuer is governed by a board of directors, three of whom are elected and appointed by the Governor of the State of New York and three of whom are elected and appointed by the JDA. Currently, there are three directors eligible to serve (one elected and appointed by the Governor and two by the JDA), which is sufficient to constitute a quorum and take action under the Issuer's charter and bylaws and other applicable law. The current directors are: Howard A. Zemsky, Managing Partner of Larkin Development Group; Kathleen Mize, Deputy Chief Financial Officer and Controller of ESD; and Mehul Patel, Chief Operating Officer of Midtown Equities. Ms. Mize also serves as Treasurer of the Issuer.

NONE OF THE MEMBERS, DIRECTORS, OFFICERS OR AGENTS OF THE ISSUER OR ANY PERSON EXECUTING THE SERIES 1WTC-2021 BONDS SHALL BE PERSONALLY LIABLE OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY WITH RESPECT TO THE SERIES 1WTC-2021 BONDS. ACCORDINGLY, NO FINANCIAL INFORMATION WITH RESPECT TO THE ISSUER OR ITS MEMBERS, DIRECTORS OR OFFICERS HAS BEEN INCLUDED IN THIS OFFICIAL STATEMENT.

THE ISSUER HAS NOT VERIFIED, AND DOES NOT REPRESENT IN ANY WAY, THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT OTHER THAN INFORMATION SET FORTH UNDER THE HEADINGS "INTRODUCTION – THE ISSUER," "INTRODUCTION – SPECIAL LIMITED REVENUE OBLIGATIONS," "THE ISSUER," "LIBERTY BOND PROGRAM," AND "LITIGATION – THE ISSUER" HEREIN.

LIBERTY BOND PROGRAM

In response to the terrorist attacks of September 11, 2001, Congress added to the Internal Revenue Code of 1986, as amended (the "Code"), special tax-exempt bond provisions (the "New York Liberty Bond Provisions") which provided for the tax-exempt treatment of interest on "qualified New York Liberty Bonds" issued prior to January 1, 2010, and in the case of bonds issued after December 31, 2009, "qualified New York Liberty Bonds" issued prior to January 1, 2014. Following enactment of the New York Liberty Bond Provisions, the State of New York and The City of New York have collaborated to implement the Liberty Bond Program. Pursuant to such program, the Issuer and the New York City Industrial Development Agency (the "NYCIDA") have issued "qualified New York Liberty Bonds" for commercial and utility projects; and the New York State Housing Finance Agency and the New York City Housing Development Corporation have issued "qualified New York Liberty Bonds" for residential facilities.

The State of New York and The City of New York, in consultation with the Issuer, the NYCIDA and the Lower Manhattan Development Corporation, jointly formulated the Liberty Bond Program's goals and project approval criteria for commercial facilities. As required by the New York Liberty Bond Provisions, bonds for a project could be issued only after designation of the bonds by the Governor of the State of New York or the Mayor of The City of New York, or both, as "qualified New York Liberty Bonds."

The board of the Issuer has authorized the issuance of the Series 1WTC-2021 Bonds under its Governmental Obligor Liberty Bond Program pursuant to which the Issuer may acquire obligations of political subdivisions of the State of New York.

The New York Liberty Bond Provisions were repealed by the Consolidated Appropriations Act of 2018 (P.L. 115-141) (the "Repeal"). Nevertheless, based on several Internal Revenue Service ("IRS") notices, as interpreted by Co-Bond Counsel, including an IRS notice issued subsequent to the Repeal, an issue of refunding bonds, such as the Series 1WTC-2021 Bonds, may be issued after the Repeal without further designation by the Governor and the Mayor as "qualified New York Liberty Bonds," provided, as is the case with the Series 1WTC-2021 Bonds, that (i) the refunding bonds are a "current refunding issue" (i.e., the current refunding issue is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue to pay principal or interest on the refunded issue of bonds), (ii) the proceeds of the refunding issue of bonds are used directly, or indirectly in a series of current refunding issues, to refund the "qualified New York Liberty Bonds" which originally financed a project (the "original Qualified Bonds"), such as the portion of the Series 1WTC-2011 Bonds allocable to financing a portion of the costs of the Project, (iii) the original Qualified Bonds were issued with the designation by the Governor and/or the Mayor as "qualified New York Liberty Bonds" and were issued prior to the Repeal and any other applicable time deadline for issuance of the original Qualified Bonds and (iv) the issue price of the refunding issue is no greater than the outstanding principal amount of the refunded bonds (or, as to any refunded bond issued at a premium or discount greater than 2% of the face amount of such bonds, the present value of such bond). In addition to satisfying these requirements, other applicable requirements of the Code must be satisfied in order for interest on the Series 1WTC-2021 Bonds to qualify for tax-exempt treatment. See "TAX EXEMPTION" herein.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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 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 raises the necessary funds for the improvement, construction or acquisition of its facilities generally 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. The purposes for which the Port Authority's various funds, including revenues, can be applied are as set forth in various statutes and in the agreements with the holders of its obligations.

The Project was substantially completed in 2014, and contains approximately three million square feet of commercial office space and an indoor observation deck. For additional information about the Port Authority and One World Trade Center see APPENDIX D – "OFFICIAL STATEMENT DATED DECEMBER 14, 2021 $70,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A, $175,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B, $160,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C, $233,805,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D."

DESCRIPTION OF THE SERIES 1WTC-2021 BONDS

General Description

The Series 1WTC-2021 Bonds will be issued in the aggregate principal amount of $638,805,000. The Series 1WTC-2021 Bonds will be dated their date of delivery, and will mature on the dates and bear interest at the per annum rates set forth on the cover of this Official Statement. Interest on the Series 1WTC-2021 Bonds will be payable on February 15 and August 15 of each year, commencing August 15, 2022 computed on the basis of a 360-day year and twelve 30-day months.

The Series 1WTC-2021 Bonds are issuable as fully registered bonds without coupons in book-entry-only form and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York as described below. DTC will act as securities depository for the Series 1WTC-2021 Bonds. Purchases of beneficial interests in the Series 1WTC-2021 Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Series 1WTC-2021 Bonds purchased. For so long as the

Series 1WTC-2021 Bonds are held through DTC or its nominee, Cede & Co., payment of the principal of and interest on the Series 1WTC-2021 Bonds will be made through the facilities of DTC. See "BOOK-ENTRY ONLY SYSTEM."

Optional Redemption

The Series 1WTC-2021 Bonds are subject to optional redemption prior to maturity, in whole or in part, at any time, beginning on February 15, 2030 upon notice to the Trustee that the Port Authority has called the 2021 Consolidated Bonds of the corresponding maturity for optional redemption. The Series 1WTC-2021 Bonds shall be called for redemption on the day the 2021 Consolidated Bonds of the corresponding maturity have been called for redemption and in the amount and order of sinking fund installments, if any, as the 2021 Consolidated Bonds of the corresponding maturity being redeemed, at a redemption price equal to one hundred percent (100%) of the principal amount being redeemed plus accrued interest thereon to the date set for redemption.

Mandatory Sinking Fund Redemption

The Series 1WTC-2021 Bonds maturing on February 15, 2044 are subject to mandatory sinking fund redemption by operation of the following mandatory sinking fund requirements, on February 15 of the following years, at a redemption price equal to one hundred percent (100%) of the following principal amounts to be redeemed in such years, together with accrued interest to the redemption date:

Year	Amount
2040	$68,130,000
2041	72,095,000
2043	11,700,000
2044†	81,880,000

†Stated Maturity

Notice of Redemption

Promptly upon receiving notice that all or a portion of the 2021 Consolidated Bonds have been called for redemption, the Trustee shall give notice to the Bondholders in the name of the Issuer, which notice shall identify the Series 1WTC-2021 Bonds to be redeemed (including CUSIPs), state the principal amount of Series 1WTC-2021 Bonds to be redeemed, state the date fixed for redemption, and state that such Series 1WTC-2021 Bonds will be redeemed at the designated corporate trust office of the Trustee, as Paying Agent. The notice shall further state that on such date there shall become due and payable upon each Series 1WTC-2021 Bond to be redeemed the redemption price thereof, together with interest accrued to but not including the redemption date, and that moneys therefor having been deposited with the Trustee, as Paying Agent, from and after such date, interest thereon shall cease to accrue. Any notice of optional redemption may provide that the redemption of the Series 1WTC-2021 Bonds is conditioned upon receipt of moneys by the Trustee on or prior to the redemption date, sufficient to pay the redemption price of the Series 1WTC-2021 Bonds to be redeemed and such notice shall be of no effect unless such moneys are so deposited. The Trustee shall mail the redemption notice not more than forty-five (45) days nor less than twenty (20) days prior to the date fixed for redemption, to the Registered Owners of any Series 1WTC-2021 Bonds which are to be redeemed, at their addresses shown on the registration books maintained by the Trustee. Failure to mail notice to a particular Bondholder, or any defect in the notice to such Bondholder, shall not affect the redemption of any other Series 1WTC-2021 Bond.

BOOK-ENTRY ONLY SYSTEM

DTC will act as Securities Depository for the Series 1WTC-2021 Bonds. The Series 1WTC-2021 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 1WTC-2021 Bond certificate will be issued for each $500 million of principal amount of the Series 1WTC-2021 Bonds of the same maturity, and an additional certificate will be issued with respect to each maturity of any remaining principal amount and related interest rate in the respective aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Direct Participants and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 1WTC-2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for such Series 1WTC-2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 1WTC-2021 Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 1WTC-2021 Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 1WTC-2021 Bonds, except in the event that use of the book-entry system for the Series 1WTC-2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 1WTC-2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 1WTC-2021 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 1WTC-2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 1WTC-2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 1WTC-2021 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 1WTC-2021 Bonds, such as redemptions, defaults, and proposed amendments to the documents relating to the Series 1WTC-2021 Bonds. For example, Beneficial Owners of Series 1WTC-2021 Bonds may wish to ascertain that the nominee holding the Series 1WTC-2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to Cede & Co. If less than all of a maturity of the Series 1WTC-2021 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity of such Series 1WTC-2021 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 1WTC-2021 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy (the "Omnibus Proxy") to the Issuer and the Trustee as soon as possible after the Record Date (as defined in Appendix A). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 1WTC-2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of the principal and interest, sinking fund installments and redemption price on the Series 1WTC-2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest, sinking fund installments and redemption price to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

For every transfer and exchange of beneficial ownership of the Series 1WTC-2021 Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may discontinue providing its services as securities depository with respect to the Series 1WTC-2021 Bonds at any time by giving reasonable notice to the Issuer, the Port Authority or the Trustee and discharging its responsibilities with respect thereto under applicable law, or the Issuer may terminate its participation in the system of book-entry transfer through DTC at any time by giving notice to DTC and the Trustee. In either event, the Issuer may retain another securities depository for the Series 1WTC-2021 Bonds or may direct the Trustee to deliver bond certificates in accordance with instructions from DTC or its successor. If the Issuer directs the Trustee to deliver such bond certificates, such Series 1WTC-2021 Bonds may thereafter be exchanged for an equal aggregate principal amount of Series 1WTC-2021 Bonds in any other authorized denomination and of the same series and maturity set forth in the Financing Agreement, upon surrender thereof at the principal corporate trust office of the Trustee, who will then be responsible for maintaining the registration books of the Trustee.

Unless otherwise noted, certain of the foregoing information concerning DTC and DTC's book-entry system has been extracted from information given by DTC. None of the Issuer, the Port Authority, the Trustee or the Underwriters make any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date of this Official Statement. So long as Cede & Co. is the registered owner of the Series 1WTC-2021 Bonds, as nominee for DTC, references herein to Bond owners or registered owners of the Series 1WTC-2021 Bonds (other than under the heading "TAX EXEMPTION") shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 1WTC-2021 Bonds.

When reference is made to any action which is required or permitted to be taken by the Beneficial Owners, such reference shall only relate to those permitted to act (by statute, regulation or otherwise) on behalf of such Beneficial Owners for such purposes. When notices are given, they shall be sent by the Trustee to DTC only.

NEITHER THE ISSUER, THE PORT AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO THE DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT, SINKING FUND INSTALLMENT, REDEMPTION PRICE, IF APPLICABLE, OR INTEREST ON THE SERIES 1WTC-2021 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO HOLDERS UNDER THE TERMS OF THE FINANCING AGREEMENT; OR (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 1WTC-2021 BONDS.

The Issuer, the Port Authority and the Trustee cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners of the Series 1WTC-2021 Bonds (i) payments of principal, sinking fund installments, redemption price, if applicable, of, or interest on the Series 1WTC-2021 Bonds, (ii) confirmations of their ownership interests in the Series 1WTC-2021 Bonds, or (iii) redemption or other notices sent to DTC or Cede & Co., its partnership nominee, as the registered owner of the Series 1WTC-2021 Bonds, or that they will do so on a timely basis, or that DTC, the Direct Participants or the Indirect Participants will serve and act in the manner described in this Official Statement.

SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 1WTC-2021 BONDS

Under the Financing Agreement, the Issuer assigns to the Trustee in trust upon the terms of the Financing Agreement all of its right, title and interest in and to the 2021 Consolidated Bonds and the Bond Fund, including enforcement rights and remedies as set forth therein.

Pursuant to the Financing Agreement, the 2021 Consolidated Bonds shall be registered in the name of and held by the Trustee and the Trustee shall deposit any payments made by the Port Authority on the 2021 Consolidated Bonds into the Bond Fund for payment on the Series 1WTC-2021 Bonds. The Series 1WTC-2021 Bonds have been structured such that the payments made by the Port Authority with respect to the 2021 Consolidated Bonds shall be sufficient to pay when due principal of and interest on the Series 1WTC-2021 Bonds and the redemption provisions on the Series 1WTC-2021 Bonds correspond to those provided for with respect to the 2021 Consolidated Bonds.

The Issuer's obligation to issue and deliver the Series 1WTC-2021 Bonds, and the Underwriters' obligation to purchase the same, are conditioned, among other things, upon the issuance and delivery of the 2021 Consolidated Bonds by the Port Authority to the Issuer pursuant to a certain bond purchase agreement between the Issuer and the Port Authority. Likewise, the Port Authority's obligation to issue and deliver the 2021 Consolidated Bonds, and the Issuer's obligation to purchase the same, are conditioned, among other things, upon the issuance and delivery of the Series 1WTC-2021 Bonds by the Issuer pursuant to a certain bond purchase agreement between the Issuer and the Underwriters. Both the Series 1WTC-2021 Bonds and 2021 Consolidated Bonds are expected to be issued simultaneously on or about December 22, 2021.

The Series 1WTC-2021 Bonds are special limited revenue obligations of the Issuer, the principal of and interest on which are payable solely from moneys deposited in the Bond Fund, constituting payments with respect to the 2021 Consolidated Bonds, held under the Financing Agreement. The Series 1WTC-2021 Bonds are not a debt or pledge of the faith and credit of the State of New York, the New York Job Development Authority, the New York State Urban Development Corporation d/b/a/ Empire State Development, the Port Authority or any other authority, public benefit corporation or local development corporation, or any municipality of the State of New York. The Issuer has no taxing power.

The 2021 Consolidated Bonds are issued pursuant to the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 and the Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series adopted by the Port Authority on July 26, 2018, which pertains in part, to the establishment and issuance of the 2021 Consolidated Bonds. The 2021 Consolidated Bonds 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. The 2021 Consolidated Bonds are secured equally and ratably with all other consolidated bonds heretofore or hereafter issued by the Port Authority by a pledge of (a) 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 the consolidated bonds. For additional detail regarding the 2021 Consolidated Bonds and the Port Authority see APPENDIX D – "OFFICIAL STATEMENT DATED DECEMBER 14, 2021 $70,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A, $175,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B, $160,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C, $233,805,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D."

The Series 1WTC-2021 Bonds are not subject to acceleration upon the occurrence of an Event of Default under the Financing Agreement. The 2021 Consolidated Bonds are not subject to acceleration upon the occurrence of any default under the Consolidated Bond Resolution.

There is no debt service reserve fund or other like reserve established under the Financing Agreement from which funds might be drawn in the event of a failure to pay any amounts due under the Series 1WTC-2021 Bonds as and when due. The 2021 Consolidated Bonds are secured by certain reserves on a parity basis with other obligations of the Port Authority as more fully detailed in APPENDIX D hereto.

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PLAN OF REFUNDING

The proceeds of the Series 1WTC-2021 Bonds will be used by the Issuer to purchase the 2021 Consolidated Bonds from the Port Authority. The Port Authority will use the proceeds of the 2021 Consolidated Bonds, together with a portion of the contribution from the Port Authority, to redeem its 2011 Consolidated Bonds, the proceeds of which will in turn be used by the Issuer to currently refund, and effect the defeasance and the redemption of, the Issuer's outstanding Series 1WTC-2011 Bonds. The remaining contribution from the Port Authority will be used to fund costs of issuance, including Underwriters' discount. The proceeds of the Series 1WTC-2021 Bonds, together with a contribution from the Port Authority, are expected to be applied as follows:

Sources of Funds	
Principal amount of the Series 1WTC-2021 Bonds	$638,805,000.00
Net Original Issue Premium	33,673,780.75
Port Authority Contribution	6,160,751.69
Total Sources	$678,639,532.44
Uses of Funds	
Redemption of Series 1WTC-2011 Bonds	$673,247,898.33
Cost of Issuance [(1)]	5,391,634.11
Total Uses	$678,639,532.44

[(1)] Includes Underwriters' fee and other costs of issuing the Series 1WTC-2021 Bonds.

In order to accomplish the current refunding, and effect the defeasance, on the date of delivery of the Series 1WTC-2021 Bonds, and redemption on December 23, 2021 (the "Redemption Date") of the Series 1WTC-2011 Bonds, on the closing date of the Series 1WTC-2021 Bonds, an amount sufficient to pay principal of and interest on the Series 1WTC-2011 Bonds to the Redemption Date will be deposited with the trustee for the Series 1WTC-2011 Bonds and held in trust for the holders of Series 1WTC-2011 Bonds. The accuracy of the arithmetical computations of the adequacy of the amounts to pay the redemption price of the Series 1WTC-2011 Bonds on the Redemption Date, together with accrued interest to such redemption date, will be verified by Samuel Klein and Company and Precision Analytics Inc.

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DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period ending December 31 of the years shown, the amounts required for the payment of debt service on the Series 1WTC-2021 Bonds. For a schedule of debt service requirements on the Port Authority's consolidated bonds as of December 1, 2021, including the 2021 Consolidated Bonds, see APPENDIX D – "OFFICIAL STATEMENT DATED DECEMBER 14, 2021 $70,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A, $175,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B, $160,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C, $233,805,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D – SCHEDULES OF OUTSTANDING DEBT."

12-Month Period Ending December 31	Principal	Interest	Aggregate Debt Service
2022	-	$ 12,720,918.16	$ 12,720,918.16
2023	-	19,654,637.50	19,654,637.50
2024	-	19,654,637.50	19,654,637.50
2025	-	19,654,637.50	19,654,637.50
2026	-	19,654,637.50	19,654,637.50
2027	-	19,654,637.50	19,654,637.50
2028	-	19,654,637.50	19,654,637.50
2029	-	19,654,637.50	19,654,637.50
2030	-	19,654,637.50	19,654,637.50
2031	-	19,654,637.50	19,654,637.50
2032	-	19,654,637.50	19,654,637.50
2033	-	19,654,637.50	19,654,637.50
2034	-	19,654,637.50	19,654,637.50
2035	-	19,654,637.50	19,654,637.50
2036	-	19,654,637.50	19,654,637.50
2037	-	19,654,637.50	19,654,637.50
2038	-	19,654,637.50	19,654,637.50
2039	-	19,654,637.50	19,654,637.50
2040	$ 68,130,000.00	18,717,850.00	86,847,850.00
2041	142,095,000.00	16,002,256.25	158,097,256.25
2042	175,000,000.00	11,598,450.00	186,598,450.00
2043	171,700,000.00	5,612,575.00	177,312,575.00
2044	81,880,000.00	1,125,850.00	83,005,850.00
Total	$638,805,000.00	$399,906,736.91	$1,038,711,736.91

TAX EXEMPTION

Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. and BurgherGray LLP, Co-Bond Counsel to the Issuer, are of the opinion that, under existing law, interest on the Series 1WTC-2021 Bonds will not be included in the gross income of the holders thereof for federal income tax purposes, except that no opinion will be expressed with respect to any Series 1WTC-2021 Bonds when held by a "substantial user" of the facilities financed by the Series 1WTC-2021 Bonds or a "related person" within the meaning of Section 147(a) of the Code. These opinions are expressly conditioned upon compliance with certain requirements of the Code, which requirements must be satisfied subsequent to the date of issuance of the Series 1WTC-2021 Bonds in order to ensure that interest on such Series 1WTC-2021 Bonds is and continues to be excluded from the gross income of the holders thereof. Failure to so comply could cause interest on the Series 1WTC-2021 Bonds to be included in the gross income of the holders thereof, retroactive to the date of issuance of such Series 1WTC-2021 Bonds. In particular, and without limitation, those requirements include restrictions on the use, expenditure and investment of proceeds and payment of rebate to the United States, subject to certain exceptions. The Issuer and the Port Authority have provided covenants and certificates as to continued compliance with such requirements.

In the opinions of Co-Bond Counsel, under existing law, interest on the Series 1WTC-2021 Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals under Section 55 of the Code. Co-Bond Counsel have not opined as to other federal tax consequences of holding the Series 1WTC-2021 Bonds. However, prospective purchasers should be aware that certain collateral consequences may result under federal tax law for certain holders of the Series 1WTC-2021 Bonds, including but not limited to the requirement that recipients of certain Social Security and railroad retirement benefits take into account receipts or accruals of interest on the Series 1WTC-2021 Bonds in determining gross income. The nature and extent of these other tax consequences depends on the particular tax status of the bondholder and the bondholder's other items of income or deduction. Bondholders should consult their own tax advisors with respect to such matters.

Interest paid on tax-exempt obligations such as the Series 1WTC-2021 Bonds is generally required to be reported by payors to the Internal Revenue Service (the "IRS") and to recipients in the same manner as interest on taxable obligations. In addition, such interest may be subject to "backup withholding" if the bondholder fails to provide the information required on IRS Form W-9, Request for Taxpayer Identification Number and Certification, as ordinarily would be provided in connection with establishment of a brokerage account, or the IRS has specifically identified the bondholder as being subject to backup withholding because of prior underreporting. Neither the information reporting requirement nor the backup withholding requirement affects the exclusion of interest on the Series 1WTC-2021 Bonds from gross income for federal tax purposes.

For federal and New York income tax purposes, interest includes original issue discount, which with respect to a Series 1WTC-2021 Bond is equal to the excess, if any, of the stated redemption price at maturity of a Series 1WTC-2021 Bond over the initial offering price at which price a substantial amount of all Series 1WTC-2021 Bonds with the same maturity was sold. Original issue discount accrues based on a constant yield method over the term of a Series 1WTC-2021 Bond. Bondholders should consult their own tax advisors with respect to the computation of original issue discount during the period in which any such Series 1WTC-2021 Bond is held.

An amount equal to the excess, if any, of the purchase price of a Series 1WTC-2021 Bond over the principal amount payable at maturity generally constitutes amortizable bond premium. The required amortization of such premium during the term of a Series 1WTC-2021 Bond will result in reduction of the bondholder's tax basis in such Series 1WTC-2021 Bond. Such amortization also will result in reduction of the amount of the stated interest on the Series 1WTC-2021 Bonds taken into account as interest for tax purposes. Bondholders of Series 1WTC-2021 Bonds purchased at a premium should consult their own tax advisors with respect to the determination and treatment of such premium.

In the opinions of Co-Bond Counsel, under existing law, interest on the Series 1WTC-2021 Bonds is exempt from personal income taxes imposed by the State of New York or any of its political subdivisions, including the City of New York and the City of Yonkers, to the extent that such interest is excluded from gross income for federal income tax purposes. Co-Bond Counsel have not opined as to the taxability of the Series 1WTC-2021 Bonds or the income therefrom under the laws of any state other than New York.

Co-Bond Counsel have not undertaken to advise in the future whether any events after the date of issuance of the Series 1WTC-2021 Bonds, including legislation, court decisions, or administrative actions, whether at the federal or state level, may affect the tax exempt status of interest on the Series 1WTC-2021 Bonds or the tax consequences of ownership of the Series 1WTC-2021 Bonds. No assurance can be given that current or future legislation, if enacted into law, will not contain provisions which could directly or indirectly reduce or eliminate the benefit of the exclusion of the interest on the Series 1WTC-2021 Bonds from gross income for federal income tax purposes or any state tax benefit. Tax reform proposals and deficit reduction measures, including but not limited to proposals to reduce the benefit of the interest exclusion from income for certain holders of tax-exempt bonds, including bonds issued prior to the proposed effective date of the applicable legislation, and other proposals to limit federal tax

expenditures, have been and are expected to be under ongoing consideration by the United States Congress. These proposed changes could affect the market value or marketability of the Series 1WTC-2021 Bonds, and, if enacted into law, could also affect the tax treatment of all or a portion of the interest on the Series 1WTC-2021 Bonds for some or all bondholders. Bondholders should consult their own tax advisors with respect to any of the foregoing.

On the date of delivery of the Series 1WTC-2021 Bonds, Co-Bond Counsel will deliver their opinions in substantially the forms attached hereto as APPENDIX C – "Form of Co-Bond Counsel Opinions."

RATINGS

S&P Global Ratings ("S&P") and Fitch Ratings ("Fitch") have assigned ratings of "A+" (Outlook Positive) and "A+" (Outlook Stable), respectively, to the Series 1WTC-2021 Bonds. Those ratings reflect only the views of the organizations assigning them. Investors may obtain an explanation of the significance of the ratings or any outlooks or other statements given with respect thereto from each agency, identified as follows:

S&P Global Ratings
55 Water Street
New York, New York 10041
(212) 438-2400
www.spglobal.com

Fitch Ratings
33 Whitehall Street
New York, New York 10004
(212) 908-0500
www.fitchratings.com

The ratings of the Series 1WTC-2021 Bonds are based on the ratings of the Port Authority's 2021 Consolidated Bonds. A change in the ratings of the Port Authority's 2021 Consolidated Bonds will result in a change in the ratings of the Series 1WTC-2021 Bonds.

Generally, each rating agency bases its ratings on information furnished to it in connection with the transaction and on independent investigations, studies, and assumptions made by that rating agency. Investors have no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to the Issuer, the Port Authority or the Series 1WTC-2021 Bonds being offered. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 1WTC-2021 Bonds being offered.

The Issuer undertakes no responsibility either to bring to the attention of the owners of the Series 1WTC-2021 Bonds any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal.

LITIGATION

The Issuer

There is not now pending, nor to the best knowledge of the Issuer threatened, any action, suit, proceeding or investigation (at law or in equity) before or by any court, public board or body, against the Issuer, and of which the Issuer has notice, in any way (i) contesting or affecting the existence or powers of the Issuer, (ii) challenging the validity or enforceability of the Financing Agreement or the Series 1WTC-2021 Bonds, (iii) questioning, contesting or affecting the validity of the proceedings and authority under which the Series 1WTC-2021 Bonds are being issued or the assignment and application of any moneys provided for the payment of the Series 1WTC-2021 Bonds, or (iv) seeking to enjoin any of the transactions contemplated thereby or the performance by the Issuer of any of its obligations thereunder, or wherein an unfavorable decision, finding or ruling would adversely affect the transactions contemplated by the Financing Agreement. Neither the creation, organization or existence of the Issuer, nor the title of the present directors or other officials of the Issuer to their respective offices is, to the best knowledge of the Issuer, being contested.

The Port Authority

Reference is hereby made to APPENDIX D for a discussion of certain litigation affecting the Port Authority.

UNDERWRITING

The Underwriters identified on the cover of this Official Statement have agreed, subject to certain conditions, to purchase from the Issuer, the Series 1WTC-2021 Bonds and to reoffer the Series 1WTC-2021 Bonds at the public offering prices and yields

set forth on the inside cover page of this Official Statement. In connection with its purchase of the Series 1WTC-2021 Bonds, the Underwriters will be paid a fee equal to $2,535,619.11. The Series 1WTC-2021 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 1WTC-2021 Bonds into investment trusts) at a price lower than that public offering price and that price may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all of the Series 1WTC-2021 Bonds if any Series 1WTC-2021 Bonds are purchased.

Each Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Each Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Issuer and/or the Port Authority or their respective affiliates, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, each Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Port Authority or their respective affiliates. 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.

MARKET-MAKING

This Official Statement may be used by the Underwriters in connection with the offer and sale of the Series 1WTC-2021 Bonds in market-making transactions. In a market-making transaction, the Underwriters may resell Series 1WTC-2021 Bonds they acquire from other holders, after the original offering and sale of the Series 1WTC-2021 Bonds. Resales of this kind may occur in the open market or may be privately negotiated, at prevailing market prices at the time of resale or at related or negotiated prices. In these transactions, the Underwriters may act as principal or agent, including as agent for the counterparty in a transaction in which an Underwriter acts as principal, or as agent for both counterparties in a transaction in which such Underwriter does not act as principal. An Underwriter may receive compensation in the form of discounts and commissions, including from both counterparties in some cases.

The initial offering prices specified on the inside cover page of this Official Statement relate to the initial offering of the Series 1WTC-2021 Bonds. This amount does not include the Series 1WTC-2021 Bonds to be sold in market-making transactions.

Neither the Issuer nor the Port Authority expects to receive any proceeds from market-making transactions. Neither the Issuer nor the Port Authority expects that any Underwriter or any other affiliate that engages in these transactions will pay any proceeds from its market-making resales to the Issuer or the Port Authority.

Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale.

Unless an Underwriter or an agent informs investors in their confirmation of sale that their Series 1WTC-2021 Bonds are being purchased in the original offering and sale, investors may assume that they are purchasing their Series 1WTC-2021 Bonds in a market-making transaction.

There will be no established trading market for the Series 1WTC-2021 Bonds prior to the initial offering of the Series 1WTC-2021 Bonds. The Issuer has been advised by the Underwriters that they intend to make a market in the Series 1WTC-2021 Bonds. However, the Underwriters are not obligated to do so and may stop doing so at any time without notice. The Issuer cannot give any assurance as to the liquidity or trading market for any of the Series 1WTC-2021 Bonds.

Unless otherwise indicated in the confirmation of sale, the purchase price of the Series 1WTC-2021 Bonds will be required to be paid in immediately available funds in New York City.

LEGAL MATTERS

All legal proceedings in connection with the issuance of the Series 1WTC-2021 Bonds are subject to the approval of Co-Bond Counsel identified on the cover of this Official Statement. The proposed form of the opinions of Co-Bond Counsel are set forth in APPENDIX C to this Official Statement.

Certain legal matters will be passed upon for the Issuer by Goldie Weixel, Esq., its acting general counsel and The Hardwick Law Firm, LLC, disclosure counsel to the Issuer. Certain legal matters will be passed upon for the Port Authority by Amy Fisher, Esq., its first deputy general counsel and by Orrick, Herrington & Sutcliffe LLP, bond and disclosure counsel to the Port Authority. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, New York, New York, counsel to the Underwriters.

CONTINUING DISCLOSURE

The SEC has adopted Rule 15c2-12 requiring a participating underwriter not to purchase or sell municipal securities in connection with an offering unless the participating underwriter has reasonably determined that the obligated person has undertaken certain continuing disclosure obligations. Pursuant to the Continuing Disclosure Agreement of the Port Authority, the form of which is appended hereto as APPENDIX B, the Port Authority has agreed to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System on an annual basis its audited financial statements and certain annual financial information and operating data pertaining to the Port Authority and notice of the occurrence of certain events with respect to the 2021 Consolidated Bonds or the Series 1WTC-2021 Bonds. The Issuer shall have no responsibility with respect to such disclosure matters covered by such Continuing Disclosure Agreement.

SUITABILITY FOR INVESTMENT

Investment in the Series 1WTC-2021 Bonds poses certain economic risks. The Series 1WTC-2021 Bonds may not be a suitable investment for certain purchasers and each purchaser should make its own judgment as to suitability. No dealer, broker or salesperson or other person has been authorized by the Issuer or the Port Authority to give any information or make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing.

MISCELLANEOUS

The summaries or descriptions contained in this Official Statement of provisions in the Financing Agreement and the other agreements and documents referred to herein and all references to other materials not purporting to be quoted in full are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all the pertinent provisions thereof. For further information, reference should be made to the complete documents, copies of which are on file at the offices of the Trustee.

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized. This Official Statement is not intended to be construed as a contract or agreement between the Issuer and the purchasers or holders of any of the Series 1WTC-2021 Bonds.

The agreements of the Issuer with the owners of the Series 1WTC-2021 Bonds are fully set forth in the Financing Agreement and the Series 1WTC-2021 Bonds, and neither any advertisement of the Series 1WTC-2021 Bonds nor this Official Statement is to be construed as constituting an agreement with the purchasers of Series 1WTC-2021 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized.

Information relating to DTC and the book-entry system described under the heading "BOOK-ENTRY ONLY SYSTEM" has been furnished by DTC and is believed to be reliable, but none of the Issuer, the Port Authority or the Underwriters make any representations or warranties whatsoever with respect to any such information. All Appendices are incorporated as an integral part of this Official Statement.

The Issuer has consented to the use of this Official Statement. The Issuer is responsible only for the statements contained under the headings "INTRODUCTION – the Issuer," "INTRODUCTION – Special Limited Revenue Obligations," "THE ISSUER," "LIBERTY BOND PROGRAM" and "LITIGATION – the Issuer" and the Issuer makes no representation as to the accuracy, completeness or sufficiency of any other information contained herein. Except as otherwise stated herein, the Issuer makes no representations or warranties whatsoever with respect to the information contained herein.

NEW YORK LIBERTY DEVELOPMENT CORPORATION

By: /s/ Elaine A. Kloss
Elaine A. Kloss
Chief Financial Officer

APPENDIX A

SUMMARY OF THE FINANCING AGREEMENT

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SUMMARY OF THE FINANCING AGREEMENT

The following is a summary of certain provisions of the Financing and Trust Agreement among New York Liberty Development Corporation, The Bank of New York Mellon, as Trustee, and The Port Authority of New York and New Jersey dated December 22, 2021 (the "Financing Agreement"), including certain terms used in the Financing Agreement not used elsewhere in this Official Statement. This summary does not purport to be complete and reference is made to the Financing Agreement for full and complete statements of its terms and provisions.

Certain Definitions

The following are definitions in summary form of certain terms contained in the Financing Agreement:

"Account" means any account established within a Fund in accordance with the terms of the Financing Agreement.

"Act" means the Not-For-Profit Corporation law, being Chapter 35 of the Consolidated Laws of New York.

"Authority" means The Port Authority of New York and New Jersey.

"Authority Affiliate" means (a) a "substantial user" of the Project or a "related person" to a "substantial user," within the meaning of such terms under section 147(a) of the Code, or (b) any other Person purchasing Series 1WTC-2021 Bonds with funds furnished by an Authority Affiliate.

"Authorized Authority Representative" means 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 of Finance; Chief Financial Officer; or Treasurer of the Authority.

"Authorized Corporation Representative" means the Chairperson, President, Chief Financial Officer, Vice President and Treasurer of the Corporation.

"Basic Agreements" means the Financing Agreement and the Series 1WTC-2021 Bonds.

"Bond Administration Payments" means the amounts required to be paid by the Authority to the Corporation or the Trustee under the headings "Bond Administration Payments," "Indemnification of Corporation," or "Indemnification of Trustee" of the Financing Agreement.

"Bond Counsel" or "Co-Bond Counsel" means Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. and BurgherGray LLP, or any other attorney at law or a firm of attorneys, selected by the Corporation and reasonably acceptable to the Authority and the Trustee, of nationally recognized standing in matters pertaining to the validity of and the tax-exempt nature of interest on bonds issued by states and their political subdivisions and duly admitted to the practice of law before the highest court of any state of the United States of America.

"Bond Date" means the date stated to be the Bond Date on the face of a Series 1WTC-2021 Bond.

"Bond Fund" means that certain Fund established pursuant to the Financing Agreement and further described under the heading "Bond Fund" herein.

"Bond Year" means the period from the Closing Date through February 15, 2023 (or such earlier date as may be selected by the Authority) and each one year period thereafter so long as any Series 1WTC-2021 Bonds are outstanding.

"Bondholder" means, as of any time, the registered owner of any Series 1WTC-2021 Bond outstanding as shown in the register kept by the Trustee as bond registrar.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks are authorized or required by law or executive order to be closed in any of The City of New York, New York or the municipalities in which the designated offices of the Trustee or its agents or any Paying Agent are located or a day on which the New York Stock Exchange is not open.

"Certificate" means a certificate or report, in form and substance as required under the Financing Agreement, executed: (a) in the case of a Corporation Certificate, by an Authorized Corporation Representative; (b) in the case of a Certificate from the Authority by an Authorized Authority Representative; and (c) in the case of a Certificate of any other Person, by such Person, if an individual, and otherwise by an officer, partner or other authorized representative of such Person.

"Closing Date" means the date of delivery of the Series 1WTC-2021 Bonds as set forth in the Liberty Bond Purchase Agreement against payment therefor in immediately available funds.

"Code" means the Internal Revenue Code of 1986, as from time to time amended, and any regulations promulgated thereunder, including without limitation any Treasury Regulations or Temporary or Proposed Regulations, as the same shall from time to time be amended including (until modified, amended or superseded) Treasury Regulations or Temporary or Proposed Regulations under the Internal Revenue Code of 1954, as amended.

"Consolidated Bonds" means collectively, $70,000,000 The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series A, $175,000,000 The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series B, $160,000,000 The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series C, and $233,805,000 The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series D.

"Consolidated Bond Purchase Agreement" means the agreement by that name dated as of December 14, 2021 between the Corporation and the Authority, pursuant to which the Consolidated Bonds are to be acquired by the Corporation.

"Continuing Disclosure Agreement" means that certain Continuing Disclosure Agreement of the Authority dated as of December 22, 2021.

"Corporation" or "Issuer" means the New York Liberty Development Corporation, a local development corporation formed under Section 1411 of the Not-For-Profit Corporation Law, being Chapter 35 of the Consolidated Laws of New York, and created by action of the New York Job Development Authority established under Section 1802, Subtitle 1, Title 8, Article 8 of the New York Public Authorities Law.

"Costs of Collection" means all actual and third party attorneys' reasonable fees and out-of-pocket expenses incurred by the Trustee or the Corporation, as the case may be, and all other actual, third party and reasonably incurred fees, costs and expenses incurred by the Trustee or the Corporation, including but not limited to costs and expenses associated with travel on behalf of the Trustee or the Corporation, which costs and expenses are directly or indirectly related to the Trustee's or the Corporation's efforts to collect or enforce the Consolidated Bonds as against the Authority, the Financing Agreement, or any of the Trustee's or the Corporation's rights, remedies, powers, privileges, or discretions against or in respect of the Authority (whether or not suit is instituted in connection with any of the foregoing).

"Cost of Issuance Fund" means that certain Fund entitled "Cost of Issuance Fund" established pursuant to the Financing Agreement and further described under the heading "Cost of Issuance Fund" herein.

"Default" means a Default of the Authority or a Default of the Corporation.

"Default of the Authority" means any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default of the Authority.

"Default of the Corporation" means any event or condition which, with the passage of time or giving of notice or both, would constitute an Event of Default of the Corporation.

"Defeasance Securities" means (i) Government Obligations or (ii) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, the interest on which is excluded from gross income of the beneficial owners thereof for federal income tax purposes provided that (A) cash, Government Obligations or a combination thereof have been irrevocably pledged to and deposited into a segregated escrow account for the payment when due of the principal or redemption price of and interest on such obligations, (B) any cash pledged and deposited as aforesaid is in such amount and any Government Obligations so pledged and deposited are payable as to principal and interest in such amounts and on such dates as may be necessary, without reinvestment, to provide for the payment when due of the principal or redemption price of and interest on such obligations, (C) such obligations are not subject to redemption prior to maturity except as provided in the terms of such escrow account and (D) such obligations are rated at the time of purchase thereof in the highest credit rating category by a Rating Agency.

"Determination of Taxability" means a determination that the interest on the Series 1WTC-2021 Bonds is includable in gross income of the beneficial owners of the Series 1WTC-2021 Bonds thereof for purposes of federal income taxation. A Determination of Taxability shall be deemed to have occurred if there shall be a final, non-appealable judgment of a court of competent jurisdiction, or a final determination by the Internal Revenue Service for which all appeal or challenge periods have expired without challenge or appeal having been instituted, to the effect that the interest paid or payable on any Series 1WTC-2021 Bonds is or was includable in the gross income of the owner of such Series 1WTC-2021 Bonds for federal income tax purposes, other than as a result of the owner of such Series 1WTC-2021 Bonds being a "substantial user" of the facilities financed by the Series 1WTC-2021 Bonds or a "related person" within the meaning of the Code. In the event any Bondholder or a beneficial owner of Series 1WTC-2021 Bonds, the Corporation or the Authority is contacted by the Internal Revenue Service regarding whether interest on the Series 1WTC-2021 Bonds is excludable from gross income for federal income tax purposes, or the Internal Revenue Service shall otherwise commence such an inquiry, any such contact or inquiry shall not ultimately be deemed to result in a Determination of Taxability unless the Authority shall have received timely notice thereof and, at the request and expense of the Authority, the Authority shall be afforded the opportunity to control the defense of any such inquiry.

"DTC" means The Depository Trust Company.

"Event of Default" means an Event of Default of the Authority or an Event of Default of the Corporation.

"Event of Default of the Authority" has the meaning set forth under the heading "Events of Default of the Authority."

"Event of Default of the Corporation" has the meaning set forth under the heading "Events of Default of the Corporation."

"Event of Potential Determination of Taxability" means the Authority, the Trustee or the Corporation is contacted, or obtains actual knowledge that the registered owner or a beneficial owner of the Series 1WTC-2021 Bonds has been contacted, by the Internal Revenue Service regarding whether interest on the Series 1WTC-2021 Bonds is excludable from gross income for federal tax income tax purposes, or the Internal Revenue Service shall otherwise commence such an inquiry, or the Authority, the Trustee or the Corporation shall receive advice of Bond Counsel to the effect that there is a significant likelihood that, if such contact or inquiry were made, in light of facts and circumstances then in existence, a Determination of Taxability could occur; provided that "actual knowledge" shall be evidenced by written notification, or by oral communication, which shall be promptly confirmed in writing.

"Exchange Act" means the Securities Exchange Act of 1934 and any statute successor thereto, as amended from time to time.

"Financing" means the issuance by the Corporation of its Series 1WTC-2021 Bonds, the proceeds of which will be applied by the Corporation to acquire the Authority's Consolidated Bonds bearing the same date of issue, interest rates, maturity structure and redemption provisions as the Series 1WTC-2021 Bonds pursuant to the Consolidated Bond Purchase Agreement.

"Fitch" means Fitch Ratings, and its successors.

"Fund" means the Cost of Issuance Fund, the Bond Fund or the Rebate Fund.

"Government Obligations" means direct obligations of, or obligations the full and timely payment of principal and interest on which are backed by the full faith and credit of, the United States of America (excluding mutual funds and unit investment trusts, the assets of which consist of Government Obligations).

"Interest Payment Date" means each date on which an interest payment on Series 1WTC-2021 Bonds is due and payable for any reason.

"Investment Securities" means and includes any of the following securities, if and to the extent the same are permitted under applicable law:

(a) as to the Rebate Fund, Government Obligations; and

(b) as to the Cost of Issuance Fund, Government Obligations, investment agreements with providers rated in one of the two highest rating categories by any of Fitch, Moody's or S&P; and money market mutual funds (including without limitation those of the Trustee and its affiliates) rated at least AAm or AAm-G (or its equivalent) by Fitch, Moody's or S&P.

"Liberty Bond Application" means the Application dated June 30, 2006 submitted by the Authority to the New York City Industrial Development Agency ("NYCIDA") as of July 10, 2006 and approved by NYCIDA on July 11, 2006, as supplemented by certain updates and corrections submitted by the Authority to the Corporation as of November 17, 2011.

"Liberty Bond Purchase Agreement" means the agreement by that name dated as of December 14, 2021 between the Corporation and the underwriters named therein, pursuant to which the Series 1WTC-2021 Bonds are initially sold.

"Liberty Bond Statute" means Section 1400L(d) of the Code as added by the Job Creation and Worker Assistance Act of 2002, as amended to date.

"Liberty Zone" means the area located on or south of Canal Street, East Broadway (east of its intersection with Canal Street), or Grand Street (east of its intersection with East Broadway) in the Borough of Manhattan in The City of New York, New York.

"Majority of the Bondholders" means the holders of more than 50 percent of the aggregate principal amount of Series 1WTC-2021 Bonds outstanding at the time.

"Moody's" means Moody's Investors Service, Inc., and its successors.

"Outstanding Series 1WTC-2021 Bonds" or "Series 1WTC-2021 Bonds outstanding" means the amount of principal of the Series 1WTC-2021 Bonds which has not at the time been paid, exclusive of (a) Series 1WTC-2021 Bonds in lieu of which others have been authenticated under the Financing Agreement, (b) principal of any Series 1WTC-2021 Bond which has become due (whether by maturity, call for redemption or otherwise) and for which provision for payment as required by the Financing Agreement has been made, (c) principal of any Series 1WTC-2021 Bond canceled pursuant to the Financing Agreement, (d) Series 1WTC-2021 Bonds deemed paid as set forth under the heading "Satisfaction of Covenants", and (e) for purposes of any direction, consent or waiver under the

Financing Agreement or under any other Basic Agreement, Series 1WTC-2021 Bonds deemed not to be Outstanding Series 1WTC-2021 Bonds as set forth under the heading "Series 1WTC-2021 Bonds Owned by Corporation or Authority."

"Paying Agent" means the Trustee or any other paying agent appointed in accordance with the section entitled "Designation and Succession of Paying Agents" of the Financing Agreement.

"Payment Date" means each date on which any principal of or interest on any Series 1WTC-2021 Bond is due and payable for any reason, including the Interest Payment Date.

"Person" means any individual, firm, association, partnership, trust, corporation, limited liability company, public body and other legal entity.

"Pre-Financing Agreement" means the agreement by the name dated November 5, 2021, between the Authority and the Corporation.

"Project" means that portion financed or refinanced by means of the Financing of the building known as "One World Trade Center," that contains approximately three million square feet of commercial office space and an indoor observation deck, as described in the Liberty Bond Application.

"Rating Agency" means Moody's, S&P, or Fitch, provided that if any of such rating agencies shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Rating Agency" shall be deemed to refer to any other nationally recognized securities rating agency designated in writing by the Authority to the Corporation and the Trustee.

"Rebate Fund" means that certain Fund established pursuant to the Financing Agreement and further described under the heading "Rebate Fund" herein.

"Record Date" means the February 1 or August 1 preceding the applicable Interest Payment Date.

"Refinancing Fee" means the fee set forth in the Pre-Financing Agreement.

"Refunded Bonds" means the Corporation's Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds).

"Refunded Consolidated Bonds" means the Authority's Consolidated Bonds One Hundred Seventieth Series purchased by the Corporation with the proceeds of the Refunded Bonds.

"Registered Owner" or "Registered Owners" means, as of any time, the Person in whose name any Series 1WTC-2021 Bond is registered in the register kept by the Trustee as bond registrar.

"S&P" means S&P Global Ratings, a division of Standard & Poor's Financial Services LLC and its successors.

"Series 1WTC-2021 Bonds" means the $638,805,000 New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds).

"Tax Certificate" means the Tax Certificate and Agreement dated December 22, 2021, among the Corporation, the Trustee and the Authority delivered at the Closing Date relating to compliance with the requirements of the Code.

"Trustee" means The Bank of New York Mellon, and any successor.

Any reference in this Summary of the Financing Agreement to the Authority, the Corporation or the Trustee or its agent shall include those Persons which succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference in this Summary of the Financing Agreement to any statute or law or chapter or section thereof shall include all amendments, supplements or successor provisions thereto.

All references in this Summary of the Financing Agreement to time of day shall mean the time prevailing in New York, New York on the day or date in question.

Assigning Clause of the Corporation

In order to provide for the due payment of the principal of and interest on the Series 1WTC-2021 Bonds and compliance by the Corporation with its agreements contained in the Financing Agreement, the Corporation actually assigns to the Trustee for the benefit of the Bondholders, all of its right, title and interest in and to the Consolidated Bonds and the Bond Fund, including enforcement rights and remedies as set forth in the Financing Agreement.

Satisfaction of Covenants

When the Corporation has paid or is deemed to have paid, within the meaning of this section, to the holders of all of the Series 1WTC-2021 Bonds the principal and interest due or to become due thereon at the times and in the manner stipulated in the Series 1WTC-2021 Bonds and in the Financing Agreement, the Corporation's covenants shall terminate with respect to such Series 1WTC-2021 Bonds. Upon the Corporation's written request, when no Series 1WTC-2021 Bonds remain outstanding, the Trustee shall promptly execute and deliver to the Corporation an appropriate instrument terminating the Financing Agreement except with respect to amounts held by the Trustee pursuant to the section entitled "Nonpresentment of Series 1WTC-2021 Bonds" for the payment of the principal of and interest on the Series 1WTC-2021 Bonds and money held for rebate to the United States of America as set forth under the heading "Rebate Fund" and section 148(f) of the Code, or any successor provision of law.

Series 1WTC-2021 Bonds shall be deemed to have been paid within the meaning of this section if the Trustee shall have paid to the holders of such Series 1WTC-2021 Bonds, or shall be holding in trust for and irrevocably committed to the payment of such Series 1WTC-2021 Bonds, Defeasance Securities, the principal of and interest on which, together with any cash held by the Trustee, is sufficient for the payment of, all principal of and interest on such Series 1WTC-2021 Bonds to the date of maturity or redemption, as the case may be; provided, that (i) if any of such Series 1WTC-2021 Bonds are deemed to have been paid prior to the earlier of the redemption or the maturity thereof, the Trustee shall have been provided with an unqualified opinion of Bond Counsel that such payment and the holding thereof by the Trustee shall not in and of itself cause interest on the Series 1WTC-2021 Bonds to be included in gross income for federal income tax purposes; (ii) if any such Series 1WTC-2021 Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given or irrevocable provision satisfactory to the Trustee shall have been duly made for the giving of such notice; and (iii) the Trustee shall have received an independent accountant's report certifying that the Trustee has received cash or Defeasance Securities or a combination thereof, sufficient to provide for the payment of the principal and interest due or to become due on the Series 1WTC-2021 Bonds to the earlier of the redemption or maturity thereof.

Any money held by the Trustee in accordance with the provisions of this section shall be invested by the Trustee as set forth under the heading "Investment or Deposit of Funds" (but only to the extent that such investments are available) only in Defeasance Securities which do not contain provisions permitting redemption at the option of the Issuer, the maturities or redemption dates of which shall coincide as nearly as practicable with, but not be later than, the time or times at which said money will be required for the aforesaid purposes. The making of any such investments or the sale or other liquidation thereof shall not be subject to the control of the Corporation, and neither the Corporation nor the Trustee shall have responsibility for any losses resulting from such investment. Any income or interest earned by, or increment to, the investments held under this section, to the extent determined from time to time by the Trustee to be in excess of the amount required to be held by it for the purposes of this section, shall be paid to the Authority.

Any amounts remaining in or accruing to the Bond Fund after all of the Outstanding Series 1WTC-2021 Bonds shall be deemed to have been paid (other than amounts held to redeem Series 1WTC-2021 Bonds or as summarized under the heading "Nonpresentment of Series 1WTC-2021 Bonds" herein) shall be paid to the Authority.

Cost of Issuance Fund

A Cost of Issuance Fund shall be established by the Corporation with the Trustee. Disbursements from the Cost of Issuance Fund shall, subject to the provisions of the section entitled "Cost of Issuance Fund" in the Financing Agreement, be applied for the payment or reimbursement of the following costs: underwriting fees, the Refinancing Fee, financial, legal, accounting and printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Series 1WTC-2021 Bonds and the preparation and delivery of the Financing Agreement and other related documents. The amount disbursed for such purposes from the Cost of Issuance Fund shall be disbursed upon issuance of the Series 1WTC-2021 Bonds pursuant to one or more requisitions executed by an Authorized Corporation Representative and approved by the Authority with invoices attached. Any amounts in the Cost of Issuance Fund after payment of the aforementioned expenses shall be automatically transferred from the Cost of Issuance Fund as the Authority may direct.

Bond Fund

The Trustee shall establish a Bond Fund and within the Bond Fund, an Interest Account and a Principal Account. Payments of principal and interest on the Consolidated Bonds shall be deposited in the applicable Account of the Bond Fund promptly upon receipt by the Trustee. Moneys in the Interest Account shall be applied to pay the interest becoming due on the Series 1WTC-2021 Bonds on each Interest Payment Date or redemption date. Moneys in the Principal Account shall be applied to pay the principal of the Series 1WTC-2021 Bonds becoming due at maturity or upon a call for mandatory sinking fund redemption or upon other redemption.

Payment of Rebate

The Authority agrees that, on behalf of the Corporation, it shall take all action necessary to comply with section 148 of the Code with respect to the Series 1WTC-2021 Bonds, including the payment when due of all amounts payable to the United States thereunder, and shall refrain from taking any action contrary to the applicable provisions of the Code. For this purpose, a Rebate Fund has been established pursuant to the section entitled "Rebate Fund" in the Financing Agreement, but to the extent any of the provisions of the section entitled "Rebate Fund" are inconsistent with or not required by the Code, the Authority shall not be required to comply with such provisions. The Trustee shall be entitled to presume and conclusively rely upon the fact that the provisions of the section entitled "Rebate Fund" are not inconsistent with and are required by the Code until, and except to the extent, it is provided with an opinion to the contrary from Bond Counsel satisfactory to the Trustee.

Rebate Fund

(a) A Rebate Fund is established by the Corporation with the Trustee. Such fund shall be for the sole benefit of the United States of America and shall not be subject to the lien of the Financing Agreement or to the claim of any other Person, including without limitation the Bondholders and the Corporation. The Rebate Fund is established for the purpose of compliance with section 148(f) of the Code. The Authority and the Corporation agree that the requirements of this section are subject to, and shall be interpreted in accordance with, section 148(f) of the Code.

(b) Promptly after the close of each month, the Trustee shall provide the Authority with a statement of each investment made in each Fund and Account and the earnings on each Fund and Account established under the Financing Agreement for such month in such detail as will allow the Authority to ensure compliance with the requirements of section 148(f) of the Code.

(c) Not later than 30 days prior to each date on which a payment could become due under subsection (d) below (a "Rebate Payment Date"), the Authority shall deliver to the Trustee with a copy to the Corporation, (i) a copy of the Form 8038 originally filed with respect to the Series 1WTC-2021 Bonds, (ii) a statement summarizing the determination of the amount then required to be paid pursuant to subsection (d) below, (iii) a certificate of an independent certified public accountant or other professional with experience in compliance with section 148(f) of the Code as to the accuracy of such determination or such other evidence of compliance as shall be appropriate (the Trustee having no obligation to review or approve any evidence of compliance), and (iv) if any amount has been determined to be payable pursuant to subsection (d), no later than 15 days before the Rebate Payment Date, the amount so determined for deposit to the Rebate Fund in immediately available funds. The Trustee shall have no duty or obligation whatsoever to monitor or pursue the collection of any such amount.

Upon receipt of such materials and amount, the Trustee shall make the payment provided for in said subsection (d), if any.

(d) The Authority shall direct the Trustee in writing to pay from amounts available in the Rebate Fund to the United States of America not later than 60 days after the close of the fifth Bond Year, and at least once in each five-year period thereafter (each such date, a "Rebate Payment Date"), on behalf of the Corporation an amount (specified in such direction) that ensures that at least 90% of the Excess Earnings (as that term is defined in section 148(f) of the Code) from the Closing Date to the close of the period for which the payment is being made will have been paid. The Authority shall direct the Trustee in writing to pay from amounts available in the Rebate Fund to the United States of America no later than 60 days after the Series 1WTC-2021 Bonds have been paid in full on behalf of the Corporation 100% of the amount then required to be paid under section 148(f) of the Code. The Authority shall direct the Trustee that each such payment shall be filed with the Internal Revenue Service Center, Ogden, UT 84201-0027, or at such other place as may be prescribed by the Code and notified in writing to the Trustee by the Authority. Each payment shall be accompanied by the Internal Revenue Service Form 8038-T with respect to the Series 1WTC-2021 Bonds and a statement summarizing the determination of the amount then required to be paid, which form and statement shall be provided to the Trustee by the Authority. The Authority shall provide copies of such directions to the Corporation.

(e) No earlier than 60 days, or later than 35 days, before each Rebate Payment Date, the Trustee shall notify the Authority at its notice address set forth in the Financing Agreement by registered or certified mail, postage prepaid, or by a recognized overnight courier or by email of its obligation to comply with the requirements of this section, with a copy to the Corporation at its notice address set forth in the Financing Agreement; provided, however, that the Trustee shall not be in default under the Financing Agreement or incur any liability to any person if it shall fail to give such notice.

(f) The Trustee assumes no responsibility whatsoever for compliance by the Authority with the requirements of section 148(f) of the Code. Each of the Authority and the Corporation expressly agrees that (notwithstanding any other provision of the Financing Agreement) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Authority or the Corporation to comply with the requirements of said section 148(f). The Trustee shall not be responsible for making the calculations required to be made pursuant to this Section, nor shall it have any responsibility to review the correctness or accuracy of the calculations or for determining whether the investment directions given by the Authority comply with section 148(f) of the Code.

(g) The Authority and the Trustee, on behalf of the Corporation, shall keep such records as will enable them to fulfill their respective responsibilities under this Section and section 148(f) of the Code and shall retain such records for at least three (3) years following the final payment of principal on the Series 1WTC-2021 Bonds. For purposes of the computation required by this section, the Trustee shall make available to the Authority during normal business hours, and upon reasonable notice, all information in the Trustee's control which is necessary to such computations.

Avoidance of Arbitrage

Any Authorized Corporation Representative having responsibility with respect to the issuance of the Series 1WTC-2021 Bonds is authorized and directed, alone or in conjunction with any other officer, employee or consultant of the Corporation, to execute and deliver the Tax Certificate and to give any other appropriate certificate on behalf of the Corporation as may be required, for inclusion in the transcript of proceedings for the Series 1WTC-2021 Bonds, setting forth the facts, estimates and circumstances and reasonable expectations pertaining to section 148 of the Code. If the Corporation becomes aware of the occurrence of an Event of Potential Determination of Taxability, it will promptly notify the Authority and the Trustee in writing thereof; provided that failure to provide such notice shall not constitute a Default of Corporation or an Event of Default of the Corporation under the Financing Agreement.

Investment or Deposit of Funds

Moneys on deposit in the Funds and Accounts established pursuant to the Financing Agreement (other than the Bond Fund) shall be invested and reinvested by the Trustee, at the written direction of an Authorized Authority Representative, such direction to specify the particular investment to be made, as follows: (a) all investments shall constitute Investment Securities; provided that the Rebate Fund shall only be invested in Government Obligations; (b) all amounts on deposit in the Bond Fund shall remain uninvested; and (c) the principal of the Investment Securities and the interest, income and gains received in respect of the investments of any Funds and Accounts under the Financing Agreement in respect thereof shall be credited to the applicable Fund and Account.

The Corporation shall not be accountable or liable for any loss suffered or any depreciation in the value, or yield on, of the Investment Securities or in connection with any investment made under the Financing Agreement nor for any losses incurred upon any authorized disposition thereof. The Authority shall not be accountable or liable for any loss suffered or any depreciation in the value of the Investment Securities or in connection with any investment made under the Financing Agreement nor for any losses incurred upon any authorized disposition thereof with respect to any Fund hereunder. The Trustee shall not be accountable or liable for any loss, fee, tax or other charge suffered or any depreciation in the value of the Investment Securities or in connection with any investment, reinvestment or liquidation made under the Financing Agreement nor for any losses incurred upon any authorized disposition thereof except in each case by reason of gross negligence or willful misconduct on the part of the Trustee.

Nonpresentment of Series 1WTC-2021 Bonds

From and after any Payment Date, if funds sufficient to pay principal of and interest on any Series 1WTC-2021 Bond then due have been deposited with the Trustee or Paying Agent and irrevocably committed thereto, all liability of the Corporation for the payment of such amount shall forthwith cease. The Trustee or Paying Agent as the case may be, shall hold such funds, uninvested and without liability for interest thereon, for the benefit of the registered owner of such Series 1WTC-2021 Bond, who shall thereafter be restricted exclusively to such funds for any claim with respect to such amount.

Series 1WTC-2021 Bonds Are Not General Obligations

The Series 1WTC-2021 Bonds do not now and shall never constitute a general obligation or debt or pledge of the faith and credit of the Corporation, nor a debt or pledge of the faith and credit of the State of New York, the New York Job Development Authority, the New York State Urban Development Corporation, the Port Authority or any authority, public benefit corporation or local development corporation or any municipality of the State of New York and each covenant and undertaking by the Corporation in the Financing Agreement and in the Series 1WTC-2021 Bonds to make payments is not a general obligation of the Corporation or a debt or a pledge of the faith and credit of the State of New York, the New York Job Development Authority, the New York State Urban Development Corporation, the Port Authority or any authority, public benefit corporation or local development corporation or any municipality of the State of New York, but is a limited obligation payable solely from the revenues and other funds provided under the Financing Agreement and is a valid claim of the Bondholders only against such revenues and

other funds. Nothing in the Financing Agreement shall be construed as requiring the Corporation to use any funds or revenues from any source other than the Funds.

Compliance with Liberty Bond Statute

The Project shall be used at all times while the Series 1WTC-2021 Bonds are outstanding, in a manner consistent with the definition of the Project, the Financing Agreement and the Tax Certificate.

Bond Administration Payments

The Authority agrees to promptly pay on demand (by the Corporation, the Paying Agent or the Trustee, as the case may be) Bond Administration Payments as follows:

(a) To the Corporation or as it may otherwise direct, any issuance costs of the Series 1WTC-2021 Bonds not provided for by any amounts on deposit in the Cost of Issuance Fund;

(b) To the Corporation, as reimbursement for all costs, expenses and liabilities paid or incurred by the Corporation as Costs of Collection (including the reasonable fees and expenses of the Corporation's attorneys) or in satisfaction of any obligations of the Authority under the Financing Agreement not performed by the Authority as required under the Financing Agreement and not reimbursed or provided for under the Pre-Financing Agreement, but not including any costs, expenses or liabilities arising from the gross negligence or willful misconduct of the Corporation;

(c) To the Corporation, as reimbursement for all costs, expenses and liabilities paid or incurred by the Corporation (including the reasonable fees and expenses of the Corporation's attorneys) or any of its directors, officers, employees or agents at the request of the Authority or as required by the Financing Agreement or any other Basic Agreement and not reimbursed or provided for under the Pre-Financing Agreement, but not including any costs, expenses or liabilities arising from the gross negligence or willful misconduct of the Corporation; and

(d) To pay to the Trustee and Paying Agent from time to time such compensation, including its reasonable expenses (including, without limitation, reasonable legal fees and expenses) as shall be agreed in writing between the Authority and the Trustee and Paying Agent for all services rendered by it under the Financing Agreement (which compensation shall not be limited by any provision of the law in regard to the compensation of a trustee of an express trust); and

(e) Except as otherwise expressly provided in the Financing Agreement, to reimburse the Trustee and Paying Agent upon its request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee and Paying Agent as Costs of Collection or otherwise, at the request of the Corporation or the Authority, or as required by or in accordance with any provision of the Financing Agreement, the other Basic Agreements and the Tax Certificate (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its gross negligence or willful misconduct.

Events of Default of the Corporation

The occurrence of any of the following events shall constitute an "Event of Default of the Corporation" under the Financing Agreement and under the Series 1WTC-2021 Bonds:

(a) Failure to make any payment required to be made on the Series 1WTC-2021 Bonds on or prior to the date such payment is due; or

(b) Failure by the Corporation to observe or perform any other covenant, condition or agreement on its part to be observed or performed in the Financing Agreement or the Series 1WTC-2021 Bonds in any material respect (other than a failure described in the preceding clause (a)), for a period of sixty (60) days after written notice

(specifying such default or breach and requiring it to be remedied and stating that such notice is of an "Event of Default of the Corporation" under the Financing Agreement) of such failure shall have been given to the Corporation by the Trustee or by a Majority of Holders, with a copy to the Trustee; provided, however, that if and so long as the Corporation is proceeding with due diligence to cure its default, such period shall be extended to such period as is required to permit such party, proceeding with due diligence, to cure such default, but in no event longer than one hundred and eighty (180) days from the written notice.

The Corporation agrees to notify the Trustee promptly in writing of any known Event of Default of the Corporation that has occurred and is continuing.

Within five Business Days after actual knowledge of an Event of Default of the Corporation that has occurred and is continuing by an officer in its corporate trust department, the Trustee shall give written notice, at the expense of the Corporation, by first class mail, to the Corporation, the Authority, and all of the Bondholders.

Remedies for Events of Default of the Corporation

Upon the continuance of an Event of Default of the Corporation, if so requested in writing by a Majority of the Bondholders, and if indemnity reasonably satisfactory to the Trustee has been furnished to it, the Trustee shall pursue such remedies at law or at equity and exercise such of the rights and powers conferred by the Financing Agreement, including without limitation any action or actions to collect any overdue payments on the Consolidated Bonds, as the Trustee, being advised by counsel, shall deem most effective to enforce and protect the interests of the Bondholders.

No remedy under the Financing Agreement is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy under the Financing Agreement or now or hereafter existing.

No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any Default of the Corporation or Event of Default of the Corporation or acquiescence therein; and each such right and power may be exercised as often as deemed expedient.

No waiver by the Trustee or the Bondholders of any Default of the Corporation or Event of Default of the Corporation shall extend to any subsequent Default of the Corporation or Event of Default of the Corporation.

Right of Bondholders to Direct Proceedings

Anything in the Financing Agreement to the contrary notwithstanding, a Majority of the Bondholders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken under the section entitled "Remedies for Events of Default of the Corporation" in the Financing Agreement in connection with the enforcement of the terms and conditions of the Financing Agreement by the Bondholders, including without limitation any action or actions to collect any overdue payments on the Consolidated Bonds; provided that such direction shall be in accordance with applicable law and the Financing Agreement, and provided that the Trustee shall be furnished indemnity reasonably satisfactory to it by the Bondholders.

Application of Money

Upon the occurrence and continuance of an Event of Default of the Corporation, there shall be deposited in the Bond Fund all money and proceeds held or received by the Trustee or any receiver pursuant to the Financing Agreement or as a result of exercise of remedies on the Consolidated Bonds. All money in the Bond Fund shall be applied, first, to the payment of all Costs of Collection incurred by the Trustee or any receiver, and second, to the payment of unpaid principal and interest on the Series 1WTC-2021 Bonds, ratably, according to the amounts due respectively for interest and principal among Bondholders entitled to receive the payment being made; or in such

other order as may be determined by the Trustee with the written consent of all of the affected Bondholders and, if the Corporation is affected thereby, the written consent of the Corporation.

Remedies Vested in Trustee

All rights of action (including the right to file proofs of claim) under the Financing Agreement pursuant to the Article in the Financing Agreement entitled "Corporation Default Provisions and Remedies of Trustee and Bondholders" may be enforced by the Trustee without the possession of any of the Series 1WTC-2021 Bonds or their production in any proceeding; and any such proceeding instituted by the Trustee shall be brought in its name, as Trustee, without the necessity of joining as plaintiffs or defendants any holders of the Series 1WTC-2021 Bonds; and any recovery of the judgment shall be for the benefit of the holders of the Series 1WTC-2021 Bonds, subject, however, to the provisions of the Financing Agreement.

Rights and Remedies of Bondholders

No holder of any Series 1WTC-2021 Bond shall have any right to institute any proceeding for the enforcement of the Financing Agreement pursuant to the Article in the Financing Agreement entitled "Corporation Default Provisions and Remedies of Trustee and Bondholders" or any right or remedy granted by the Financing Agreement unless (i) an Event of Default of the Corporation is continuing, (ii) the Trustee is deemed to have notice or knowledge thereof or has been notified as provided in sub-section (e) under the heading "Acceptance of Trusts," (iii) a Majority of the Bondholders shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to exercise its powers or to institute such proceeding in its own name, and have offered to the Trustee indemnity reasonably satisfactory to it, and (iv) the Trustee shall have failed or refused to exercise its power or to institute such proceeding. Such notice, request and offer of indemnity shall at the option of the Trustee be conditions precedent to the execution of the powers and trusts of the Financing Agreement, and to any action for the enforcement of the Financing Agreement or of any right or remedy granted thereby; it being understood and intended that no one or more holders of the Series 1WTC-2021 Bonds shall have any right to affect or prejudice the lien of the Financing Agreement by its or their action or to enforce any right under the Financing Agreement except in the manner provided in the Financing Agreement and that proceedings shall be instituted and maintained in the manner provided in the Financing Agreement and for the equal and ratable benefit of the holders of all Series 1WTC-2021 Bonds then outstanding. Notwithstanding the foregoing, each Bondholder shall have a right of action to enforce the payment of the principal of and interest on any Series 1WTC-2021 Bond held by it at and after the maturity thereof at the place, from the sources and in the manner expressed in such Series 1WTC-2021 Bond.

Waivers of Events of Default of the Corporation

The Trustee shall waive (in advance or otherwise) any Event of Default of the Corporation and its consequences upon the written direction of a Majority of the Bondholders, but no such waiver (except as specifically provided therein) shall extend to any subsequent or other Event of Default of the Corporation.

Intervention by Trustee

In any judicial proceeding regarding the Consolidated Bonds which the Trustee believes has a substantial bearing on the interests of the Bondholders, the Trustee may, but shall not be required to, intervene on behalf of the Bondholders upon written notice to the Bondholders.

Events of Default of the Authority

The occurrence of any of the following events shall constitute an "Event of Default of the Authority" under the Financing Agreement and under the Series 1WTC-2021 Bonds:

(a) Failure to make any Bond Administration Payment or other payment required to be made under the Financing Agreement when due and continuation of such failure for thirty (30) days thereafter; or

(b) Failure by the Authority to observe or perform any other covenant, condition or agreement on its part to be observed or performed in the Financing Agreement in any material respect (other than a failure described in the preceding clause (a)), for a period of sixty (60) days after written notice (specifying such default or breach and requiring it to be remedied and stating that such notice is of an "Event of Default of the Authority" under the Financing Agreement) of such failure shall have been given to the Authority by the Trustee, the Corporation or a Majority of Holders, in each of the latter two instances with a copy to the Trustee; provided, however, that if and so long as the Authority is proceeding with due diligence to cure its default, such period shall be extended to such period as is required to permit the Authority, proceeding with due diligence, to cure such default, but in no event longer than one hundred and eighty (180) days from the written notice; and provided, further, that action to remedy any failure under Section 904 of the Financing Agreement under the heading "Tax Actions" shall only be required if an Event of Potential Determination of Taxability shall have occurred.

The Authority agrees to notify the Trustee promptly in writing of any known Event of Default of the Authority that has occurred and is continuing.

Within five Business Days after actual knowledge of an Event of Default of the Authority that has occurred and is continuing by an officer in its corporate trust services department, the Trustee shall give written notice, by first class mail, to the Corporation and the Authority, and all of the Bondholders.

Remedies for Events of Default of the Authority

Upon the continuance of an Event of Default of the Authority, if so requested by the Corporation or by a Majority of the Bondholders, and if indemnity reasonably satisfactory to the Trustee has been furnished to it, the Trustee shall pursue such remedies at law or at equity and exercise such of the rights and powers conferred by the Financing Agreement, as the Trustee being advised by counsel, shall deem most effective to enforce and protect the interests of the Bondholders or the Corporation, subject to the provisions of law applicable to suits against the Authority.

No remedy under the Financing Agreement is intended to be exclusive, and to the extent permitted by law each remedy shall be cumulative and in addition to any other remedy under the Financing Agreement or now or hereafter existing.

No delay or omission to exercise any right or power shall impair such right or power or constitute a waiver of any Default of the Authority or Event of Default of the Authority or acquiescence therein; and each such right and power may be exercised as often as deemed expedient.

No waiver by the Trustee or the Bondholders of any Default of the Authority or Event of Default of the Authority shall extend to any subsequent Default of the Authority or Event of Default of the Authority.

Remedies of Corporation and Trustee

If the Authority fails to pay Bond Administration Payments or to observe or perform any other covenant, conditions or agreement on its part to be observed or performed under the Financing Agreement, the Trustee shall, either at its own initiative or if requested in writing by the Corporation and if indemnity reasonably satisfactory to it has been furnished to it, pursue such remedies at law or at equity and exercise such of the rights and powers conferred by the Financing Agreement as the Trustee, being advised by counsel, shall deem most effective to enforce or protect the interests of the Corporation or the Trustee, as applicable, subject to the provisions of law applicable to suits against the Authority.

Right of Bondholders to Direct Proceedings

Anything in the Financing Agreement to the contrary notwithstanding, a Majority of the Bondholders shall have the right at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken under the heading "Remedies for Events of Default

of the Authority" herein in connection with the enforcement of the terms and conditions of the Financing Agreement by the Bondholders relative to Events of Default by the Authority under clause (b) of the heading "Events of Default of the Authority" herein; provided that such direction shall be in accordance with the provisions of law applicable to suits against the Authority, and provided that the Trustee shall be furnished indemnity reasonably satisfactory to it by the Bondholders.

Application of Money

Upon the occurrence and continuance of an Event of Default of the Authority, there shall be deposited in a special fund established for the purpose money and proceeds held or received by the Trustee or any receiver pursuant to the Financing Agreement or the exercise of any rights granted thereby, but excluding any amounts on deposit in the Rebate Fund. All money in such special fund shall be applied, first, to the payment of all Costs of Collection incurred by the Trustee or any receiver, second, to the payment of any amounts due as Bond Administration Payments under the Financing Agreement and third, to the payment of any other amounts due from the Authority under the Financing Agreement; or in such other order as may be determined by the Trustee with the written consent of all of the affected Bondholders and, if the Corporation is affected thereby, the written consent of the Corporation.

Remedies Vested in Trustee

All rights of action (including the right to file proofs of claim) under the Financing Agreement pursuant to the Article in the Financing Agreement entitled "Authority Default Provisions and Remedies of Trustee, the Corporation and Bondholders" may be enforced by the Trustee without the possession of any of the Series 1WTC-2021 Bonds or their production in any proceeding; and any such proceeding instituted by the Trustee shall be brought in its name, as Trustee, without the necessity of joining as plaintiffs or defendants any holders of the Series 1WTC-2021 Bonds; and any recovery of the judgment shall be for the benefit of the holders of the Series 1WTC-2021 Bonds, subject, however, to the provisions of the Financing Agreement.

Rights and Remedies of Bondholders

No holder of any Series 1WTC-2021 Bond shall have any right to institute any proceeding for the enforcement of the Financing Agreement pursuant to the Article in the Financing Agreement entitled "Authority Default Provisions and Remedies of Trustee, the Corporation and Bondholders" or any right or remedy granted by the Financing Agreement unless (i) an Event of Default of the Authority is continuing under clause (b) of the heading "Events of Default of the Authority", (ii) the Trustee is deemed to have notice or knowledge thereof or has been notified as provided under clause (e) under the heading "Acceptance of Trusts" herein, (iii) a Majority of the Bondholders shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to exercise its powers or to institute such proceeding in its own name, and have offered to the Trustee indemnity reasonably satisfactory to it, and (iv) the Trustee shall have failed or refused to exercise its power or to institute such proceeding. Such notice, request and offer of indemnity shall at the option of the Trustee be conditions precedent to the execution of the powers and trusts of the Financing Agreement, and to any action for the enforcement of the Financing Agreement or of any right or remedy granted thereby; it being understood and intended that no one or more holders of the Series 1WTC-2021 Bonds shall have any right to affect or to enforce any right under the Financing Agreement except in the manner provided in the Financing Agreement and that proceedings shall be instituted and maintained in the manner provided in the Financing Agreement and for the equal and ratable benefit of the holders of all Series 1WTC-2021 Bonds then outstanding.

Waivers of Events of Default of the Authority

The Trustee shall waive (in advance or otherwise) any Event of Default of the Authority under clause (b) under the heading "Events of Default of the Authority" and its consequences upon the written request of a Majority of the Bondholders, but no such waiver (except as specifically provided therein) shall extend to any subsequent or other Event of Default of the Authority.

Intervention by Trustee

In any judicial proceeding regarding the obligations of the Authority under the Financing Agreement which the Trustee believes has a substantial bearing on the interests of the Bondholders or the Trustee, the Trustee may intervene on behalf of the Bondholders upon written notice to the Bondholders.

Remedies of Corporation on Event of Default of the Authority

Upon the occurrence and continuance of an Event of Default of the Authority under clause (a) of the heading "Events of Default of the Authority" relative to Bond Administration Payments due to the Corporation, the Corporation may take such action in law or equity as may appear desirable to collect any past due or other payments under the Financing Agreement or to enforce compliance with any obligation or agreement of the Authority in the Financing Agreement, subject to the provisions of law applicable to suits against the Authority. However, the Corporation shall not be required to take any action which in its opinion might cause it to expend time or money or otherwise incur any liability. Notwithstanding any contrary provision in the Financing Agreement, the Corporation may enforce its rights under the sections entitled "Bond Administration Payments" or "Indemnification of Corporation" in the Financing Agreement by any lawful available remedy, subject to the provisions of law applicable to suits against the Authority, without taking any enforcement action as to other past due Bond Administration Payments or any other amounts due from or obligation of the Authority under the Financing Agreement.

Acceptance of Trusts

(a) The Trustee accepts the trusts imposed upon it by the Financing Agreement and agrees to perform such trusts, but only upon the terms and conditions contained in the Article entitled "The Trustee" and under the section entitled "Indemnification of Trustee" in the Financing Agreement.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Financing Agreement and the other Basic Agreements to which it is a party, and no implied agreements or obligations shall be read into the Financing Agreement or any other Basic Agreement against the Trustee and the Trustee shall be liable only for its gross negligence or willful misconduct. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Financing Agreement and the other Basic Agreements to which it is a party, and use the same degree of care and skill in its exercise as a prudent corporate trustee would exercise under similar circumstances.

(c) The Trustee may execute any of its trusts or powers and perform any of its duties through attorneys, agents, receivers or employees and the Trustee shall not be liable for any misconduct or negligence on the part of any agent selected and retained by it with due care. The Trustee shall be entitled to advice of counsel of its selection concerning all matters of trust duties hereunder, and may pay reasonable compensation to all such attorneys, agents, receivers, employees and counsel as may reasonably be employed, and shall be entitled to reimbursement therefor from the Authority as Bond Administration Payments.

(d) Any action taken by the Trustee pursuant to the Financing Agreement upon the written request or authority or consent of any Person who at the time of making such request or giving such authority or consent is the holder of any Series 1WTC-2021 Bond shall be conclusive and binding upon all future holders of such Series 1WTC-2021 Bond.

(e) The Trustee shall not be required to take notice or be deemed to have notice or knowledge of any Default or Event of Default under the Financing Agreement, except defaults described in clause (a) of the heading "Events of Default of the Corporation" herein unless an officer in the corporate trust department of the Trustee shall be notified in writing of such default by the Authority, the Corporation, or by the holders of at least 25% in aggregate principal amount of Series 1WTC-2021 Bonds then outstanding. Until such notice is received, the Trustee may conclusively assume there is no such default or Event of Default. The Trustee shall have no obligation to monitor compliance by the Authority with any covenants or conditions set forth in any of the Basic Agreements or to verify

the accuracy of any calculations referred to in any of the Basic Agreements (other than calculations of principal and interest on the Series 1WTC-2021 Bonds).

(f) The Trustee shall not be required to give any bond or surety.

(g) No provision of the Financing Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Financing Agreement, or in the exercise of its rights or powers unless it has been provided a reasonably satisfactory indemnity.

(h) Except for its certificate of authentication on the Series 1WTC-2021 Bonds and the execution and delivery of the Financing Agreement, the Trustee shall not be responsible for (i) any recital in the Financing Agreement or in the Series 1WTC-2021 Bonds, (ii) the validity, priority, recording, rerecording, filing or refiling of the Financing Agreement or any supplemental agreement, (iii) any instrument or document of further assurance or collateral assignment, (iv) the preparation and the filing or refiling of any financing statements, amendments or modifications thereto or continuation statements, (v) the validity of the execution by the Corporation or the Authority of the Financing Agreement, any supplemental agreement or instruments or documents of further assurance, (vi) the sufficiency of the security for the Series 1WTC-2021 Bonds issued under the Financing Agreement or intended to be secured thereby, (vii) the Construction of the Project, or (viii) the maintenance of the security of the Financing Agreement.

(i) The Trustee shall not be accountable for the use of any Series 1WTC-2021 Bonds authenticated or delivered under the Financing Agreement or for the application by the Corporation or the Authority or any other Person of the proceeds of the Series 1WTC-2021Bonds authenticated and delivered under the Financing Agreement or for the use or application of any moneys received by the Paying Agent. The Trustee may become owner of the Series 1WTC-2021Bonds issued under the Financing Agreement with the same rights as any other Bondholder.

(j) As to the existence or nonexistence of any fact for which the Corporation or the Authority may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to conclusively rely upon a Corporation Certificate or a Authority Certificate. The Trustee shall have no duty to inspect or oversee the completion of the Project or to verify the truthfulness or accuracy of the certifications made by the Corporation or the Authority with respect to the Trustee's disbursements for costs of the Project in accordance with the Financing Agreement.

(k) The Trustee shall not be required to give or furnish any notice, demand, report, reply, statement advice or opinion to any Bondholder, the Corporation, the Authority or any other Person, and the Trustee shall not incur any liability for its failure or refusal to give or furnish the same unless explicitly obligated or required to do so by the terms of the Financing Agreement.

(l) The Trustee shall not be liable with respect to any action taken or omitted to be taken at the direction of the Majority of the Bondholders permitted to be given by them under the Financing Agreement.

(m) The Trustee shall have no responsibility with respect to any information in any offering memorandum or other disclosure material distributed with respect to the Series 1WTC-2021 Bonds or for compliance with securities laws in connection with the issuance and sale of the Series 1WTC-2021 Bonds.

(n) The Trustee shall have no responsibility with respect to compliance by the Corporation or the Authority with section 148 of the Code or any provision in the Financing Agreement or the Tax Certificate regarding yields on investments.

(o) The Trustee shall be entitled to the advice of counsel of its selection (who may also be counsel for the Authority or the holder of the beneficial interest in any Bonds) and shall be wholly protected as to action taken or omitted to be taken in good faith in reliance on such advice. It may rely conclusively on any communication, opinion, notice, consent, request, certificate, order, affidavit, letter or other document furnished to it under the Financing Agreement and reasonably believed by it to be genuine and correct and to have been signed or sent by the

proper person or persons. It shall not be liable for any action (i) taken by it in good faith and reasonably believed by it to be within the discretion or powers conferred upon it, or (ii) in good faith not taken by it because reasonably believed to be beyond the discretion or powers conferred upon it, or (iii) taken by it pursuant to any direction or instruction made in accordance with the Financing Agreement, or (iv) omitted to be taken for any of the reasons set forth in the preceding clause (i), (ii) or (iii), or omitted to be taken by it by reason of the lack of any direction or instruction required by the Financing Agreement; nor shall it be responsible for the consequences of any error or judgment reasonably made by it. The Trustee shall in no event be liable for the application or misapplication of funds, or for other acts or defaults, by any Person, except its own directors, officers and employees. When any consent or other action by the Trustee is called for by the Financing Agreement, it may defer such action pending receipt of such certificates, opinions, documents or other supporting evidence as it may reasonably require. It shall not be required to take any remedial action (other than the giving of notice as provided in the Basic Agreements) unless indemnity reasonably satisfactory to it is furnished for any expense or liability to be incurred thereby. No permissive right or power to act which it may have shall be construed as a requirement to act; and no delay in the exercise of a right or power shall affect the subsequent exercise of that right or power. No recourse shall be had by the Corporation or the Authority for any claim based on the Financing Agreement against any director, officer, employee or agent of the Trustee alleging personal liability on the part of such person. The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or non-fulfillment of contracts, relating to the Project.

(p) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(q) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the officers, directors, attorneys, agents and employees of the Trustee and by the Trustee in each of its capacities under the Financing Agreement.

(r) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations under the Financing Agreement arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Fees and Expenses of Trustee

The Trustee shall be entitled to such fees as shall be agreed to in writing for its services rendered under the Financing Agreement, including without limitation reimbursement of all advances, counsel fees and expenses and other out-of-pocket expenses reasonably made or incurred by the Trustee in connection with its services under the Financing Agreement. The Trustee shall also be entitled to such reasonable fees and expenses as it may charge after an Event of Default has occurred and is continuing. All such fees, advances and expenses shall be paid by the Authority as Bond Administration Payments. The provisions of this Section shall survive the payment of the Bonds, the termination of the Financing Agreement and the resignation or removal of the Trustee for any reason.

Successor Trustee

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer all or substantially all its corporate trust business and assets, and any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, ipso facto, shall be and become successor Trustee under the Financing Agreement and vested with all the trusts, power, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act on the part of the parties hereto, anything in the Financing Agreement to the contrary

notwithstanding; provided, however, that any such successor Trustee shall be a trust company, national association or bank in good standing having trust powers.

Resignation by Trustee; Removal

The Trustee may at any time resign from the trusts created by the Financing Agreement by giving 30 days' written notice to the Corporation, to the Authority and to each Bondholder, but such resignation shall not take effect until the appointment of a successor Trustee and acceptance by the successor Trustee of such trusts. The Trustee may be removed at any time by an instrument or concurrent instruments in writing delivered to the Trustee and to the Corporation and signed by a Majority of the Bondholders. Before the occurrence of an Event of Default and for reasonable cause, the Corporation may remove the Trustee at any time by giving 30 days' written notice to the Trustee, the Authority, and each Bondholder, but such removal shall not take effect until the appointment of a successor Trustee and acceptance by the successor Trustee of its duties under the Financing Agreement.

Appointment of Successor Trustee

If the Trustee under the Financing Agreement shall resign or be removed, or be dissolved, or otherwise become incapable of acting under the Financing Agreement, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor shall be appointed by the Corporation. If the Corporation does not appoint a successor Trustee within 30 days of the notice of its resignation or removal, the Trustee, at the expense of the Corporation, or the Majority of Holders may petition a court of competent jurisdiction to appoint a successor Trustee. At any time within one year after any such vacancy shall have occurred and provided a court has not appointed a successor Trustee as provided above, a Majority of the Bondholders may appoint a successor Trustee by an instrument or concurrent instruments in writing signed by or on behalf of such holders, which appointment shall supersede any Trustee theretofore appointed by the Corporation. Each successor Trustee shall be a trust company, national association or bank in good standing (i) having trust powers, (ii) having a reported capital and surplus of not less than $50,000,000, and (iii), if there shall be such a trust company, national association or bank willing to act as successor Trustee, having a rating of at least "Baa" from Moody's. If there shall be no trust company, national association or bank willing to serve meeting the rating requirement in clause (iii) of the preceding sentence, such rating requirement shall not apply. Any such successor Trustee shall become Trustee upon giving notice to the Authority, the Corporation, and the Bondholders, if any, of its acceptance of the appointment, vested with all the property, rights and powers of the Trustee under the Financing Agreement, without any further act or conveyance. Any predecessor Trustee shall execute, deliver and record and file such instruments as the successor Trustee may reasonably require to confirm or perfect any such succession.

Trustee as Bond Registrar; List of Bondholders

The Trustee is designated by the Financing Agreement as bond registrar for the Series 1WTC-2021 Bonds and, as such, will keep on file a list of names and addresses of the holders of all Series 1WTC-2021 Bonds; provided, however, that the Trustee shall be under no responsibility with regard to the accuracy of the address of any Bondholder. At reasonable times and under reasonable regulations established by the Trustee, such list may be inspected and copied by the Corporation or by holders (or a designated representative thereof) of Series 1WTC-2021 Bonds outstanding, such authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Successor Trustee as Custodian of Funds, Bond Registrar and Paying Agent

In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be custodian of any Funds it may hold pursuant to the Financing Agreement, and cease to be the bond registrar and Paying Agent for any of the Series 1WTC-2021 Bonds, and the successor trustee shall become such custodian, bond registrar and Paying Agent.

Designation and Succession of Paying Agents

The Trustee is designated by the Financing Agreement as Paying Agent for the Series 1WTC-2021 Bonds. After 15 days' written notice to the Corporation and subject to the Corporation's approval, the Trustee may designate other banks or trust companies as Paying Agent. The Paying Agent may not resign or be removed unless a successor has been duly appointed. Any bank or trust company with or into which any Paying Agent other than the Trustee may be merged or consolidated, or to which all or substantially all the corporate trust assets and business of such Paying Agent may be sold, shall be deemed the successor such Paying Agent for the purposes of the Financing Agreement. If the position of such Paying Agent shall become vacant for any reason, the Trustee shall, within 30 days thereafter, appoint a bank or trust company to fill such vacancy. The Paying Agents shall enjoy the same protective provisions in the performance of their duties under the Financing Agreement as are specified in the section entitled "Indemnification of Trustee" in the Financing Agreement and "Acceptance of Trusts" herein with respect to the Trustee, insofar as such provisions may be applicable.

Supplemental Agreements Not Requiring Consent of Bondholders

The parties may without the consent of any of (but with notice after execution to) the Bondholders, enter into agreements supplemental to the Financing Agreement and financing statements or other instruments evidencing the existence of a lien as shall not, in their opinion, be inconsistent with the terms and provisions of the Financing Agreement for any one or more of the following purposes:

(i) To cure any ambiguity, inconsistency or defect or omission in the Financing Agreement;

(ii) To the extent required by law, to permit registration of the Series 1WTC-2021 Bonds under the federal Securities Act of 1933, as amended, the federal Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), or any applicable state securities law, and to permit qualification of the Financing Agreement under the Trust Indenture Act;

(iii) To provide for uncertificated Series 1WTC-2021 Bonds or, to the extent permitted by law, for the issuance of coupons and bearer Series 1WTC-2021 Bonds or Series 1WTC-2021 Bonds registered only as to principal without causing interest on such Series 1WTC-2021 Bonds to be subject to federal income taxation;

(iv) To effect any change necessary, in the opinion of Bond Counsel, to preserve the exclusion from gross income for federal income tax purposes of the interest on any Series 1WTC-2021 Bonds;

(v) To effect any change which shall not take effect until after all then Outstanding Series 1WTC-2021 Bonds are no longer outstanding; or

(vi) To effect any other change in the Financing Agreement which is not to the material prejudice of the holders of the Series 1WTC-2021 Bonds.

Supplemental Agreements Requiring Consent of Bondholders

In addition to supplemental agreements permitted under the heading "Supplemental Agreements Not Requiring Consent of Bondholders" above, a Majority of the Bondholders shall have the right, from time to time, to consent to and approve the execution by the parties hereto of such other agreement or agreements supplemental hereto for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Financing Agreement or in any supplemental agreement; provided, however, that nothing in this section shall permit (a) an extension of the stated maturity of the principal of or the interest on any Series 1WTC-2021 Bond without the consent of the holder of such Series 1WTC-2021 Bond; (b) a reduction in the principal amount of any Series 1WTC-2021 Bond or the rate of interest thereon without the consent of the holder of such Series 1WTC-2021 Bond; (c) the establishment of a privilege or priority of any Series 1WTC-2021 Bond or Series 1WTC-2021 Bonds over any other Series 1WTC-2021 Bond or Series 1WTC-2021 Bonds without the

consent of all the holders of all the Series 1WTC-2021 Bonds at the time outstanding which would be affected by the action to be taken; (d) a reduction in the aggregate principal amount of Series 1WTC-2021 Bonds the holders of which are required to consent to any such supplemental agreement without the consent of the holders of all the Series 1WTC-2021 Bonds at the time outstanding which would be affected by the action to be taken; or (e) a modification of the rights, duties or immunities of the Corporation or the Trustee without the written consent of the affected party.

If at any time the Corporation shall request the Trustee to enter into any supplemental agreement pursuant to this section, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution to be made in the manner required for redemptions of principal of Series 1WTC-2021 Bonds pursuant to the section entitled "Redemption of Purchase of Bonds" in the Financing Agreement.

Such notice shall be prepared by the Corporation and shall briefly set forth the nature of the proposed supplemental agreement and shall state that copies thereof are on file at the designated office of the Trustee for inspection by all Bondholders. Except as otherwise provided in this section, if, within 60 days or such longer period (not to exceed two years) as shall be prescribed by the Corporation following the final mailing of such notice, not less than a Majority of the Bondholders at the time of the execution of any such supplemental agreement shall have consented to and approved the execution thereof, no holder of any Series 1WTC-2021 Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Corporation from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental agreement as in this section permitted and provided, the Financing Agreement shall be and be deemed to be modified and amended in accordance therewith.

Opinion of Counsel

The Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it, who may be counsel for the Corporation, to the effect that any proposed supplemental agreement is authorized or permitted by the Financing Agreement and is the legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

Modification by Unanimous Consent

Notwithstanding anything contained elsewhere in the Financing Agreement, the rights and obligations of the Corporation and of the holders of the Series 1WTC-2021 Bonds, and the terms and provisions of the Series 1WTC-2021 Bonds and the Financing Agreement or any supplemental agreement may be modified or altered in any respect with the consent of the Corporation, the Trustee and the holders of all of the then Outstanding Series 1WTC-2021 Bonds.

Consent of the Authority

Notwithstanding anything in the Financing Agreement to the contrary, the written consent of the Authority is required for any and all supplements to the Financing Agreement.

Payments Due on Saturdays, Sundays and Holidays

In any case where a Payment Date is not a Business Day, then payment of interest or principal due on such day need not be made by the Trustee on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Payment Date and no interest shall accrue thereon.

Extent of Covenants; No Personal Liability

No covenant, stipulation, obligation or agreement of the Corporation, the Authority or the Trustee contained in the Financing Agreement shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future commissioner, director, officer, employee or agent of the Corporation, the Authority or Trustee in his

individual capacity; and no such person (including any such person executing the Series 1WTC-2021 Bonds) shall be liable personally on the Series 1WTC-2021 Bonds or be subject to any personal liability by reason of their issuance.

Series 1WTC-2021 Bonds Owned by Corporation or Authority

In determining whether Bondholders of the requisite aggregate principal amount of the Series 1WTC-2021 Bonds have concurred in any direction, consent or waiver under the Financing Agreement, Series 1WTC-2021 Bonds which are beneficially owned by the Corporation, the Authority, or any Authority Affiliate (unless the Corporation, the Authority and/or one or more Authority Affiliates beneficially own all Series 1WTC-2021 Bonds which are then outstanding, determined without regard to this section) shall be disregarded and deemed not to be Outstanding Series 1WTC-2021 Bonds for the purpose of any such determination, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Series 1WTC-2021 Bonds which a responsible officer of the Trustee actually knows are so beneficially owned shall be so disregarded. Series 1WTC-2021 Bonds so beneficially owned which have been pledged in good faith may be regarded as Outstanding Series 1WTC-2021 Bonds for the purposes of this section if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Series 1WTC-2021 Bonds and that the pledgee is not the Corporation, the Authority, or a Authority Affiliate (unless the Corporation, the Authority, one or more Authority Affiliates and/or such pledgee beneficially own all Series 1WTC-2021 Bonds which are then Outstanding Series 1WTC-2021 Bonds, determined without regard to this section). In case of a dispute as to such right, any decision by the Trustee taken in good faith upon the advice of counsel shall be full protection to the Trustee in accordance with its standards of performance under the Financing Agreement.

Governing Law; Sealed Instrument.

The validity and interpretation of the Financing Agreement and the Series 1WTC-2021 Bonds shall be governed by the laws of the State of New York, without regard to conflicts of law principles thereof. It is intended that the Financing Agreement shall have the effect of a sealed instrument.

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APPENDIX B

FORM OF CONTINUING DISCLOSURE AGREEMENT

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AGREEMENT WITH RESPECT TO
CONTINUING DISCLOSURE

The Port Authority of New York and New Jersey (hereinafter called the "Authority") agrees with the registered holders of, and for the benefit of any individual purchasers of beneficial ownership interests in, (i) The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series A, The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series B, The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series C, and The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series D (hereinafter, collectively called the "Bonds"), and (ii) the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds) (hereinafter called the "Series 1WTC-2021 Bonds"), to provide information pertaining to the 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 such Section is now in effect) (the "Rule"), while the Bonds and the Series 1WTC-2021 Bonds are outstanding. In connection therewith, annual financial information and operating data pertaining to the Authority generally of the type set forth in Section II of the Official Statement of the Authority dated December 14, 2021 pertaining to the Bonds (which is also attached as Appendix D to the Official Statement of the New York Liberty Development Corporation dated December 14, 2021 pertaining to the Series 1WTC-2021 Bonds) and annual audited financial statements of the Authority, 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 Municipal Securities Rulemaking Board ("MSRB"), in an electronic format as prescribed by the MSRB and suitable for publication on its Electronic Municipal Market Access ("EMMA") system, within one hundred twenty (120) days after the close of the Authority's then current fiscal year.

Additionally, in connection therewith, notice of the occurrence of any of the following events with respect to the Bonds or the Series 1WTC-2021 Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) unscheduled draws on credit enhancements reflecting financial difficulties;

(v) substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 Series 1WTC-2021 Bonds, or other material events affecting the tax status of the Series 1WTC-2021 Bonds;

(vii) modifications to rights of the holders of the Bonds (or the Series 1WTC-2021 Bonds), if material;

(viii) bond calls, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property securing repayment of the Bonds (or the Series 1WTC-2021 Bonds), if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the Authority;

Note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the 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 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 Authority;

(xiii) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the 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;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation (as defined below) of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Authority, any of which affect holders of the Bonds (or the Series 1WTC-2021 Bonds), if material; and

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Authority, any of which reflect financial difficulties;

and any failure of the Authority to provide annual financial and operating data as set forth herein, 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, which, in the case of the Series 1WTC-2021 Bonds, shall be determined on the basis of the first to occur of (i) the Authority's actual knowledge of such event and (ii) the Authority's receipt of notice from the trustee for the Series 1WTC-2021 Bonds of the occurrence of such event).

"Financial Obligation" shall mean, for purposes of the events set out in clauses (xv) and (xvi) above, a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

The Authority intends to comply with the events described in clauses (xv) and (xvi) above, and the definition of "Financial Obligation" herein, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect to the amendments to the Rule effected by the 2018 Release.

In consideration of the agreement of the Authority set forth herein, the sole and exclusive remedy for any failure of the Authority to provide the information in the manner specified herein shall be the right to obtain specific performance of such obligation to provide such information in a judicial proceeding instituted in accordance with applicable legislation pertaining to suits against the Authority; *provided, however*, that the Authority shall have received written notice of any such failure at least sixty (60) days prior to the commencement of any such judicial proceeding.

The agreement set forth herein shall constitute a contract with the registered holders of, and for the benefit of any individual purchasers of beneficial ownership interests in (i) the Bonds, and (ii) the Series 1WTC-2021 Bonds.

IN WITNESS WHEREOF, I have hereunto set my hand as an Authorized Officer of and on behalf of The Port Authority of New York and New Jersey and caused the official seal of The Port Authority of New York and New Jersey to be printed hereon this 22nd day of December 2021.

_____

Authorized Officer
THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

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APPENDIX C

FORM OF CO-BOND COUNSEL OPINION

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Form of Co-Bond Counsel Opinion

[Closing Date]

New York Liberty Development Corporation
633 Third Avenue
New York, NY 10017-6754

Re: $638,805,000 New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2021 Bonds")

We have served as co-bond counsel to the New York Liberty Development Corporation (the "Issuer") in connection with the issuance of the above-referenced Series 1WTC-2021 Bonds. In that capacity, we have examined the Certificate of Incorporation dated August 14, 2002, and By-Laws of the Issuer as well as Section 1141 of the Not-For-Profit Corporation Law, being Chapter 35 of the Consolidated Laws of New York (the "Act"), and other applicable statutes. We have also examined executed copies of the Financing and Trust Agreement (the "Agreement") dated December 22, 2021 among the Issuer, The Bank of New York Mellon, as Trustee (the "Trustee") and The Port Authority of New York and New Jersey (the "Port Authority"), the Bond Purchase Agreement dated December 14, 2021 (the "NYLDC Bond Purchase Agreement") between the Issuer and the underwriters named therein (the "Underwriters") and the Bond Purchase Agreement dated December 14, 2021 (the "Consolidated Bonds Bond Purchase Agreement") between the Issuer and the Port Authority. We have also examined certified copies of the Resolutions of the Issuer adopted on November 18, 2021 and December 2, 2021 relating to the Series 1WTC-2021 Bonds (the "Resolutions"), the Tax Certificate and Agreement and the other papers submitted in connection with the issuance of the Series 1WTC-2021 Bonds. Capitalized terms which are defined in the Agreement and not otherwise defined herein are used herein as so defined.

We have made certain assumptions for the purposes hereof but offer no opinion with respect to, among other matters, the legal status and qualifications to do business of the Port Authority, the power of the Port Authority to enter into and perform the Agreement, the authorization, execution and delivery of the Agreement by the Port Authority, the authorization, execution, delivery and enforceability of the Consolidated Bonds and the extent to which the Agreement is binding and enforceable upon the Port Authority.

In rendering the opinions set forth herein, we have relied upon the accuracy of the factual representations of the Issuer and the Port Authority as set forth in such papers and documents as we have deemed necessary in connection with this opinion, including without limitation, the Agreement, the NYLDC Bond Purchase Agreement, the Consolidated Bonds Bond Purchase Agreement, and the Tax Certificate and Agreement.

Based on our examination, we are of opinion that:

(a) The Issuer has been duly created and is a validly existing not-for-profit corporation under the laws of The State of New York, authorized and empowered to borrow money and to issue the Series 1WTC-2021 Bonds in evidence thereof, to apply the proceeds of the Series 1WTC-2021 Bonds as set forth the Agreement, and to enter into and perform its obligations under the Agreement.

(b) The Series 1WTC-2021 Bonds have been duly authorized and issued by the Issuer for the purpose of providing funds to be used to purchase the Consolidated Bonds in order to refinance the cost of the Project, and ultimately, together with other monies of the Port Authority, defease the Refunded Bonds as described in the Resolution.

(c) The Agreement has been duly executed and delivered on behalf of the Issuer and constitutes a valid and legally binding obligation of the Issuer, enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, moratorium or other laws of general applicability from time to time in effect which affect generally the rights and remedies of creditors and secured parties and by the exercise of judicial discretion in accordance with legal and equitable limitations of general applicability.

(d) The Series 1WTC-2021 Bonds have been duly authorized, executed and delivered and are the valid and legally binding special limited revenue obligations of the Issuer, enforceable in accordance with their terms, except as enforcement may be limited by applicable bankruptcy, moratorium or other laws of general applicability from time to time in effect which affect generally the rights and remedies of creditors and secured parties and by the exercise of judicial discretion in accordance with legal and equitable limitations of general applicability. The Series 1WTC-2021 Bonds are entitled to the benefits of the Agreement. The Series 1WTC-2021 Bonds are special limited revenue obligations of the Issuer, the principal of and interest on which are payable solely from moneys deposited in the Bond Fund, constituting payments with respect to the Consolidated Bonds, held under the Financing Agreement. The Series 1WTC-2021 Bonds are not a debt or pledge of the faith and credit of the State of New York, the New York Job Development Authority, the New York State Urban Development Corporation d/b/a/ Empire State Development, the Port Authority or any other authority, public benefit corporation or local development corporation, or any municipality of the State of New York. The Issuer has no taxing power.

(e) (i) Under existing law, interest on the Series 1WTC-2021 Bonds will not be included in the gross income of owners of the Series 1WTC-2021 Bonds for federal income tax purposes except that no opinion is expressed to the extent that any Series 1WTC-2021 Bonds are held by a person who is a “substantial user” of the facilities financed with the proceeds of the Series 1WTC-2021 Bonds, or a “related person” within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the “Code”). This opinion is rendered subject to the condition that certain requirements of the Code be met subsequent to the date of issuance of the Series 1WTC-2021 Bonds in order that interest be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Series 1WTC-2021 Bonds to be included in gross income retroactive to the date of issuance of such Series 1WTC-2021 Bonds.

(ii) Interest on the Series 1WTC-2021 Bonds will not constitute a preference item under Section 57(a)(5) of the Code for purposes of computation of the alternative minimum tax imposed on certain individuals.

(f) Under existing law, interest on the Series 1WTC-2021 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York and the City of Yonkers) to the extent that such interest is excluded from gross income for federal income tax purposes.

(g) We express no opinion regarding any other federal, state or local tax consequences with respect to the Series 1WTC-2021 Bonds. We are rendering this opinion under existing law as of the date hereof, and we assume no obligation to update this opinion after the date hereof to reflect any future action, fact or circumstance, or change in law or interpretation, or otherwise. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 1WTC-2021 Bonds, or under state and local tax law.

It should be understood that the rights of the holders of the Series 1WTC-2021 Bonds, and the enforceability of the Series 1WTC-2021 Bonds and the Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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APPENDIX D

OFFICIAL STATEMENT DATED DECEMBER 14, 2021
$70,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A,
$175,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B,
$160,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C,
$233,805,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D

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OFFICIAL STATEMENT DATED DECEMBER 14, 2021

$70,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A

$175,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B

$160,000,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C

$233,805,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Twenty-Eighth Series A, Consolidated Bonds, Two Hundred Twenty-Eighth Series B, Consolidated Bonds, Two Hundred Twenty-Eighth Series C and Consolidated Bonds, Two Hundred Twenty-Eighth Series D with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

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

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

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

Delivery: The Consolidated Bonds, Two Hundred Twenty-Eighth Series A (the "Two Hundred Twenty-Eighth Series A Bonds"), Consolidated Bonds, Two Hundred Twenty-Eighth Series B (the "Two Hundred Twenty-Eighth Series B Bonds"), Consolidated Bonds, Two Hundred Twenty-Eighth Series C (the "Two Hundred Twenty-Eighth Series C Bonds") and Consolidated Bonds, Two Hundred Twenty-Eighth Series D (the "Two Hundred Twenty-Eighth Series D Bonds") shall be delivered upon original issuance on or about December 22, 2021, at the direction of the purchaser thereof, the New York Liberty Development Corporation, as fully registered bonds, registered in the name of The Bank of New York Mellon, as trustee for the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds). (See "*Denominations, Registration and Exchange*" and "*Delivery*" in Section I hereof.)

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

$70,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A

Dated: Date of delivery.

Maturities: $70,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Eighth Series A (the "Two Hundred Twenty-Eighth Series A Bonds"), shall be issued as a serial bond as follows:

$70,000,000 2.250% Serial Bonds Due February 15, 2041 – Yield 2.480%
CUSIP Number† 73358XDQ2
Subject to Redemption Prior to Maturity as Set Forth Herein

Optional Redemption: The Two Hundred Twenty-Eighth Series A Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on the Two Hundred Twenty-Eighth Series A Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series A Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 2.250% per annum.

For additional information pertaining to the Two Hundred Twenty-Eighth Series A Bonds, see "*Description of the Bonds—Description of the Two Hundred Twenty-Eighth Series A Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

† Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the Port Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$175,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B

Dated: Date of delivery.

Maturities: $175,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Eighth Series B (the "Two Hundred Twenty-Eighth Series B Bonds"), shall be issued as a serial bond as follows:

$175,000,000 3.000% Serial Bonds Due February 15, 2042 – Yield 2.270%[*]
CUSIP Number[†] 73358XDR0
Subject to Redemption Prior to Maturity as Set Forth Herein

Optional Redemption: The Two Hundred Twenty-Eighth Series B Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on the Two Hundred Twenty-Eighth Series B Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series B Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 3.000% per annum.

For additional information pertaining to the Two Hundred Twenty-Eighth Series B Bonds, see "*Description of the Bonds—Description of the Two Hundred Twenty-Eighth Series B Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

[*] The yield on the Two Hundred Twenty-Eighth Series B Bonds is calculated to the optional call date of February 15, 2030.

[†] Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the Port Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$160,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C

Dated: Date of delivery.

Maturities: $160,000,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Eighth Series C (the "Two Hundred Twenty-Eighth Series C Bonds"), shall be issued as a serial bond as follows:

$160,000,000 4.000% Serial Bonds Due February 15, 2043 –Yield 1.830%[*]
CUSIP Number[†] 73358XDS8

Optional Redemption: The Two Hundred Twenty-Eighth Series C Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on the Two Hundred Twenty-Eighth Series C Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series C Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 4.000% per annum.

For additional information pertaining to the Two Hundred Twenty-Eighth Series C Bonds, see "*Description of the Bonds—Description of the Two Hundred Twenty-Eighth Series C Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

[*] The yield on the Two Hundred Twenty-Eighth Series C Bonds is calculated to the optional call date of February 15, 2030.

[†] Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the Port Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$233,805,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D

Dated: Date of delivery.

Maturities: $233,805,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Eighth Series D (the "Two Hundred Twenty-Eighth Series D Bonds"), shall be issued as a term bond as follows:

$233,805,000 2.750% Term Bonds Due February 15, 2044 – Yield 2.720%[*]
CUSIP Number[†] 73358XDT6

Optional Redemption: The Two Hundred Twenty-Eighth Series D Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Mandatory Periodic Retirement: When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Twenty-Eighth Series D Bonds, the Two Hundred Twenty-Eighth Series D Bonds shall be subject to redemption, on prior notice, on February 15, 2040 and on any February 15 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption.

Interest: Interest on the Two Hundred Twenty-Eighth Series D Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series D Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 2.750% per annum.

For additional information pertaining to the Two Hundred Twenty-Eighth Series D Bonds, see "*Description of the Bonds—Description of the Two Hundred Twenty-Eighth Series D Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

[*] The yield on the Two Hundred Twenty-Eighth Series D Bonds is calculated to the optional call date of February 15, 2030.

[†] Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and the Port Authority makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

$70,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES A

$175,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES B

$160,000,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES C

$233,805,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED TWENTY-EIGHTH SERIES D

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Twenty-Eighth Series A, Consolidated Bonds, Two Hundred Twenty-Eighth Series B, Consolidated Bonds, Two Hundred Twenty-Eighth Series C and Consolidated Bonds, Two Hundred Twenty-Eighth Series D with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

The purpose of this Official Statement (including the cover page) of The Port Authority of New York and New Jersey (the "Port Authority") is to describe the Bonds and to give pertinent data with respect to the Port Authority and its finances. This Official Statement also appears as Appendix D of the Official Statement dated December 14, 2021 for the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds) (the "Series 1WTC-2021 Bonds"). The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof. The Port Authority has not taken any action in connection with this Official Statement or the Bonds that would permit a public offering of the Bonds or the distribution of any information in connection with the Bonds and the Port Authority and its finances in any jurisdiction where action for that purpose is required. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Bonds, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. 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 December 14, 2021

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SECTION I—INTRODUCTION AND SECURITIES BEING OFFERED

Description of the Port Authority

General

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. In the Compact, the two States recited their confident belief that a better coordination of the terminal, transportation and other facilities of commerce in the Port of New York would result in great economies benefiting the nation as well as the States and that the future development of such facilities would require the cordial cooperation of the States in the encouragement of the investment of capital and in the formulation and execution of necessary plans. The two States also recited that such result could best be accomplished through the cooperation of the two States by and through a joint or common agency, and to that end, after pledging, each to the other, faithful cooperation in the future planning and development of the Port of New York, they created the Port of New York District (the "Port District") and The Port of New York Authority, the name of which was changed, effective July 1, 1972, to "The Port Authority of New York and New Jersey." The Compact has been amended and supplemented from time to time by legislation adopted by the two States.

Facilities

In general, the purpose of the States of New York and New Jersey in establishing the Port Authority was to provide transportation, terminal and other facilities of commerce within the Port District. For such purpose the States have from time to time authorized specific transportation and terminal facilities and facilities of commerce and economic development, and have given the Port Authority power to borrow money upon its bonds or other obligations, to establish charges for the use of such facilities and, in connection with specific facilities, to acquire real and personal property by condemnation or the exercise of the right of eminent domain or otherwise. The Port District comprises an area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the Cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States.

The Port Authority's facilities include two tunnels and four bridges between the States of New York and New Jersey, the Hudson Tubes facility, including the Port Authority Trans-Hudson system ("PATH" or the "PATH system"), two bus terminals, the Trans-Hudson ferry service, five airports, the World Trade Center, six marine terminals, two waterfront development facilities, four industrial development facilities, a resource recovery facility and certain regional development facilities. From time to time on the basis of determinations by the Port Authority that such property was no longer required for the purposes for which it was acquired, the Port Authority has sold certain real property constituting all or part of certain facilities. Descriptions of the Port Authority's facilities appear at "*Description of the Port Authority and Its Facilities*" in Section II hereof. Information pertaining to capital investment in such facilities as of December 31, 2020 and September 30, 2021, and significant capital projects as of September 30, 2021, appear at "*Information on Capital Investment in Certain Port Authority Facilities*" and "*Significant Capital Projects*" in Section II hereof. Facility activity for calendar year 2020 appears in "*APPENDIX A—Financial Statements as of and for the Years Ended December 31, 2020 and December 31, 2019 and*

Appended Notes" (hereinafter referred to as "Appendix A"). Certain facility traffic information for the nine-month periods ended September 30, 2021 and September 30, 2020 appears in "*APPENDIX B—Condensed Enterprise Fund Financial Statements as of and for the Nine-Month Period Ended September 30, 2021 (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 in the Port Authority's tolls, fares, takeoff and landing fees, dockage fees, rentals and other charges will be necessary from time to time, that planned capital expenditures will be curtailed or that reductions in services and associated expenditures will occur, or all such actions, so that the costs of operations, including expenses incurred with respect to 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 applicable requirements and agreements. (See Section III hereof, "*Bonds, Notes and Other Obligations*.")

The costs of operations, including payment of expenses incurred with respect to the acquisition of certain equipment by the Port Authority, and debt service, are expected to be satisfied from gross operating revenues and income on investments, and capital funds are expected to be provided primarily through the application of the proceeds of issues of Port Authority obligations and from other moneys legally available for such purposes, as appropriate. 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 subsequent issuance of Port Authority obligations, with the redeployment of such temporarily-allocated amounts for other authorized purposes.

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

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

Financial Statements

The financial statements of the Port Authority as of and for the years ended December 31, 2020 and December 31, 2019, 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 3, 2021, in connection with the release of the financial statements of the Port Authority for the years ended December 31, 2020 and December 31, 2019, 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, 2020 and December 31, 2019 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 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 nine-month period ended September 30, 2021 ("Unaudited Third 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 Third 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, 2020, set forth in Appendix A hereto.

Impacts from the COVID-19 Pandemic

COVID-19 has significantly affected the current operating performance of the Port Authority by dramatically reducing the number of users of its facilities. The Port Authority's financial results and any information which might be considered as a "forward-looking statement" should be reviewed in light of such effects, as further described below. The information provided in this section 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. The operating and financial performance of the Port Authority during the pandemic resulting from COVID-19 and forecasted future performance beyond the pandemic, in light of its lingering effects, are dependent in part on the actions of facility users, governmental actors, and the regional economy as a whole. Actual results may differ significantly from forecasts due to the current unpredictability of such factors.

Operational Update

Activity Volume

Beginning in early March 2020, all of the Port Authority's facilities experienced significantly reduced usage compared to previous years. Since the nadir of activity volume in April 2020, however, the Port Authority has seen activity volumes rising across its facilities.

Bridge and tunnel volume is approaching corresponding 2019 levels and cargo shipping activity is in excess of 2019, in both cases reflecting increased shipment of goods by trucks and ships, among other factors. Activity volumes at the Port Authority's airports and on the PATH transit system remain well below 2019 levels.

It is not yet clear that the pace of the recovery will be sustained, and the pattern of the recovery continues to be difficult to estimate and may be volatile, both in the short- and longer-terms. Activity volume recoveries are expected to vary by type of facility, the progression of COVID-19 and its variants, developing immunization rates, improved treatment methods, public perception of when the COVID-19 pandemic has abated, how growth of the regional economy is affected, and any restrictions on activities imposed by local, state, federal, and international governments, among other factors.

Because approximately one third of the Port Authority's revenues are derived from tolls and fares, reduced utilization of its bridges and tunnels and its PATH transit system has had an ongoing negative effect on the Port Authority's revenues. In addition, parking and other user fee revenues—which are primarily earned at the Port Authority's airports and seaports—comprise approximately 7% of the Port Authority's revenues and are dependent on activity volumes which, at the airports, remain negatively impacted. In all cases, as activity volumes return, revenues are expected to recover.

As a result of these adverse impacts of COVID-19, the Port Authority has suspended, reduced or waived certain fees and rentals otherwise payable by tenants that locate and operate at its facilities. These tenants have also been affected by reduced activity levels and may be unable to meet certain obligations to the Port Authority. Some tenants have requested specific relief from contractual payment obligations (see "Rents and Property Use Charges", below). Further, the implementation of the ground transportation access fee at John F. Kennedy International Airport ("JFK Airport"), Newark Liberty International Airport ("Newark Airport") and LaGuardia Airport ("LaGuardia Airport") was delayed from October 3, 2020 to April 5, 2021, reducing forecasted revenue for the period. All of these actions have resulted in a negative effect on the Port Authority's revenues.

The Port Authority compared average weekday use of its airports, its PATH transit system, and its bridges and tunnels for the period of November 8, 2021, through November 12, 2021, to the average weekday use in November 2019. Tracking average weekday operating volumes in 2021 compared to the equivalent period in 2019 allows comparison of current conditions against a similar pre-COVID-19 period. In addition, the table presents the decline from the nadir of the average weekday use, which occurred in April 2020, as compared to the average weekday use in April 2019 for the listed activity volumes.

	% (Decline)/Increase in Avg. Weekday Activity During the Period of Nov. 8 to Nov. 12, 2021 compared to Avg. Weekday Activity during November 2019	% Decline in Avg. Weekday Activity of the Nadir in 2020 *(April 2020)* compared to April 2019
Aviation Passengers[†]	(26)%	(98)%
PATH Ridership	(56)%	(95)%
Bridges & Tunnels, Total Vehicles	(3)%	(62)%

[†]Based on TSA checkpoint entries

Cargo shipping activity at the Port Authority's seaports has been impacted less than the Port Authority's other facilities, with most recent preliminary container activity (TEUs) for October 2021 increasing 20% compared to October 2019. Future volume will depend on worldwide and regional economic growth coupled with regional supply and demand for imported products.

The Port Authority also posts other activity volume information, including monthly data, in press releases on its public website which can be found at: https://www.panynj.gov/port-authority/en/press-room/press-release-archives/2021-press-releases.html.

Based on current information, the Port Authority forecasts that all of its facilities (other than seaports which have already surpassed 2019 levels), will have recovered to 2019 levels in the period from late 2021 or early 2022 through early 2024 depending on the line of business they serve. For the week of November 8, 2021, weekday activity at the Port Authority's bridges and tunnels is close to 2019 levels and appears headed to achieve pre-COVID-19 levels on a sustained basis in the coming months. Activity at the Port Authority's airports and PATH transit system remains well below pre-COVID-19 levels and is currently forecast to recover more slowly. Based on current reports, the Port Authority's airports are lagging aviation passenger recoveries in other parts of the country, possibly reflecting weakness in international passenger and business travel sectors. The current forecast ("Current COVID-19 Forecast") has been adjusted from time to time since it was first developed in March 2020, including a revised expectation of more gradual recovery in aviation passenger and PATH ridership volumes than originally predicted.

The trajectory and ultimate impact of the COVID-19 pandemic is uncertain and is subject to many developments and actions outside of the Port Authority's control, including: 1) when and how quickly the economy as a whole and the Port Authority region achieves a sustained recovery following the impacts of COVID-19; 2) when and how quickly those segments of the economy on which its revenues depend normalize to pre-COVID-19 levels; 3) whether other sources of financial assistance or aid become available from the federal or state governments; and 4) the trajectory of the pandemic itself, including any impact from variants. Even more pessimistic scenarios than the Current COVID-19 Forecast may occur, and the ultimate impact may be worse than projected.

Operational Changes

The Port Authority's facilities all remain open, as has been the case throughout the COVID-19 pandemic and the Port Authority has made certain changes to the operational protocols at its facilities to increase cleaning and disinfecting and to follow New York, New Jersey and federal guidelines to reduce the spread of the COVID-19 virus.

Rents & Property Use Charges

Some tenants who pay rent to lease Port Authority office space or locate and operate businesses at Port Authority facilities have also been affected by the reduced activity levels or have otherwise been impacted by economic conditions; such tenants may be unable to meet certain obligations to the Port Authority and some have requested rent relief. It is foreseeable that the current oversupply of office rental space may result in lower rental rates and increased vacancy rates as existing leases turn over.

The Port Authority has provided relief for certain retail concessionaires and other counterparties at its facilities. For certain retail concessionaires, the Port Authority has temporarily suspended or reduced fixed rent obligations from April 1, 2020, through December 31, 2021. For these counterparties, rents are being calculated based on the greater of the modified fixed rent or a percentage of actual gross receipts earned during the relief period. The financial impact to the Port Authority of the concession relief, and other relief, totaled approximately $65 million in lower revenues for 2020 and is currently estimated at approximately $70 million in lower revenues for 2021.

Certain Port Authority tenants and contractors have requested a continued extension of such rent relief, beyond the periods described above, and in some cases, additional forms of relief from contractual obligations on account of the COVID-19 pandemic. Although the Port Authority anticipates that concession relief will no longer be warranted after 2021 as conditions continue to normalize, the Port Authority is continuing to evaluate such requests in light of all the circumstances including the financial impact of reduced revenue.

Financial Position

Revenues

The Port Authority projects that it may experience a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections compared to pre-COVID projections of approximately $3 billion for the twenty-four-month period of March 2020 through March 2022. Of this amount, $1.7 billion was realized in 2020, and approximately $1.0 billion is projected to be realized in 2021.

Capital Program

Reflecting the reduction in net revenues suffered as a result of the adverse impacts of COVID-19, the Port Authority reduced capital spending by $1.0 billion below budgeted amounts in 2020, primarily by slowing capital spending for projects not already in construction. The 2021 Capital Budget decreased capital spending by $1.2 billion—a one-third decrease—versus the planned 2021 capital spending assumed in the 2017-2026 Capital Plan. Combined, these two reductions total $2.2 billion over 2020 and 2021.

The 2021 Capital Budget assumed no extraordinary funding from the federal government or other sources in excess of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funding received in 2020 (see "*Federal Support*", below.) Since the 2021 Capital Budget was prepared, the Port Authority, as airport sponsor, has received an additional allocation of federal funding related to the COVID-19 pandemic (see "*Federal Support*," below.) This funding does not offset the Port Authority's projected losses as a result of the COVID-19 pandemic. As such, the Port Authority is currently engaged in evaluating the extent to which and how the 2017-2026 Capital Plan should be modified to guide post-2021 capital spending. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

Federal Support

The Port Authority's airports were allocated approximately $450 million under the airport funding provision contained in the CARES Act. Due to a portion of these funds being applied to expenses associated with cost recovery agreements between the Port Authority and airlines operating at its airports, approximately $232 million of these federal funds were credited to airlines operating under these cost recovery agreements. The balance of these funds accrued to the benefit of the Port Authority and are reflected in 2020 financial results.

The CARES Act also provided funding through the Federal Emergency Management Agency ("FEMA") to cover the incremental costs of responding to COVID-19 at its facilities. The Port Authority currently expects cost recovery from FEMA funding to total approximately $20 million. The Port Authority has submitted approximately $7 million in expense reimbursements to FEMA through October 17, 2021.

The Port Authority's airports were awarded approximately $122 million under the airport funding provision contained in the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") allocated to eligible U.S. airports enacted in December 2020. Of the $122 million, approximately $15 million is attributable to financial relief to in-terminal concessionaires, on-airport rental car companies, and on-airport parking operations (collectively referred to as "Concessionaires.") The balance of these funds, $107 million, is to provide the Port Authority relief for eligible operating and development costs. The Port Authority received approximately $104 million of expense reimbursements (out of the $107 million allocation) from the Federal Aviation Administration ("FAA") through September 30, 2021. The Port Authority anticipates drawing-down on the remaining funds by year-end.

The Port Authority's airports were awarded approximately $493 million under the airport funding provision contained in the America Rescue Plan Act ("ARPA") allocated to eligible U.S. airports enacted in March 2021. Of the $493 million, approximately $60 million is attributable to financial relief to Concessionaires. The balance of these funds is to provide the Port Authority relief for eligible operating and development costs. These funds are expected to be drawn down through mid-2024.

The federal support approved to date is expected to offset less than 25% of the $3 billion in estimated revenues lost by the Port Authority due to the COVID-19 pandemic.

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, both in the short-term and over time, which assume a wide variety of possible economic recoveries, federal support and Port Authority actions. To date, the Port Authority has experienced a significant decline in its revenues and, under even more optimistic forward-looking scenarios, it does not expect to achieve revenues equal to its pre-COVID projections for several years. Recovering volumes may not be sustained over time and the region may suffer COVID-19 related shocks in the future which may further adversely affect the Port Authority's revenues.

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 its Consolidated Bonds and Consolidated Notes.

Description of the Bonds

Description of the Two Hundred Twenty-Eighth Series A Bonds

Purposes

The proceeds of the Two Hundred Twenty-Eighth Series A Bonds shall be allocated to the refunding, by call, of the Port Authority's Consolidated Bonds, One Hundred Seventieth Series on December 22, 2021.

Dated

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

Maturities

The Two Hundred Twenty-Eighth Series A Bonds shall be comprised of $70,000,000 in total aggregate principal amount (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority's option, beginning on February 15, 2030 (see "*Description of the Two Hundred Twenty-Eighth Series A Bonds — Optional Redemption*" in this Section I)), shall be issued as serial bonds with the maturity date of February 15, 2041, and shall bear interest (see "*Description of the Two Hundred Twenty-Eighth Series A Bonds — Interest*" in this Section I) at the stated rate of interest of 2.250% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Twenty-Eighth Series A Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the Two Hundred Twenty-Eighth Series A Bonds then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on the Two Hundred Twenty-Eighth Series A Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series A Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 2.250% per annum.

Description of the Two Hundred Twenty-Eighth Series B Bonds

Purposes

The proceeds of the Two Hundred Twenty-Eighth Series B Bonds shall be allocated to the refunding, by call, of the Port Authority's Consolidated Bonds, One Hundred Seventieth Series on December 22, 2021.

Dated

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

Maturities

The Two Hundred Twenty-Eighth Series B Bonds shall be comprised of $175,000,000 in total aggregate principal amount (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority's option, beginning on February 15, 2030 (see "*Description of the Two Hundred Twenty-Eighth Series B Bonds — Optional Redemption*" in this Section I)), shall be issued as serial bonds with the maturity date of February 15, 2042, and shall bear interest (see "*Description of the Two Hundred Twenty-Eighth Series B Bonds — Interest*" in this Section I) at the stated rate of interest of 3.000% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Twenty-Eighth Series B Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the Two Hundred Twenty-Eighth Series B Bonds then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on the Two Hundred Twenty-Eighth Series B Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series B Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 3.000% per annum.

Description of the Two Hundred Twenty-Eighth Series C Bonds

Purposes

The proceeds of the Two Hundred Twenty-Eighth Series C Bonds shall be allocated to the refunding, by call, of the Port Authority's Consolidated Bonds, One Hundred Seventieth Series on December 22, 2021.

Dated

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

Maturities

The Two Hundred Twenty-Eighth Series C Bonds shall be comprised of $160,000,000 in total aggregate principal amount (which shall be subject to redemption prior to maturity in whole, or, from time to time in part, at the Port Authority's option, beginning on February 15, 2030 (see "*Description of the Two Hundred Twenty-Eighth Series C Bonds — Optional Redemption*" in this Section I)), shall be issued as serial bonds with the maturity date of February 15, 2043, and shall bear interest (see "*Description of the Two Hundred Twenty-Eighth Series C Bonds — Interest*" in this Section I) at the stated rate of interest of 4.000% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Twenty-Eighth Series C Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the Two Hundred Twenty-Eighth Series C Bonds then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on the Two Hundred Twenty-Eighth Series C Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series C Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 4.000% per annum.

Description of the Two Hundred Twenty-Eighth Series D Bonds

Purposes

The proceeds of the Two Hundred Twenty-Eighth Series D Bonds shall be allocated to the refunding, by call, of the Port Authority's Consolidated Bonds, One Hundred Seventieth Series on December 22, 2021.

Dated

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

Maturities

The Two Hundred Twenty-Eighth Series D Bonds shall be comprised of $233,805,000 in total aggregate principal amount (which shall be subject to redemption prior to maturity (a) in whole, or, from time to time in part, at the Port Authority's option, beginning on February 15, 2030 (see "*Description of the Two Hundred Twenty-Eighth Series D Bonds — Optional Redemption*" in this Section I) and (b) when necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Twenty-Eighth Series D Bonds beginning on February 15, 2040 (see "*Description of the Two Hundred Twenty-Eighth Series D Bonds — Mandatory Periodic Retirement*" in this Section I)), shall be issued as term bonds with the maturity date of February 15, 2044, and shall bear interest (see "*Description of the Two Hundred Twenty-Eighth Series D Bonds — Interest*" in this Section I) at the stated rate of interest of 2.750% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Twenty-Eighth Series D Bonds shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on February 15, 2030 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the Two Hundred Twenty-Eighth Series D Bonds then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be determined by lot by the Registrar.

Mandatory Periodic Retirement

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

Mandatory Periodic Retirement Date	**Cumulative Principal Amount**
February 15, 2040	$68,130,000
February 15, 2041	140,225,000
February 15, 2043	151,925,000
February 15, 2044	233,805,000

When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Twenty-Eighth Series D Bonds, the Two Hundred Twenty-Eighth Series D Bonds shall be subject to redemption, on prior notice, on February 15, 2040 and on any February 15 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Two Hundred Twenty-Eighth Series D Bonds, the bonds of the Two Hundred Twenty-Eighth Series D so to be called shall be determined by lot by the Registrar.

Interest

Interest on the Two Hundred Twenty-Eighth Series D Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Twenty-Eighth Series D Bonds until the maturity or, to the extent applicable, the prior redemption thereof, and shall be payable semiannually commencing on August 15, 2022 and on each February 15 and August 15 thereafter until the maturity or, to the extent applicable, the prior redemption thereof, at the stated rate of interest of 2.750% per annum.

Additional Information Pertaining to the Bonds

Security

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

Denominations, Registration and Exchange

The Bonds shall be in fully registered form, registered as to both principal and interest and not as to either alone. The Bonds shall be registered in the name of the trustee for the Series 1WTC-2021 Bonds, as determined in accordance with the terms and conditions of the Series 1WTC-2021 Bonds. The trustee for the Series 1WTC-2021 Bonds shall be the sole registered holder of the Bonds. Unless otherwise determined by the Port Authority, the only authorized denominations for the Bonds shall be the aggregate principal amount of each denomination of the Bonds of a series, as reduced from time to time prior to stated maturity in connection with redemptions or retirements with respect to such denomination. To the extent applicable, the only authorized denominations for beneficial ownership interests in the Bonds shall be $5,000 and integral multiples of $5,000.

Payments

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal of each maturity of the Bonds shall be payable at the maturity or, to the extent applicable, the prior redemption of such maturity, upon presentation and surrender of the affected bonds by the registered holder thereof, at the office or offices, designated by the Port Authority, of the Paying Agent appointed by the Port Authority for the Bonds, in a county in whole or in part in the Port District. Interest on the Bonds, which shall be computed on the basis of a 360-day year comprised of twelve 30-day months, shall be payable when due, to the registered holder of the Bonds by check or draft drawn on the Paying Agent appointed for the purpose by the Port Authority and mailed to said registered holder at its last known address as appearing on the Port Authority's Registry Books for the Bonds.

Notices of Redemption

Any notice of redemption to be provided by the Port Authority shall be provided to the registered holder of the Bonds in the manner set forth in the resolution adopted July 26, 2018 by the Board of Commissioners, pertaining to the establishment and the authorization of the issuance of the Bonds (which appears in Section VI hereof, "*Bond Resolutions and Legal Opinion*").

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

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

Registrar

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

Paying Agent

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

Trustee

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

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

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

Bond Counsel

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

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

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, 2020 and December 31, 2019 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 nine-month period ended September 30, 2021, which appears in Appendix B hereto. On June 24, 2021, the Audit Committee of the Board of Commissioners retained KPMG LLP to perform the audit for the year ending December 31, 2021.

Contracts with Registered Holder of the Bonds

The Consolidated Bond Resolution (which appears at "*Consolidated Bond Resolution*" in Section III hereof), and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*" in Section VI hereof), constitute contracts with the registered holder of the Bonds.

In connection with the acceptance by an Authorized Officer of the Port Authority of an offer to purchase the Bonds represented by a proposed purchase agreement to be entered into with the New York Liberty Development Corporation, as purchaser of the Bonds, the terms of the Bonds, including among other matters, the stated rate of interest with respect to each maturity of the Bonds, have been established, fixed and determined, and the provisions of the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*" in Section VI hereof) have been changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to the bond purchase agreement between the Port Authority and the New York Liberty Development Corporation pertaining to the Bonds; such description is reflected at "*Description of the Bonds*" and "*Additional Information Pertaining to the Bonds*" in this Section I. The bond purchase agreement between the Port Authority and the New York Liberty Development Corporation pertaining to the Bonds anticipates that payments of principal and interest on the Bonds will be used to service the principal and interest payments under the Series 1WTC 2021 Bonds issued by New York Liberty Development Corporation for public sale and provides that, among other conditions, the Port Authority's obligation to sell the Bonds and New York Liberty Development Corporation's obligation to purchase the Bonds is subject to the sale of the Series 1WTC-2021 Bonds by New York Liberty Development Corporation to the underwriters therefor. Likewise, the bond purchase agreement between the New York Liberty Development Corporation and the underwriters pertaining to the Series 1WTC-2021 Bonds provides that, among other conditions, the New York Liberty Development Corporation's obligation to sell the Series 1WTC-2021 Bonds and the underwriters' obligation to purchase the Series 1WTC-2021 Bonds is subject to the sale of the Bonds by the Port Authority to New York Liberty Development Corporation. It is presently expected that the closing of the sale of the Bonds to the New York Liberty Development Corporation will occur simultaneously with the closing of the sale of the Series 1WTC-2021 Bonds to the underwriters therefor.

Delivery

The Bonds shall be available for delivery upon original issuance on or about December 22, 2021. All proceedings pertaining to, and the issuance of, the Bonds are subject to the sole unqualified approving legal opinion of Bond Counsel. In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel shall render a legal opinion on such date of delivery, substantially in the form set forth at "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.

The Bonds shall be delivered upon original issuance as one fully registered bond for each maturity of the Bonds, in the aggregate principal amount of such maturity, registered in the name of the registered holder of the Bonds. It is presently expected that, pursuant to instructions to be given by the New York Liberty Development Corporation, as purchaser of the Bonds, The Bank of New York Mellon shall be the sole registered holder of the Bonds at delivery upon original issuance.

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 2012-2014 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"), which the Port Authority understands to have been resolved pursuant to a consent order entered on January 10, 2017 (the "Order"). 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 Order is available at https://emma.msrb.org/ER1034388-ER792161-ER1193627.pdf. As a result of the investigation, the Port Authority has made procedural changes to its approval processes in connection with its securities offerings. Among other things, the Port Authority's Law Department now formally provides written advice 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.

In addition to the SEC investigation described above, over the last several years the Port Authority has received notice of potential legal matters and requests for documents from several prosecutorial and other governmental agencies which it believes may have been related to the Roadway Projects. 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 Bonds, an Authorized Officer of the Port Authority will provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that no litigation of any nature is now pending or threatened in writing against the Port Authority, restraining or enjoining the issuance or delivery of the Bonds, or questioning the proceedings taken for the issuance of the Bonds, or restraining the power and authority of the officers of the Port Authority to fix and collect tolls and charges for the use of the facilities of the Port Authority sufficient to provide for the payment of the principal of and interest on the Bonds, or affecting the validity of the Bonds thereunder; and that neither the corporate existence of the Port Authority, nor the boundaries of the Port District, nor the title of any present officer of the Port Authority to their respective office is being contested.

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

In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that (a) the Preliminary Official Statement pertaining to the Bonds (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 Bonds, nothing has come to the attention of such Authorized Officer of the Port Authority to cause such Authorized Officer of the Port Authority to believe that this Official Statement contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (c) since the date of this Official Statement, and as of the date of delivery upon original issuance of the Bonds, to the knowledge of such Authorized Officer of the Port Authority, there has been no material adverse change in the general affairs of the Port Authority or in its financial condition as set forth in this Official Statement, other than as disclosed in or contemplated by this Official Statement.

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

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

The resolution establishing the issue of Consolidated Bonds appearing at "*Consolidated Bond Resolution*" in Section III hereof, and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*" in Section VI hereof), constitute contracts with the holder in whose name the Bonds are registered on the books and records of the Registrar for the Bonds; and neither any public advertisement or notice nor the bond purchase agreement between the Port Authority and the New York Liberty Development Corporation, as purchaser of the Bonds, or this Official Statement is to be construed as a contract with such holder.

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, "*Bond Resolutions and Legal Opinion*.") Such statutes and resolutions should be studied in connection with this Official Statement and for the purpose of gaining a complete and detailed understanding of the rights of holders of outstanding Port Authority obligations. All references to

resolutions, agreements, documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the resolutions, agreements, documents and other materials referenced, which may be examined on reasonable prior notice at the office of the Secretary of the Port Authority during regular business hours.

Inquiries with respect to this Official Statement (which also appears as Appendix D of the Official Statement dated December 14, 2021 for the Series 1WTC-2021 Bonds) 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 with respect to the Bonds, the Port Authority has agreed 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.

In connection with the delivery upon original issuance of the Bonds, the Port Authority shall agree with the registered holder of the Bonds, and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds and the Series 1WTC-2021 Bonds, to provide information pertaining to the Port Authority generally of the type set forth in Section (b)(5)(i) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (as such Section is now in effect) ("Rule 15c2-12"), while the Bonds and the Series 1WTC-2021 Bonds are outstanding. In connection therewith, annual financial information and operating data pertaining to the Port Authority generally of the type set forth in Section II of this Official Statement and annual audited financial statements, when and if available, prepared consistent with the accounting principles set forth in the notes to such financial statements, in each case, will be provided solely to the MSRB, in a format suitable for publication on its EMMA system, within one hundred twenty days after the close of the Port Authority's then current fiscal year. Additionally, in connection therewith, notice of the occurrence of any of the following events with respect to the Bonds or the Series 1WTC-2021 Bonds, including, (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 1WTC-2021 Bonds, or other material events affecting the tax status of the Series 1WTC-2021 Bonds; (7) modifications to the rights of the holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds or the Series 1WTC-2021 Bonds, if material; (11) ratings changes; (12) bankruptcy, insolvency, receivership or similar event of the Port Authority (for the purposes of these events identified in this item (12), the event is considered to occur when any of the following occur — the appointment of a receiver, fiscal agent or similar officer for the Port Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port Authority); (13) the consummation of a merger, consolidation or acquisition involving the Port Authority or the sale of all or substantially all of the assets of the Port Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) of the Port Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Port Authority, any of which affect holders of the Bonds or

the Series 1WTC-2021 Bonds, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Port Authority, any of which reflect financial difficulties; and, (17) any failure of the Port Authority to provide annual financial and operating data as agreed to by the Port Authority, in each case, will be provided solely to the MSRB, in an electronic format as prescribed by the MSRB and suitable for publication on its EMMA system and accompanied by identifying information as prescribed by the MSRB, in a timely manner (i.e., within ten business days after the occurrence of the event which, in the case of the Series 1WTC-2021 Bonds, shall be determined on the basis of the first to occur of (i) the Port Authority's actual knowledge of such event and (ii) the Port Authority's receipt of notice from the trustee for the Series 1WTC-2021 Bonds of the occurrence of such 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 Bonds and the Series 1WTC-2021 Bonds and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds and the Series 1WTC-2021 Bonds.

Upon request, the office of the Treasurer of the Port Authority will provide copies of the most recent publicly available (a) annual comprehensive financial report of the Port Authority ("Annual Report"), (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.

SECTION II—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	NEW JERSEY
JEFFREY H. LYNFORD, *Vice Chairman*–July 1, 2019[*] President and CEO–Educational Housing Services, Inc.	KEVIN J. O'TOOLE, *Chairman*–July 1, 2023 Managing Partner–O'Toole Scrivo Fernandez Weiner Van Lieu LLC
STEVEN M. COHEN–JULY 1, 2024 Commissioner	DANA M. MARTINOTTI–JULY 1, 2022 Councilwoman–Borough of Cliffside Park, N.J. and Principal–School # 5, Cliffside Park, N.J.
LEECIA EVE–July 1, 2020[*] Vice President–Public Policy–Verizon	KEVIN P. MCCABE–July 1, 2026 Partner–River Crossing Strategy Group
DANIEL J. HORWITZ–July 1, 2021[*] Partner–McLaughlin & Stern, LLP	ROBERT J. MENENDEZ–July 1, 2025 Counsel–Lowenstein Sandler LLP
GARY LABARBERA–July 1, 2022 President–Building and Construction Trades Council of Greater New York	MICHELLE E. RICHARDSON–JULY 1, 2024 Executive Director–Hudson County Economic Development Corporation
ROSSANA ROSADO–July 1, 2023 Acting Commissioner NYS Division of Criminal Justice Services	VACANT–JULY 1, 2027

[*] A Commissioner whose term expires continues to serve until reappointment or the appointment and qualification of a successor.

Staff

The Port Authority, with approximately 7,950 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,

[**] 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.

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.

Certain Ongoing Port Authority Governance Initiatives

In 2014, a bi-state Special Panel on the Future of the Port Authority (the "Special Panel") formed by the Governors of the States of New York and New Jersey, issued a report with certain recommendations designed to result in the Port Authority's recommitment to its core transportation mission, pursued in a responsive, accountable and efficient manner. Among other things, the Special Panel recommended that the Port Authority (i) focus on redevelopment of its 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, while opportunistically phasing out real estate ownership and development and (ii) continue reforms to promote a culture of transparency and ethical conduct. As described herein, the Port Authority has executed on many, but not all, of these recommendations. The report can be found at https://emma.msrb.org/ER1034371-ER650922-ER1052741.pdf.

Integrity Program

On September 28, 2017, the Board of Commissioners directed the Executive Director to implement a number of measures to strengthen the Port Authority's existing integrity program to help ensure ethical conduct at all levels of the Port Authority. Pursuant to this directive, (i) a revised Code of Ethics for Commissioners was 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 was distributed to all Port Authority employees on January 25, 2018 and revised in March 2019; (iii) a Code of Ethics for Port Authority Vendors hired by the Port Authority was issued on December 19, 2017 and subsequently amended in October 2019; (iv) an integrity training program that meets or exceeds contemporary best-in-class standards 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 became effective on January 18, 2018; and (vi) 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 expanded ethics and integrity training programs, the issuance of a Code of Ethics for Port Authority Lessees on October 30, 2019, and the issuance of new or revised policies on ethical conduct and standards for Port Authority employees. In November 2021, the Port Authority revised its anti-retaliation policy, clarifying the range of activities that are protected from retaliation and providing employees with more information about how to raise concerns or report possible misconduct.

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. Specific authorization is made, from time to time by the Board of Commissioners consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations. 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 17, 2020, the Board of Commissioners approved a 2021 annual budget (the "2021 Budget"), which consists of operating, capital and debt service spending. The 2021 Budget of $7.2 billion aligns with the Port Authority's mission to keep the region moving and ensures safe and reliable service consistent with Port Authority standards and priorities, while reflecting the adverse impacts of the COVID-19 pandemic on the agency's activity and cash flow (see "*Impacts from the COVID-19 Pandemic*" in Section I hereof). The 2021 Budget is comprised of $3.2 billion for operating expenses, $2.4 billion for capital expenditures, and $1.6 billion for debt service and deferred and other expenses. The 2021 Budget represents a decrease of approximately $1.3 billion, or 15%, compared to the 2020 Budget. This reduced spending was primarily a result of approximately $1.2 billion in planned capital spending reductions and $100 million reduced operating expenses reflecting the impact of COVID-19, offset slightly by increased debt service.

The $3.2 billion operating expense budget which continued to reflect austerity planning, carries forward approximately $190 million of cost reductions instituted during 2020 as well as other reductions necessary to offset unavoidable contractual increases elsewhere in the budget. It was sized to provide funds projected to be necessary to respond to the COVID-19 pandemic, maintain current service, and to adjust for projected increases in activity across facilities in 2021. The 2021 operating expense budget also reduced headcount by 626 positions (7%).

The $2.4 billion capital budget reflected an austerity reduction of 33% or $1.2 billion in the planned investment in critical infrastructure across all facilities from the originally planned 2021 amount (which reflected the plans previously set out in the 2017-2026 Capital Plan). This decrease is a result of reduced capital capacity caused by the impact of COVID-19 on Net Revenues.

On November 18, 2021, the Port Authority released its proposed 2022 annual budget (the "proposed 2022 Budget") of $7.9 billion, which consists of operating, capital and debt service spending, for a public review and comment period. After review and consideration of any comments received, the Board of Commissioners will consider adoption of the proposed 2022 Budget at its December 16, 2021 meeting.

The proposed 2022 Operating Expense Budget, totaling $3.4 billion, reflects an increase of $211 million, or 6.6% versus the 2021 austerity Operating Expense Budget, holds headcount flat to the reduced 2021 levels and provides for inflation-based growth for employee payroll and benefits costs and contract escalation, and targeted incremental spending to: 1) prudently restore resources temporarily reduced as a result of lower activity volumes at the height of the pandemic as facility use recovers; 2) make incremental security investments including funding for two new Police Classes (necessary to maintain the size of the police force after considering retirements) and additional cyber security protections; and 3) invest $17 million in new projects and initiatives, including demonstration projects, initiatives to implement the Port Authority's new sustainability goals, and new revenue generating and customer experience projects.

In addition, the proposed 2022 Operating Expense Budget incorporates an additional $41 million (1.3%) of Operating Expenses that are either: 1) non-recurring expenses that are completely reimbursable from third parties; or 2) expenses funded through the 2022 Capital Spending Budget but due to GAAP, are required to be accounted for as Operating Expenses.

The proposed 2022 Capital Spending Budget of $2.7 billion reflects an increase of $316 million, or 13% versus the 2021 austerity Capital Spending Budget (but still significantly less than the 2020 pre-COVID budget). This proposed 2022 Capital Spending Budget gradually phases in additional spending

from the reduced spending levels in 2020 and 2021 that were necessary as a result of the adverse impacts of COVID-19 on the Port Authority's cash flow and financial position. The allocation of the 2022 capital spending plan by individual project remains under development and is subject to change.

The proposed 2022 debt service and deferred expense budget of $1.8 billion reflects an increase of $74 million, or 4.5 percent versus the 2021 debt service and deferred expense budget. This increase is driven by the schedule of borrowing required to help fund the capital plan, in addition to an increase in deferred expenditures to fund sustainability initiatives, vehicle purchases and replacements (including electric vehicles and buses), and planned technology investments.

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 the Gateway Program, subject to facility certification (see "*The Gateway Program*" in this Section II). The Port Authority's support for the Gateway Program is expected to be in the form of a funding agreement to support future long-term borrowing of the Gateway Development Commission for a portion of its capital costs and will be paid over time.

The 2017-2026 Capital Plan is a blueprint for future spending and does not supplant the Board of Commissioners' authorization process for individual projects and contracts. Actual capital budgets for included projects must be individually authorized after consideration of available capital capacity and, due to the effects of COVID-19, not all projects included in the 2017-2026 Capital Plan may be authorized in the timeframe originally contemplated. In light of the COVID-19 pandemic, the Board of Commissioners is reviewing the 2017-2026 Capital Plan due to lower actual and projected Net Revenues and consequent reduced capital capacity, evaluating the extent to which and how the 2017-2026 Capital Plan, or the timing thereof, should be modified to guide post-2021 capital spending. See "*Impacts from the COVID-19 Pandemic*" in Section I hereof.

The 2017-2026 Capital Plan was developed and subsequently updated in 2019 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 activities, 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.

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 2019 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 its first 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, increasing the Capital Plan on September 26, 2019 to a total of $37 billion and authorizing certain additional revenue collection to fund a portion of the increases.

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 November 15, 2021, variable rate obligations outstanding were approximately 2.52% 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

Natural Hazard and 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 disrupted Port Authority activities at the airports, bridges and tunnels, marine terminals, 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 to protect impacted facilities prior to the following hurricane season, while also mobilizing an agency-wide program of recovery and hazard mitigation projects to build back more resiliently. The full program of Superstorm Sandy projects is scheduled to be complete in 2025. The current estimate of the repair costs due to Superstorm Sandy, including service restoration, asset repair and replacement, and lost revenue due to business interruption, is approximately $3.0 billion, of which $1.5 billion has been incurred to date. Insurance coverage and federal disaster relief funds will substantially cover the Port Authority's estimated loss from Superstorm Sandy.

The Authority has also experienced impacts from rainfall-driven flooding. Most notably, in September 2021, Hurricane Ida dropped an unprecedented volume of rainfall on the New York/New Jersey region, causing widespread flooding of transportation networks and infrastructure. Due to a combination of operational preparedness, flood resilient design, and a storm track that skirted some facilities, the Port Authority avoided significant impacts. However, Teterboro Airport was closed for 32 hours due to the overwhelmed drainage system and resultant flooding of the airfield, although as an airport generally serving

private aircraft rather than scheduled commercial flights, the impact on Port Authority operations and revenue was limited. The Port Authority is evaluating potential mitigation options to address future flooding at Teterboro Airport.

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 that utilizes three rings of flood protection for transportation facilities, critical infrastructure, and other facilities at the World Trade Center site. The permanent flood protection measures have been installed and are available for operational deployment as of 2020 (except a final portion of such measures to be installed concurrent with the construction of The Performing Arts Center at the World Trade Center). The Port Authority has initiated, and in many cases completed, projects to mitigate the risk of storm surge flooding at several other facilities, including: (i) installation of flood gates at PATH stations, implementation of flood mitigation procedures, and elevation of PATH signal equipment; (ii) Holland Tunnel enhanced flood protection for the tunnel's portals and vent buildings; (iii) hardening of key airport terminals and critical support buildings, enhancement of drainage and pumping capacity, and elevation of substations and other electrical infrastructure at Port Authority airports; and (iv) hardening of assets and reconstruction of eroded/degraded upland areas at Port Authority ports and terminals.

Since 2010, the Port Authority has implemented procedures to assess and quantify risks associated with certain natural hazards and the resultant costs that Port Authority facilities may incur. The all-hazards risk assessments were supplemented in 2015 and 2018 by more in-depth probabilistic assessments of tropical cyclones, which were identified as the hazard having the greatest potential costs to the Port Authority, to better understand the potential exposure of Port Authority infrastructure to storm surge which can occur in such climactic conditions. The Port Authority reflects its risk analysis in its Climate Resilience Design Guidelines (issued in January 2015 and updated in 2018), which require assessment and mitigation of risks due to future sea level rise in the design process for all Port Authority capital projects in or proximate to current or future coastal flood hazard areas, using projections issued, and updated periodically, by the New York City Panel on Climate Change. In addition, the Port Authority has established a Climate Risk Assessment initiative, an ongoing program to assess the Port Authority's assets to identify residual and emerging climate vulnerabilities. Extreme weather and climate-related events have negatively affected, and may in the future negatively affect, the region's infrastructure, including the facilities of the Port Authority.

Despite the efforts described above, the magnitude of the impact on the Port Authority's facilities and operations from climate change is indeterminate and unpredictable. No assurance can be given that the Port Authority will not encounter extreme weather, climate-related and natural disaster risks in the future, or that such risks will not have an adverse effect on the facilities and operations 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 periods of inflation), such as 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.

Environmental Sustainability Policy and Initiatives

The Port Authority's operations require it to make long-term investments in its facilities and to focus on concomitant long-term threats to enjoying the benefits of the facilities for their useful lives. A scientific consensus now exists that climate change as a result of human greenhouse gas (GHG) emissions may present such a threat. In addition, GHGs are often associated with criteria pollutants, such as NOx, SOx and particulate matter which may have health effects. Therefore, building on older Port Authority policies, on November 18, 2021, the Port Authority adopted enhanced GHG emissions reduction goals.

With respect to its direct GHG emissions (those which it produces through its operations), the Port Authority's goal is a reduction of 50% by 2030 when compared to a 2006 baseline. This new GHG reduction target is in addition to the Port Authority's existing interim GHG reduction goal of 35 percent by 2025, set in October 2018. The 2021 Port Authority GHG reduction goals would reduce the Port Authority's direct emissions through facility-wide sustainability initiatives in the areas of electrification, renewable energy, and sustainable buildings/energy efficiency.

With respect to overall GHG emissions produced at the Port Authority's facilities by all users, the Port Authority's goal is to reach a net-zero target by 2050. (The net-zero policy revises the Port Authority's prior target of an 80-percent reduction of all emissions from 2006 levels by 2050). The net-zero goal is expected to be achieved in collaboration with the Port Authority's facility users, including airlines, terminal operators, concessionaires, ground transportation companies, construction companies, and electricity suppliers, among others, and will take advantage of governmental programs providing incentives to decarbonize power infrastructure. Such efforts may be supplemented by purchased offsets, if required.

The Port Authority has set goals for electrifying its entire light-duty vehicle fleet by 2030 and electrifying 50 percent of its medium and heavy duty vehicles by 2035. The agency is advancing policies for electrification of airport ground support equipment and port cargo handling equipment. 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.

The Port Authority has been recognized by the Airports Council International ("ACI") with all five of the Port Authority airports obtaining Level 3 ("Optimisation") Airport Carbon Accreditation. Level 3 accreditation 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.

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 has 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, 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 faces multiple cyber threats, including among other things, hacking, viruses, malware and other attacks on computers, corporate business applications, industrial control systems, 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. To further address the rapidly changing cyber threat landscape, the agency has released mandatory cybersecurity awareness training to all staff, contractors and consultants and released specialized cybersecurity training for those who operate life safety systems or have access to financial applications. 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, 2021 and expires on June 1, 2022) covers all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). The property damage and loss of revenue insurance program on the Port Authority facilities is insured through PAICE and reinsured through commercial reinsurers.

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, 2021 and expires on June 1, 2022). Portions of the property damage and loss of revenue insurance on the operating portions of the World Trade Center[1] are insured through PAICE and reinsured through commercial reinsurers.

The Port Authority also purchased terrorism insurance with respect to its facilities for a two-year term, effective June 1, 2021. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("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, 2021 and expires October 27, 2022) includes insurance for aviation war risk, which includes terrorism.

The public liability insurance program for "non-aviation" facilities (which was renewed effective October 27, 2021 and expires October 27, 2022) 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, 2021 and expires October 27, 2023.

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 is insured through a combination of PAICE, commercial reinsurers and TRIPRA and was renewed effective October 27, 2021 and expires October 27, 2023.

Construction Insurance Programs

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

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

[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), the World Trade Center Memorial/Museum, the St. Nicholas Greek Orthodox Church and National Shrine, the Performing Arts Center at the World Trade Center 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 provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least $200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of $100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

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.

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. There can be no assurance that the insurance coverage reasonably available to the Port Authority will provide coverage in every eventuality.

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 pursuant to which the Congress of the United States required that the tolls on bridges constructed thereunder shall be just and reasonable. 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.

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 also provides for a series of periodic increases to bus tolls through January 2026 and for bus tolls to thereafter be determined by the CPI inflation adjustment. At the time the Revised Schedule was approved, it was estimated that the adjustments would generate on average 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 and "*Impacts from the COVID-19 Pandemic*" in Section I hereof).

Cashless toll collection went into effect in February 2017 at the Bayonne Bridge, on April 24, 2019 at the Outerbridge Crossing, on September 4, 2019 at the Goethals Bridge, and on December 23, 2020 at the Holland Tunnel. On July 25, 2019, the Board of Commissioners authorized a project to implement cashless tolling at the Lincoln Tunnel and the 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. The Port Authority intends to continue its vigorous defense of this matter.

In April 2019, the State of New York enacted the MTA Reform and Traffic Mobility Act in an effort to address vehicular congestion in Manhattan's "central business district". The law requires a toll to be imposed on all vehicles entering the central business district and is to be administered by the MTA's Triborough Bridge and Tunnel Authority ("TBTA"). Toll rates have not yet been established and may include credits for drivers who pay other tolls to reach the central business district, including those paid by vehicles using the Port Authority's bridges and tunnels to reach Manhattan. Depending on the toll structure and credits, if any, there may be an impact to future Port Authority bridge and tunnel revenues from congestion pricing. Impacts to future Port Authority bridge and tunnel revenues cannot be assessed without a better understanding of the toll structure and availability of credits, if any, as finally determined.

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 stating 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 tolls schedule adopted by the Port Authority in 2011 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. The schedule for completing portions of the Restoring the George program may be protracted, consistent with state-of-good-repair standards, in accordance with the current review of the Port Authority's 2017-2026 Capital Plan (see "*Impacts from the Covid-19 Pandemic*" in Section I hereof).

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 contributed by the Port Authority, based on achieving certain milestones. 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. 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").

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.

In September 2021, the Port Authority and the developer entered into a settlement agreement for the final closeout of the design and construction portion of the Replacement Bridge project. The Board of

Commissioners reauthorized the project with increased cost of $34 million, for a total project cost of $1.555 billion. The parties released each other from all pending claims and all related litigation was dismissed.

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 three bus operating levels and three automobile parking levels, and serves both commuter and long-haul intercity buses. The two upper bus levels have direct off-street ramp connections to the Lincoln Tunnel. The lower bus level has access to the Lincoln Tunnel via a connecting tunnel under Ninth Avenue, a street entrance on West 40th Street, and an exit on West 41st Street. 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. On January 21, 2021, the Port Authority published the final scoping document, unveiling a new enhanced plan for the development of the replacement for the Port Authority Bus Terminal that will include bus storage and staging, green space, and commercial and residential development, and will provide for a nearly 40 percent increase in bus rider capacity. On June 4, 2021, the Federal Transit Administration ("FTA") began the federal environmental review process with respect to the Port Authority Bus Terminal replacement project, consistent with the National Environmental Policy Act ("NEPA") and FTA regulations, by publishing a Notice of Intent to prepare an Environmental Impact Statement based on the contents of the final scoping document. The Port Authority held virtual public scoping meetings on June 23, 2021 and June 24, 2021, to obtain input from the public regarding the enhanced plan for the Port Authority Bus Terminal replacement project and accepted comments through July 19, 2021. The Port Authority is currently working with the FTA on preparing the draft Environmental Impact Statement and anticipates a Final Environmental Impact Statement and Record of Decision in 2023. On June 24, 2021, the Board of Commissioners authorized $80 million for the second phase of planning for the Port Authority replacement project (a total of $150 million authorized for both planning phases) to move the project forward through the required federal environmental review under NEPA, as well as to complete the necessary planning to obtain all required state and city approvals.

George Washington Bridge Bus Station

The Port Authority owns the George Washington Bridge Bus Station (the "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 16,000 passengers on about 1,000 buses used 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 long-term 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 creating new retail space within the Bus Station, to be operated and maintained by the developer during the term of the Retail Lease. The redeveloped Bus Station opened for bus operations in May 2017 and the retail portion is substantially complete and over 80 percent leased.

On October 7, 2019, the private sector developer filed a petition for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the Southern District of New York. The developer arranged debtor-in-possession ("DIP") financing and continued to operate its business until a sale of all of its assets including the leasehold interest in the Bus Station, to the DIP lender in August 2021. The DIP lender did not provide additional consideration for the assets (above forgiveness of the outstanding DIP financing, payment of certain administrative expenses, and availability of certain funds for prospective operating expenses) and therefore other financial creditors of the developer, including the pre-bankruptcy senior lender to the developer (the "Senior Lender"), received no recovery in the bankruptcy case from the proceeds of such sale. Following consummation of the sale of the developer's assets to the DIP lender, the Senior Lender sued the Port Authority in New York Supreme Court, claiming that the Port Authority had breached a settlement agreement it had with the Senior Lenders and tortiously interfered with a potential sale of the leasehold interest by allegedly imposing certain conditions on the proposed transaction, thereby preventing a sale to a third party which might have resulted in proceeds for distribution to creditors of the developer. Senior Lenders are requesting a recovery of at least $72 million. The Port Authority believes there is no merit to this claim and is vigorously defending the action.

In addition, the general contractor responsible for the Bus Station project has sued the Port Authority in two different actions requesting recovery of at least $113 million and has appealed the bankruptcy court's order authorizing the sale of the developer assets to the DIP lender. In connection with its purported claims against the Port Authority, the general contractor has alleged that the developer failed to pay the general contractor what was owed for the Bus Station work and that the Port Authority was unjustly enriched by the work and that the Port Authority waived certain claims in the bankruptcy which could have resulted in a greater recovery to the general contractor, tortiously interfering with the general contractor's contract. In both actions, the Port Authority denies the general contractor's allegations and is vigorously defending the action.

These proceedings have not impacted, and are not expected to impact, day to day activity at the Bus Station. They have not and are not expected to impact bus service, which is managed directly by the Port Authority, and they have not and are not expected to 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 2023, 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 2022. 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.

Beginning in 2021, PATH fares are 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.

On November 9, 2021, the United States Department of Justice ("USDOJ") filed an agreement with the Federal District Court in New Jersey to resolve its lawsuit against PATH under the Americans with Disabilities Act and the Genetic Information Nondiscrimination Act. The USDOJ alleged, among other things, that PATH subjected its employees to unnecessary medical exams and sought unnecessary information from those employees about their disabilities and other health conditions. As part of the

settlement agreement, PATH is obligated to pay a total of $100,000 to certain employees who were affected by PATH's exams and inquiries in return for a release of those claims.

It is anticipated that PATH will continue to generate annual operating deficits in future years. The annual operating deficit, representing the difference between operating revenues and the sum of direct and allocated operating expenditures, depreciation and amortization, but not including debt service, allocated financial income, grants and contributions in aid of construction, increased to $579,436,000 in 2020 from $448,446,000 in 2019. Port Authority revenues or reserves, including net revenues (as defined in the Consolidated Bond Resolution) deposited to the Consolidated Bond Reserve Fund, and the General 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 the New Jersey Transit Corporation's ("NJ Transit") rail and bus terminals and PATH's Hoboken station), and Battery Park City in Lower Manhattan (at a site adjacent to the World Financial Center), is provided by a private sector entity under various agreements with the Port Authority pertaining to such service.

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

Air Terminals

The Port Authority owns or operates five airports to serve the Port District. The Port Authority's airport revenues 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. A limited number of these sources are related to passenger and cargo volume at the airports and may be affected, over time, by trends in the airline industry, the desirability of the New York metropolitan region as a destination, the nature of federal legislation, governmental regulations and judicial proceedings affecting the airline industry, including with respect to security, and national economic conditions. In 2020, JFK Airport, LaGuardia Airport, Newark Airport and Stewart Airport handled approximately 40.9 million passengers, a decrease of approximately 71% from 2019. Notwithstanding the varied sources of airport revenue, the dramatic reductions in passenger volume experienced as a result of the COVID-19 pandemic since March 2020 have materially affected Port Authority airport revenues as well as materially affecting the credit quality of the airlines which use the Port Authority's aviation facilities. The Port Authority has received federal funding under certain COVID-19 related federal recovery legislation which has not fully offset the Port Authority's projected losses from the pandemic. See "*Impacts from the COVID-19 Pandemic*" in Section I hereof.

The Port Authority expects to receive additional federal aviation-related assistance pursuant to the provisions of the Infrastructure Investment and Jobs Act ("Infrastructure Act") enacted in November 2021, which provides for new Airport Infrastructure Grants ("Airport Infrastructure Grants") totaling $15 billion to be allocated among U.S. airports through 2030, beginning in federal fiscal year 2022, based on an enplanements-based formula to be established by the FAA. In addition, the Port Authority's airports may also have the opportunity to competitively qualify for additional grants provided for in the Infrastructure Act to be awarded by the U.S. Department of Transportation ("DOT").

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, as well as a new Ground Transportation Access fee at JFK Airport, LaGuardia Airport and Newark Airport effective April 5, 2021. The Ground Transportation Access fee is $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 April 5, 2023.

Airlines operating at JFK Airport, LaGuardia Airport and Newark Airport are required to pay fees to the Port Authority, as compensation for the Port Authority's ongoing design, construction, operation and maintenance of certain public aircraft facilities, calculated 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 an agreement with the Port Authority ("Flight Fee Agreement") which contains 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, Newark Airport and LaGuardia Airport expire on December 31, 2023.

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 at Newark Airport. To date, use authority for $1.23 billion of the $1.78 billion has been approved by the FAA. 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 January 11, 2021, the FAA Associate Administrator for Airports issued an order ("Order") affirming a November 19, 2018 determination of the Director, FAA Office of Airport Compliance and Management Analysis, in the complaint brought against the Port Authority by United Airlines, Inc. ("UAL"). The Order held that (a) the Port Authority had not complied with certain provisions of federal law in using revenues derived from operation of its airports ("Airport Revenues"); (b) that its methodology for calculating Airport Revenues that are permitted to be used for non-airport uses under the Federal Airport and Airway Improvement Act of 1982 (the "Airport Improvement Act") was flawed and that (c) its books and records as to airport revenues and expenses were not maintained in a sufficiently transparent manner. The Order remanded the matter to the Director for a determination as to whether the Port Authority was an airport sponsor with grandfathered rights entitled to use Airport Revenues for non-aviation purposes, and to consider imposition of a civil penalty consistent with the Order. The Port Authority has filed a petition for review with the United States Court of Appeals, District of Columbia Circuit, claiming that the FAA had acted arbitrarily and capriciously in issuing the Order, which action is currently held in abeyance by consent of the parties, awaiting finalization of these matters with the FAA. The FAA remand proceeding has been fully briefed and a determination is pending.

As part of the Order, the FAA also required the Port Authority to submit to the FAA a corrective action plan ("Corrective Action Plan") to prospectively address its findings. The Corrective Action Plan was timely filed in July 2021 and is currently being reviewed by the FAA. It would modify certain financial

reporting procedures providing additional clarity for the calculation of the use of airport revenues, limit the use of airport revenues to owned or operated facilities of the Port Authority, and provide for senior management attestation as to the accuracy of future annual financial filings with the FAA. The Port Authority does not expect that operations under the Corrective Action Plan (as submitted) will negatively impact the Port Authority's ability to meet any current contractual obligations. Similarly, the Port Authority does not expect that operations under the Corrective Action Plan (as submitted) would affect the security pledge arrangements for its bonds. Upon approval of a Corrective Action Plan by the FAA, the Port Authority understands that the FAA will again consider approval of new PFCs for collection and application, and consider award of new federal aviation grants.

From time to time, Congress has formally considered the repeal of the provisions of the Airport Improvement Act that exempt the Port Authority and certain other airport sponsors from prohibitions on use of airport revenues for non-airport purposes. No such consideration is pending at this time.

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 18, 2020 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 29, 2022.

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.

In May 2021, the U.S. Court of Appeals for the District of Columbia Circuit ruled that the FAA should consider competitive effects in determining whether to permit one or more new entrants at Newark Airport to schedule flights to replace service abandoned by a former carrier and in September 2021 the FAA determined to offer those slots to a single, low-cost airline.

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.

The City of New York and the Port Authority amended and restated the lease agreement in 2004 and, in early 2021, the parties further negotiated an amendment providing for the extension of the term of such lease agreement for ten years, through December 31, 2060 ("Extension"). 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. In addition to the foregoing payments, the Port Authority agreed to pay the City in consideration for the Extension, additional supplemental rent payments of $5 million per year continuing through 2050 as well as a one-time additional payment of $5 million in 2021, upon signing the Extension.

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, New York, 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 airport-wide

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 its substantial completion.

The West Garage opened for public use in the first quarter of 2018. One of two concourses, Concourse B, and certain gates opened for public use in the fourth quarter of 2018, additional gates opened at the end of the second quarter of 2019, and the final gate in the first concourse opened in October 2020. On June 13, 2020, the 850,000 square foot Terminal B Headhouse opened to the public, linking the new gates with an entirely new arrivals and departures hall. In August 2020, seven gates opened in the remaining concourse, Concourse A. The remainder of the project is expected to be completed in stages through 2022.

The Board of Commissioners also 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. Pursuant to a lease agreement with the Port Authority entered into in 2017, Delta agreed to the terms on which 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) would be designed, constructed, financed, operated and maintained and the existing terminals C and D at LaGuardia Airport would be operated and maintained 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, Concourse G, was opened for public use in November 2019, and it is currently anticipated that additional portions of the New Terminal C will become available for public use beginning in 2022 through final completion in 2025.

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 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 (the "LaGuardia AirTrain Project").

On March 15, 2021, following a 22-month analysis, the FAA released its Final Environmental Impact Statement ("FEIS"), affirming its endorsement of the Port Authority's proposed AirTrain route as its preferred alternative for the project and on July 20, 2021, the FAA issued its Record of Decision ("ROD") approving the preferred alternative for the LaGuardia AirTrain Project. On September 20, 2021, a petition for review was filed in the United States Court of Appeals for the Second Circuit by Riverkeeper, Inc. asking the Court to review the FAA's July 2021 ROD and the Department of Transportation Act of 1966 Section 4(f) Evaluation of the proposed LaGuardia AirTrain Project (conducted to consider the use of park and recreational lands in transportation project development). An unopposed motion to hold the appeal in abeyance pending the outcome of the review described below was filed by the FAA on November 19, 2021.

On October 12, 2021, the Port Authority announced that, at the request of New York Governor Hochul, the Port Authority will work in close consultation with independent experts and stakeholders to undertake a thorough review of potential mass transit alternatives, and will pause further action with respect to the LaGuardia AirTrain project during such review. A panel of independent transportation experts will conduct the alternatives review with participation of the MTA in the analysis of subways and busing alternatives. Alternatives to be reviewed will include improved and expanded bus service, including potential for dedicated lanes; (ii) ferry service; (iii) one-system rides including subway extension options; (iv) elevated guideway options including light rail from various Long Island Rail Road and subway stops; and (v) other new and emerging technologies that can be pursed and implemented in the near-term. Additional options may be added to the review based on input from the experts and other stakeholders.

John F. Kennedy International Airport

Opened on July 1, 1948, JFK Airport is located in the southeastern section of Queens, New York, 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. 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.

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 advanced plans for redevelopment of common infrastructure and has worked with various stakeholders for the upgrade and expansion of passenger terminals. An environmental assessment under NEPA based on the master plan was completed in April 2020 when the FAA issued a Finding of No Significant Impacts ("FONSI") for portions of the planned redevelopment. After the receipt of the FONSI, the Port Authority prepared a Technical Report which analyzed potential impacts associated with proposed changes to the Terminal 4 development (discussed below), and the FAA issued a Written Re-evaluation/ROD on September 30, 2021. The Port Authority is currently preparing a Supplemental Environmental Assessment to evaluate the proposed re-design of the JFK roadway network and ground transportation center that were

contemplated in the April 2020 FONSI to reflect certain additional modifications to the original plan. It is expected the FAA will issue a decision on the Supplemental Environmental Assessment in 2022.

At its February 2020 meeting, the Board of Commissioners authorized negotiation with JFK International Air Terminal LLC, operator of Terminal 4 at JFK Airport ("IAT") and its anchor tenant, Delta Air Lines, Inc. ("Delta") for the redevelopment and expansion of Terminal 4 to permit Delta to consolidate its operations at JFK Airport in Terminal 4. In light of the changed circumstances resulting from the COVID-19 pandemic, in April 2021, the Board of Commissioners authorized negotiations for a revised proposal consisting of two phases. Under the first phase, beginning in 2021, Delta would invest approximately $1.5 billion to upgrade certain Terminal 4 gates and construct new regional jet gates as required for its expanded use of Terminal 4, together with upgrades to the Terminal 4 headhouse and common space. This phase would be expected to be completed by 2023. Thereafter, Delta would have the option (exercisable through 2024) to undertake a second phase expansion to result in up to 12 new narrowbody aircraft gates. If such option is exercised, Delta would also be required to construct roadway access to the Terminal 4 frontage and other Terminal 4 upgrades as originally contemplated. If Delta exercises its option, the IAT Terminal 4 lease and Delta's anchor tenant agreement will be extended from 2043 to 2050. In the event Delta does not exercise its option for this second phase, IAT may undertake the upgrades with the Port Authority's consent. It is anticipated that the work contemplated by both phases would be financed by the issuance of bonds by IAT, backed by Terminal 4 revenues, including Delta rents.

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 Airlines' cost. American Airlines has reported that construction commenced in 2020 and is expected to be complete in 2023, at an estimated cost of approximately $439 million (approximately $100 million over original expectations). The expansion and refurbishment of Terminal 8 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.

In October 2018, the Board authorized the Executive Director to enter into exclusive negotiation for a lease to design, construct, finance, operate and maintain a new international terminal with a financial and development sponsor group including JetBlue Airways Corporation ("JetBlue"), which currently operates in a passenger terminal located on the north side of JFK Airport. The new terminal is to be located on a 65-acre site comprised of the existing Terminal 7, and an adjacent vacant site (the new terminal hereinafter referred to as "New Terminal 6"). The New Terminal 6 is anticipated to be interconnected with JetBlue's Terminal 5. In light of the impacts of the COVID-19 pandemic on the aviation industry, terms for the New Terminal 6 development were re-negotiated in 2021 and, at its August 2021 meeting, the Board of Commissioners authorized a new lease with JFK Millennium Partners ("JMP") for the development of a New Terminal 6 at JFK Airport. The New Terminal 6 lease would commence upon closing of financing for the New Terminal 6 project, expected in March 2022, and would provide for design and construction of an approximately 1.2 million square foot passenger terminal at an estimated total cost of $3.9 billion (expected to be privately financed by JMP through loans and equity investments). Construction would be completed in two phases. In the first phase to be completed in 2025, the New Terminal 6 headhouse, departure and arrivals area, including five new gates will be developed on the vacant site. When the current lease on Terminal 7 expires in November 2022, that parcel would be added to the Lease and in the second phase of construction expected to be completed in 2027, JMP would demolish Terminal 7 and construct an additional five gates and associated terminal space. JMP would manage, operate and maintain New Terminal 6 for the life of the Lease through December 2060. The Lease terms and conditions include obligations: 1) to design, construct, finance, operate and maintain New Terminal 6 with world-class amenities measured by key performance indicators; 2) to comply with Port Authority sustainability and resiliency guidelines; and 3) to make good faith efforts to achieve the Port Authority's local and minority

and woman-owned business enterprise participation goals. The Board also approved an incremental infrastructure investment of $130 million by the Port Authority related to enabling work for the New Terminal 6 project, which remains within the $2.9 billion overall JFK Redevelopment allocation in the 2017-2026 Capital Plan.

In October 2018, the Board also authorized the Executive Director to enter into exclusive negotiation with a second private sponsor group, comprised of the existing consortium of airlines which operate Terminal 1 ("TOGA") and their developer and financial partners led by The Carlyle Group, JLC Infrastructure and Union Labor Life Insurance Company (Ullico), for a lease to design, construct, finance, operate and maintain a new international terminal on the south side of the central terminal area, which would be the largest international passenger terminal at JFK Airport. Although lease terms were substantially complete in November 2019, the project did not reach financial close as expected in early 2020, as the sponsors and their funding sources took time to assess the impact of the COVID-19 pandemic on the transaction. Following recent completion of negotiations on modified lease terms, the Port Authority will present to its Board of Commissioners for authorization at its December 2021 meeting, a revised lease ("New Terminal One Lease") with New Terminal One a private sponsor group comprised of the original financial and developer parties only ("NTO"), reflecting the termination of development arrangements that had existed with TOGA.

The New Terminal One project is anticipated to be constructed in three phases at a total cost of approximately $9.5 billion ($7.2 billion for design and construction and $2.3 billion for financial and other costs) funded by private capital, to include world-class amenities and having the goal of becoming one of the world's top-rated passenger terminals. NTO has also committed to performing against key performance indicators, to comply with the Port Authority's sustainability and resiliency guidelines, and to make good faith efforts to achieve the Port Authority's local, minority and women business enterprise participation goals.

When fully built out, the Terminal will have 23 gates. The first phase of construction, to begin in 2022, will include a new headhouse (departure and arrival areas) and concourse with 14 gates, expected to be in use by 2026. It is anticipated that two additional phases of construction will add a total of nine additional gates on a second concourse, with up to 5 gates added in the second phase and the remaining gates added in the third phase. NTO will not be required to complete either the second or third phase unless it is able to obtain an investment grade rating to finance the costs of construction or, whether or not an investment grade rating is available, passenger volumes at the JFK Airport reach specified levels. The Port Authority would utilize a portion of the $2.9 billion included by the Board for the overall JFK Redevelopment program under the 2017-2026 Capital Plan for infrastructure improvements, including roadway and utility improvements, a new ground transportation center and parking garage, and airfield improvements.

Under the New Terminal One Lease, it is anticipated that NTO would make monthly payments of fixed rents to the Port Authority and the Port Authority would also receive a portion of all concessions revenues at New Terminal One, in each case subject to certain deferral rights described in the next sentence. During the period from projected opening in 2026 through 2033, NTO will be entitled to defer, but not abate, payment of approximately 1/3rd of fixed rents and the concessions revenue share, to the extent its net revenues after debt service are insufficient to make those payments on a current basis. Any deferred amounts will bear interest at 7.5% until paid in full, which must occur not later than 2038. Distributions to NTO investors will be prohibited during any period deferred amounts are outstanding.

Reflecting the revised schedule for New Terminal One construction, the lease for existing Terminal 1 with the TOGA consortium would be extended to December 31, 2025, and thereafter on a month-to-month basis, until completion of the first phase of New Terminal One.

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 Terminal A ("Future New Terminal Program") at an estimated total program cost of $2.72 billion. The Future New Terminal Program includes a new 1 million square-foot modern terminal building with 33 aircraft gates which will replace the current Terminal A and certain other airside and landside improvements. The notice to proceed with the construction of the future 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 new terminal for a term of 15 years after the full opening of the future new terminal. The first new gates of the future new terminal are expected to open in spring 2022, with full completion on target for late 2022.

In connection with the Future New Terminal 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 2,700 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 with public parking anticipated to open in 2022 and the full opening of the CONRAC facility expected in 2023.

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

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. The FAA issued a FONSI/ ROD for the AirTrain Newark project on August 13, 2021, following expiration of a public comment and review process.

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, 2022.

The airport is devoted primarily to business and private aircraft operations, and has one 6,000-foot runway, one 7,000-foot runway, an administration building and twenty-three hangars. The FAA has begun a project to replace the air traffic control tower, which is expected to be fully operational in 2024.

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.

A new federal inspection service facility that will increase the capacity of United States Customs and Border Protection to process international passengers arriving at Stewart Airport has been substantially completed at a cost to the Port Authority of $37 million and a Permit to Occupy was issued on November 5, 2020.

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. On

May 4, 2021, the Town of New Windsor filed a complaint against the Port Authority and other entities for damages 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 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 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, The St. Nicholas Greek Orthodox Church and National Shrine, 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"), were given the right to develop 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 September 30, 2021, 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 were required to construct Tower 4, the Tower 3 podium and certain subgrade and foundation work required for Tower 2, and were also required to contribute an aggregate of $140 million toward certain common infrastructure costs. The MDA also provided 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 September 30, 2021, 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 November 15, 2011 financing for Tower 4 pursuant to which the Port Authority was a co-borrower/obligor for the Liberty Bonds issued by the New York Liberty Development Corporation ("NYLDC") in the total aggregate principal amount of $1,225,520,000, to finance construction and development of Tower 4. On September 14, 2021, NYLDC issued two series of refunding bonds, in the principal amount of $1,225,520,000 as well as $11,385,000 to cover issuance costs, to refinance the original Tower 4 Liberty Bonds to achieve interest rate savings, with material terms of the original November 2011 Tower 4 financing remaining unchanged, including the Port Authority remaining a co-borrower/obligor for the refunding bonds (the original November 2011 Tower 4 financing and the September 2021 refinancing are hereafter referred to herein, interchangeably, as 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 from the issuance date of the original Tower 4 Liberty Bond financing. 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 September 30, 2021, 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 $49.9 million.

Tower 3 Net Lease

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of September 30, 2021, 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, together with New York State

and New York City, was required to provide up to $600 million in overall support, comprised of: (i) $210 million for the construction of Tower 3 (paid for as a landlord capital improvement) and (ii) $390 million of backstop funding for construction overruns and certain leasing cost overruns (paid for as a landlord capital improvement), operating expense deficits and certain leasing cost overruns (provided as a rent deferral under the Tower 3 net lease), and senior debt service shortfalls (which would be paid by the Port Authority if necessary in the future, as limited co-obligor on the senior debt). The Port Authority is entitled to recover a portion of any support it pays from New York State and New York City, so that the total maximum backstop support provided by the Port Authority, after recovery, does not exceed $200 million.

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 September 30, 2021, the aggregate of Tower 3 Liberty Bond debt service payments and deferred rent due from the Tower 3 Silverstein net lessee totaled approximately $46.6 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 ("ESD"), 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. On February 11, 2021, the Board of Commissioners and LMDC jointly approved the selection of a partnership led by Brookfield Properties and Silverstein Properties to enter into exclusive negotiations with the Port Authority and LMDC for the development of a mixed-use building at WTC Site 5 to include residential space (of which 25 percent would permanently be affordable units), office space, community facility space, public amenity space, and retail space. Because the developers propose to construct a mixed-use project, LMDC will be required to conduct a public planning process to consider amendment of the World Trade Center Memorial and Cultural Program General Project Plan ("General Project Plan"), which originally provided for commercial office use, only. In November 2021, LMDC's and ESD's boards approved the commencement of the public approval process of the modification to the General Project Plan and the environmental review which would allow for the mixed-use project. If consummated, WTC Site 5 would be leased for 99 years, with rents payable to the Port Authority.

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 is not expected to 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 Church and 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. The WTC PAC is currently under construction and is expected to be completed in 2023.

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. 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, together with multi-modal transportation assets to move freight to and from the terminals. 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 Harbor Deepening and Navigation Channel Improvement Study with the U.S. Army Corps of Engineers (the "Corps") that will be completed in 2022 (see "*Channel Improvement Projects*" in this Section II).

A foreign-trade zone (Foreign-Trade Zone 49) has been established by the United States Department of Homeland Security (formerly by the 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.

Port Newark

Port Newark is a waterfront terminal 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. It has been leased by the City of Newark to the Port Authority, along with Newark Airport, since October 22, 1947.

Port Newark is the most diverse facility of the Port Authority's marine terminals. It serves a variety of operators handling a wide range of cargo types. Cargo is shipped both in containers and as bulk commodities. In addition, the terminal facilities are used for the importing and exporting of new and used automobiles.

In October 2019, the Port Authority and the City of Newark entered into a lease supplement further extending the lease term through 2075, in 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 intermodal connections.

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 from Conrail for cross-harbor rail freight operations (see "*Railroad Freight—New York New Jersey Rail, LLC*" in this Section II). In June 2019, the Port Authority and its private sector partners completed the redevelopment of Greenville Yard into a modern, multi-modal freight rail terminal. The Port Authority constructed two new carfloats (rail barges), a new transfer bridge, and a new support yard for the 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 approximately 373 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 Container Terminals Inc., which was contiguous to the original facility and has been incorporated into the expanded facility. The facility has since been transformed into a modern, high density and semi-automated container terminal.

On August 3, 2010, the Port Authority acquired a portion of the former Military Ocean Terminal at Bayonne and certain riparian rights from the Bayonne Local Redevelopment Authority. This property includes a dry dock and ship repair facility, a passenger cruise terminal as well as undeveloped parcels. Following a series of transactions with a local developer to optimize the development footprint for both the Port Authority and the local developer's property, the Port Authority currently owns approximately 116 acres of the former Military Ocean Terminal at Bayonne.

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 term expiring on September 30, 2023 and one 5 year option expiring September 30, 2028. 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. The facility is used for a container terminal and interconnects with the ExpressRail Staten Island terminal. Regular rail service is provided between this terminal and the national freight rail system through interchanges constructed by the Port Authority at the Garden State Secondary rail freight line in the vicinity of Elizabeth, N.J. 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 allows for Conrail to provide rail service to and from Howland Hook.

Express Rail

Beginning in 1991, the Port Authority has developed its original rail facilities to support efficient rail movements to and from its major container terminal facilities. The resulting ExpressRail system consists of four separate on/near dock intermodal rail terminals located in Elizabeth, Newark, and Jersey City, N.J. and Staten Island, N.Y., which connect the marine terminals to the national freight rail network. The ExpressRail facilities were designed to reduce the Port's reliance on trucks to transport cargo and expand its geographic cargo reach to inland hubs. With 37 working tracks, ExpressRail provides dependable on-time performance, extended schedules, and same-day transfers between ship and rail. Since 1991, when the first terminal opened in Elizabeth, the Port Authority has invested approximately $600 million to expand the ExpressRail network and supporting infrastructure to ensure efficient transfer of cargo between the Port Authority's major container terminal facilities and inland markets. The ExpressRail facilities are served by the Consolidated Rail Corporation ("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. The ExpressRail system has the capacity to handle 1.5 million lifts a year.

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.

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.

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. 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 Port Authority no longer has any interest in the development at the Bathgate site). 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.

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 links to several Port Authority facilities including 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.

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. Ground rent is based on a percentage of gross revenues at the Facility, with a minimum annual guaranteed payment. The facility serves over 20 municipalities and has a long-term contract with New York City's Department of Sanitation for approximately 40 percent of the plant's disposal capability.

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. 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. Moynihan Station opened to the public on January 1, 2021.

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"). NJ Transit is the sponsor and grant applicant for the Portal North Bridge Project. A Full Funding Grant Agreement for the Portal North Bridge Project was signed by FTA and NJ Transit in January 2021. 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 ("Gateway Commission"), to lead the Gateway Program. The Gateway

Commission was established to replace a not-for-profit corporation ("Gateway Development Program Corporation" or "GDC") 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 agreed to serve as Project Sponsor for the Tunnel Project until such time as the Gateway Commission assumes that role. On May 12, 2021, the Gateway Commission's Board adopted a resolution confirming its commitment to assume the role of federal grant recipient and Project Sponsor for the Tunnel Project from the Port Authority, prior to the signing of any federal funding agreement.

The Port Authority has included $2.7 billion in its 2017-2026 Capital Plan to support the Gateway Program through funding of Gateway Commission's debt service payments on 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).

On May 28, 2021, certain agencies of USDOT issued a FEIS, a Final Section 4(f) Evaluation, and a Record of Decision ("ROD") for the new Hudson River Tunnel and rehabilitation of the existing North River Tunnel portions of the Tunnel Project. Previously, the Hudson Yards Concrete Casing – Section 3 portion of the Tunnel Project had received federal approvals to move forward.

It is intended that the Gateway 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. To date, the Tunnel Project has not received a commitment from the USDOT towards FTA grant and USDOT loan financing, although efforts are ongoing.

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.

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.

Additional Facilities, Capital Improvements and Certain Programs

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

labor and materials, unanticipated claims by contractors, changes in project specifications and resolution of 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 March 2021 (see also Note D (Outstanding Financing Obligations)-subsection E (Fund for Regional Development Buy-Out Obligation) in Appendix A hereto). Such payments were 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. As of March 2021 this Fund for Regional Development Buy-Out Obligation is no longer outstanding.

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 September 30, 2021 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 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 a current depth of 50 feet or greater. The Port Authority has entered into cost sharing agreements with the Corps and with certain utility companies with respect to these channel deepening projects.

The channel improvements described above support and 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. The Port Authority is currently working with the Corps on a Harbor Deepening and Navigation Channel Improvement (HDNCI) Study that is expected to be completed in the first half of 2022. This study is investigating additional navigation improvements to the federal channels serving the Port facilities that will be needed to accommodate the ultra-large ships that have begun to call at the Port, and that are projected to call more frequently at the Port in the coming years.

Information on Capital Investment in Certain Port Authority Facilities

	Facilities, net Dec 31, 2020	Capital Investment [a]	Depreciation	Dispositions	Facilities, net Sept 30, 2021
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,548,775	$ 129,904	$ 39,342	$ -	$ 1,639,337
Holland Tunnel	558,230	55,772	19,654	-	594,348
Lincoln Tunnel	1,797,023	50,300	66,087	-	1,781,236
Bayonne Bridge	1,577,500	(292)	25,806	-	1,551,402
Goethals Bridge	1,494,214	1,734	31,817	-	1,464,131
Outerbridge Crossing	125,258	101	6,194	-	119,165
Port Authority Bus Terminal	593,543	27,566	25,323	-	595,786
Subtotal - Tunnels, Bridges & Terminals	7,694,543	265,085	214,223	-	7,745,405
PATH	3,166,390	239,039	103,879	-	3,301,550
WTC Transportation Hub	3,350,243	13,488	61,331	-	3,302,400
Journal Square Transportation Center	63,260	152	3,207	-	60,205
Subtotal - PATH	6,579,893	252,679	168,417	-	6,664,155
Ferry Transportation	82,745	-	3,773	-	78,972
Access to the Region's Core (ARC)	30,227	-	-	-	30,227
Moynihan Transportation Station	119,128	-	7,500	-	111,628
Gateway Early Work Program	49,144	2,136	-	-	51,280
Total Interstate Transportation Network	14,555,680	519,900	393,913	-	14,681,667
AVIATION[b]					
LaGuardia[e]	2,665,677	197,441	144,385	-	2,718,733
JFK International	3,738,689	90,290	164,768	-	3,664,211
Newark Liberty International	3,790,670	481,720	115,554	-	4,156,836
Teterboro	212,133	1,418	10,749	-	202,802
New York Stewart International	161,647	45	8,858	-	152,834
Total Aviation	10,568,816	770,914	444,314	-	10,895,416
PORT DEPARTMENT					
Port Newark	770,555	5,661	25,363	-	750,853
Elizabeth Port Authority Marine Terminal	916,090	1,553	18,204	-	899,439
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	76,509	930	2,302	-	75,137
Howland Hook Marine Terminal	450,753	9	11,874	-	438,888
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LL	173,956	7,715	3,994	-	177,677
Port Jersey-Port Authority Marine Terminal	495,170	4,897	11,087	12,186	476,794
Total Port	2,883,033	20,765	72,824	12,186	2,818,788
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	4,787	-	187	-	4,600
Teleport	4,859	-	1,156	-	3,703
Queens West Waterfront Development	83,044	-	432	-	82,612
Hoboken South Waterfront Development	55,842	-	1,888	-	53,954
Total Development	154,337	-	3,663	-	150,674
WORLD TRADE CENTER					
WTC Campus[c]	3,954,769	59,297	85,666	-	3,928,400
One World Trade Center	3,209,929	16,266	87,972	-	3,138,223
WTC Towers 2, 3 & 4[d]	2,732,848	3,139	58,465	-	2,677,522
WTC Retail LLC	1,714,136	4,822	34,496	-	1,684,462
Total World Trade Center	11,611,682	83,524	266,599	-	11,428,607
FACILITIES, net	$ 39,773,548	$ 1,395,103	$ 1,181,313	$ 12,186	$ 39,975,152
REGIONAL FACILITIES & PROGRAMS	$ 60,239	$ -	$ 21,667	$ -	$ 38,572

[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 Towers 2, 3 and 4.

[e] Excludes landlord leasehold capital improvements related to LGA Terminal B of $60 million.

Significant Capital Projects
(as of September 30, 2021)*
(Dollars in Millions)

Facility	Project Name	Current Authorization/ Reauthorization	Sep-21 Total Expended
AVIATION			
JFK	Replacement of Building 156 (Control Tower) Roofing and HVAC	10/2014	$29.4
JFK	JFK Redevelopment	10/2019	315.8
JFK	Rehabilitation of Taxiways A and B East and Taxiways A and B South	11/2019	4.3
JFK	Replacement of Bergen and Van Wyck Electrical Substations and Switchgears at Central Substation	03/2019	19.2
JFK	Replacement of Fire Alarm Systems Phase I	05/2019	4.6
JFK	Replacement of Farmers Substation	02/2020	2.5
JFK/EWR/TEB	Replacement of AOA Light Circuit	11/2016	73.4
LGA	Flood Mitigation and Storm Resiliency	02/2015	42.2
LGA	Terminal B Redevelopment	03/2016	3,118.7
LGA	Redevelopment of Terminals C and D	07/2016	134.5
LGA	New AirTrain LaGuardia	10/2019	66.0
EWR	New AirTrain Newark	10/2019	86.7
EWR	Redevelopment of Terminal A	02/2018	1,816.8
EWR	Rehabilitation of Runway 11-29	10/2020	42.8
EWR	Rehabilitation of Runway 4R-22L	11/2019	50.4
EWR	Terminal A Redevelopment Program - South Airfield Paving	12/2017	129.4
EWR	Terminal A Public Parking Facility	07/2018	155.8
TEB	Rehabilitation of Runway 6-24	06/2019	2.1

* See footnote (*) to this chart.

(Significant Capital Projects as of September 30, 2021 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Sep-21 Total Expended
INTERSTATE TRANSPORTATION NETWORK			
HT	Latent Salt Damage Repairs and Mitigation Program	02/2018	$87.6
LT	Access Infrastructure Improvements	03/2011	1,581.8
BB/GB/GWB HT/LT/OBX	Replacement of Toll Collection System	06/2016	101.6
HT/LT/GWB	Implementation of Cashless Tolling	07/2019	86.9
GWB	Restoring the George Program - Replacement of Suspender Ropes	03/2014	407.9
GWB	Restoring the George Program - Rehabilitation of Center Ave and Lemoine Ave Bridge	10/2018	40.2
GWB	Restoring the George Program - Rehabilitation of Main Span Upper-Level Structural Steel - Phase II	04/2017	29.0
GWB	Restoring the George Program - Rehabilitation of Lower-Level Structural Steel	09/2019	37.5
GB	Construction of Interchange Ramps	07/2013	6.3
GB/OBX	Implementation of Cashless Tolling	06/2018	44.6
PABT	Replacement of South Wing Hvac Units and Associated Electrical Distribution System	12/2019	62.2
PABT	Replacement of Port Authority Bus Terminal - Planning	06/2021	68.1
PATH	Signal System Replacement Program	04/2017	708.1
PATH	Replacement of Substation #7	02/2020	69.9
PATH	Replacement and Upgrade of Harrison Station	03/2012	214.7
PATH	Replacement of Exchange Place Escalators	02/2016	17.2
PATH	Infrastructure Repairs to Tunnels E and F between Exchange Place and World Trade Center Stations	09/2016	170.7
PATH	Construction and Installation of Permanent Flood Protection Measures at HCMF and Tracks G and H	11/2016	47.2
PATH	Flood Mitigation and Storm Resilience Protection for Stations Program	09/2018	46.7
PATH	C-Yard Vehicle Storage Facility & Additional Track	10/2019	2.5
PATH	Replacement of Substation #8	06/2019	39.8
PATH	Preliminary Planning for PATH Rail Extension to Newark Liberty Rail Link Station	04/2017	44.4
PATH	9-Car Train Program	10/2019	29.0
PATH	Overhaul Program for PA-5 Railcars	12/2017	43.2
PATH	Expansion of Railcar Fleet	06/2018	42.6
PATH	Replacement of Substation #14	06/2019	43.4
PATH	Replacement of Tracks in Open Areas	06/2018	10.6
PATH	Restoration of Hoboken, Newport, Exchange Place and Grove Street Stations	09/2018	9.9
PATH	Replacement of Substation #2	12/2018	46.0

(Significant Capital Projects as of September 30, 2021 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Sep-21 Total Expended
PORT COMMERCE			
PN	Rehabilitation of Port Street Capacity and Corbin Street Ramps	10/2016	$31.4
GPAMT	Greenville Yard Program	09/2014	300.3

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 COVID-19 Pandemic*" in Section I hereof and "*2017-2026 Capital Plan*" in Section II hereof.

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SECTION III—BONDS, NOTES AND OTHER OBLIGATIONS

Consolidated Bonds

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

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

Establishment and Issuance

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

Consolidated Bonds may be issued from time to time in such series and installments (in addition to the Bonds) as the Port Authority may determine, but only for purposes for which the Port Authority is authorized by law to issue bonds secured by a pledge of its General Reserve Fund. So long as Consolidated Bonds presently outstanding are outstanding, Consolidated Bonds may be issued for purposes in connection with additional facilities (in addition to those for which the Port Authority has already issued bonds secured by a pledge of the General Reserve Fund) only if the Port Authority has first certified its opinion that such issuance will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds.

The Port Authority may not issue any Consolidated Bonds (except such Consolidated Bonds issued to refund other Consolidated Bonds) except under one or another of three conditions, each of which requires that a certain future calendar year's debt service is met at least one and three-tenths (1.3) times by certain revenues. The method of computation of revenues and debt service and of the application of the conditions is set forth in Section 3 of the Consolidated Bond Resolution.

Security

All Consolidated Bonds, including any which may hereafter be issued, are equally and ratably secured by a pledge of the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility which may hereafter be financed in whole or in part through the medium of Consolidated Bonds, in the manner and to the extent provided in Sections 4 and 5 of the Consolidated Bond Resolution. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority referred to in Sections 4 and 5 of the Consolidated Bond Resolution have been satisfied.

All Consolidated Bonds are further secured by a pledge of the moneys in the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution, in the manner and to the extent

set forth in said section, and by a pledge of the General Reserve Fund on an equal footing with other 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 Bonds (see "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series*" in Section VI hereof), constitute the entire agreement between the Port Authority and registered holders of the Bonds, including with respect to the General Reserve Fund; and the statutes relating to the General Reserve Fund and such resolutions govern the rights of such holders with respect to the purposes for which moneys in the General Reserve Fund may be applied and the limitations upon investment of such moneys.

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

Purposes for Which the Fund is Available

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

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

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 September 30, 2021 was $2,490,711,000.

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.

There are currently no series of Special Project Bonds outstanding.

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 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 resolution of the Board of Commissioners adopted on October 29, 2020, which authorizes their issuance through December 31, 2025.

Under the October 29, 2020 resolution, 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.

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, Series B Notes and Series C Notes, and the interest due at maturity, the Port Authority has entered into liquidity facilities for each of Series A, Series B and Series C, respectively.

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

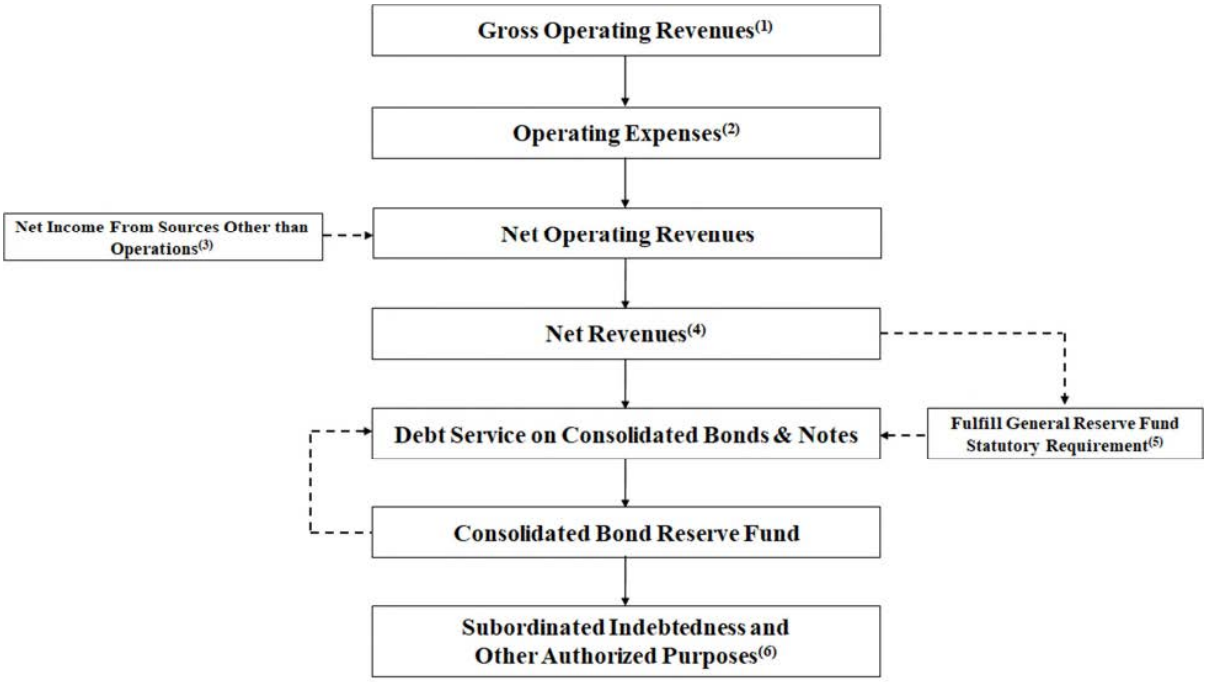
At the time of the adoption of the Consolidated Bond Resolution in 1952, the Port Authority had outstanding certain General and Refunding, Air Terminal and Marine Terminal Bonds. The Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all such prior lien bonds.

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.

Flow of Funds Chart

The following is a simplified graphic illustration of the flow of funds for the payment of Consolidated Bonds and other Port Authority obligations, as set forth in the Consolidated Bond Resolution of 1952. This chart, and the presentation of the information provided herein, is qualified in all respects by reference to the Consolidated Bond Resolution.

Flow of Funds



(1) Examples include but are not limited to tolls and fares, rentals, aviation fees, parking fees, flight fees, etc.

(2) Examples include but are not limited to employee compensation (including benefits), contract services, materials and equipment, rents and payments-in-lieu-of taxes (PILOTs), utility costs.

(3) Examples include but are not limited to financial income (including interest on investments) and certain money collected by the Port Authority, such as grants and Passenger Facility Charges ("PFCs"). See Section 1 of the Consolidated Bond Resolution – definition of "Income from Sources Other than Operation" for more detail.

(4) Defined in the Consolidated Bond Resolution, as used with reference to any facility or group of facilities, as 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."

(5) Maintain the 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.

(6) The Consolidated Bond Reserve Fund may be used for the purposes set forth in Section 7 of the Consolidated Bond Resolution.

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.

SECTION IV—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.

* *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 2019, Pub. L. No. 116-94, 133 Stat. 2534 (2019).

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, July 23, 2015, and October 29, 2020 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.

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.

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).

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 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 April 28, 2016, relating to the enhanced transparency and efficiency of Port Authority public records access policy and access to personal information policy, as amended by the Resolution of December 7, 2017, relating to the Port Authority public records access policy.

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 October 29, 2020, relating to the access fee for for-hire vehicles and taxis – adjustment of implementation date.

Resolution of December 17, 2020, relating to the approval and adoption of the Port Authority's Budget for 2021 with respect to capital and operating expenses.

SECTION V—SCHEDULES OF OUTSTANDING DEBT

The following schedule of Consolidated Bonds (as of December 1, 2021)* 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 2021 include interest and mandatory payments expected to be paid in 2021 and accrued interest on Consolidated Bonds issued in 2021 (including the Bonds), and have not been adjusted other than to reflect the refundings of series of Consolidated Bonds that occurred in 2021 prior to the date of this schedule.

Consolidated Bonds (as of December 1, 2021)* (in thousands)	**TOTAL ALL ISSUES**		
	Total Principal Amount $24,878,860		
Year	**Total**	**Interest**	**Amortization**
2021	$1,514,957	$1,078,052	$436,905
2022	1,540,519	1,076,669	463,850
2023	2,627,134	1,050,964	1,576,170
2024	1,543,053	1,023,833	519,220
2025	1,521,384	995,684	525,700
2026	1,519,014	970,959	548,055
2027	1,518,434	946,104	572,330
2028	1,512,715	920,475	592,240
2029	1,536,607	895,172	641,435
2030	1,543,710	856,875	686,835
2031	1,560,395	826,140	734,255
2032	1,562,526	790,866	771,660
2033	1,550,616	754,636	795,980
2034	1,484,402	718,972	765,430
2035	1,504,976	682,976	822,000
2036	1,412,914	643,354	769,560
2037	1,332,469	606,239	726,230
2038	1,250,623	574,138	676,485
2039	1,265,265	542,275	722,990
2040	1,229,452	507,057	722,395
2041	1,251,590	472,515	779,075
2042	1,282,710	437,675	845,035
2043	1,247,877	399,202	848,675
2044	989,798	362,438	627,360
2045	992,896	331,086	661,810
2046	806,176	305,746	500,430
2047	797,565	283,890	513,675
2048	764,099	260,039	504,060
2049	639,005	238,220	400,785
2050	549,248	219,698	329,550
2051	548,145	203,915	344,230
2052	353,028	189,703	163,325
2053	550,741	179,731	371,010
2054	541,773	162,703	379,070
2055	532,788	145,288	387,500
2056	506,679	127,639	379,040
2057	576,387	108,652	467,735
2058	483,995	90,135	393,860
2059	474,985	74,005	400,980
2060	456,121	57,646	398,475
2061	304,878	43,358	261,520
2062	264,731	32,476	232,255
2063	58,026	24,301	33,725
2064	58,010	22,745	35,265
2065	132,077	20,297	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	**$46,306,914**	**$21,428,054**	**$24,878,860**

Footnotes on next page

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* "Total All Issues" includes (i) the Bonds; (ii) Consolidated Bonds, One Hundred Seventieth Series that the Port Authority anticipates refunding with the proceeds of the Bonds; (iii) $100,000,000 Consolidated Bonds, Ninety-third Series with interest included in each of the years 2021 through 2069, and with principal and interest included on a cumulative basis during the period 2070 through 2094; and (iv) $1,100,000,000 Consolidated Notes, Series AAA which are presently expected to be repaid with the proceeds of a future issuance of Consolidated Bonds. Not included are: (i) Consolidated Bonds, Two Hundred Twenty-Ninth Series, which the Port Authority anticipates issuing on or about December 29, 2021; (ii) Commercial Paper Obligations; and (iii) Variable Rate Master Notes.

Principal Amounts of Certain Port Authority Obligations Outstanding (as of December 1, 2021)*

Consolidated Bonds:	Par Value
Eighty-fifth Series, 5.2%-5.375%, Serial/Term, due 2021-2028	$47,500,000
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-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-eighth Series, 4.926%, Term, due 2051 (A)	1,000,000,000
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 2021-2037 (C)	266,380,000
One Hundred Seventy-third Series, 3%-5%, Serial, due 2021-2032	247,650,000
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 2021-2042	352,315,000
One Hundred Seventy-sixth Series, 1.05%-2.5%, Serial, due 2021-2022 (A)	17,000,000
One Hundred Seventy-seventh Series, 3%-5%, Serial/Term, due 2021-2043 (C)	299,495,000
One Hundred Seventy-eighth Series, 5%, Serial/Term, due 2021-2043 (C)	352,030,000
One Hundred Seventy-ninth Series, 4%-5%, Serial/Term, due 2021-2043	699,390,000
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 2021-2039	345,505,000
One Hundred Eighty-fifth Series, 4%-5%, Serial, due 2021-2034 (C)	354,200,000
One Hundred Eighty-sixth Series, 5%, Serial/Term, due 2021-2044 (C)	267,025,000
One Hundred Eighty-seventh Series, 2.529%-4.426%, Serial/Term, due 2021-2034 (A)	218,360,000
One Hundred Eighty-eighth Series, 5%, Serial, due 2021-2035 (C)	53,150,000
One Hundred Eighty-ninth Series, 3%-5%, Serial/Term, due 2021-2045	403,070,000
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 2021-2035 (C)	240,360,000
One Hundred Ninety-fourth Series, 4%-5.25%, Serial/Term, due 2021-2055	1,126,175,000
One Hundred Ninety-fifth Series, 1.45%-5%, Serial/Term, due 2021-2036 (C)	215,065,000
One Hundred Ninety-seventh Series, 5%, Serial/Term, due 2021-2041 (C)	144,880,000
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 2021-2037 (C)	180,805,000
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 2021-2057	693,095,000
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 2021-2022 (A)	9,495,000
Two Hundred Ninth Series, 5%, Serial, due 2021-2038	421,825,000
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 2021-2039	279,720,000
Two Hundred Thirteenth Series, 5%, Serial, due 2021-2039	305,920,000
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
Two Hundred Twenty-First Series, 4%-5%, Serial/Term, due 2021-2060 (C)	658,130,000
Two Hundred Twenty-Second Series, 4%-5%, Serial, due 2021-2040	436,360,000
Two Hundred Twenty-Third Series, 4%-5%, Serial/Term, due 2021-2061 (C)	481,170,000
Two Hundred Twenty-Fourth Series, 4%-5%, Serial/Term, due 2030-2061	420,020,000

(Continued on next page)

Two Hundred Twenty-Fifth Series, 3.175%, Term, due 2060 (A)	400,000,000
Two Hundred Twenty-Sixth Series, 5%, Serial, due 2022-2041 (C)	205,350,000
Two Hundred Twenty-Seventh Series, Serial, 2%-3%, due 2027-2034 (C)	186,920,000
Two Hundred Twenty-Eighth Series A, 2.25%, Serial, due 2041 *	70,000,000
Two Hundred Twenty-Eighth Series B, 3%, Serial, due 2042 *	175,000,000
Two Hundred Twenty-Eighth Series C, 4%, Serial, due 2043 *	160,000,000
Two Hundred Twenty-Eighth Series D, 2.75%, Term, due 2044 *	233,805,000
Two Hundred Twenty-Ninth Series, [Serial/Term], due ____ (A)* **	420,000,000
Consolidated Notes:	
Series AAA, 1.086%, due July 1, 2023 (A)	1,100,000,000
Total	$24,861,955,000
Equipment Notes	$ —
Versatile Structure Obligations	$ —
Commercial Paper Obligations	$573,935,000
Variable Rate Master Notes	$ 44,600,000

(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). The Port Authority anticipates applying the proceeds of the Bonds towards the refunding of Consolidated Bonds, One Hundred Seventieth Series on or about December 22, 2021.

(C) The obligations noted with a "(C)", as well as certain of the Equipment Notes, Commercial Paper Obligations and Variable Rate Master Notes, on original issuance were subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

*This schedule has been adjusted to reflect the issuance of the Bonds and $420,000,000 aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Ninth Series.

** The Port Authority anticipates issuing approximately $420,000,000 aggregate principal amount of Consolidated Bonds, Two Hundred Twenty-Ninth Series on or about December 29, 2021, the proceeds of which may be allocated to any purpose for which at the time of issuance thereof the Port Authority is authorized by law to issue its obligations. The Consolidated Bonds, Two Hundred Twenty-Ninth Series are not offered by this Official Statement.

SECTION VI—BOND RESOLUTIONS AND LEGAL OPINION

Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series

(Adopted July 26, 2018)

This resolution constitutes a contract with the holder in whose name the Bonds are registered on the books and records of the Registrar.

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution"), constituting a contract with the holders of the obligations issued thereunder, providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with the Consolidated Bond Resolution for the purposes therein set forth; and

WHEREAS, the Consolidated Bond Resolution provides that Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of each such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing such series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of Consolidated Bonds and has now determined that it is appropriate to establish certain additional series of Consolidated Bonds which shall be issued on or after September 1, 2018, without prejudice to its right hereafter to establish and issue further series of Consolidated Bonds;

NOW, THEREFORE, be it resolved by the Authority:

SECTION 1. As used in this resolution, any words or phrases specifically defined in the Consolidated Bond Resolution shall be read and construed in accordance with such specific definitions. As used in this resolution, the term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice-Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

SECTION 2. Each series of Consolidated Bonds issued pursuant to this resolution commencing with the Two Hundred Twelfth Series and numbered consecutively thereafter, each of which shall have one or more distinguishing feature(s) at the discretion of the Authority including but not limited to interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder, is established as a separate series of Consolidated Bonds and the issuance of each such series with a term to maturity not in excess of 50 years is authorized; *provided, however*, that the total aggregate principal amount of Consolidated Bonds issued pursuant to this resolution, Port Authority Consolidated Notes issued pursuant to the resolution entitled "*Establishment and Issuance of Certain Series of Consolidated Notes Commencing with Series AAA*" dated the date hereof, and Port Authority Versatile Structure Obligations (issued after the date of this resolution), shall not exceed $8 billion. Each of such series of Consolidated Bonds shall be issued in conformity with the Consolidated

Bond Resolution for the purposes specified in this resolution. This resolution shall apply with equal force and effect to each of such series on an individual basis (each of such series hereinafter called the "Bonds"). This resolution shall constitute a contract with the registered holders of the Bonds and with each such registered holder.

SECTION 3. The Committee on Finance of the Authority (hereinafter called the "Committee on Finance") is authorized to establish, fix and determine the terms of the Bonds and, in connection therewith, to make such changes and adjustments to the provisions set forth in the third paragraph of this Section 3 and in Sections 4, 5, 6, 9 and 10 of this resolution as in the opinion of the Committee on Finance will effectuate the issuance of the Bonds, and to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

The proceeds of the Bonds may be used for any purpose for which at the time of issuance of the Bonds the Authority is authorized by law to issue its obligations. The Committee on Finance may allocate the proceeds of the Bonds, from time to time, to certain of the authorized purposes, including the specific designation of any obligations to be refunded with the proceeds of the Bonds.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America; principal of the Bonds shall be payable upon presentation and surrender thereof by the registered holders, at the office or offices, designated by the Authority, of the Paying Agent (or Paying Agents) appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District; and interest on the Bonds shall be payable when due to the registered holders thereof by check or draft drawn on the Paying Agent (or Paying Agents) appointed for the purpose by the Authority and mailed to said registered holders at their last known addresses as appearing upon the Authority's Registry Books for the Bonds.

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

The Authority will keep or cause to be kept at the offices, designated by the Authority, of a Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient Registry Books for the registration of the Bonds. The Bonds shall be transferable only upon such Registry Books by the registered holder thereof or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution. Upon the written request of the registered holder or registered holders thereof and upon surrender thereof, a bond or bonds may be exchanged for a bond or bonds of like tenor, registered as designated in such request, of any other authorized denominations. All requests for registration, transfer, exchange and delivery pertaining to the Bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such requests shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

SECTION 5. The Bonds shall be redeemable at the option of the Authority, on prior notice, in whole, or, from time to time, in part, at such redemption price and on such date set forth in the applicable notice to redeem the Bonds.

If less than all of the Bonds then outstanding are to be called for redemption at the option of the Authority, and if the Bonds then outstanding include bonds of any serial maturities, the bonds so to be

called shall be in inverse order of maturity, and if bonds constituting a particular maturity are to be called for redemption, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Bonds, the bonds so to be called shall be determined by lot by the Registrar.

Notice to redeem any of the Bonds shall be given by the Registrar not less than 30 nor more than 45 days prior to the date fixed for redemption, to the registered holders of the bonds to be called for redemption, by deposit of a copy of such notice, postage prepaid by certified or registered mail, in a United States Post Office, addressed to such registered holders at their last known addresses as appearing upon the Authority's Registry Books for the Bonds.

On or before the date fixed for redemption specified in the notice to redeem any of the Bonds, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the bonds which are to be redeemed, at the respective redemption price thereof, which, in each case, shall include the accrued interest until the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the registered holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of such bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution. On and after the date fixed for redemption, the notice to redeem having been completed as above provided, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called on and after the date fixed for their redemption, and such bonds shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of bonds of denominations greater than the minimum authorized denomination, for all purposes in connection with redemption, each unit of face value representing the minimum authorized denomination shall be treated as though it were a separate bond of the minimum authorized denomination, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such unit of face value representing the minimum authorized denomination. If it is determined as above provided that one or more but not all of the units of face value representing the minimum authorized denomination of any bond are to be called for redemption, then upon notice to redeem such unit or units, the registered holder of such bond shall forthwith present such bond to the Registrar who shall issue a new bond or bonds of like tenor of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder thereof. If the registered holder of such bond of a denomination greater than the minimum authorized denomination shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent (or Paying Agents), as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal

amount (and accrued interest thereon until the date fixed for redemption and premium, if any) represented by such unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Bonds shall be retired at or prior to maturity, by purchase, call or payment, by the dates and in at least the cumulative principal amounts set forth on the schedule of mandatory periodic retirement for the Bonds.

If, at least 45 days prior to the mandatory periodic retirement date in each year (except the year of maturity) set forth in the schedule of mandatory periodic retirement for the Bonds, the Authority shall not have purchased or redeemed (at any prior time or times during such year or at any time or times during any prior years) a principal amount of the Bonds at least equal to the principal amount of the Bonds to be retired on such mandatory periodic retirement date, then the Authority shall call a principal amount of the Bonds equal to such deficiency, at the respective redemption price thereof, in the manner and upon the notice set forth in Section 5 of this resolution. Any of the Bonds purchased by the Authority as aforesaid may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and such of the Bonds as are theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others.

Nothing herein contained shall be construed in any way to prevent the Authority from retiring the Bonds more rapidly than is set forth in the schedule of mandatory periodic retirement for the Bonds.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund except for purposes and upon conditions which are authorized by the Consolidated Bond Resolution.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing 10 years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess,

if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as trustee for and in connection with the Bonds (hereinafter called the "Trustee"). The Trustee is authorized to (i) institute any action or proceeding on behalf of the registered holders of the Bonds against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the registered holders of the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the registered holder or registered holders of the Bonds. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the registered holders of the Bonds.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section 8 shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25 million, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own wilful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within 120 days after the close of each calendar year make available to the Trustee its financial statement(s) for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall annually, after the close of each calendar year, make available to the Trustee a copy of its annual report when such annual report is published.

The Authority shall make available to the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall hereafter make available to the Trustee a copy of the minutes of every meeting of the Authority and of its subsidiary corporations hereafter held, at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to make available to the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to make available to the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without wilful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority and act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than 60 days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the registered holders of a majority in principal amount of the Bonds then outstanding or by their attorneys duly authorized, excluding the principal amount of any of the Bonds held by or for the account of the Authority. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding the principal amount of any of the Bonds held by or for the account of the Authority, by an instrument or concurrent

instruments in writing signed and acknowledged by such registered holders of the Bonds or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided, however*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the registered holders of the Bonds as authorized in this Section 8. The Authority shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the registered holders of the Bonds.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business (*provided, however*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution), shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section 8 shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section 8 from entering any defense to an action or proceeding instituted by the Trustee or by the registered holder or registered holders of the Bonds.

SECTION 9. The form of the bond, including provisions with respect to assignment, for the Bonds shall be determined by the Committee on Finance or by an Authorized Officer. The bonds shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be manually signed by an Authorized Officer. In case any Authorized Officer who shall have signed any of the bonds shall cease to be an Authorized Officer before such bonds shall have been actually issued, such bonds may nevertheless be issued as though such Authorized Officer who signed such bonds had not ceased to be an Authorized Officer.

SECTION 10. In case any bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond of like tenor in exchange or substitution for and upon cancellation of such mutilated bond or in lieu of or in substitution for such destroyed or lost bond; or if such bond shall have matured, instead of issuing a substitute bond the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond so issued in substitution. Any bond issued under the provisions of this Section 10 in lieu of any bond alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance); *provided*, *however*, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Bonds shall be subject to prior approval of the Committee on Finance*.

* See footnotes (*) and (**) at the end of "Resolution Authorizing the Sale of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series" in this Section VI.

Resolution Authorizing the Sale of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series

(Adopted July 26, 2018)

SECTION 1. This resolution shall apply with equal force and effect to each series of Consolidated Bonds sold on or after September 1, 2018 pursuant to this resolution commencing with the Two Hundred Twelfth Series and numbered consecutively thereafter, on an individual basis, each of which shall have one or more distinguishing feature(s) at the discretion of the Authority including but not limited to interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder (each such series hereinafter called the "Bonds").

SECTION 2. The Committee on Finance of the Authority (hereinafter called the "Committee on Finance") is authorized in the name of and on behalf of the Authority to sell the Bonds at a true interest cost to the Authority not in excess of eight percent with a term to maturity not in excess of 50 years, at public or private sale, with or without advertisement, at one or more times, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the establishment and issuance of the Bonds; *provided, however*, that the total aggregate principal amount of the Bonds sold pursuant to this resolution, Port Authority Consolidated Notes sold pursuant to the resolution entitled "*Sale of Certain Series of Consolidated Notes Commencing with Series AAA*" dated the date hereof, and Port Authority Versatile Structure Obligations (issued after the date of this resolution), shall not exceed $8 billion.

SECTION 3. The Committee on Finance is authorized in the name of and on behalf of the Authority, in connection with the Bonds, to fix the time or times of sale of the Bonds, to determine the terms and conditions upon which such sales shall be made and to accept or reject offers in connection with such sales.

SECTION 4. The Committee on Finance is authorized in the name of and on behalf of the Authority, in connection with the Bonds, to enter into any contracts or agreements pertaining to the Bonds; to fix the time or times and determine the terms and conditions of delivery of the Bonds; to appoint one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent (or Paying Agents) at which payments shall be made and the office or offices of any such Registrar at which the Authority's Registry Books for the Bonds shall be kept; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised in connection with the Bonds, the Authority adopting all such selections, designations, determinations, estimates, actions, withholdings of action, formulations and expressions of opinions and exercises of discretion or judgment, including those pursuant to Section 3 of the Consolidated Bond Resolution, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

SECTION 5. The Committee on Finance is authorized to arrange, from time to time (i) for the preparation and distribution of disclosure documents, including official statements, offering statements or other offering materials in connection with the Bonds and (ii) for the preparation and distribution of such other documents giving pertinent data with respect to the Authority and its finances as it deems appropriate, in each case, in the name of and on behalf of the Authority.

SECTION 6. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance);

provided, *however*, that any actions to be taken by an Authorized Officer in connection with the decision to sell the Bonds shall be subject to prior approval of the Committee on Finance.[*] [**]

SECTION 7. The Committee on Finance or any Authorized Officer is authorized, in connection with the issuance of the Bonds on the basis that the Bonds are to be in conformity with, and that the interest on the Bonds is not to be includible for federal income tax purposes in the gross income of the recipients thereof under, Section 103(a) of the Internal Revenue Code of 1986, or successor provisions of law, and the regulations thereunder, to take any action which may be appropriate to assure that the Bonds are issued, and during their term are outstanding, on such basis, and any such actions taken in connection therewith are ratified. Any Authorized Officer is authorized to certify on behalf of the Authority as to the need for the issuance of the Bonds, as to the status of the projects for which the proceeds of the Bonds are to be used, as to the Authority's intentions with respect to the application and investment of the proceeds of the Bonds, and as to such other matters as such Authorized Officer deems appropriate.

SECTION 8. As used in this resolution, the term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice-Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

[*] In connection with the acceptance by an Authorized Officer of an offer to purchase the Bonds represented by a proposed bond purchase agreement from the New York Liberty Development Corporation, as purchaser, the terms of the Bonds shall be established, fixed and determined, and the provisions of this resolution shall be changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to such bond purchase agreement; such description is reflected at "*Description of the Bonds*," and at "*Additional Information Pertaining to the Bonds*" in Section I hereof.

[**] On September 30, 2021, the Committee on Finance approved the issuance and sale by an Authorized Officer of approximately $800 million in aggregate principal amount of additional Port Authority bonds and notes (excluding Port Authority Commercial Paper Obligations), on a negotiated or competitive basis, for the purpose of capital expenditures associated with Port Authority facilities, repayment of Port Authority Commercial Paper Obligations, restructuring of debt service and refunding of currently outstanding bonds, under the terms of such authorization; and to enter into any agreements necessary to effectuate the refunding of the New York Liberty Development Corporation Liberty Revenue Bonds, Series 1WTC-2011 (Secured by Port Authority Consolidated Bonds) and the Port Authority's Consolidated Bonds, 170th Series.

Form of Legal Opinion of Bond Counsel

In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel will render a legal opinion on such date of delivery relating to the Bonds substantially in the following form.

[Letterhead of Bond Counsel]

(Date of delivery upon original issuance)

The Port Authority of New York and New Jersey
4 World Trade Center
150 Greenwich Street, 23rd Floor
New York, New York 10007

The Port Authority of New York and New Jersey
Consolidated Bonds, Two Hundred Twenty-Eighth Series A,
Consolidated Bonds, Two Hundred Twenty-Eighth Series B,
Consolidated Bonds, Two Hundred Twenty-Eighth Series C and
Consolidated Bonds, Two Hundred Twenty-Eighth Series D

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 $70,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series A (the "Series 228A Bonds"), $175,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series B (the "Series 228B Bonds"), $160,000,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series C (the "Series 228C Bonds") and $233,805,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Twenty-Eighth Series D (the "Series 228D Bonds" and, collectively with the Series 228A Bonds, the Series 228B Bonds and the Series 228C Bonds, the "Bonds"), issued pursuant to resolutions of the Issuer dated as of October 9, 1952, establishing the issue of Consolidated Bonds, and of July 26, 2018, pertaining to the establishment and the authorization of the issuance of, and the authorization of the sale of, the Bonds (collectively, the "Resolutions"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, an opinion of counsel to the Issuer, certificates of the Issuer and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have

assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion referred to in the paragraph above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions. We call attention to the fact that the rights and obligations under the Bonds and the Resolutions and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolutions or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the Issuer.

2. The Resolutions have been duly adopted and delivered by, and constitute the valid and binding obligations of, the Issuer. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues and any other amounts held in any fund or account established pursuant to the Resolutions, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

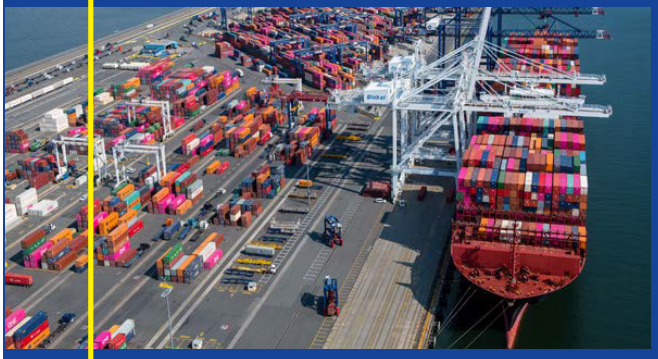
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APPENDIX A

Financial Statements as of and for the Years Ended December 31, 2020 and December 31, 2019 and Appended Notes

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PORT AUTHORITY NY NJ









2020 FINANCIAL STATEMENTS & APPENDED NOTES

For the Year Ended December 31, 2020

Comptroller's Department

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THE PORT AUTHORITY OF NEW YORK & NEW JERSEY
FINANCIAL STATEMENTS AND APPENDED NOTES
FOR THE YEAR ENDED DECEMBER 31, 2020

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CERTIFICATE WITH RESPECT TO
2020 FINANCIAL STATEMENTS

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

Dated: New York, New York
March 3, 2021

Richard Cotton
Executive Director

Elizabeth M. McCarthy
Chief Financial Officer

Daniel G. McCarron
Comptroller

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

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended as listed in the 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 years ended December 31, 2020 and 2019, which represents 100% of the fiduciary activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinions insofar as it relates to the amounts included for the Trust as of and for the years ended December 31, 2020 and 2019 are based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type and fiduciary

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activities of the Port Authority as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

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

The supplementary information included in Schedule D-3 for fiscal years 2011 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, 2020, and the revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolutions.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Report on Summarized Comparative Information

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

Emphasis of Matters

Basis of Accounting

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

Restriction on Use

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

KPMG LLP

New York, New York
March 3, 2021

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Introduction

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

Impacts from the COVID-19 Pandemic

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

Operational Update

Activity Volume

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

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

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

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

Facility Activity

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

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

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

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

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

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

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

Rents & Property Use Charges

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

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

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

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

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

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

Financial Update

Revenues

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

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

Operating Expenses

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

2021 Budget

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

Capital Program

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

Capital spending under the 2021 Budget reflects the adverse impacts of the COVID-19 pandemic. The 2021 capital spending assumes no extraordinary funding from the federal government or other sources. The Port Authority is also engaged in evaluating the extent to which its 2017-2026 Capital Plan should be modified to

guide post-2021 capital spending. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects.

Federal Support

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

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

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

Liquidity

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

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

Prospective Financial Condition

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

However, and subject to the foregoing limitations, based on its current financial position and projected future financial performance as result of COVID-19 impacts, the Port Authority expects to meet its obligations as

they become due, including both short term operating expenses and debt service on its Consolidated Bonds and Consolidated Notes.

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

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

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

2020 vs. 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

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

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

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

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

Bonds and other asset financing obligations of $26.7 billion, including $1.2 billion associated with Tower 4 Liberty Bonds, increased $1.6 billion from December 31, 2018 primarily due to the issuance of

additional Consolidated Bonds for purposes of funding capital construction projects at Port Authority facilities as outlined in the 2017-2026 capital plan.

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

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

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

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:

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

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

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

Gross Operating Revenues

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

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

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

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

2020 vs. 2019

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

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

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

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

offset by; ***a.)*** a decrease in the PATH multi-fare discounts implemented in November 2019 and November 2020; and ***b.)*** an increase in bridge and tunnel toll rates, which became effective in January 2020.

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

2019 vs. 2018

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

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

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

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

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

Operating Expenses

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

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

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

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

2020 vs. 2019

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

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

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

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

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

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

2019 vs. 2018

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

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

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

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

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

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

Depreciation and Amortization

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

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

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

* PATH includes WTC Transportation Hub.

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

2020 vs. 2019

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

2019 vs. 2018

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

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

Net Insurance Recoverables

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

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

Income/(Loss) from Operations

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

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

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

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

** PATH includes WTC Transportation Hub.

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

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

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

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

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

2020 vs. 2019

Financial income, comprised of interest income and the net change in fair value of investments totaled $81.9 million in 2020, a decrease of $6 million when compared to 2019. This year-to-year decrease was primarily due to lower earnings on United States Treasury securities due to lower interest rates, lower unrealized gains

related to the change in fair value of securities held in Port Authority investment accounts, and lower investments returns to the WTC Tower 1 Joint Venture minority interest member.

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

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

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

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

2019 vs. 2018

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

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

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

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

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

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and Passenger Facility Charges follows:

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

2020 vs. 2019

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

Passenger Facility Charges (PFCs) of $75.5 million decreased $217.1 million from 2019 due to lower passenger activity of 71% as a result of COVID-19.

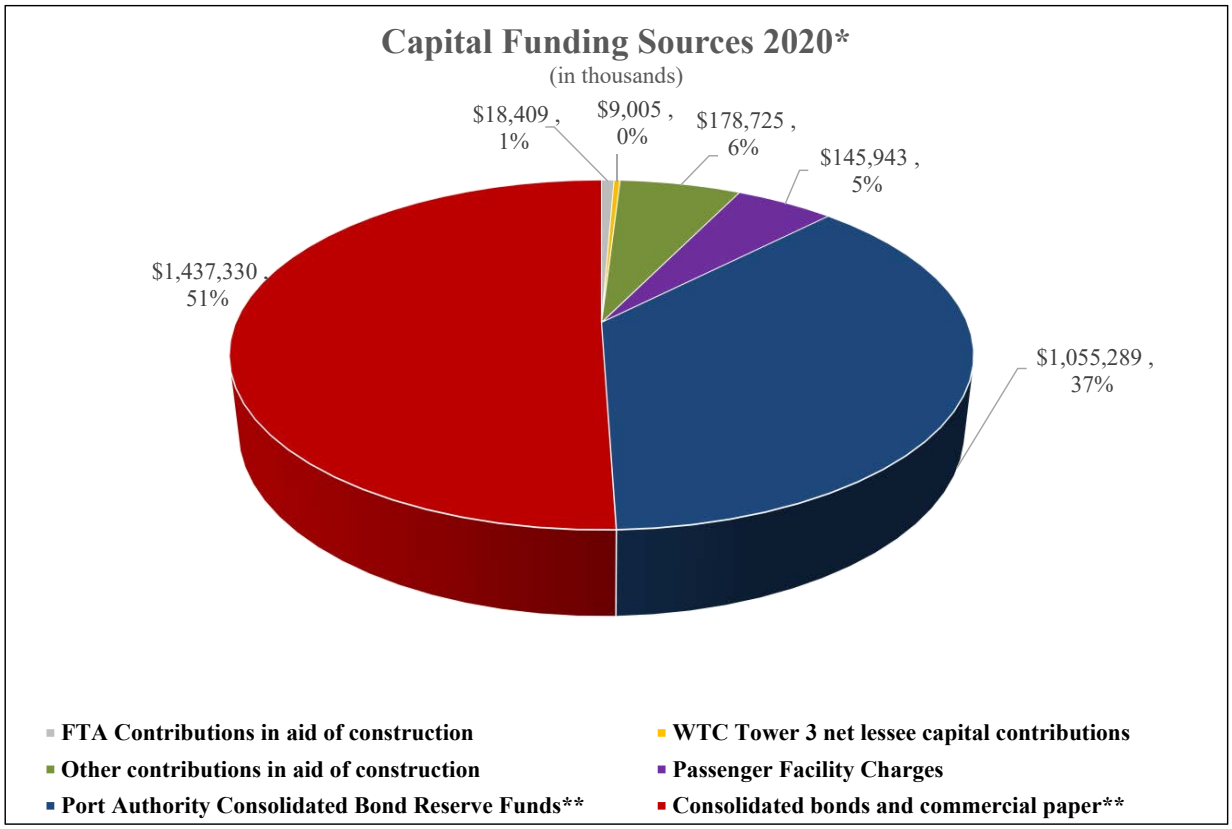
2019 vs. 2018

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

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

Capital Construction Activities

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



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

A summary of capital investment by business segment follows:

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

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

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

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

Capital Financing and Debt Management

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

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

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

Credit Ratings

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

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

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

- On April 9, 2020 Moody's Investor Service changed their rating outlook from stable to negative, while affirming their Aa3 rating on Port Authority Consolidated Bonds and P-1 rating on Port Authority Commercial Paper Notes.

- On June 26, 2020 Standard and Poor's (S&P) changed their rating on Port Authority Consolidated Bonds from AA- to A+ and from A-1+ to A-1 on Port Authority Commercial Paper Notes. Additionally, S&P changed their ratings outlook from stable to negative.

- On June 26, 2020 Fitch Ratings changed their ratings outlook from stable to negative watch while affirming their AA- rating on Port Authority Consolidated Bonds and F1+ rating on Port Authority Commercial Paper Notes.

- On January 19, 2021, Fitch Ratings changed their rating on Port Authority Consolidated Bonds to A+ and affirmed their F1+ rating on Port Authority Commercial Paper Notes. Additionally, Fitch changed their ratings outlook from rating watch negative to stable.

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

Other Activities

Toll & Fare Increases

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

The PATH fare schedule was revised in two steps effective November 1, 2019 and November 1, 2020. Most recently on November 1, 2020, although the PATH base fare for a single trip remains at $2.75, the cost of multi-trip tickets was increased to $26.00 for a 10-trip ticket, $52.00 for a 20-trip ticket and $104.00 for a 40-trip ticket. After 2020, PATH fares will be indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2020, would, when applied to the single ride fares, result

in an adjustment of at least $0.25. For additional information related to PATH fares please refer to the following link: http://www.panynj.gov/path/fares.html.

Cashless Tolling

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

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

2021 Budget

On December 17, 2020, the Board of Commissioners approved a 2021 budget that provides for capital and operating expenditures during calendar year 2021 totaling $7.2 billion. To obtain a copy of the 2021 budget, please refer to the following link: https://corpinfo.panynj.gov/pages/budget/.

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

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

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

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

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

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

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

2020 vs. 2019

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

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

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

2019 vs. 2018

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

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

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

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

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

See Notes to Financial Statements.

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

Statements of Revenues, Expenses and Changes in Net Position

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

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

Statements of Cash Flows (continued)

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

3. Capital obligations:

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

4. Noncash investing, capital and financing activities:

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

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

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

See Notes to Financial Statements.

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

Statements of Fiduciary Net Position

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

See Notes to Financial Statements.

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

Statements of Changes in Fiduciary Net Position

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

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

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

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 financial statements for the year ending December 31, 2020.

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

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

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

e. *The Port Authority of New York and New Jersey Retiree Health Benefits Trust* (the Trust) was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation (PATH) for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including, group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority's Board 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. The trajectory and ultimate impact of the SARS-CoV-2 coronavirus and COVID-19, the severe acute respiratory syndrome it causes ("COVID-19"), pandemic is uncertain and is subject to many developments and actions outside of the control of the Port Authority. Some of the factors outside the Port Authority's control include: (1) when and how quickly the economy as a whole begins to recover following the impact of COVID-19; (2) when and how quickly those segments of the economy on which its revenues depend recover to pre-COVID-19 levels (e.g. when bridge and tunnel traffic normalizes, when airport passenger traffic normalizes, among others); and, (3) the amount and the terms of any financial assistance or aid from the federal government.

p. In May 2020, GASB issued Statement No. 95, *"Postponement of the Effective Dates of Certain Authoritative Guidance."* The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

q. In June 2017, GASB issued Statement No. 87, *"Leases."* The requirements of GASB Statement No. 87 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until periods beginning after June 15, 2021 by GASB Statement No. 95. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 87.

r. In June 2018, GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* The requirements of GASB Statement No. 89 were originally effective for financial statements periods beginning after December 15, 2019 and postponed until December 15, 2020 by GASB Statement No. 95. The objective of this statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for the reporting period and

to simplify accounting for interest costs incurred before the end of a construction period. The Port Authority is in the process of evaluating the impact of adopting GASB Statement No. 89.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Statements of Net Position to Schedule B – Assets and Liabilities

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

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

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

Note B - Facilities, net

1. Facilities, net is comprised of the following:

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

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

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

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

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

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

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

Note C – Cash and Investments

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

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

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

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

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

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

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

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

*** Investments are valued at unamortized cost.

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

Port Authority Investment Policies

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

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

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

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

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

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

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

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

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

*Excludes accrued interest receivable amounts of $15 million.

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

PAICE Investment Policies

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

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

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

Reserve Account allowable investments are the allowable investments in the Minimum Reserve Account, plus the following types of investments: **a.)** United States dollar-denominated issues of sovereigns, supranationals,

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

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

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

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

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

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

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

Investment Policies

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

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

The Trust's investment policy statement, approved by the Executive Director of the Port Authority, permits the Trust to invest in equities, fixed income, and cash equivalents. The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the long-term Other Postemployment Benefits ("OPEB") obligations of the Port Authority and PATH. The investment objectives are based on a 15-year investment horizon so that interim

fluctuations should be viewed with appropriate perspective. Investments are managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust's investment objectives. Investments are diversified with the intent to minimize the risk of investment losses.

Rate of Return

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

Diversification

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

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

Market Risk

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

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

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.
Level 3 inputs are unobservable inputs for the asset and should be used only when relevant Level 1 and Level 2 inputs are unavailable.
The Trust investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

Credit Risk

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

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

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

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

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

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

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

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

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

Interest Rate Risk

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

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

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

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, 2020 are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

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

		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

A. Consolidated Bonds and Notes

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

	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

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

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

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

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

The most recent information, as of the date of this report, related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's Official Statement dated January 21,

2021, which can be located in the corporate information section on the Port Authority's website at: https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html.

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

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

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

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

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

B. Commercial Paper Obligations

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

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

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

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

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

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

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

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

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

C. Variable Rate Master Notes

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

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

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

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

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

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

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

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

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

D. Port Authority Equipment Notes

Port Authority Equipment Notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $250 million. Equipment Notes are special obligations to the Port Authority and are payable in the

same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds.*

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

E. Fund for Regional Development Buy-Out Obligation

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

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

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

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

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

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

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority (BLRA) for $235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port

Authority Marine Terminal for future marine terminal purposes. The $235 million total purchase price is payable to the BLRA in twenty-four annual installment payments through 2033.

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

	Dec. 31, 2019	Accretion	Amortization	Dec. 31, 2020
		(In thousands)		
Obligation Outstanding	$ 48,711	$ -	$ 2,443	**$ 46,268**

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

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

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

G. Tower 4 Liberty Bonds

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

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

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

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

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

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

H. Goethals Bridge Replacement Developer Financing Arrangement

On August 30, 2013, the Port Authority and a private developer entered into an agreement ("the Project Agreement") for the design, construction, financing, and maintenance of a replacement Goethals Bridge ("the Replacement Bridge"). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 ("Substantial Completion") and project completion, including the demolition of the existing bridge, occurred on December 31, 2018. Pursuant to the Project Agreement, which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation

and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance, and receives toll revenues. The Port Authority controls all tolling activities, including the determination and approval of toll rates.

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

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

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

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

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

* DFA loan interest rate equals 5.64%.

I. Amounts Payable - Special Project Bonds

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

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

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

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

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

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

	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 Airport, that included the construction of a cogeneration facility, the renovation and expansion of the central heating and refrigeration plant, and the renovation and expansion of the thermal distribution system.

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

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

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

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

Consolidated Bonds and Consolidated Notes

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

the medium of Consolidated Bonds and Consolidated Notes; **b.)** the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund; and, **c.)** the Consolidated Bond Reserve Fund established by the Consolidated Bond Resolution.

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

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

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

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

Special Obligations

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

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

Net revenues for purposes of special obligations of the Port Authority are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after: **i.)** payment or provision for payment of debt service on Consolidated Bonds and Consolidated

Notes as required by the applicable provisions of the Consolidated Bond Resolution; **ii.)** payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and, **iii.)** applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

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

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

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

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

Note F – Grants and Contributions in Aid of Construction

During 2020 and 2019 the Port Authority received reimbursements related to certain policing activities as well as federal, state, and local funding for operating and capital construction activities:

Policing programs

K-9 Program – The FAA and the Transportation Security Administration ("TSA") provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately $1.3 million in 2020 and $1.2 million in 2019.

U.S. Department of State ("USDOS") – The Port Authority recognized $1 thousand in 2020 and $751 thousand in 2019 from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

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

Grants, in connection with operating activities

Security Programs – In 2020 and 2019 the Port Authority recognized approximately $31.2 million and $16.3 million, respectively, from the TSA for security related programs, including Urban Area Security Initiatives programs, Transit Security, and the Port Security programs.

Federal Emergency Management Agency ("FEMA") – In 2020 and 2019, the Port Authority recognized $200 thousand and $3.2 million, respectively, from the immediate response and repair efforts related to Hurricane Maria and Winter Storm Quinn.

Airport Improvement Program ("AIP") – The Port Authority recognized $700 thousand in 2020 and $2.7 million in 2019 in AIP discretionary funding primarily related to certain capacity and planning studies at aviation facilities, and the construction of electric charging stations at JFK Airport.

Superstorm Sandy – In 2020 and 2019 the Port Authority recognized $4.3 million and $2.3 million, respectively, from the FEMA and Federal Transit Administration ("FTA") for Superstorm Sandy immediate repair efforts.

Coronavirus Air, Relief, and Economic Security Act ("CARES Act") – In 2020, the Port Authority recognized $450.4 million in federal funding under the CARES Act related to Port Authority aviation operating expenditures.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2020 and 2019 the Port Authority recognized $182 million and $169 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

One WTC – The Port Authority recognized $24 million in 2020 in required capital contributions for the construction of the One WTC façade maintenance system.

AIP – The Port Authority recognized $17.8 million in 2020 and $45.1 million in 2019 in AIP funding primarily related to rehabilitation of taxiways and runways at all Airport Facilities, including airport wide infrastructure at Newark Liberty International Airport ("EWR Airport").

WTC Tower 3 – The Port Authority recognized $9 million in 2020 and $30.8 million in 2019 in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration ("FHWA") – In 2020 and 2019 the Port Authority recognized $9 million and $8 million, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

Other – The Port Authority recognized $1.8 million in 2020 for the New York Works Economic Development funding for a community center at the George Washington Bus Station.

Note G - Lease Commitments

Operating lease revenues

Gross operating revenues attributable to fixed rentals associated with operating leases amounted to approximately $1.2 billion and $1.3 billion in 2020 and 2019, respectively.

Property held for lease

The Port Authority has entered into operating leases with tenants for the use of space at various Port Authority facilities including buildings, terminals, offices and consumer service areas at air terminals, marine terminals, bus terminals, rail facilities, industrial parks, the Teleport and WTC. Investments in such facilities, as of December 31, 2020, include property associated with minimum rentals derived from the leases. It is not

reasonably practicable to segregate the value of assets associated with producing minimum rental revenue from the value of assets associated with an entire facility.

Future minimum rentals are predicated upon the ability of the lessees to meet their commitments. Future minimum rentals scheduled to be received on operating leases in effect on December 31, 2020 are as follows:

Year ending December 31:	Minimum Rentals
	(In thousands)
2021 (a)	$ 1,120,602
2022	1,055,480
2023	982,611
2024	864,780
2025	826,926
2026-2100 (b)	23,025,917
Total future minimum rentals (c)	$ 27,876,316

(a) Includes $17 million related to the transfer of the Port Authority's interests in the WTC Retail Joint Venture, expected to be received in 2021.

(b) Includes future minimum rentals of approximately $13.9 billion attributable to the Silverstein net leases for WTC Towers 2, 3 and 4.

(c) Future minimum rentals exclude amounts attributable to the transfer of the Port Authority's interests in the WTC Retail Joint Venture that are contingent upon the construction of certain retail space located within WTC Towers 2 and 3 and market conditions at the time.

Property leased from others

Rental payments include payments to the Cities of New York and Newark related to air and marine terminals and other leased premises, including rent related to the Port Authority's WTC Tower 4 corporate headquarters leased space. Rental payments totaled $335 million in 2020 and $320 million in 2019. Rental payments exclude PILOT payments to municipalities.

Future minimum rentals scheduled to be paid on operating leases in effect on December 31, 2020 are detailed below. Additional rents may be payable based on operating net revenues or gross operating revenues of specified facilities.

Year ending December 31:	Minimum Rentals
	(In thousands)
2021	$ 321,509
2022	313,229
2023	313,151
2024	309,353
2025	309,979
2026-2030	1,547,609
2031-2035	1,562,319
2036-2040	1,534,708
2041-2045	1,482,286
2046-2050	1,267,183
2051-2099*	1,494,982
Total future minimum rent payments	$ 10,456,308

* Future minimum rent payments for the years 2051-2099 consist of expected rent payments relating to leased marine and air terminals, including the operating lease related to New York Stewart International Airport which expires in 2099.

Note H – Regional Facilities and Programs

At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise associated with an existing Port Authority facility, these projects are effectuated through the certification of an additional Port Authority facility established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities and programs described below.

Regional Facilities

Port Authority Bus Program (certified in 1979 & 1982) – In 1979 the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance, and transfer, subject to appropriate certifications, up to $440 million of buses and ancillary bus facilities in the States of New York and New Jersey, with up to $220 million allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The Port Authority has provided 2,907 buses and related spare parts under the Port Authority Bus Programs in the States of New York and New Jersey. As of June 30, 1998, title to all buses leased under such programs in the States of New York and New Jersey was transferred to the respective lessees thereof. Funds related to this program have been fully allocated and amortized.

Regional Development Facility (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that $250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2020, approximately $249 million has been allocated under this program.

Regional Economic Development Program (certified in 1989) – This facility is comprised of up to $400 million for certain transportation, economic development and infrastructure renewal projects. Funds allocated under this program have been fully allocated.

Oak Point Rail Freight Link (certified in 1981) – The Port Authority has participated with the New York State Department of Transportation in the development of the Oak Point Rail Freight Link. As of December 31, 2020, the Port Authority has provided approximately $102 million for this rail project, of which approximately $63 million was made available through the Regional Development Facility and the Regional Economic Development Program. Funds related to this program have been fully allocated and amortized.

New Jersey Marine Development Program (certified in 1989) – This program was undertaken to fund certain fishery, marine or port development projects in the State of New Jersey at a total cost not to exceed $27 million. Funds related to this program have been fully allocated and amortized.

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

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

Hudson-Raritan Estuary Resources Programs (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed $120 million. As of December 31, 2020, approximately $54 million has been allocated under these programs.

Regional Rail Freight Program (certified in 2002) – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to $50 million. All funds under this program have been fully allocated.

Meadowlands Passenger Rail Facility (certified in 2006) – This facility, which links New Jersey Transit's (NJT) Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to $150 million towards the project's capital costs. All funds under this program have been fully allocated.

As of December 31, 2020, approximately $2.2 billion has been expended under regional facilities. Costs for these programs are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2019	Project Expenditures	Amortization	Dec. 31, 2020
		(In thousands)		
Port Authority Bus Program	$ -	$ -	$ -	**$ -**
Regional Development Facility	966	-	341	**625**
Regional Economic Development Program	1,277	-	262	**1,015**
Oak Point Rail Freight Link	-	-	-	**-**
New Jersey Marine Development Program	-	-	-	**-**
New York Transportation, Economic Development and Infrastructure Renewal Program	14,356	-	7,470	**6,886**
Regional Transportation Program	32,327	-	11,260	**21,067**
Hudson-Raritan Estuary Resources Program	16,279	-	3,384	**12,895**
Regional Rail Freight Program	856	-	500	**356**
Meadowlands Passenger Rail Facility	27,395	-	10,000	**17,395**
Total unamortized costs of regional programs	$ 93,456	$ -	$ 33,217	**$ 60,239**

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of $150 million to the State of New York to advance

the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

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

Note I - Pension Plans

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

Port Authority Employees

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

NYSLRS Plan Benefits

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

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

Members in Tiers 1–4 need five years of service to be 100 percent vested. Tiers 5–6 members require ten years of service credit to be 100 percent vested.

Participating employers are required under the provisions of the New York State Retirement and Social Security Law ("RSSL") to contribute to the NYSLRS at an actuarially determined rate adopted annually by the State Comptroller of New York. The average contribution rate for ERS for the fiscal years ended March 31, 2020 and March 31, 2019 were approximately 14.6 percent and 14.9 percent of payroll, respectively. The average contribution rate for PFRS for the fiscal years ended March 31, 2020 and March 31, 2019 was approximately 23.5 percent of payroll, for both years.

Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Benefits for each NYSLRS plan are established and may be amended under the provisions contained in the New York State RSSL.

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent greater than the average of the previous two years.

Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with ten or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tier 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years. For PFRS Tier 5 (there are no Port Authority members enrolled in PFRS Tier 3 and 4), each year used in

the final average salary calculation is limited to no more than 20 percent greater than the average of the previous two years.

Tier 6 members, with the exception of those retiring under special retirement plans, must have ten years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Generally, the benefit for Tier 6 members is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10 percent of the average of the previous four years.

Certain Port Authority PFRS members belong to 25-Year Plans, which allow for retirement after 25 years of service with a benefit of one-half of final average salary or 20-Year Plans, which allow for retirement after 20 years of service with a benefit of one-half of final average salary.

Port Authority contributions for the period covering April 1, 2020 through March 31, 2021 due NYSLRS on February 1, 2021 total $200.8 million, including $77.6 million to ERS and $123.2 million to PFRS.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2020 and March 31, 2019, which is publicly available at the following web address:
http://www.osc.state.ny.us/retire/about_us/financial_statements_index.php

NYSLRS – Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

NYSLRS Net Pension Liability - 2020 and 2019

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

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

NPL	December 31, 2020	December 31, 2019
	(In thousands)	
ERS	**$ 430,993**	$ 91,792
PFRS	**412,870**	129,920
Total Net Pension Liability	**$ 843,863**	$221,712

The NPLs at December 31, 2020 and 2019 were measured as of March 31, 2020 and 2019, based on actuarial valuations as of April 1, 2019 and 2018, with update procedures used to roll forward the TPL to March 31, 2020 and 2019, respectively.

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

	2020	2019
ERS	**1.6%**	1.3%
PFRS	**7.7%**	7.7%

The Port Authority's proportionate share of the ERS and PFRS NPLs were actuarially determined based on the projection of the Port Authority's long-term share of contributions to each respective plan relative to the projected long-term contributions of all participating employers of each plan.

NYSLRS Pension Expense - 2020 and 2019

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

Pension Expense	2020	2019
		(In thousands)
ERS	**$ 156,509**	$ 66,146
PFRS	**140,285**	79,500
Total Pension Expense	**$ 296,794**	$ 145,646

NYSLRS Deferred Inflows/Outflows of Resources - 2020 and 2019

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

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2020:

	December 31, 2020		
Deferred Outflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ 25,366	$ 27,493	**$ 52,859**
Changes in actuarial assumptions	8,678	35,290	**43,968**
Net difference between projected and actual investment earning on pension plan investments	220,948	185,928	**406,876**
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	29,894	1,797	**31,691**
Subtotal - Deferred Outflows of Resources	284,886	250,508	**535,394**
Port Authority contributions subsequent to the measurement date	-	-	**-**
Total Deferred Outflows of Resources	$284,886	$ 250,508	**$ 535,394**

	December 31, 2020		
Deferred Inflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ -	$ 6,916	**$ 6,916**
Changes in actuarial assumptions	7,493	-	**7,493**
Net difference between projected and actual earnings on pension plan investments	-	-	**-**
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	326	15,282	**15,608**
Total Deferred Inflows of Resources	$ 7,819	$ 22,198	**$ 30,017**

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized in future years pension expense as follows:

Year ended December 31:	**ERS**	**PFRS**	**Total**
		(In thousands)	
2021	$ 50,623	$ 46,335	**$ 96,958**
2022	70,122	53,293	**123,415**
2023	86,589	68,858	**155,447**
2024	69,733	57,790	**127,523**
2025	-	2,034	**2,034**
Total	$ 277,067	$ 228,310	**$ 505,377**

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

Deferred Outflows of Resources	December 31, 2019 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	December 31, 2019 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

NYSLRS Actuarial Assumptions - 2020 and 2019

The TPL for each plan was determined using an actuarial valuation as of April 1, 2019 for fiscal year 2020 and April 1, 2018 for fiscal year 2019, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2020 and March 31, 2019, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	2020	2019
Investment rate of return	6.8% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	4.2%, indexed by service	4.2%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

PFRS	2020	2019
Investment rate of return	6.8% compounded annually, net of investment expenses, including inflation	7.0% compounded annually, net of investment expenses, including inflation
Salary scale	5.0%, indexed by service	5.0%, indexed by service
Inflation	2.5%	2.5%
Cost of living adjustment	1.3%	1.3%

Mortality rates for both the fiscal year 2020 and 2019 actuarial valuation are based on each Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2018.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

	2020*		2019*	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Nominal Rate of Return
Domestic equity	36%	4.05%	36%	4.55%
International equity	14%	6.15%	14%	6.35%
Private equity	10%	6.75%	10%	7.50%
Real estate	10%	4.95%	10%	5.55%
Absolute return strategies**	2%	3.25%	2%	3.75%
Opportunistic portfolio	3%	4.65%	3%	5.68%
Real assets	3%	5.95%	3%	5.29%
Bonds and mortgages	17%	0.75%	17%	1.31%
Cash	1%	0.00%	1%	(0.25)%
Inflation-indexed bonds	4%	0.50%	4%	1.25%
Total	100%		100%	

* The real rate of return is net of the long-term inflation assumption of 2.50%.
** Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

NYSLRS Discount Rate Analysis - 2020 and 2019

The discount rate used to calculate the TPL for ERS and PFRS was 6.8% for 2020 and 7.0% for 2019, respectively. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rates and that employer contributions will be made at their contractually required rates, as actuarially determined.

Based upon these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for both ERS and PFRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL for each plan.

The following tables present the Port Authority's proportionate share of the NPL for ERS and PFRS calculated for 2020 and 2019 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	2020		
	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)
		(In thousands)	
ERS - Port Authority's proportionate share of the NPL	$ 790,994	$ 430,993	$ 99,431
PFRS - Port Authority's proportionate share of the NPL	738,220	412,870	121,512
Total	$1,529,214	$ 843,863	$ 220,943

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

Additional information related to the Port Authority's proportionate share of the net pension liability for ERS and PFRS and the Port Authority's contributions to ERS and PFRS can be found in the Required Supplementary Information (RSI) section of this report following the appended notes.

New York State Voluntary Defined Contribution Program (VDC)

Non-represented New York State public employees hired on or after July 1, 2013 with annual wages of $75,000 or more are eligible to participate in the VDC by electing out of the ERS defined benefit pension plan. The VDC plan is administered by TIAA-CREF. System benefits and contribution requirements are established and may be amended under provisions of the RSSL.

An electing VDC employee contributes up to six percent (6%) of their annual gross wages with an additional employer contribution of eight percent (8%) of the employee's annual gross wages.

As of December 31, 2020 and 2019, 341 and 339 employees, respectively were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

	2020	2019
		(In thousands)
Employer Contributions	**$ 3,206**	$ 2,675
Employee Contributions	**2,358**	1,956
Total	**$ 5,564**	$ 4,631

Port Authority Trans-Hudson Corporation ("PATH") Employees

Federal Railroad Retirement Program

PATH employees are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH represented and non-represented employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2020 and 2019, 1,221 and 1,232 PATH employees, respectively, participated in the Federal Railroad Retirement Program.

Employer and employee contributions to the Federal Railroad Retirement Program were as follows:

Railroad Retirement Tier I	**Employee Tax Rate**	**Employee Taxes**	**Employer Tax Rate**	**Employer Taxes**	**Total Taxes**
			($ In thousands)		
2020	7.65%	$ 9,384	7.65%	$ 9,384	$ 18,768
2019	7.65%	$ 8,466	7.65%	$ 8,466	$ 16,932

Railroad Retirement Tier II	**Employee Tax Rate**	**Employee Taxes**	**Employer Tax Rate**	**Employer Taxes**	**Total Taxes**
			($ In thousands)		
2020	4.9%	$ 5,170	13.1%	$ 13,823	$ 18,993
2019	4.9%	$ 4,832	13.1%	$ 12,918	$ 17,750

Detailed information about the Federal Railroad Retirement Program can be found in the U.S. Railroad Retirement Board Performance and Accountability Report, which is publicly available at the following web address: https://www.rrb.gov/sites/default/files/2020-11/par2020_0.pdf

PATH Employees Supplemental Pension Plans

In addition to pension benefits provided under the Federal Railroad Retirement Program, PATH employees are eligible to participate in certain supplemental pension plans.

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately $7.0 million in 2020 and $6.7 million in 2019.

PATH Non-Represented Employees

Employees of PATH who are not covered by collective bargaining agreements (PATH Exempt Employees) are members of the PATH Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 (the Plan). The Plan is a non-contributory, unfunded, single-employer, defined benefit, qualified governmental pension plan administered by PATH. The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years of service requirement and the benefit formula used in calculating retirement benefits.

On August 22, 2013, the Port Authority established the PATH Exempt Employees Supplemental Pension Plan Trust with Wells Fargo Bank, N.A. as Trustee. As of December 31, 2020, no amounts have been deposited into the trust to fund future pension payments.

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

PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2020 and 2019

GASB Statement No. 68, as amended, defines the NPL as the difference between the TPL and the pension plan's fiduciary net position. As the Plan is unfunded and has no plan assets, the TPL and NPL are of equal amounts. Changes in the TPL from the previous measurement date are as follows:

Total Pension Liability	**2020***	**2019****
	(In thousands)	
Beginning Balance	**$ 76,498**	$ 89,381
Changes recognized for the fiscal year:		
Service cost	**2,401**	1,720
Interest on the total pension liability	**3,155**	3,070
Differences between expected and actual experience	**2,926**	1,778
Changes in assumptions	**13,667**	(15,700)
Benefit payments	**(3,927)**	(3,751)
Net change in TPL	**18,222**	(12,883)
TPL recognized at December 31	**$ 94,720**	$ 76,498

* The Plan's TPL reported at December 31, 2020 was measured as of January 1, 2020 based on an actuarial valuation as of the same date.

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

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2020 and 2019

Pension expense related to the Plan totaled:

	2020	**2019**
	(In thousands)	
Pension Expense	**$ 7,365**	$ 3,996

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2020 and 2019

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

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	**$ 4,081**	$ 3,375
Changes in actuarial assumptions	**12,605**	3,487
Subtotal - Deferred Outflows of Resources	**16,686**	6,862
Contributions subsequent to the measurement date	**3,925***	3,928
Total Deferred Outflows of Resources	**$ 20,611**	$ 10,790

* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's NPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal year ended December 31, 2021.

At December 31, 2020 and December 31, 2019, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Differences between actual and expected experience	**$ 525**	$ 888
Changes in actuarial assumptions	**9,668**	14,263
Total Deferred Inflows of Resources	**$ 10,193**	$ 15,151

Deferred outflows and deferred inflows as of December 31, 2020, excluding contributions made by the Port Authority after the measurement date, will be recognized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	$ 1,642
2022	1,379
2023	2,023
2024	1,449
Total	$ 6,493

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2020 and 2019

The TPL measured as of January 1, 2020 and January 1, 2019, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.0%
Investment rate of return	N/A

Actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Actuarial assumptions used in the January 1, 2019

valuation were based on the results of an actuarial experience study for the period of January 1, 2014 to January 1, 2017. Mortality rates used in the 2020 and 2019 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2019 and MP-2018 from 2010, respectively. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants, and include the types of benefits provided at the time of each valuation.

As of the January 1, 2020 and January 1, 2019 valuation date, Plan participants comprised:

	2020	2019
Retired PATH Exempt Employees (or their beneficiaries)	**117**	114
Active PATH Exempt Employees	**104**	95
Terminated but vested employees who are not currently receiving benefits	**17**	17
Total participants	**238**	226

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2020 and 2019

Because the plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 2.74% as of the January 1, 2020 measurement date and 4.10% as of the January 1, 2019 measurement date.

The following tables present the 2020 and 2019 Plan's TPL calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

		2020	
	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
		(In thousands)	
Total Pension Liability	$ 107,557	$ 94,720	$ 84,123

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

Note J – Other Postemployment Benefits (OPEB)

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan (the Plan) that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as other postemployment benefits (OPEB). Benefits are provided through a third-party insurer. Benefits are paid: **a.)** directly by the Port Authority or PATH from available operating funds; **b.)** by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions; or, **c.)** from a

dedicated trust established for such purposes. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	2020	2019
Retirees and surviving spouses currently receiving benefits	8,166	7,951
Covered spouses of retired employees receiving benefits	4,224	4,135
Active employees plan participants	8,270	7,970
Total plan members	20,660	20,056

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

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

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. No advanced funding contributions were made to the Trust in 2020. In 2019, annual advanced funding contributions totaled $100 million.

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

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

Net OPEB Liability – 2020 and 2019

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2019	$ 3,039,533	$ 1,799,626	$ 1,239,907
Changes Increase/(Decrease) for the year:			
Service cost	32,566	-	32,566
Interest cost on the total OPEB liability	209,925	-	209,925
Changes in benefit terms	(2,928)	-	(2,928)
Differences between expected and actual experience	58,916	-	58,916
Changes in assumptions	(201,908)	-	(201,908)
Benefit payments*	(148,836)	(148,836)	-
Contributions-employer**	-	30,061	(30,061)
Net investment income	-	225,006	(225,006)
Administrative expenses	-	(96)	96
(Decrease)/Increase	(52,265)	106,135	(158,400)
Balance at December 31, 2020	$ 2,987,268	$ 1,905,761	$ 1,081,507

* 2020 benefit payment includes $30.1 million from available Port Authority operating funds and $118.8 million paid from the Trust.

** Includes OPEB benefit payments totaling $30.1 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, 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 benefit payments totaling $156.5 million from available Port Authority operating funds.

** Includes OPEB benefit payments totaling $156.5 million to OPEB plan members from available Port Authority operating funds and $100 million in advanced fundings to the Trust.

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 or 1 percentage point higher than the current discount rate for the year ending December 31:

	2020			2019		
	1% Decrease (5.7%)	Discount Rate (6.7%)	1% Increase (7.7%)	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
	(In thousands)					
Net OPEB Liability	1,494,194	1,081,507	745,904	1,657,112	1,239,907	900,404

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the healthcare cost trend rates used in the January 1 actuarial valuation disclosed above:

	2020			2019		
	1% Decrease	Healthcare Cost Trend Rate	1% Increase	1% Decrease	Healthcare Cost Trend Rate	1% Increase
	(In thousands)					
Net OPEB Liability	766,535	1,081,507	1,470,273	914,168	1,239,907	1,641,829

OPEB Expense

OPEB expense related to the Plan totaled:

	2020	2019
	(In thousands)	
OPEB Expense	$ 43,425	$ 112,666

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

At December 31, 2020 and 2019, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**2020**	2019
	(In thousands)	
Differences between actual and expected experience	$ 157,234	$ 141,943
Total Deferred Outflows of Resources	$ 157,234	$ 141,943

At December 31, 2020 and 2019, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2020	2019
	(In thousands)	
Changes in actuarial assumptions	$ 326,159	$ 203,700
Net difference between expected and actual earnings on OPEB plan investments	136,301	71,706
Total Deferred Inflows of Resources	$ 462,460	$ 275,406

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as either an increase (deferred out flows) or decrease (deferred inflows) to future OPEB expense over a closed period as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2021	$ (74,354)
2022	(55,624)
2023	(96,254)
2024	(65,994)
2025	(13,000)
Total	$ (305,226)

Actuarial Methods and Assumptions

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

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

The Port Authority's total OPEB liabilities were measured as of December 31, 2020 and 2019 based on actuarial valuations as of January 1, 2020 and 2019 with update procedures used to roll forward the total OPEB liability to the measurement date. The actuarial assumptions used in these valuations were based on the results of an actuarial experience study for the period January 1, 2014 to January 1, 2017. Mortality rates for the January 2020 and 2019 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2020 and Scale MP-2018 from the central year for civilian employees, for years 2020 and 2019, respectively.

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

	2020	2019
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Discount rate *	6.70%	7.00%
Medical healthcare cost trend rates (Pre-65 year old participant)**	6.00%	6.00%
Medical healthcare cost trend rates (Post-65 year old participant)**	5.25%	5.50%
Pharmacy benefit cost trend rate***	7.00%	8.00%
Dental benefit cost trend rate	4.00%	5.00%
Employer Group Waiver Plan savings	3.00%	8.00%
Medicare Part B	5.00%	5.00%

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

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2026 (including 2.5% inflation factor)

*** Decreasing to 4.5% in 2026

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31 is summarized in the following table:

	Target Asset Allocation		**Long-Term Expected Real Rate of Return***	
Asset Class	**2020**	2019	**2020**	2019
Domestic Equity	33%	33%	5.0%	4.9%
International Equity	21%	21%	5.1%	4.9%
Real Estate Investment Trust	6%	6%	4.0%	3.8%
Fixed Income	40%	40%	1.3%	3.2%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.5%

The discount rate used to measure the total OPEB liability was 6.7%. The projection of cash flows used to determine the discount rate assumed the Port Authority will make advanced funding contributions to the Trust as well as contributions related to pay-as-you-go benefit payments. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Note K– Commitments and Certain Charges to Operations

1. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions by the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

2. At December 31, 2020, the Port Authority had entered into various construction contracts totaling approximately $4.7 billion, which are expected to be completed within the next three years.

3. Other amounts receivable, net recognized on the Statements of Net Position totaled $181 million at December 31, 2020, and is comprised of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
		(In thousands)		
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	$ 79,355	$ 19,771	$ 15,927	$ 83,199
Long-term receivables from tenants	37,899	91,654	83,517	46,036
Amounts due – Goethals Bridge Replacement Bridge Developer	28,238	-	-	28,238
Tower 4 Liberty Bonds debt service	24,402	65,293	78,785	10,910
Other receivables	8,902	3,974	236	12,640
Total other amounts receivable, net	$ 178,796	$180,692	$178,465	$ 181,023

4. The 2020 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
		(In thousands)		
Self-Insured Public Liability Claims	$ 68,403	$ 4,972	$ 2,302	$ 71,073
Self-Insured Worker's Compensation Claims	68,431	30,278	22,357	76,352
Other payables	77,678	8,550	5,973	80,255
Goethals Bridge Replacement milestone payments	2,000	-	-	2,000
Pollution remediation obligation	21,661	3,006	4,335	20,332
Asset forfeiture program	29,259	1,424	1,162	29,521
Reinsurance premium payable	3,093	-	690	2,403
Surety and security deposits	4,761	282	326	4,717
WTC Joint Venture Preferred Returns	7,798	3,030	-	10,828
Deferred Gain/Loss on NLCC	4,761	-	-	4,761
Total Liabilities	$287,845	$51,542	$37,145	$302,242
Less: Current worker's compensation liability	17,152			18,286
Current Goethals Bridge milestones	2,000			2,000
Total other non-current liabilities	$268,693			$281,956

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

	Dec. 31, 2019	Additions	Deductions	Dec. 31, 2020
		(In thousands)		
Unearned Income related to WTC Retail Joint Venture	$ 746,218	$ -	$ 9,260	$ 736,958

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

5. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligating event occurs. In 2020, the Port Authority recognized an additional $3 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2020 totaled $94 million, net of $2.1 million in recoveries.

As of December 31, 2020, the outstanding pollution remediation liability totaled $20.3 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.

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

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

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

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

Future minimum rentals (see *Note G – Lease Commitments*) include rentals of approximately $13.8 billion, for the years 2026-2100, relating to the net leases for WTC Towers 2, 3 and 4. The inclusion of this amount in future rentals is predicated upon the assumption that the net lessees of various components of the WTC will continue to meet their contractual commitments pertaining to their net leased properties, including those with respect to the payment of rent and the restoration of their net leased properties.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. In June 2011, The Durst Organization contributed $100 million for a minority equity interest in the joint venture related to One World Trade Center through the current net lessee WTC Tower 1 LLC. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2020, WTC Tower 1 LLC has leased, (i) approximately 2.7 million square feet of office space at One World Trade Center, representing approximately 90% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center for an observation deck, which opened to the public in 2015.

World Trade Center Tower 2

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

World Trade Center Tower 3

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Tenant Support Agreement"). Under the Tower 3 Tenant Support Agreement, the Port Authority is required to provide up to $600 million in overall support, comprised of: (x) $210 million for the construction of Tower 3 as a landlord capital improvement, and (y) backstop funding of $390 million for (i) construction overruns and certain leasing cost overruns, through landlord capital improvements (ii) operating expense deficits and certain leasing cost overruns through the Tower 3 Silverstein net lessee's right to defer payments of net lease rent to the Port Authority under the net lease with respect to Tower 3, and (iii) senior debt service shortfalls, by the Port Authority as a special limited co-obligor on the senior debt issued for Tower 3, with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of $390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to $200 million of the $600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority 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, 2020, deferred rent due from the Tower 3 net lessee totaled approximately $39 million. As of December 31, 2020, the Silverstein Tower 3 net lessee has repaid the approximately $9 million in senior debt service shortfalls previously provided under the WTC Tower 3 Tenant Support Agreement.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2020, 79% of leasable office space has been leased to tenants.

World Trade Center Tower 4

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

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

Additionally, the Silverstein net lessee of Tower 4 has the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease and defer the application of certain free rent periods available to the Port Authority under its Tower 4 space lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2020, deferred rent due from the Tower 4 net lessee totaled approximately $45 million. Port Authority debt service payments related to Tower 4 Liberty Bonds, and deferred net lease rent payable to the Port Authority under the Tower 4 net lease, are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow. Amounts required to be reimbursed or paid to the Port Authority accrue interest at a rate of 7.5% annum until reimbursed or paid (with the exception of deferred net lease rent held on deposit which receives earnings on certain permitted investments plus nominal

interest), with an overall term for such reimbursement or payment not to exceed 40 years. As of December 31, 2020, Tower 4 Liberty Bond debt service payments due from the Tower 4 net lessee, including amounts assigned directly to the Tower 4 Liberty Bond trustee by the City of New York related to their Tower 4 leasehold, totaled approximately $10.9 million.

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2020, approximately 98% of the leasable office space has been leased to tenants.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project for the construction of a transportation hub and permanent PATH terminal. Construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the WTC Transportation Hub project at an estimated total project cost range of approximately $3.74 billion to $3.995 billion. The Port Authority reached the maximum funding amount of $2.872 billion from the FTA towards the construction of the WTC Transportation Hub in 2017. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to construct various WTC site infrastructure projects toward full build out of the WTC site. In 2014, certain portions of these infrastructure projects, including portions of the vehicular security center for cars, tour buses, and delivery vehicles to access subgrade loading facilities became operational to support commercial development throughout the WTC site. Other infrastructure work includes street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

WTC Retail

Through a series of transactions between the Port Authority and Westfield, the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A Westfield entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at the World Trade Center site, and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with Westfield, which is not expected to fully compensate the Port Authority for the cost of construction.

As of December 31, 2020, including Westfield's 2012 initial joint venture membership capital contribution of $100 million, the Port Authority has received $897 million for the transfer of its interests in the WTC retail joint venture to Westfield. These cumulative receipts, exclusive of Westfield's initial 2012 joint venture membership capital contribution of $100 million, have been recorded as Unearned income and subsequently recognized as

rental income over the remaining term of the existing WTC Retail net lease. As of December 31, 2020, $60 million has been cumulatively recognized as rental income.

WTC Memorial and Museum

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

Note M – Risk Financing Activities

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

Property Damage and Loss of Revenue Insurance Program

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

The Port Authority also purchased terrorism insurance with respect to its facilities for a three-year term, effective June 2, 2018. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA")** and commercial reinsurers.

Public Liability Insurance Programs

The public liability insurance program for Port Authority aviation facilities (which was renewed effective October 27, 2020 and expires October 27, 2021) includes insurance for aviation war risk, which includes terrorism.

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

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

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

** Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least $200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of $100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

Construction Insurance Programs

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

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

Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability, and property damage and loss of revenue insurance programs. Effective June 1, 2020, PAICE provides the first $500,000 in coverage under the general liability aspect of the Port Authority's contractors' insurance program and 34.5% of the next $4.5 million of losses that are in excess of the primary $500,000, and is further reinsured in the $3 million layer excess of $2 million. Further, effective October 27, 2018, PAICE provides $500 million in coverage under the nuclear, biological, chemical and radiological terrorism program, which is fully reinsured by commercial reinsurers and insures $1.1 billion in excess of $500 million, which is reinsured by TRIPRA. Finally, effective with the June 1, 2020 renewal of the Property and Loss of Revenue policies, PAICE provides $163 million in coverage under the World Trade Center program and $95 million in coverage under the Port Authority facilities program, with both programs being further reinsured by commercial reinsurers.

The financial results for PAICE for the year ended December 31, 2020 are set forth below. Restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	$ 457,088
Total Liabilities	72,800
Net Position, December 31, 2020	$ 384,288
Operating Results 2020	
Revenues	$ 50,395
Expenses	10,197
Change in Net Position	$ 40,198
Net Position at January 1, 2020	$ 344,090
Net Position at December 31, 2020	$ 384,288

The audited financial statements for the years ended December 31, 2020 and December 31, 2019 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Self-Insured Loss Reserves

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

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
			(In thousands)	
2020	$ 68,403	$ 4,972	$ 2,302	$ 71,073
2019	$ 70,277	$ 3,943	$ 5,817	$ 68,403

* Loss reserves exclude loss adjustment expenditures.

Self-insured workers' compensation loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
			(In thousands)	
2020	$ 68,431	$ 30,278	$ 22,357	$ 76,352
2019	$ 68,894	$ 20,270	$ 20,733	$ 68,431

* Loss reserves exclude loss adjustment expenditures.

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM (ERS)

Schedule of Proportionate Share of Net Pension Liability*

	2020	2019	2018	2017	2016	2015
			($ In thousands)			
Port Authority's proportion of the net pension liability	1.6%	1.3%	1.3%	1.3%	1.3%	1.3%
Port Authority's proportionate share of the net pension liability	$430,993	$ 91,792	$ 41,500	$120,672	$212,555	$ 44,906
Covered payroll (April 1 – March 31)	$536,527	$515,065	$408,384	$395,378	$392,529	$309,571
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	80.3%	17.8%	10.2%	30.5%	54.2%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.2%	98.2%	94.7%	90.7%	97.9%

Schedule of Employer Contributions*	2020	2019	2018	2017	2016	2015
			($ In thousands)			
Contractually required contribution	$77,635	$70,582	$56,866	$56,743	$57,530	$63,072
Contributions in relation to the contractually required contribution	$77,635	$70,582	$56,866	$56,743	$57,530	$63,072
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Port Authority's covered payroll (January 1 – December 31)	$462,194	$536,454	$500,841	$404,701	$395,725	$409,234
Contributions as a percentage of covered payroll	16.8%	13.2%	11.4%	14.0%	14.5%	15.4%

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

Schedule of Proportionate Share of Net Pension Liability*

	2020	2019	2018	2017	2016	2015
			($ In thousands)			
Port Authority's proportion of the net pension liability	7.7%	7.7%	7.6%	7.4%	8.0%	8.9%
Port Authority's proportionate share of the net pension liability	$412,870	$129,920	$ 77,081	$152,806	$236,004	$ 24,490
Covered payroll (April 1– March 31)	$467,638	$271,764	$263,292	$256,168	$246,060	$248,631
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	88.3%	47.8%	29.3%	59.7%	95.9%	9.8%
Plan fiduciary net position as a percentage of the total pension liability	84.9%	95.1%	96.9%	93.5%	90.2%	99.0%

Schedule of Employer Contributions*	2020	2019	2018	2017	2016	2015
			($ In thousands)			
Contractually required contribution	$123,221	$ 61,277	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contributions in relation to the contractually required contribution	$123,221	$ 61,277	$ 59,931	$ 60,797	$ 57,807	$ 53,652
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Port Authority's covered payroll (January 1 – December 31)	$398,506	$393,630	$ 262,701	$260,867	$253,096	$253,597
Contributions as a percentage of covered payroll	30.9%	15.6%	22.8%	23.3%	22.8%	21.2%

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

See accompanying independent auditors' report.

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)		
2020	7.65%	$ 9,384	7.65%	$ 9,384	$ 18,768
2019	7.65%	8,466	7.65%	8,466	16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
2013	7.65%	7,551	7.65%	7,551	15,102
Total Taxes		$ 65,700		$ 65,700	$ 131,400

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2020	4.9%	$ 5,170	13.1%	$ 13,823	$ 18,993
2019	4.9%	4,832	13.1%	12,918	17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
2013	4.4%	3,714	12.6%	10,636	14,350
Total Taxes		$ 35,887		$ 97,404	$ 133,291

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

PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN

Schedule of Changes to Total Pension Liability and Related Ratios*

	2020	2019	2018	2017	2016	2015
Total Pension Liability			($ In thousands)			
Service cost	$ 2,401	$ 1,720	$ 1,585	$ 1,323	$ 1,280	$ 900
Interest cost	3,155	3,070	3,169	2,961	2,850	3,271
Differences between expected and actual experience	2,926	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	13,667	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	(3,927)	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	18,222	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	76,498	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	**$94,720**	**$76,498**	**$89,381**	**$84,091**	**$83,388**	**$81,095**
Covered Payroll	$14,872	$13,052	$13,913	$13,590	$13,187	$12,356
Total Pension Liability as a % of Covered Payroll	636.9%	586.1%	642.4%	618.8%	632.4%	656.3%

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

Note: As of December 31, 2020, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

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

	2020	2019	2018	2017
		($ In thousands)		
Total OPEB liability:				
Service cost	**$ 32,566**	$ 33,132	$ 25,442	$ 23,778
Interest cost	**209,925**	213,607	202,303	196,930
Changes in benefit terms	**(2,928)**	(4,046)	(6,948)	-
Differences between expected and actual experience	**58,916**	99,585	90,986	-
Changes in assumptions	**(201,908)**	(241,555)	(5,903)	-
Benefit payments	**(148,836)**	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	**(52,265)**	(55,813)	158,119	77,180
Total OPEB liability-beginning	**3,039,533**	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	**2,987,268**	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:				
Contributions-employer	**30,061**	256,536	247,761	243,528
Net investment income	**225,006**	285,996	(86,274)	175,795
Benefit payments	**(148,836)**	(156,536)	(147,761)	(143,528)
Administrative expenses	**(96)**	(106)	(94)	(94)
Net change in plan fiduciary net position	**106,135**	385,890	13,632	275,701
Plan fiduciary net position-beginning	**1,799,626**	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	**1,905,761**	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	**$ 1,081,507**	$ 1,239,907	$ 1,681,610	$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	**63.80%**	59.21%	45.67%	47.67%
Covered-Employee payroll	**$ 987,081**	$ 1,041,188	$ 870,525	$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	**109.57%**	119.09%	193.17%	198.97%

Notes to Schedule:
*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Schedule A - Revenues and Reserves

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	Operating Fund	Reserve Funds	Combined Total	Combined Total
		(In thousands)		
Gross operating revenues:				
Tolls and fares	$ 1,571,827	$ -	**$ 1,571,827**	$ 1,876,911
Rentals	1,412,207	-	**1,412,207**	1,739,423
Aviation fees	907,314	-	**907,314**	1,287,263
Parking and other	240,329	-	**240,329**	408,609
Utilities	112,008	-	**112,008**	144,176
Rentals - Special Project Bonds Projects	81,129	-	**81,129**	74,073
Total gross operating revenues	4,324,814	-	**4,324,814**	5,530,455
Operating expenses:				
Employee compensation, including benefits	1,395,588	-	**1,395,588**	1,413,979
Contract services	929,520	-	**929,520**	1,046,216
Rents and payments in-lieu-of taxes (PILOT)	403,661	-	**403,661**	388,462
Materials, equipment and other	290,033	-	**290,033**	315,676
Utilities	163,078	-	**163,078**	191,770
Interest on Special Project Bonds	81,129	-	**81,129**	74,073
Total operating expenses	3,263,009	-	**3,263,009**	3,430,176
Amounts in connection with operating asset obligations	5,851	-	**5,851**	9,529
Net insurance recoverables	(4,033)	-	**(4,033)**	(175,678)
Net operating revenues	1,059,987	-	**1,059,987**	2,266,428
Financial income:				
Interest income	(1,073)	64,622	**63,549**	66,965
Net increase in fair value of investments	1,300	17,018	**18,318**	20,475
Contributions in aid of construction	249,920	-	**249,920**	230,242
Application of Passenger Facility Charges	131,149	-	**131,149**	289,639
Application of 4 WTC associated payments	65,293	-	**65,293**	65,293
Grants, in connection with operating activities	489,228	-	**489,228**	25,665
Pass-through grant program payments	(26,853)	-	**(26,853)**	(3,142)
Net revenues available for debt service and reserves	1,968,951	81,640	**2,050,591**	2,961,565
Debt service:				
Interest on bonds and other asset financing obligations	940,309	130,857	**1,071,166**	1,005,812
Debt maturities and retirements	387,820	-	**387,820**	334,500
Debt retirement acceleration	-	-	**-**	-
Repayment of special obligations	-	608	**608**	(81)
Total debt service	1,328,129	131,465	**1,459,594**	1,340,231
Transfers to reserves	$ (640,822)	640,822	**-**	-
Revenues after debt service and transfers to reserves		590,997	**590,997**	1,621,334
Direct investment in facilities		(1,398,366)	**(1,398,366)**	(1,550,920)
Change in Accounting Principle - pension / OPEB		(19,662)	**(19,662)**	(18,375)
(Decrease)/increase in reserves		(827,031)	**(827,031)**	52,039
Reserve balances, January 1		4,028,039	**4,028,039**	3,976,000
Reserve balances, December 31		$ 3,201,008	**$ 3,201,008**	$ 4,028,039

See Notes to Financial Statements.

Schedule B - Assets and Liabilities

(pursuant to Port Authority bond resolutions)

	December 31, 2020				2019
	Operating Fund	**Capital Fund**	**Reserve Funds**	**Combined Total**	Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 163,690	$ 102	$ 142,679	**$ 306,471**	$ 93,315
Restricted cash:					
Passenger Facility Charges	4,578	-	-	**4,578**	-
Port Authority Insurance Captive Entity, LLC	70,165	-	-	**70,165**	64,586
Other, including Asset Forfeiture Funds	12,355	-	-	**12,355**	12,403
Investments	243,908	117,219	566,277	**927,404**	1,228,711
Restricted Investments - PAICE	1,250	-	-	**1,250**	2,604
Restricted investments - PFC	2,200	-	-	**2,200**	18,838
Interfund balances	(281,461)	42,599	238,862	**-**	-
Current receivables, net	893,096	2,000	-	**895,096**	681,361
Other current assets	81,895	80,385	-	**162,280**	143,213
Restricted receivables and other assets	26,518	-	-	**26,518**	80,730
Total current assets	1,218,194	242,305	947,818	**2,408,317**	2,325,761
Noncurrent assets:					
Restricted cash	4,766	-	-	**4,766**	4,813
Investments	-	-	2,253,190	**2,253,190**	2,564,584
Restricted investments - PAICE	21,263	-	-	**21,263**	127,542
Other amounts receivable, net	144,385	36,638	-	**181,023**	178,796
Other noncurrent assets	1,710,839	1,804	-	**1,712,643**	1,688,033
Restricted other noncurrent assets - PAICE	5,950	-	-	**5,950**	6,954
Amounts receivable - Special Project Bonds Projects	-	-	-	**-**	1,150,415
Amounts receivable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Invested in facilities	-	65,449,795	-	**65,449,795**	62,883,408
Total noncurrent assets	1,887,203	66,713,757	2,253,190	**70,854,150**	69,830,065
Total assets	3,105,397	66,956,062	3,201,008	**73,262,467**	72,155,826
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	556,005	-	-	**556,005**	277,938
OPEB related amounts	157,234	-	-	**157,234**	141,943
LIABILITIES					
Current liabilities:					
Accounts payable	309,798	747,318	-	**1,057,116**	1,316,914
Accrued interest and other current liabilities	484,870	9,965	-	**494,835**	508,385
Restricted other liabilities - PAICE	745	-	-	**745**	8,866
Accrued payroll and other employee benefits	339,269	-	-	**339,269**	500,945
Unapplied Passenger Facility Charges	267	-	-	**267**	55,814
Current portion bonds and other asset financing obligations	93,138	1,038,941	-	**1,132,079**	1,045,117
Total current liabilities	1,228,087	1,796,224	-	**3,024,311**	3,436,041
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	2,020,090	-	-	**2,020,090**	1,538,117
Other noncurrent liabilities	256,159	21,036	-	**277,195**	263,932
Restricted other noncurrent liabilities - PAICE	36,099	-	-	**36,099**	41,001
Amounts payable - Special Project Bonds	-	-	-	**-**	1,150,415
Amounts payable - Tower 4 Liberty Bonds	-	1,225,520	-	**1,225,520**	1,225,520
Consolidated Notes, series AAA	1,100,000	-	-	**1,100,000**	-
Bonds and other asset financing obligations	373,255	22,532,271	-	**22,905,526**	22,858,395
Total noncurrent liabilities	3,785,603	23,778,827	-	**27,564,430**	27,077,380
Total liabilities	5,013,690	25,575,051	-	**30,588,741**	30,513,421
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	40,210	-	-	**40,210**	102,956
OPEB related amounts	462,460	-	-	**462,460**	275,406
NET POSITION	$ (1,697,724)	$ 41,381,011	$ 3,201,008	**$ 42,884,295**	$ 41,683,924
Net position is comprised of:					
Facility infrastructure investment	-	41,381,011	-	**$ 41,381,011**	$ 39,373,270
Change in accounting principle - pension / OPEB	(1,697,724)	-	-	**(1,697,724)**	(1,717,385)
Reserves	-	-	3,201,008	**3,201,008**	4,028,039
NET POSITION	$ (1,697,724)	$ 41,381,011	$ 3,201,008	**$ 42,884,295**	$ 41,683,924

See Notes to Financial Statements.

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2020			2019
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
	(In thousands)			
Balance, January 1	$ 2,388,243	$ 1,639,796	**$ 4,028,039**	$ 3,976,000
Increase in reserve funds *	13,260	709,202	**722,462**	1,754,790
	2,401,503	2,348,998	**4,750,501**	5,730,790
Applications:				
Repayment of special obligations	-	608	**608**	(81)
Interest on asset financing obligations	-	130,857	**130,857**	133,537
Direct investment in facilities	-	1,398,366	**1,398,366**	1,550,920
Change in Accounting Principle - pension / OPEB	-	19,662	**19,662**	18,375
Total applications	-	1,549,493	**1,549,493**	1,702,751
Balance, December 31	$ 2,401,503	$ 799,505	**$ 3,201,008**	$ 4,028,039

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling $640.8 million, plus financial income generated on reserve funds of $81.6 million in 2020.

See Notes to Financial Statements.

STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2020

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

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

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

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

The Port Authority has several forms of outstanding financing obligations.

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

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

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

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

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

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

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

Port Authority Facility Traffic – Schedule G (Unaudited)

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

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

	2020	2019	2018	2017 (Restated)
				(In thousands)
Revenues, Expenses and Changes in Net Position:				
Gross operating revenues:				
Tolls and fares	**$ 1,571,827**	$ 1,876,911	$ 1,865,384	$ 1,873,622
Rentals [a]	**1,421,467**	1,748,683	1,673,994	1,618,439
Aviation fees	**907,314**	1,287,263	1,192,454	1,128,352
Parking and other	**240,329**	408,609	384,088	377,421
Utilities	**112,008**	144,176	149,008	139,502
Rentals - Special Project Bonds Projects	**81,129**	74,073	79,080	83,053
Gross operating revenues	**4,334,074**	5,539,715	5,344,008	5,220,389
Operating expenses:				
Employee compensation, including benefits [d]	**1,395,588**	1,413,979	1,338,277	1,318,935
Contract services	**929,520**	1,046,216	934,821	880,331
Rents and amounts in-lieu-of taxes (PILOT)	**403,661**	388,462	396,048	390,576
Materials, equipment and other	**290,033**	315,676	298,121	252,533
Utilities	**163,078**	191,770	195,968	183,482
Interest on Special Project Bonds	**81,129**	74,073	79,080	83,053
Operating expenses	**3,263,009**	3,430,176	3,242,315	3,108,910
Net insurance recoverables	**4,033**	175,678	-	18,323
Depreciation of facilities	**(1,533,267)**	(1,420,696)	(1,329,283)	(1,231,139)
Amortization of costs for regional programs	**(33,217)**	(36,730)	(41,874)	(44,164)
Income from operations [d]	**(491,386)**	827,791	730,536	854,499
Income on investments (including fair value adjustment) [b]	**81,961**	87,948	89,304	35,326
Interest expense on bonds and other asset financing [b]	**(1,011,896)**	(968,242)	(937,983)	(908,343)
Net gain/(loss) on disposition of assets	**-**	-	-	-
Pass-through grant program payments	**(26,853)**	(3,142)	(1,438)	(19,717)
4 WTC associated payments	**65,293**	65,293	65,293	65,293
Grants in connection with operating activities	**489,228**	25,665	24,006	39,845
Contributions in aid of construction	**258,925**	261,054	252,225	187,473
Passenger facility charges	**75,509**	292,568	286,395	275,785
1 WTC LLC/WTC Retail LLC insurance proceeds	**-**	-	-	-
(Decrease)/increase in net position December 31, [d]	**$ (559,219)**	$ 588,935	$ 508,338	$ 530,161
Net position is comprised of				
Net investment in capital assets	**$ 14,954,997**	$ 14,620,518	$ 14,190,682	$ 13,179,105
Restricted	**538,552**	550,736	500,610	760,912
Unrestricted [d]	**414,561**	1,296,075	1,187,102	1,430,039
Net position December 31, [c]	**$ 15,908,110**	16,467,329	15,878,394	$ 15,370,056

(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.

2016	2015	2014	2013	2012 (Restated)	2011
$ 1,865,481	$ 1,718,770	$ 1,553,625	$ 1,462,957	$ 1,337,372	$ 1,148,061
1,564,527	1,446,980	1,300,818	1,228,491	1,208,730	1,150,569
1,112,436	1,063,902	1,058,416	934,459	904,666	895,356
399,178	359,631	321,760	315,111	338,178	339,131
138,987	144,580	149,052	139,835	152,945	154,810
86,755	92,719	98,141	103,186	108,125	112,553
5,167,364	4,826,582	4,481,812	4,184,039	4,050,016	3,800,480
1,290,334	1,178,967	1,187,877	1,114,397	1,038,243	1,037,681
852,926	833,903	797,516	684,411	749,106	726,883
352,293	356,162	362,627	301,582	304,020	280,237
264,977	252,071	277,174	220,859	215,937	219,183
165,802	186,830	199,919	171,833	174,016	188,432
86,755	92,719	98,141	103,186	108,125	112,553
3,013,087	2,900,652	2,923,254	2,596,268	2,589,447	2,564,969
-	123	53,530	28,229	(30,000)	-
(1,173,747)	(1,124,383)	(932,149)	(875,979)	(884,239)	(852,727)
(64,765)	(64,665)	(64,484)	(64,275)	(77,719)	(77,537)
915,765	737,005	615,455	675,746	468,611	305,247
(3,974)	4,215	20,060	(2,714)	29,161	(53,227)
(900,914)	(882,840)	(648,204)	(612,031)	(647,813)	(552,781)
-	-	19,043	4,423	(4)	-
(10,695)	(51,429)	(107,606)	(176,848)	(56,446)	(11,507)
41,521	36,766	6,128	36,660	65,293	8,343
64,315	101,074	207,898	188,409	52,161	23,727
674,950	586,295	700,267	689,898	997,441	767,010
264,363	248,707	233,172	224,301	222,614	214,456
-	-	-	-	3,525	-
$ 1,045,331	$ 779,793	$ 1,046,213	$ 1,027,844	$ 1,134,543	$ 701,268
$ 12,746,144	$ 11,810,573	$ 10,402,894	$ 9,442,138	$ 9,273,213	$ 10,020,306
567,443	456,429	470,857	454,467	392,389	294,460
3,261,307	3,262,561	3,900,789	3,831,722	3,034,881	1,411,125
$ 16,574,894	$ 15,529,563	$ 14,774,540	$ 13,728,327	$ 12,700,483	$ 11,725,891

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

	2020	2019	2018	2017
				(In thousands)
Gross Operating Revenues*	**$ 4,324,814**	$ 5,530,455	$ 5,334,748	$ 5,211,129
Operating expenses	**(3,263,009)**	(3,430,176)	(3,242,315)	(3,132,918)
Operating and maintenance contingencies	**-**	-	-	-
Net insurance recoverables	**4,033**	175,678	-	18,323
Amounts in connection with operating asset obligations	**(5,851)**	(9,529)	(12,921)	(16,050)
Net operating revenues	**1,059,987**	2,266,428	2,079,512	2,080,484
Financial income	**81,867**	87,440	86,250	33,574
Grants and contributions in aid of construction, net	**712,295**	252,765	220,741	193,381
Application of WTC Retail Joint Venture Payments*	**-**	-	-	-
Application of Passenger Facility Charges	**131,149**	289,639	433,326	285,335
Application of 4 WTC associated payments	**65,293**	65,293	65,293	65,293
Application of 1WTC LLC/WTC LLC Retail insurance proceeds	**-**	-	-	-
Restricted Net Revenues - PAICE	**-**	-	-	-
Net revenues available for debt service and reserves (a)	**2,050,591**	2,961,565	2,885,122	2,658,067
DEBT SERVICE - OPERATIONS				
Interest on bonds and other asset financing obligations (b)	**(940,309)**	(872,275)	(868,510)	(858,694)
Times, interest earned (a/b)	**2.18**	3.40	3.32	3.10
Debt maturities and retirements (c)	**(387,820)**	(334,500)	(319,090)	(300,905)
Times, debt service earned [a/(b+c)]	**1.54**	2.45	2.43	2.29
APPLICATION OF RESERVES				
Direct investment in facilities	**(1,398,366)**	(1,550,920)	(1,771,900)	(1,623,347)
Debt retirement acceleration	**-**	-	(8,300)	-
Appropriations for self-insurance and changes in accounting principles	**(19,662)**	(18,375)	-	-
Interest on bonds and other asset financing obligations	**(130,857)**	(133,537)	(103,056)	(69,570)
Repayment of asset financing obligations	**(608)**	81	(188)	(1,276)
Acceleration of unamortized brokerage commissions	**-**	-	-	-
Net increase/(decrease) in reserves	**(827,031)**	52,039	(185,922)	(195,725)
RESERVE BALANCES				
January 1	**4,028,039**	3,976,000	4,161,922	4,357,647
December 31	**3,201,008**	4,028,039	3,976,000	4,161,922
Reserve funds balances represented by:				
General Reserve	**2,401,503**	2,388,243	2,297,475	2,297,475
Consolidated Bond Reserve	**799,505**	1,639,796	1,678,525	1,864,447
Total	**$ 3,201,008**	$ 4,028,039	$ 3,976,000	$ 4,161,922
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)				
Consolidated Bonds and Notes	**$ 23,388,115**	$ 22,161,860	$ 20,898,775	$ 20,672,365
Fund for regional development buy-out obligation	**52,898**	100,258	143,939	184,230
MOTBY obligation	**46,268**	48,711	51,032	53,237
Amounts payable - Special Project Bonds	**-**	1,150,415	1,245,835	1,327,680
Variable rate master notes	**69,600**	69,600	69,600	77,900
Commercial paper obligations	**557,325**	500,565	480,765	464,615
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	**1,023,398**	1,022,518	1,021,023	934,198
Total financing obligations	**$ 26,363,124**	$ 26,279,447	$ 25,136,489	$ 24,939,745

* 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.

2016	2015	2014	2013	2012	2011
$ 5,158,795	$ 4,818,831	$ 4,475,193	$ 4,184,039	$ 4,050,016	$ 3,800,480
(3,013,087)	(2,900,652)	(2,923,254)	(2,596,268)	(2,589,447)	(2,564,969)
-	(50,000)	-	-	-	-
-	123	53,530	28,229	(30,000)	-
(18,871)	(21,387)	(23,734)	(25,908)	(27,956)	(29,580)
2,126,837	1,846,915	1,581,735	1,590,092	1,402,613	1,205,931
(4,784)	4,080	14,687	(2,964)	29,121	(53,270)
347,390	321,980	565,444	540,746	565,976	499,516
77,869	66,963	652,104	-	-	-
229,921	273,721	221,156	175,421	110,015	215,645
41,520	36,766	6,128	36,660	65,293	8,343
-	-	-	-	17,962	57,340
-	-	-	4,305	2,710	644
2,818,753	2,550,425	3,041,254	2,344,260	2,193,690	1,934,149
(824,586)	(810,356)	(635,262)	(556,824)	(539,436)	(480,623)
3.42	3.15	4.79	4.21	4.07	4.02
(268,520)	(259,315)	(226,205)	(204,000)	(169,770)	(140,390)
2.58	2.38	3.53	3.08	3.09	3.11
(1,132,915)	(1,949,785)	(1,473,432)	(1,059,756)	(691,079)	(742,001)
-	-	-	-	(54,635)	(6,100)
-	-	28,100	10,414	37,547	1,949
(81,601)	(66,461)	(11,542)	(38,689)	(87,764)	(37,702)
6,669	(51,928)	(105,562)	(15,701)	(16,514)	(20,258)
-	-	-	(46,863)	-	-
517,800	(587,420)	617,351	432,841	672,039	509,024
3,839,847	4,427,267	3,809,916	3,377,075	2,705,036	2,196,012
4,357,647	3,839,847	4,427,267	3,809,916	3,377,075	$ 2,705,036
2,297,475	2,297,475	2,131,711	2,029,051	2,026,605	1,783,370
2,060,172	1,542,372	2,295,556	1,780,865	1,350,470	921,666
$ 4,357,647	$ 3,839,847	$ 4,427,267	$ 3,809,916	$ 3,377,075	$ 2,705,036
$ 20,429,565	$ 21,019,925	$ 19,229,020	$ 18,212,063	$ 18,076,497	$ 15,550,039
221,393	253,732	283,562	311,077	336,453	359,859
55,332	44,383	48,254	52,329	78,060	105,141
1,391,170	1,451,170	1,530,510	1,605,515	1,675,825	1,741,440
77,900	77,900	77,900	77,900	77,900	77,900
388,315	425,760	448,185	348,110	384,625	396,155
-	-	31,500	46,925	49,565	68,160
1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520
744,401	430,800	210,316	-	-	-
$ 24,533,596	$ 24,929,190	$ 23,084,767	$ 21,879,439	$ 21,904,445	$ 19,524,214

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

	2020	2019	2018	2017 (Restated)
				(In thousands)
Gross Operating Revenues:				
Tunnels, Bridges and Terminals	**$ 1,542,081**	$ 1,740,044	$ 1,737,458	$ 1,739,552
PATH	**82,110**	210,610	203,800	202,880
Port	**327,665**	322,061	310,637	295,651
Aviation	**2,032,359**	2,913,161	2,762,279	2,682,523
Development	**21,370**	24,380	25,632	24,967
World Trade Center	**328,455**	329,212	303,995	274,029
Other [(a)]	**34**	247	207	787
Total	**$ 4,334,074**	$ 5,539,715	$ 5,344,008	$ 5,220,389
Operating Expenses: [(b)]				
Tunnels, Bridges and Terminals	**$ 552,976**	$ 553,759	$ 524,212	$ 525,862
PATH	**447,034**	457,515	447,552	423,384
Port	**163,395**	174,213	166,405	160,495
Aviation	**1,752,439**	1,886,112	1,754,801	1,693,563
Development	**11,612**	11,475	11,786	12,399
World Trade Center	**335,014**	346,535	333,848	312,242
Other [(c)] [(f)]	**539**	567	3,711	(19,035)
Total	**$ 3,263,009**	$ 3,430,176	$ 3,242,315	$ 3,108,910
Capital Investment: [(d)]				
Tunnels, Bridges and Terminals	**$ 582,366**	$ 697,449	$ 931,539	$ 885,311
PATH (including WTC Transportation Hub)	**339,882**	358,166	340,635	274,429
Port	**43,999**	120,019	146,153	106,455
Aviation [(g)]	**1,101,960**	1,588,820	989,693	772,520
Development	**1**	111	3,682	893
World Trade Center	**216,441**	266,795	314,472	311,122
Other [(e)]	**5,182**	6,307	39,547	150,409
Total	**$ 2,289,831**	$ 3,037,667	$ 2,765,720	$ 2,501,139

[(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 $277 million in 2020, $297 million in 2019 and $289 million in 2018, respectively.

See accompanying independent auditors' report.

2016	2015	2014	2013	2012	2011
$ 1,742,028	$ 1,599,575	$ 1,447,896	$ 1,369,559	$ 1,258,125	$ 1,078,977
191,261	184,560	168,668	150,604	134,382	121,102
300,569	270,263	248,443	262,526	249,609	236,461
2,646,213	2,537,233	2,479,106	2,321,300	2,276,018	2,221,157
25,956	26,561	51,077	29,492	87,521	100,800
260,655	207,634	85,942	50,087	44,107	41,816
682	756	680	471	254	167
$ 5,167,364	$ 4,826,582	$ 4,481,812	$ 4,184,039	$ 4,050,016	$ 3,800,480
$ 509,529	$ 499,873	$ 510,383	$ 493,429	$ 468,263	$ 460,960
415,251	389,276	401,273	338,926	329,663	322,133
167,724	175,976	172,545	176,459	190,043	185,053
1,612,470	1,557,926	1,623,190	1,466,692	1,410,070	1,385,582
10,853	13,659	15,737	15,497	79,620	82,637
293,864	258,748	192,789	94,312	76,149	106,277
3,396	5,194	7,337	10,953	35,639	22,327
$ 3,013,087	$ 2,900,652	$ 2,923,254	$ 2,596,268	$ 2,589,447	$ 2,564,969
$ 1,179,307	$ 956,231	$ 961,854	$ 413,946	$ 233,637	$ 168,759
454,031	268,428	512,415	559,104	743,136	720,797
133,874	93,729	210,496	180,760	184,750	228,747
584,996	791,805	715,456	468,319	351,535	243,995
1,569	2,110	1,977	527	140	(26,556)
846,597	904,787	1,674,030	1,373,328	1,802,009	2,087,741
290	3,144	3,822	3,221	6,767	9,464
$ 3,200,664	$ 3,020,234	$ 4,080,050	$ 2,999,205	$ 3,321,974	$ 3,432,947

Schedule E - Information on Port Authority Operations

	Year ended December 31, 2020							2019
	Gross Operating Revenues	Operating Expenses[a]	Depreciation & Amortization	Income (Loss) from Operations	Interest, Grants & Other Expenses[b]	Capital Contributions & PFCs	Increase/ (Decrease) in Net Position	Increase/ (Decrease) in Net Position
	(In thousands)							
INTERSTATE TRANSPORTATION NETWORK								
George Washington Bridge & Bus Station	$ 740,102	$ 132,516	$ 51,869	$ 555,717	$ 29,306	$ 1,800	**$ 528,211**	$ 565,159
Holland Tunnel	156,842	91,924	23,923	40,995	12,718	14,547	**42,824**	88,005
Lincoln Tunnel	208,386	122,387	86,719	(720)	55,257	2,867	**(53,110)**	7,752
Bayonne Bridge	35,592	15,370	34,351	(14,129)	56,720	-	**(70,849)**	(64,351)
Goethals Bridge	218,680	34,161	42,403	142,116	97,616	-	**44,500**	52,460
Outerbridge Crossing	154,077	17,858	7,422	128,797	3,365	-	**125,432**	129,108
Port Authority Bus Terminal	28,402	138,760	32,480	(142,838)	14,389	-	**(157,227)**	(114,487)
Subtotal - Tunnels, Bridges & Terminals	1,542,081	552,976	279,167	709,938	269,371	19,214	**459,781**	663,646
PATH	77,667	418,817	131,052	(472,202)	185,430	134,489	**(523,143)**	(406,091)
WTC Transportation Hub	-	12,976	79,213	(92,189)	-	-	**(92,189)**	(89,926)
Journal Square Transportation Center	4,443	15,241	4,248	(15,046)	1,959	-	**(17,005)**	(13,734)
Subtotal - PATH	82,110	447,034	214,513	(579,437)	187,389	134,489	**(632,337)**	(509,751)
Ferry Transportation	34	470	5,279	(5,715)	2,892	-	**(8,607)**	(8,379)
Access to the Regions Core (ARC)	-	2	7,586	(7,588)	796	-	**(8,384)**	(11,543)
Moynihan Station Transportation Program	-	18	10,000	(10,018)	4,520	-	**(14,538)**	(14,878)
Gateway Early Work Program	-	49	-	(49)	-	-	**(49)**	-
Total Interstate Transportation Network	1,624,225	1,000,549	516,545	107,131	464,968	153,703	**(204,134)**	119,095
AVIATION								
LaGuardia [c]	326,552	342,727	168,672	(184,847)	(58,379)	18,273	**(108,195)**	(24,422)
JFK International [c]	920,388	816,449	220,667	(116,728)	(123,225)	58,833	**65,330**	409,620
Newark Liberty International [c]	739,600	544,024	151,632	43,944	(82,744)	45,880	**172,568**	368,481
Teterboro	37,788	28,967	15,140	(6,319)	1,339	1,350	**(6,308)**	2,084
New York Stewart International [c]	8,031	20,272	10,592	(22,833)	(7,245)	3,397	**(12,191)**	(19,679)
Total Aviation	2,032,359	1,752,439	566,703	(286,783)	(270,254)	127,733	**111,204**	736,084
PORT								
Port Newark	97,695	83,657	35,479	(21,441)	23,456	1,186	**(43,711)**	(39,654)
Elizabeth Port Authority Marine Terminal	170,360	23,344	26,089	120,927	26,433	-	**94,494**	80,675
Brooklyn Port Authority Marine Terminal	7,702	12,149	2,880	(7,327)	2,372	-	**(9,699)**	(8,143)
└ Red Hook Terminal	717	5,506	62	(4,851)	-	-	**(4,851)**	(4,392)
Howland Hook Marine Terminal	15,816	16,065	18,638	(18,887)	12,762	3,315	**(28,334)**	(24,564)
Greenville Yard Port Authority Marine Terminal	896	160	-	736	-	-	**736**	766
└ NYNJ Rail LLC	5,656	6,333	4,396	(5,073)	3,813	6,911	**(1,975)**	5,209
Port Jersey - Port Authority Marine Terminal	28,823	16,181	14,009	(1,367)	17,054	2,109	**(16,312)**	(18,565)
Total Port	327,665	163,395	101,553	62,717	85,890	13,521	**(9,652)**	(8,668)
DEVELOPMENT								
Essex County Resource Recovery Facility	3	72	-	(69)	211	-	**(280)**	(315)
Industrial Park at Elizabeth	1,286	32	249	1,005	169	-	**836**	667
Bathgate Industrial Park	2,880	2,654	1,254	(1,028)	26	-	**(1,054)**	(194)
Teleport	8,034	8,490	1,543	(1,999)	188	-	**(2,187)**	(1,573)
Newark Legal & Communications Center	16	133	-	(117)	-	-	**(117)**	10
Queens West Waterfront Development	1,029	1	576	452	979	-	**(527)**	(177)
Hoboken South Waterfront Development	8,122	230	2,785	5,107	1,619	-	**3,488**	3,704
Total Development	21,370	11,612	6,407	3,351	3,192	-	**159**	2,122
WORLD TRADE CENTER								
WTC Campus	3,128	139,177	100,521	(236,570)	(1,274)	6,472	**(228,824)**	(182,114)
One World Trade Center	197,318	135,246	118,378	(56,306)	108,160	24,000	**(140,466)**	(124,171)
WTC Towers 2, 3 & 4	68,272	33,935	77,841	(43,504)	-	9,005	**(34,499)**	(53,612)
WTC Tower 7	34,351	17,099	-	17,252	-	-	**17,252**	5,969
WTC Retail	25,386	9,557	45,319	(29,490)	3,030	-	**(32,520)**	(31,230)
Total World Trade Center	328,455	335,014	342,059	(348,618)	109,916	39,477	**(419,057)**	(385,158)
Regional Facilities and Programs	-	-	33,217	(33,217)	8,555	-	**(41,772)**	(50,218)
Net insurance recoverables	-	-	-	4,033	-	-	**4,033**	175,678
Total Port Authority	$ 4,334,074	$ 3,263,009	$ 1,566,484	$ (491,386)	$ 402,267	$ 334,434	**$ (559,219)**	$ 588,935

[a] Amounts include all direct and allocated operating expenses.
[b] Amounts include net interest expense (interest expense less financial income), Tower 4 Liberty Bond debt service reimbursements, Pass-through grant program payments, Grants in connection with operating activities and gains or losses generated by the disposition of assets, if any.
[c] Facility amounts include Passenger Facility Charge activities.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Facilities, net Dec. 31, 2019	Capital Investment [a]	Depreciation	Dispositions	Facilities, net Dec. 31, 2020
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,354,302	$ 246,342	$ 51,869	$ -	$ 1,548,775
Holland Tunnel	503,926	78,227	23,923	-	558,230
Lincoln Tunnel	1,697,535	186,207	86,719	-	1,797,023
Bayonne Bridge	1,609,005	2,846	34,351	-	1,577,500
Goethals Bridge	1,530,133	6,484	42,403	-	1,494,214
Outerbridge Crossing	127,414	5,266	7,422	-	125,258
Port Authority Bus Terminal	569,029	56,994	32,480	-	593,543
Subtotal - Tunnels, Bridges & Terminals	7,391,344	582,366	279,167	-	7,694,543
PATH	2,976,479	320,963	131,052	-	3,166,390
WTC Transportation HUB	3,414,371	15,085	79,213	-	3,350,243
Journal Square Transportation Center	63,674	3,834	4,248	-	63,260
Subtotal - PATH	6,454,524	339,882	214,513	-	6,579,893
Ferry Transportation	87,942	82	5,279	-	82,745
Access to the Region's Core (ARC)	37,813	-	7,586	-	30,227
Moynihan Station Transportation Program	129,128	-	10,000	-	119,128
Gateway Early Work Program	44,044	5,100	-	-	49,144
Total Interstate Transportation Network	14,144,795	927,430	516,545	-	14,555,680
AVIATION [b]					
LaGuardia [c]	2,682,764	151,585	168,672	-	2,665,677
JFK International	3,724,604	234,752	220,667	-	3,738,689
Newark Libery International	3,251,530	690,772	151,632	-	3,790,670
Teterboro	220,730	6,543	15,140	-	212,133
New York Stewart International	153,931	18,308	10,592	-	161,647
Total Aviation	10,033,559	1,101,960	566,703	-	10,568,816
PORT					
Port Newark	789,602	16,432	35,479	-	770,555
Elizabeth Port Authority Marine Terminal	942,179	-	26,089	-	916,090
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	75,435	4,016	2,942	-	76,509
Howland Hook Marine Terminal	469,391	-	18,638	-	450,753
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	167,494	10,858	4,396	-	173,956
Port Jersey-Port Authority Marine Terminal	496,486	12,693	14,009	-	495,170
Total Port	2,940,587	43,999	101,553	-	2,883,033
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	5,036	-	249	-	4,787
Bathgate Industrial Park	1,254	-	1,254	-	-
Teleport	6,402	-	1,543	-	4,859
Queens West Waterfront Development	83,620	-	576	-	83,044
Hoboken South Waterfront Development	58,626	1	2,785	-	55,842
Total Development	160,743	1	6,407	-	154,337
WORLD TRADE CENTER					
WTC Campus [c]	3,924,076	131,214	100,521	-	3,954,769
One World Trade Center	3,269,628	58,679	118,378	-	3,209,929
WTC Towers 2, 3 & 4[d]	2,797,128	13,561	77,841	-	2,732,848
WTC Retail	1,746,468	12,987	45,319	-	1,714,136
Total World Trade Center	11,737,300	216,441	342,059	-	11,611,682
FACILITIES, net	$ 39,016,984	$ 2,289,831	$ 1,533,267	$ -	$ 39,773,548
REGIONAL FACILITIES & PROGRAMS	$ 93,456	$ -	$ 33,217	$ -	$ 60,239

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

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

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

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

[e] Excludes landlord leasehold capital improvements related to LGA Terminal B of $277 million.

Schedule G - Port Authority Facility Traffic (Unaudited)*

		2020	2019	2018	2017
TUNNELS AND BRIDGES (Eastbound Traffic)	**AUTOMOBILES**				
	George Washington Bridge	**38,784,000**	47,700,000	47,264,000	47,594,000
	Lincoln Tunnel	**11,514,000**	15,317,000	15,742,000	15,841,000
	Holland Tunnel	**11,062,000**	15,033,000	14,460,000	14,247,000
	Staten Island Bridges	**27,573,000**	33,636,000	32,373,000	31,430,000
	Subtotal Automobiles	**88,933,000**	111,686,000	109,839,000	109,112,000
	BUSES				
	George Washington Bridge	**253,000**	440,000	448,000	442,000
	Lincoln Tunnel	**1,396,000**	2,186,000	2,170,000	2,161,000
	Holland Tunnel	**53,000**	159,000	168,000	179,000
	Staten Island Bridges	**105,000**	167,000	186,000	180,000
	Subtotal Buses	**1,807,000**	2,952,000	2,972,000	2,962,000
	TRUCKS				
	George Washington Bridge	**3,705,000**	3,821,000	3,792,000	3,684,000
	Lincoln Tunnel	**773,000**	1,031,000	1,048,000	1,037,000
	Holland Tunnel	**324,000**	443,000	443,000	446,000
	Staten Island Bridges	**2,287,000**	2,295,000	2,163,000	2,153,000
	Subtotal Trucks	**7,089,000**	7,590,000	7,446,000	7,320,000
	TOTAL VEHICLES				
	George Washington Bridge	**42,742,000**	51,961,000	51,504,000	51,720,000
	Lincoln Tunnel	**13,683,000**	18,534,000	18,960,000	19,039,000
	Holland Tunnel	**11,439,000**	15,635,000	15,071,000	14,872,000
	Staten Island Bridges	**29,965,000**	36,098,000	34,722,000	33,763,000
	Subtotal Vehicles	**97,829,000**	122,228,000	120,257,000	119,394,000
PATH	Total passengers	**27,005,307**	82,219,587	81,733,402	82,812,915
	Passenger weekday average	**90,287**	284,380	280,860	283,719
MARINE TERMINALS	General cargo [(a)] (Metric tons)	**34,829,323**	41,090,000	37,577,000	35,450,000
	Containers (in twenty foot equivalent units)	**7,585,819**	7,471,131	7,179,788	6,710,817
	International waterborne vehicles	**469,529**	570,023	573,035	577,223
	Waterborne bulk commodities (in metric tons)	**3,010,322**	3,639,822	3,686,686	3,975,000
	CONTAINERS				
	New Jersey Marine Terminals	**4,038,301**	3,950,890	3,828,434	3,599,514
	New York Marine Terminals	**217,200**	287,217	267,020	246,910
	Subtotal Containers	**4,255,501**	4,238,107	4,095,454	3,846,424
BUS TERMINALS	**BUS DEPARTURES**				
	Port Authority Bus Terminal	**835,000**	1,190,000	1,203,000	1,199,000
	George Washington Bridge Bus Station	**103,000**	166,000	171,000	172,000
	PATH Journal Square Transportation Center Bus Station	**291,921**	482,725	479,960	478,900
	Total Departures	**1,229,921**	1,838,725	1,853,960	1,849,900
AVIATION	**PLANE MOVEMENTS**				
	John F. Kennedy International Airport	**197,487**	456,060	455,495	448,366
	LaGuardia Airport	**139,172**	374,078	371,905	369,152
	Newark Liberty International Airport	**213,927**	446,320	453,377	438,578
	New York Stewart International Airport	**19,986**	33,222	32,542	34,787
	Subtotal Plane Movements	**570,572**	1,309,680	1,313,319	1,290,883
	DOMESTIC PASSENGERS				
	John F. Kennedy International Airport	**8,219,917**	28,233,791	28,117,337	26,961,081
	LaGuardia Airport	**7,795,189**	28,875,041	27,857,697	27,474,292
	Newark Liberty International Airport	**12,300,652**	32,004,140	31,730,735	30,330,568
	New York Stewart International Airport	**97,994**	366,124	366,130	307,621
	Subtotal Domestic Passengers	**28,413,752**	89,479,096	88,071,899	85,073,562
	INTERNATIONAL PASSENGERS				
	John F. Kennedy International Airport	**8,172,515**	34,317,281	33,518,898	32,518,263
	LaGuardia Airport	**389,051**	2,209,853	2,224,430	2,087,936
	Newark Liberty International Airport	**3,703,518**	14,332,312	14,128,785	12,891,846
	New York Stewart International Airport	**-**	159,591	324,281	141,077
	Subtotal International Passengers	**12,265,084**	51,019,037	50,196,394	47,639,122
	TOTAL PASSENGERS				
	John F. Kennedy International Airport	**16,392,432**	62,551,072	61,636,235	59,479,344
	LaGuardia Airport	**8,184,240**	31,084,894	30,082,127	29,562,228
	Newark Liberty International Airport	**16,004,170**	46,336,452	45,859,520	43,222,414
	New York Stewart International Airport	**97,994**	525,715	690,411	448,698
	Subtotal Passengers	**40,678,836**	140,498,133	138,268,293	132,712,684
	CARGO-TONS				
	John F. Kennedy International Airport	**1,150,978**	1,338,415	1,422,160	1,394,509
	LaGuardia Airport	**5,804**	6,376	5,996	6,878
	Newark Liberty International Airport	**682,631**	825,266	848,161	822,589
	New York Stewart International Airport	**23,017**	23,606	22,808	20,834
	Subtotal Cargo-tons	**1,862,430**	2,193,663	2,299,125	2,244,810
	Revenue mail-tons	**133,332**	177,413	154,244	153,733

* Certain 2020 and 2019 numbers reflect estimated data based on available year-end information and are subject to revision.
(a) International oceanborne general and bulk cargo as recorded in the New York - New Jersey Customs District.

See accompanying independent auditors' report.

2016	2015	2014	2013	2012	2011
47,497,000	46,361,000	45,136,000	45,364,000	45,042,000	46,116,000
15,993,000	15,706,000	15,597,000	15,580,000	15,909,000	16,644,000
14,727,000	14,763,000	14,915,000	15,511,000	15,489,000	15,968,000
30,303,000	28,883,000	28,317,000	28,997,000	29,455,000	29,700,000
108,520,000	105,713,000	103,965,000	105,452,000	105,895,000	108,428,000
440,000	429,000	426,000	429,000	430,000	487,000
2,164,000	2,165,000	2,151,000	2,128,000	2,106,000	2,156,000
191,000	199,000	209,000	220,000	234,000	268,000
177,000	176,000	172,000	171,000	187,000	200,000
2,972,000	2,969,000	2,958,000	2,948,000	2,957,000	3,111,000
3,692,000	3,666,000	3,475,000	3,609,000	3,639,000	3,794,000
1,055,000	1,061,000	1,043,000	1,038,000	1,000,000	1,029,000
447,000	447,000	446,000	427,000	395,000	354,000
2,085,000	2,091,000	2,131,000	2,214,000	2,367,000	2,434,000
7,279,000	7,265,000	7,095,000	7,288,000	7,401,000	7,611,000
51,629,000	50,456,000	49,037,000	49,402,000	49,111,000	50,397,000
19,212,000	18,932,000	18,791,000	18,746,000	19,015,000	19,829,000
15,365,000	15,409,000	15,570,000	16,158,000	16,118,000	16,590,000
32,565,000	31,150,000	30,620,000	31,382,000	32,009,000	32,334,000
118,771,000	115,947,000	114,018,000	115,688,000	116,253,000	119,150,000
78,553,560	76,541,453	73,679,425	72,748,729	72,563,052	76,555,644
269,081	258,425	250,071	244,484	241,725	256,186
32,556,203	36,781,069	35,370,355	34,059,540	34,322,209	33,896,217
6,251,953	6,371,720	5,772,303	5,467,347	5,529,908	5,503,485
505,150	477,170	393,391	452,778	426,943	387,656
3,212,603	5,050,519	5,042,690	3,732,292	3,240,189	3,885,614
3,416,144	3,427,226	3,098,049	2,895,769	2,782,059	2,652,744
186,364	236,787	244,237	274,066	428,750	544,272
3,602,508	3,664,013	3,342,286	3,169,835	3,210,809	3,197,016
1,193,000	1,179,000	1,166,000	1,155,000	1,127,000	1,132,000
172,000	170,000	168,000	167,000	163,000	153,000
478,640	478,560	470,060	469,900	469,304	407,200
1,843,640	1,827,560	1,804,060	1,791,900	1,759,304	1,692,200
448,753	439,298	423,421	406,181	401,728	408,730
369,987	358,609	360,834	370,861	369,989	365,870
431,594	413,873	396,386	413,774	414,127	410,024
37,295	37,834	36,881	38,905	42,123	46,530
1,287,629	1,249,614	1,217,522	1,229,721	1,227,967	1,231,154
27,245,463	26,806,854	25,021,432	23,913,096	24,217,083	23,757,976
27,996,763	26,684,923	25,157,202	24,953,572	24,274,029	23,086,756
27,995,353	25,693,128	23,762,627	23,716,837	22,836,683	22,189,669
275,421	281,754	309,357	320,682	364,848	412,053
83,513,000	79,466,659	74,250,618	72,904,187	71,692,643	69,446,454
31,693,184	30,079,898	28,198,994	26,541,183	25,057,093	23,886,084
1,790,006	1,752,745	1,814,893	1,727,528	1,433,755	1,035,722
12,324,428	11,805,317	11,848,060	11,299,399	11,147,344	11,509,823
-	-	-	-	-	1,601
45,807,618	43,637,960	41,861,947	39,568,110	37,638,192	36,433,230
58,938,647	56,886,752	53,220,426	50,454,279	49,274,176	47,644,060
29,786,769	28,437,668	26,972,095	26,681,100	25,707,784	24,122,478
40,319,781	37,498,445	35,610,687	35,016,236	33,984,027	33,699,492
275,421	281,754	309,357	320,682	364,848	413,654
129,320,618	123,104,619	116,112,565	112,472,297	109,330,835	105,879,684
1,311,191	1,332,091	1,343,855	1,321,035	1,319,226	1,382,949
7,586	7,721	7,140	6,720	7,009	7,390
746,770	405,214	666,840	663,155	742,898	812,341
18,729	15,144	15,227	17,490	18,781	16,263
2,084,276	1,760,170	2,033,062	2,008,400	2,087,914	2,218,943
140,418	126,026	112,524	158,778	174,242	184,696

PORT
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AIR LAND RAIL SEA

APPENDIX B

Condensed Enterprise Fund Financial Statements as of and for the Nine-Month Period Ended September 30, 2021 (Unaudited)

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The Port Authority of New York and New Jersey

Condensed Enterprise Fund Financial Statements as of and for the Nine-month Period Ended September 30, 2021 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021 (UNAUDITED)

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of The Port Authority of New York and New Jersey ("the Port Authority") and its component units' business-type activities as of and for the nine-month period ended September 30, 2021. 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, 2020, which are located in the corporate information section of the Port Authority's website.

Unaudited financial results for the nine-month period ended September 30, 2021, contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2021, particularly as they include periods in which facility activity has been curtailed as a result of the effects of COVID-19, (for additional information see *Section 4. IMPACTS FROM THE COVID-19 PANDEMIC,* below). See the last page of this report for a summary of nine-month year to date 2021 facility activity levels as compared to the same nine-month period of 2020 and 2019.

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 follow the MD&A and include three specific 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 nine-month period ended September 30, 2021, and September 30, 2020.

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 nine-month period ended September 30, 2021, and September 30, 2020.

2. FINANCIAL REPORTING ENTITY

The Port Authority 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. 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 GAAP 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.

In June 2018, GASB issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* as amended by GASB Statement No. 95, which is effective for financial statements periods beginning after December 15, 2020. This statement no longer allows for the capitalization of interest expense incurred during construction and is to be applied on a prospective basis. The Port Authority has adopted this statement effective January 1, 2021 and is no longer capitalizing interest expense incurred during construction.

4. IMPACTS FROM THE COVID-19 PANDEMIC

The information provided below represents the Port Authority's current assessments based on the data it had available at the time this filing was compiled. Such data may ultimately prove to be incomplete or misleading, especially when reviewed over a longer period of time. The operating and financial performance of the Port Authority during the pandemic resulting from COVID-19 and forecasted future performance beyond the pandemic, in light of its lingering effects, are dependent in part on the actions of facility users, governmental actors, and the regional economy as a whole. Actual results may differ significantly from forecasts due to the current unpredictability of such factors.

Operational Update

Activity Volume

Beginning in early March 2020, all of the Port Authority's facilities experienced significantly reduced usage compared to previous years. Since the nadir of activity volume in April 2020, however, the Port Authority has seen activity volumes rising across its facilities.

Bridge and tunnel volume is approaching corresponding 2019 levels and cargo shipping activity is in excess of 2019, in both cases reflecting increased shipment of goods by trucks and ships, among other factors. Activity volumes at the Port Authority's airports and on the PATH transit system remain well below 2019 levels.

It is not yet clear that the pace of the recovery will be sustained, and the pattern of the recovery continues to be difficult to estimate and may be volatile, both in the short- and longer-terms. Activity volume recoveries are expected to vary by type of facility, the progression of COVID-19 and its

variants, developing immunization rates, public perception of when the COVID-19 pandemic has abated, how growth of the regional economy is affected, and any restrictions on activities imposed by local, state, federal, and international governments, among other factors.

Because approximately one third of the Port Authority's revenues are derived from tolls and fares, reduced utilization of its bridges and tunnels and its PATH transit system has had an ongoing negative effect on the Port Authority's revenues. In addition, parking and other user fee revenues—which are primarily earned at the Port Authority's airports and seaports—comprise approximately 7% of the Port Authority's revenues and are dependent on activity volumes which, at the airports, remain negatively impacted. In all cases, as activity volumes return, revenues are expected to recover.

The Port Authority compared average weekday use of its airports, its PATH transit system, and its bridges and tunnels for the period of October 11, 2021, through October 17, 2021, to the average weekday use in October 2019. Tracking average weekday operating volumes in 2021 compared to the equivalent period in 2019 allows comparison of current conditions against a similar pre-COVID-19 period. Declines are presented in the right-most column below. In addition, the table presents the decline in activity for the nine-months ended September 30, 2021, as compared to the nine-months ended September 30, 2019, and the nadir of the average weekday use, which occurred in April 2020, as compared to the average weekday use in April 2019 for the listed activity volumes.

	% (Decline)/Increase in Avg. Weekday Activity During the Period of Oct. 11 to Oct. 15 2021 compared to Avg. Weekday Activity during October 2019	% Decline in Activity during nine-months ended Sep. 30, 2021 compared to nine-months ended Sep. 30, 2019	% Decline in Avg. Weekday Activity of the Nadir in 2020 *(April 2020)* compared to April 2019
Aviation Passengers†	(34)%	(53)%	(98)%
PATH Ridership	(57)%	(68)%	(95)%
Bridges & Tunnels, Total Vehicles	0.1%	(6)%	(62)%

†Based on TSA checkpoint entries

Cargo shipping activity at the Port Authority's seaports has been impacted less than the Port Authority's other facilities, with most recent container activity (TEUs) for September 2021 increasing 16% compared to September 2019. Future volume will depend on worldwide and regional economic growth coupled with regional supply and demand for imported products.

The Port Authority also posts other activity volume information, including monthly data, in press releases on its public website which can be found at: https://www.panynj.gov/port-authority/en/press-room/press-release-archives/2021-press-releases.html.

Based on current information, the Port Authority forecasts that all of its facilities (other than seaports which have already surpassed 2019 levels), will have recovered to 2019 levels in the period from late 2021 or early 2022 through early 2024 depending on the line of business they serve. For the week October 11, 2021, the Port Authority's bridges and tunnels weekday activity is comparable with 2019

levels and appears headed to achieve pre-COVID-19 levels on a sustained basis later this year. The Port Authority's airports and PATH transit system remain well below pre-COVID-19 levels and appear headed for as lower recovery trajectories. The current forecast ("Current COVID-19 Forecast") has been adjusted from time to time since it was first developed in March 2020, including a revised expectation of more gradual recovery in aviation passenger and PATH ridership volumes than originally predicted.

The trajectory and ultimate impact of the COVID-19 pandemic is uncertain and is subject to many developments and actions outside of the Port Authority's control, including: 1) when and how quickly the economy as a whole and the Port Authority region achieves a sustained recovery following the impacts of COVID-19; 2) when and how quickly those segments of the economy on which its revenues depend normalize to pre-COVID-19 levels; 3) whether other sources of financial assistance or aid become available from the federal or state governments; and, 4) the trajectory of the pandemic itself, including any impact from variants. Even more pessimistic scenarios than the Current COVID-19 Forecast may occur, and the ultimate impact may be worse than projected.

Rents & Property Use Charges

Some tenants who pay rent to lease Port Authority office space or locate and operate businesses at Port Authority facilities have also been affected by the reduced activity levels or have otherwise been impacted by economic conditions; such tenants may be unable to meet certain obligations to the Port Authority and some have requested rent relief.

Earlier this year, Advance Magazine Publishers, Inc. (d/b/a Conde Nast) ("Advance") asserted that it could unilaterally reduce the square footage of space leased under its anchor tenant agreement at the Port Authority's office tower at 1 World Trade Center ("WTC") and briefly withheld a portion of its rent accordingly. After discussions, Advance paid all outstanding amounts and withdrew its assertion. Advance is now current on its rent obligation and is working with the building's rental agent to sublease its unneeded space.

The Port Authority has provided relief for certain retail concessionaires and other counterparties at its facilities. For certain retail concessionaires, the Port Authority has temporarily suspended or reduced fixed rent obligations from April 1, 2020, through December 31, 2021. For these counterparties, rents are being calculated based on the greater of the modified fixed rent or a percentage of actual gross receipts earned during the relief period. The financial impact to the Port Authority of the concession relief, and other relief, totaled approximately $65 million in lower revenues for 2020 and is currently estimated at approximately $70 million in lower revenues for 2021.

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

Financial Position

Revenues

The Port Authority projects that it may experience a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections compared to pre-COVID projections of approximately $3 billion for the twenty-four-month period of March 2020 through March 2022. Of this amount, $1.7 billion was realized in 2020, and $1.0 billion is projected to be realized in 2021.

Capital Program

Reflecting the reduction in net revenues suffered as a result of the adverse impacts of COVID-19, the Port Authority reduced capital spending by $1.0 billion below budgeted amounts in 2020, primarily by slowing capital spending for projects not already in construction. The 2021 Capital Budget decreases capital spending by $1.2 billion—a one-third decrease—versus the planned 2021 capital spending assumed in the 2017-2026 Capital Plan. Combined, these two reductions total $2.2 billion over 2020 and 2021.

The 2021 Capital Budget assumes no extraordinary funding from the federal government or other sources in excess of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funding received in 2020 (see "*Federal Support*", below.) Since the 2021 Capital Budget was prepared, the Port Authority, as airport sponsor, has received an additional allocation of federal funding related to the COVID-19 pandemic (see "*Federal Support*," below.) This funding does not offset the Port Authority's projected losses as a result of the COVID-19 pandemic. As such, the Port Authority is currently engaged in evaluating the extent to which and how the 2017-2026 Capital Plan should be modified to guide 2021 and post-2021 capital spending. This effort includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

Federal Support

The Port Authority's airports were allocated approximately $450 million under the airport funding provision contained in the federal CARES Act allocated to eligible U.S. airports enacted in March 2020. Due to a portion of these funds being applied to expenses associated with cost recovery agreements between the Port Authority and airlines operating at its airports, approximately $232 million of these federal funds were credited to airlines operating under these cost recovery agreements. The balance of these funds accrued to the benefit of the Port Authority and are reflected in 2020 financial results.

The Port Authority's airports were awarded approximately $122 million under the airport funding provision contained in the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") allocated to eligible U.S. airports enacted in December 2020. Of the $122 million, approximately $15 million is attributable to financial relief to in-terminal concessionaires, on-airport rental car companies, and on-airport parking operations (collectively referred to as "Concessionaires.") The balance of these funds, $107 million, is to provide the Port Authority relief for eligible operating and development costs. The Port Authority received approximately $104 million of expense reimbursements from the Federal Aviation Administration through September 30, 2021. The Port Authority anticipates drawing-down on the remaining funds by year-end.

The Port Authority's airports were awarded approximately $493 million under the airport funding provision contained in the America Rescue Plan Act ("ARPA") allocated to eligible U.S. airports enacted in March 2021. Of the $493 million, approximately $60 million is attributable to financial relief to Concessionaires. The balance of these funds is to provide the Port Authority relief for eligible

operating and development costs. These funds are expected to be drawn down through mid-2024, but will not fully offset the Agency's projected revenue losses.

For both the CRRSAA and ARPA, the Port Authority expects that a portion of its share of the relief packages noted above may accrue to the benefit of the airlines rather than the Port Authority as a result of cost recovery agreements with the signatory airlines operating at its airports.

The CARES Act also provided funding through Federal Emergency Management Agency ("FEMA") to cover the incremental costs of responding to COVID-19 at its facilities. The Port Authority currently expects cost recovery from FEMA funding to total approximately $20 million. The Port Authority has submitted approximately $7 million in expense reimbursements to FEMA through October 17, 2021.

The federal support approved to date is expected to offset less than 25% of the $3 billion in estimated revenues lost by the Port Authority due to the COVID-19 pandemic. The Port Authority continues to advocate for further federal support.

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, both in the short-term and over time, which assume a wide variety of possible economic recoveries, federal support and Port Authority actions. To date, the Port Authority has experienced a significant decline in its revenues and, under even more optimistic forward-looking scenarios, it expects to continue to suffer a significant decline in its revenues. Recovering volumes may not be sustained over time and the region may suffer COVID-19 related shocks in the future which may further adversely affect the Port Authority's revenues.

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 its Consolidated Bonds and Consolidated Notes.

5. FINANCIAL STATEMENT COMPARISON FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2021

($ in thousands)	**Nine-Month Period Ended September 30, 2021**	Nine-Month Period Ended September 30, 2020	Nine-Month Period Ended September 30, 2019
Gross operating revenues	**$ 3,874,370**	$3,275,068	$4,116,806
Operating expenses	**(2,376,978)**	(2,478,061)	(2,504,531)
Net operating income	**1,497,392**	797,007	1,612,275
Depreciation and amortization	**(1,202,980)**	(1,126,694)	(1,050,420)
Net insurance recoverable	**-**	-	175,178
Income/(Loss) from operations	**294,412**	(329,687)	737,033
Financial (loss) income*	**(7,053)**	84,385	75,189
Interest expense, net**	**(814,738)**	(696,838)	(657,768)
Grants and other non-operating revenues/(expenses)***	**117,776**	325,670	16,859
Capital contributions	**182,676**	165,714	171,032
Passenger Facility Charges ("PFCs")	**108,544**	62,017	224,087
Non-operating expenses, net	**(412,795)**	(59,052)	(170,601)
(Decrease)/Increase in net position	**$ (118,383)**	$ (388,739)	$ 566,432

* Includes changes in fair market value of investments of $(43) million in 2021, $33 million in 2020 and $28 million in 2019.

** Interest expense for the nine-month period ended September 30, 2021, includes $100 million of interest expense resulting from the adoption of GASB Statement No. 89, which eliminated the capitalization of interest expense incurred during construction. Further, the nine-month periods ended September 30, 2021, September 30, 2020, and September 30, 2019, are net of $58.7 million, $49 million and $49 million, respectively due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the World Trade Center ("WTC") Tower 4 net lessee.

*** Includes pass-through grant payments to sub-recipients of $2.5 million in 2021, $26.8 million in 2020 and $2.7 million in 2019.

Operating Revenue and Expense Activities

Net operating income for the nine-month period ended September 30, 2021, totaled $1.5 billion.

When compared to pre-COVID-19 results, Net operating income for the nine-months ended September 30, 2021, was $114.9 million, or 7% lower than the same nine-month period of 2019 driven by the ongoing adverse impacts of COVID-19.

Net Operating Income for the nine-months ended September 30, 2021, is $700.4 million or 88% higher than the same nine-month period of 2020 and $128.6 million, or 9.4% higher than 2021 budgeted amounts. This year-to-year increase is primarily attributable to the continued recovery in activity levels at Port Authority facilities that have been negatively impacted by the COVID-19 pandemic, which began in March 2020, as well as the implementation of cost savings measures in response thereto that have carried into 2021.

Gross operating revenues of $3.9 billion are $599.3 million, or 18.3% higher than the same nine-month period of 2020, a period that included the nadir in the Agency's activity volumes. This nine-month 2021 revenue figure was $111.1 million, or 3% higher than 2021 budgeted amounts.

When compared to pre-COVID-19 results, Gross operating revenues for the nine-months ended September 30, 2021, are $242.4 million[1], or 6% lower than the same nine-month period of 2019.

Comparing current year results to the projected amount for 2021 when the 2020 budget was adopted by the Board in December 2019 shows a decrease in Gross operating revenues and PFC collections of $757 million, which is in line with the Port Authority's estimated total revenue loss of $1.0 billion for 2021 as a result of COVID-19. Combined with the $1.7 billion revenue loss sustained in 2020, these losses are in-line with the $3 billion revenue loss projected for the twenty-four-month period ending March 2022.

- ***Bridge and Tunnel Tolls*** of $1.3 billion increased $206.3 million, or 18.8% from the same nine-month period of 2020 primarily due to a 19.7% increase in vehicular activity. For the first nine-months of 2021, vehicular activity at the bridges and tunnels was 93.9% of 2019 levels, as compared to 78.5% for the same nine-month period in 2020. Bridge and Tunnel Tolls for the first nine-months of 2021 were $49.9 million or 4% higher than the same period in 2019 as result of previously approved toll increases that were implemented in January 2020, partially offset by lower activity.

- ***PATH Fares*** of $53.6 million decreased $9 million, or 14.4% from the same nine-month period of 2020 due to an 11.5% decrease in PATH ridership as mass transit systems in the region are recovering more slowly from the adverse impacts of COVID-19 than vehicular activity. For the first nine-months of 2021, PATH ridership was 31.8% of 2019 levels as compared to 35.9% for the same nine-month period in 2020. (The first nine-months of 2020 included two months of record high pre-COVID ridership levels.) PATH Fares for the first nine-months of 2021 were $93.2 million or 63% below the same period in 2019.

- ***Rentals*** of $1.2 billion increased $95.8 million, or 8.9% from the same nine-month period of 2020 driven by: ***a.)*** an increase in activity-based rental income at Aviation facilities due to a 49.2% increase in passenger activity; ***b.)*** an increase in activity-based rental income at Port Authority Marine Terminals due to a 23.7% increase in cargo container activity; ***c.)*** an increase in fixed rent at Aviation facilities due to scheduled rent increases; and, ***d.)*** the reopening of the WTC Observation Deck in June 2021. These are partially offset by COVID-19 rent relief granted to various tenants at Port Authority facilities, which as noted above have been granted for the period covering April 1, 2020, through September 30, 2021. Activity-based rentals for the first nine-months of 2021 were $120.4 million or 9% below the same period in 2019.

- ***Aviation Fees*** of $1.0 billion, which provide for the recovery of certain operating expenditures and capital investment from airlines operating at the Port Authority's three major Aviation facilities, increased $288.6 million, or 40.4% from the same nine-month period of 2020 due to: ***a.)*** 2020 recoverable operating expenses being offset by funds received from CARES Act in 2020

[1] Note, these results do not reflect the total impact of COVID-19 on the Agency's revenue losses as 2019 results do not include the effect of the toll, fare and fee increases approved by the Board of Commissioners in September 2019 and implemented thereafter.

(note these expenses are recovered through flight fees in 2021); ***b.)*** an increase in Federal Inspection facility fee revenue at Newark Liberty International Airport ("EWR") Terminal B; and, ***c.)*** the implementation of the previously approved for-hire-vehicle Airport Access fee in April 2021. These increases were partially offset by a decrease in AirTrain fare box revenues at John F. Kennedy International ("JFK") and EWR airports due to lower activity levels as a result of COVID-19. Aviation Fees for the first nine-months of 2021 were $56.3 million or 6% higher than the same period in 2019.

- ***Parking and Other Revenues*** of $248.6 million increased $75.4 million, or 43.6% from the same nine-month period of 2020 primarily due to: ***a.)*** an increase in Port Authority Marine Terminal Cargo Facility Charges ("CFCs") due to increased cargo container activity levels and a billing rate increase in 2021 to reflect recently completed inter-modal cargo transfer facilities capital projects; and, ***b.)*** increased public parking activity revenues at Aviation facilities as a result of increased passengers electing to park at Port Authority airports versus using other form of transportation to the airports. Parking and Other Revenues for the first nine-months of 2021 were $49 million or 16% below the same period in 2019.

- ***Rentals – Special Project Bonds*** decreased $51.8 million due to the cessation of rental revenue due to the retirement of John F. Kennedy International Arrivals Terminal ("JFKIAT") Special Project Bonds, Series 6 and Series 8 in 2020. This bond retirement resulted in a corresponding decrease in Operating Expenses. (See *Interest on Special Project Bonds* below).

Operating Expenses of $2.4 billion are $101.1 million, or 4.1% lower than the same nine-month period in 2020 and $17.6 million, or 0.7% lower than budgeted amounts. When compared to pre-COVID-19 results, Operating expenses for the nine-months ended September 30, 2021, are $127.6 million, or 5% lower than the same nine-month period of 2019 driven by COVID-19 cost reductions implemented in 2020 and carried forward into 2021.

- ***Employee Compensation*** of $1.1 billion decreased approximately $34.0 million, or 3.1% from the same nine-month period of 2020 due to: ***a.***) position reduction initiatives which began mid-2020 in response to the adverse impacts of COVID-19; ***b.)*** lower pension expense due to investment gains on plan investments; partially offset by an increase in direct labor related to snow and ice removal activities at Port Authority facilities due to inclement winter weather conditions: and, scheduled contractual increases for represented employees.

- ***Contract Services, Materials, Equipment and Utilities*** of $1.0 billion decreased $18.2 million, or 1.8% from the same nine-month period of 2020 primarily due to lower payments to third-party contractors resulting from operating expense reductions identified and achieved in response to the adverse impacts of COVID-19. This was partially offset by an increase in snow and ice removal activities at Port Authority facilities due to inclement winter weather conditions.

- ***Rents and Payments in Lieu of Taxes ("PILOT"***) of $299.6 million increased $2.9 million, or 1.0% from the same nine-month period of 2020 primarily due to increased rent payments to the City of New York for the leasing of land under the New York City Air Terminals, partially offset by decrease in PILOT payments to the City of New York for the WTC Campus as a result of lower assessed property values.

- ***Interest on Special Project Bonds*** decreased $51.8 million due to the retirement of JFKIAT Special Project Bonds, Series 6 and Series 8 in 2020. (See *Rentals – Special Project Bonds* above).

Non-Operating Revenue and Expense Activities

Depreciation and Amortization of $1.2 billion is $76.3 million, or 6.8% higher when compared to the same nine-month period of 2020 due to the scheduled completion of approximately $2.9 billion of capital construction projects during the twelve-month period covering October 2020 to September 2021. These capital infrastructure projects have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: ***a.)*** LaGuardia ("LGA") Airport Redevelopment Program; ***b.)*** EWR Terminal A Redevelopment Program; ***c.)*** rehabilitation of certain runways and taxiways at JFK ; and, ***d.)*** the Rail Car Fleet Expansion and Signal Replacement Programs at PATH.

Financial Income/(Loss) of $(7.1) million was $91.4 million, lower than the same nine-month period of 2020 primarily due to the recognition of unrealized losses related to changes in fair value of United States securities held in Port Authority investment accounts.

Grants in connection with operating activities of $117.8 million decreased $207.9 million, or 63.8% from the same nine-month period of 2020, primarily due to the draw down in 2020 of $313 million of federal CARES Act funding at the three major airports, as compared to the $104 million draw down of CRRSAA federal funding in 2021 to reimburse eligible aviation operating expenditures.

Contributions in Aid of Construction of $182.7 million increased $17 million, or 10.2% when compared to the same nine-month period of 2020 primarily due to the timing of federal fund draw downs for Superstorm Sandy restoration and resiliency capital projects.

Passenger Facility Charges ("PFCs") of $108.5 million increased $46.5 million, or 75% when compared to the same nine-month period of 2020 due to a partial recovery in passenger activity. PFCs in 2021, however, are $115.5 million or 52% lower when compared to the same nine-month period of 2019, due to lower passenger activity as a result of COVID-19.

Interest Expense, net of $814.7 million increased $117.9 million, or 16.9% when compared to the same nine-month period of 2020 primarily due to a $100 million increase in interest expense resulting from the 2021 adoption of GASB Statement No. 89 *"Accounting for Interest Cost Incurred before the End of a Construction Period"* which eliminated the capitalization of interest expense incurred during the construction period.

Assets

Port Authority Assets totaled $49.7 billion at September 30, 2021, an increase of $985 million from December 31, 2020. This overall increase is primarily due to:

- ***Facilities, net*** of $40.0 billion increased approximately $201.6 million from December 31, 2020, primarily due to capital construction activities at Aviation and Bridge and Tunnel facilities, less year-to-date depreciation.

Capital investment by business segment for the nine-month period ended September 30, 2021, decreased $582 million from the same nine-month period of 2020 as a result of the completion of various phases of Aviation, Tunnels, Bridges and Terminals, and WTC capital projects and slowed spending on capital projects not already in construction in response to the adverse impacts of COVID-19 on net revenues.

Capital Investment by Primary Business Segment, Year-to-Date September 30, 2021

($ in millions)		**2021*†**	2020*
Aviation**	**$**	**771**	$ 1,083
Tunnels, Bridges & Terminals		**265**	437
PATH		**253**	237
WTC (including WTC Transportation Hub)		**84**	173
Port Department		**21**	42
Other***		**1**	5
Total		**$ 1,395**	$ 1,977

* Business segment capital investment includes Security capital projects of $11.7 million and non-Port Authority managed capital projects of $133.9 million in 2021 and $30.0 million and $197.8 million, respectively, in 2020.

** Includes landlord leasehold capital improvements related to LGA Terminal B of $60.0 million in 2021 and $212.6 million in 2020.

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

† Excludes interest incurred during construction of approximately $100 million in accordance with GASB Statement No. 89.

- ***Receivables (including restricted amounts)*** of $1.4 billion increased $283.4 million from December 2020 primarily due to: ***a.)*** an increase in accrued 2021 aviation fees; ***b.)*** an increase in E-ZPass® tolls due from other tolling agencies; and, ***c.)*** an increase in accrued capital contributions related to PATH Superstorm Sandy restoration and resiliency capital projects; partially offset by a decrease in amounts owed to the Port Authority for 2020 deferred aviation fees that are recoverable over three years (2021-2023).

Cash and Investments (including Port Authority Insurance Captive Entity ("PAICE") restricted investments) of $4.2 billion increased approximately $569.6 million when compared to December 2020, primarily due to increases in Tolls, Rentals, and Aviation Fees as activity levels at Port Authority facilities continue their recovery from the COVID-19 pandemic, partially offset by the drawdown of consolidated bond funds for purposes of funding capital construction projects at Port Authority facilities.

Cash flows from operations of $1.5 billion increased $835 million from the same nine-month period of 2020 primarily due to: ***a.)*** increases in Tolls, Rentals, and Aviation Fees as activity levels at Port Authority facilities continue their recovery from the COVID-19 pandemic; and, ***b.)*** the receipt of 2020 deferred Aviation fees.

Port Authority's investments, summarized below, are allocated to: ***a.)*** United States Treasury notes (76%); ***b.)*** United States Treasury bills (14%); ***c.)*** Repurchase Agreements (8%); and, ***d.)*** United States Agency Obligations (2%).

Port Authority Investments

Investment Type, at fair value*	**Fair Value Hierarchy Levels*** **	**September 30, 2021**	**Weighted Average Maturity**
		(In thousands)	(In days)
United States Treasury Notes	Level 1	$ 2,782,414	658
United States Treasury Bills	Level 1	500,555	18
United States Government Agency Obligations	Level 1	80,301	6
Repurchase Agreements****	-	284,870	1
Total Investments**		**$ 3,648,140**	
Portfolio Weighted Average Maturity			504

* Excludes cash and investments of approximately $1.9 billion held in the Port Authority of NY and NJ Retiree Health Benefits Trust.

** Excludes accrued interest receivable amounts of $11.8 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.

PAICE's investments, summarized below, are allocated: ***a.)*** to United States Treasury notes (71%); ***b.)*** Corporate Bonds (17%); ***c.)*** Mortgage-backed securities (8%); and, ***d.)*** Asset-backed securities (4%).

PAICE Investments

Investment Type, at fair value	**Fair Value Hierarchy Levels****	**September 30, 2021**	**Weighted Average Maturity**
		(In thousands)	(In days)
United States Treasury Notes	Level 1	$ 47,133	1,884
Corporate Bonds	Level 2	11,440	3,186
Mortgage-backed Securities	Level 2	5,410	2,426
Asset-backed Securities	Level 2	2,373	1,384
Total Investments*		**$ 66,356**	
Portfolio Weighted Average Maturity			2,135

* Excludes $360 million in intercompany loans to the Port Authority and accrued interest receivable of $206 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.

Liabilities

Port Authority liabilities totaled $33.8 billion at September 30, 2021, an increase of $806 million from December 31, 2020.

- ***Bonds and Other Asset Financing Obligations*** of $27.8 billion increased $1.0 billion from December 31, 2020, due to the issuance of $1.7 billion of Consolidated Bonds for purposes of funding capital construction projects and refunding of outstanding Consolidated Bonds to achieve debt service savings. This is partially offset by: ***a.)*** a $751 million decrease related to the scheduled retirement and refunding of Consolidated Bonds; and, ***b.)*** a $53 million decrease related to the retirement of the Fund for Regional Development Buy-Out Obligation.

  Bonds and other financing obligations, excluding Tower 4 Liberty Bonds of $1.2 billion, are shown below.

($ in millions)	Opening Balance Jan. 1, 2021	Issued/ Accrued	Refunded/ Retired	Ending Balance Sep. 30, 2021
Consolidated Bonds	$ 22,288	$ 1,699	$ 751	$ 23,236
Consolidated Notes, series AAA	1,100	-	-	1,100
Commercial Paper Notes	557	1,581	1,612	526
Variable Rate Master Notes	70	-	25	45
Fund for Regional Development Buy-Out Obligation	53	-	53	-
MOTBY Obligation	46	-	2	44
Goethals Bridge Replacement Developer Financing Arrangement	1,023	-	-	1,023
Subtotal-Principal	**$ 25,137**	**$ 3,280**	**$ 2,443**	**$ 25,974**
Unamortized premium/(discount)	1,678	207	11	1,874
Total	**$ 26,815**	**$ 3,487**	**$ 2,454**	**$ 27,848**

- ***Accounts payable*** of $912.3 million decreased $144.9 million from December 2020 primarily due to lower accrued amounts related to capital construction projects and third-party operations and maintenance support contracts at Port Authority facilities.

- ***Accrued payroll, pension and other employee benefits*** of $2.2 billion decreased $208.6 million from December 2020 primarily due to a decrease in the Port Authority's share of the actuarially determined New York State and Local Retirement System ("NYSLRS") Net Pension Liability ("NPL").

- ***Accrued Interest and Other Liabilities*** of $904.8 million increased $141.1 million from December 2020 primarily due to: ***a.)*** a $95 million increase related to the timing of scheduled debt service payments on outstanding Consolidated Bonds; and ***b.)*** a $39 million increase in prepaid tolls from E-ZPass® tag holders.

CONDENSED STATEMENTS OF NET POSITION -- UNAUDITED*

	SEPTEMBER 30, 2021	DECEMBER 31, 2020
	($ in thousands)	
Assets		
Facilities, net	**$ 39,975,152**	$ 39,773,548
Cash and investments - unrestricted	**3,994,074**	3,487,065
Cash and investments - restricted, including PFC and PAICE	**179,158**	116,577
Receivables, including restricted amounts	**1,354,720**	1,071,278
Amounts receivable - Tower 4 Liberty Bonds	**1,236,905**	1,244,413
Unamortized costs for regional programs	**38,572**	60,239
Landlord leasehold investment-LGA Terminal B	**1,085,271**	1,025,227
Other assets	**1,808,576**	1,909,046
Total assets	**49,672,428**	48,687,393
Deferred outflows of resources		
Loss on debt refundings	**59,489**	62,317
Pension related amounts	**983,259**	556,005
OPEB related amounts	**157,234**	157,234
Total deferred outflows of resources	**1,199,982**	775,556
Liabilities		
Bonds and other asset financing obligations	**27,848,089**	26,815,320
Amounts payable - Tower 4 Liberty Bonds	**1,236,905**	1,244,413
Accounts payable	**912,261**	1,057,116
Accrued payroll, pension and other employee benefits	**2,150,791**	2,359,359
Unearned income - WTC Retail	**730,012**	736,958
Accrued interest and other liabilities	**904,761**	763,635
Total liabilities	**33,782,819**	32,976,801
Deferred inflows of resources		
Gain on debt refundings	**76,014**	75,368
Pension related amounts	**761,390**	40,210
OPEB related amounts	**462,460**	462,460
Total deferred inflows of resources	**1,299,864**	578,038
Net position	**$ 15,789,727**	$ 15,908,110

***see footnote (*) on page 16**

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

	NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020
	(In thousands)	
Gross operating revenues:		
Bridge and tunnel tolls	**$ 1,303,294**	$ 1,097,039
PATH fares	**53,649**	62,667
Rentals	**1,169,617**	1,073,837
Aviation fees	**1,002,691**	714,053
Parking and other revenues	**248,582**	173,149
Utilities	**96,537**	102,526
Rentals - Special Project Bonds Projects	**-**	51,797
Total gross operating revenues	**3,874,370**	3,275,068
Operating expenses:		
Employee compensation, including benefits	**1,073,933**	1,107,953
Contract services, materials, equipment and utilities	**1,003,407**	1,021,589
Rents and payments in-lieu-of taxes ("PILOT")	**299,638**	296,722
Interest on Special Project Bonds	**-**	51,797
Total operating expenses before depreciation, amortization and other operating expenses	**2,376,978**	2,478,061
Depreciation of facilities	**1,181,313**	1,101,548
Amortization of costs for regional programs	**21,667**	25,146
Income/(loss) from operations	**294,412**	(329,687)
Non-operating revenues and (expenses):		
Financial (loss)/income	**(7,053)**	84,385
Grants, in connection with operating activities	**117,776**	325,670
Contributions in aid of construction	**182,676**	165,714
Passenger facility charges	**108,544**	62,017
Interest expense in connection with bonds and other asset financing	**(814,738)**	(696,838)
Net non-operating revenues and (expenses)	**(412,795)**	(59,052)
Decrease in net position	**(118,383)**	(388,739)
Net position, January 1	**15,908,110**	16,467,329
Net position, September 30	**$ 15,789,727**	$ 16,078,590

***see footnote (*) on page 16**

CONDENSED STATEMENTS OF CASH FLOWS – UNAUDITED*

	NINE MONTHS ENDED SEPTEMBER 30,	
	2021	2020
	($ in thousands)	
Net cash provided by operating activities	**$ 1,463,095**	$ 628,091
Net cash provided by noncapital financing activities	**95,700**	241,285
Net cash (used for) capital construction and related financing activities	**(989,137)**	(794,945)
Net cash (used for) provided by investing activities	**(521,257)**	(8,497)
Net increase in cash	**48,401**	65,934
Cash at beginning of year	**398,335**	175,117
Cash at September 30	**$ 446,736**	$ 241,051

* 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, 2020.

CONDENSED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES – UNAUDITED

	Nine-month period ended September 30, 2021						
	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
				($ in thousands)			
Tunnels, Bridges, and Terminals	$ 1,330,168	$ 408,810	$ 214,222	$ 707,136	$ 232,166	$ 30,695	$ 505,665
PATH	56,845	360,550	168,417	(472,122)	178,592	116,201	(534,513)
Aviation	1,930,820	1,233,565	444,314	252,941	91,139	136,119	297,921
Port Commerce	293,138	127,403	72,824	92,911	87,139	4,183	9,955
World Trade Center	246,981	237,017	266,600	(256,636)	102,334	4,022	(354,948)
Other***	16,418	9,633	36,603	(29,818)	12,645	-	(42,463)
Total	$ 3,874,370	$ 2,376,978	$ 1,202,980	$ 294,412	$ 704,015	$ 291,220	$ (118,383)

	Nine-month period ended September 30, 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
				($ in thousands)			
Tunnels, Bridges, and Terminals	$ 1,129,571	$ 418,009	$ 206,194	$ 505,368	$ 198,801	$ 12,248	$ 318,815
PATH	70,447	346,268	159,789	(435,610)	131,663	104,878	(462,395)
Aviation	1,573,340	1,334,751	391,684	(153,095)	(194,835)	85,534	127,274
Port Commerce	244,759	121,681	76,150	46,928	61,230	12,133	(2,169)
World Trade Center	239,592	250,023	243,765	(254,196)	74,911	12,938	(316,169)
Other***	17,359	7,329	49,112	(39,082)	15,013	-	(54,095)
Total	$ 3,275,068	$ 2,478,061	$ 1,126,694	$ (329,687)	$ 286,783	$ 227,731	$ (388,739)

* Amounts include $100 million of interest expense resulting from the cessation of the capitalization of interest expense during construction as a result of the adoption of GASB 89. The amounts are net of $49 million due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the World Trade Center ("WTC") Tower 4 net lessee. Amounts also include, Grants in connection with operating activities, Pass-through grant program payments; and gains or losses generated by the disposition of assets, if any.

** 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 purposes, 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, 2020.

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

($ in thousands)	**Nine-Month Period Ended September 30, 2021 (Actual)**	Nine-Month Period Ended September 30, 2021 (Budget)	Nine-Month Period Ended September 30, 2020 (Actual)
Gross operating revenues*	**$ 3,867,425**	$3,756,305	$3,268,122
Total operating expenses	**(2,376,978)**	(2,394,586)	(2,478,063)
Amounts in connection with operating asset obligations**	**(708)**	(531)	(4,789)
Net operating revenue	**1,489,739**	1,361,188	785,270
Grants and contributions in aid of construction	**299,521**	215,647	483,477
Application of Passenger Facility Charges	**97,689**	90,807	117,657
Financial income and other	**56,236**	79,924	133,263
Net revenues available for debt service	**1,943,185**	1,747,566	1,519,667
Interest expense - operations	**(828,897)**	(753,149)	(788,693)
Interest expense incurred during construction***	**(99,983)**	(89,973)	-
Debt retirement principal payments	**(145,866)**	(158,632)	(128,559)
Total Debt service**	**(1,074,746)**	(1,001,754)	(917,252)
Net Revenues after Debt Service and Transfers to Reserves***	**$ 868,439**	$ 745,812	$ 602,415

* 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.

*** In accordance with GASB Statement No. 89, effective January 1, 2021, interest expense incurred during construction can no longer be capitalized as a capital project cost; note, the 2021 budget includes capitalized interest in the capital budget and is shown above for comparison purposes.

**** 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 the application of funds from the Consolidated Bond Reserve Fund ("CBRF") for purposes of funding direct capital investment in Port Authority Facilities.

Facility Traffic – Unaudited

(In thousands)	**Nine-Month Period Ended September 30, 2021**	Nine-Month Period Ended September 30, 2020	Nine-Month Period Ended September 30, 2019
Total Passengers, Aviation*	**49,453**	32,847	106,002
Total Vehicles, Bridges and Tunnels*	**85,719**	71,638	91,268
Total Passengers, PATH	**19,614**	22,163	61,706
PATH Passengers, Average Weekday Ridership	**81**	100	285
Total Cargo Containers ("TEU"), Marine Terminals	**6,659**	5,382	5,620
Total Rail Lifts, Marine Terminals*	**537**	516	499

* 2021 facility traffic information contains estimated data based on available information and is subject to revision.



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