

Governance & Ethics Committee Annual Reporting

May 18, 2010

G & E Committee – Role

Mandate under Article VIII.G of the Port Authority's By-Laws:

- Oversee questions regarding development of and compliance with, agency governance and ethics principles
- Ensure the Board and Staff are familiar with and committed to ethics principles and programs
- Assist the Board in fulfilling its oversight responsibility re: agency compliance with legal and regulatory requirements

G & E Committee – Required Actions/Reviews/Evaluations

- Board performance, Committee effectiveness
- Executive Director performance
- Code of Ethics adequacy
- Board/Committee member independence/objectivity
- NY/NJ ethical standards
- Require staff operations review to identify waste and inefficiency

Board Activity - 2009

Public Meetings

- 15 Public Board meetings held in public session
- Board also met in executive session consistent with Open Meetings Policy

Public Reporting

- Upcoming meeting dates posted on PA Website
- Agendas posted on PA Website in advance of meetings
- Public meetings broadcast live on website
- Minutes of meetings posted on website

Board Activity

- Approved 126 Items in Public Session
 - 17 Planning and Project Authorizations
 - 53 World Trade Center Site Redevelopment
 - 20 Lease and Property Matters
 - 36 Other Business
- Approved 11 items in Executive Session
 - 9 Settlements of Claim
 - 2 Other Confidential Business Matters

G & E Committee – Activity Since Inception

- Six Meetings
- Established Committee Charter
- Reviewed and discussed ethics policy
 - Adoption of a Commissioners' Code of Ethics replacing 1988 Board ethics policy
- Reviewed financial disclosure compliance of staff
- Received report from Inspector General on OIG independence
- Conducted performance, effectiveness, and other independence/objectivity reviews

Committee Activity - 2009

Committee on Finance

- Met 7 times/17 Items assigned to Committee
- Discussed 14 topics
 - financial market update and financing activity;
 - review of Port Authority insurance captive entity;
 - quarterly reviews of investment portfolio
- Authorized 4 Items
 - Property Damage and Loss of Revenue Insurance
 - Public Liability Insurance and associated brokerage service agreement
 - 2 items pertaining to the authorization of sale of certain consolidated bonds and notes

Committee on Capital Programs/Agency Planning

- Met 7 times/11 items assigned to Committee
- Discussed 11 topics
 - Goethals Bridge Modernization Program planning expenditures
 - George Washington Bridge – Planning for rehabilitation and replacement work
 - Bayonne Bridge - Navigational clearance limits and alternatives analysis
 - Newark Liberty International Airport – Terminal A – Planning
 - John F. Kennedy International Airport - Replacement of restricted service road bridges – Planning
 - Port roadway improvement program
 - Port Drayage Truck Replacement Program

Committee Activity – 2009 (cont'd)

Committee on Construction

- Met 7 times/10 Items assigned to Committee
- Discuss 12 topics
 - John F. Kennedy International and Teterboro Airports – Runway Projects
 - Battery Park City Ferry Terminal Project
 - Port Authority Bus Terminal – Seismic Retrofit Project
 - Holland Tunnel - Rehabilitation of 14th Street Exit Roadway and Jersey Avenue Project
 - LaGuardia Airport - Aircraft Rescue and Firefighting Facility Project
 - PATH - Upgrade/replacement of PATH switching, substations and signal system
 - Capital Program Updates

Committee on Operations

- Met 10 times/45 items assigned to Committee
- Discussed 30 topics
 - Numerous lease and property matters
 - Port Incentive Programs for (1) Intermodal Rail use, (2) cargo handling equipment and fleet modernization and (3) oceangoing vessel low sulfur fuel
 - Stewart International Airport – Selection of long-term operator
 - Application and Use of Passenger Facility Charges
 - Port Cargo Activity Updates
 - Public Health Coordination Efforts
- Authorized 10 items
 - 2 labor agreements
 - 4 property acquisitions for the Hudson-Raritan Estuary Program
 - 4 confidential property matters in executive session

Committee Activity – 2009 (cont'd)

Security Committee

- Met 2 times/2 items assigned to Committee
- Discussed numerous topics
 - 800 Mhz police radio program
 - George Washington Bridge Bus Station, Holland and Lincoln Tunnels and Port Authority Bus Terminal - Access control improvements
 - Updates on other sensitive security matters

Audit Committee

- Met 4 times
- Discussed numerous topics
 - review of 2008 submission of Annual Financial Statements
 - internal audit plans and reports and unresolved findings
 - enterprise risk management program
 - accounting policies, practices, principles and internal controls; external auditors' annual audit plan
 - discussions with General Counsel and the Inspector General
- Authorized one item
 - Retention of Deloitte & Touche LLP as independent auditor for the year ending December 31, 2009

Committee Activity – 2009 (cont'd)

World Trade Center Redevelopment Subcommittee

- Met 14 times/53 items assigned to Subcommittee
- Discussed numerous items
 - construction trade contracts
 - agreements, retail and lease matters
 - financial matters pertaining to redevelopment of the WTC site
 - Updates on status of ongoing site construction

Independence and Objectivity – Board and Committees

- Port Authority takes measures to enable conformance with relevant laws and to avoid conflicts of interest and appearance of impropriety
 - Commissioners receive ethics materials from General Counsel
 - General Counsel requests information on Commissioners' financial, business, corporate and other interests and involvements.
 - Information submitted by an individual Commissioner is compiled with information from other Commissioners and other sources into a composite list (without identifying individuals), so that potential conflicts of interest may be identified.
 - To ensure information in files of Office of General Counsel remains current, Commissioners are asked to review a list of their interests and involvements, as currently maintained in the files, on a quarterly basis.
 - Commissioners are encouraged to contact General Counsel at any time with questions regarding transactions or other Board matters in which they may wish to consider a recusal.
 - Office of General Counsel reviews calendar materials for each Board meeting, and identifies items for which Commissioners may wish to consider recusal, based on file information about interests and involvements.

Independence and Objectivity – Board and Committees (cont'd)

- Code of Ethics for Port Authority Commissioners
 - Furnish General Counsel annually with financial information consistent in format and substance with the information required to be filed by unpaid officers holding policy-making positions in the state of appointment.
 - Provide information to General Counsel on material changes to required annual disclosure, and alert General counsel to any other specific relationships with firms with which the Port Authority or its wholly owned entities does, or may do, business.
 - Disclose to General Counsel in an annual certification any outside business dealings with the Port Authority during the previous year on the part of Commissioner, employer, or immediate family members