

# ***Governance & Ethics Committee Annual Reporting***

April 26, 2012

## ***G & E Committee – Role***

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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***

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- 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 - 2011***

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### **Public Meetings**

- 13 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

### **Public Speakers**

- Members of the public addressed the Board 62 times

### **Board Activity**

- Approved 170 Items in Public Session
  - 26 Planning and Project Authorizations
  - 70 World Trade Center Site Redevelopment
  - 21 Lease and Property Matters
  - 53 Other Business
- Approved 9 items in Executive Session
  - 5 Settlements
  - 4 Other Confidential Matters

## ***G & E Committee – 2011 Activity***

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- Three Meetings
- Reviewed and discussed ethics policy
- Received report from Inspector General on OIG independence
- Conducted performance, effectiveness, and other independence/objectivity reviews
- Discussed corporate trends in governance and ethics
- Discussed supplement to Article V(D) of the By-Laws – “Quorums”

## ***Committee Activity – 2011***

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### **Committee on Finance**

- Met 3 times/7 Items assigned to Committee
- Discussed
  - financial market update and financing activity
  - review of agency's investment portfolio
  - establishment and issuance of certain bonds and notes
- Authorized 2 Items
  - Property Damage and Loss of Revenue Insurance
  - Public Liability Insurance

### **Committee on Capital Programs/Agency Planning**

- Met 5 times/10 items assigned to Committee
- Discussed
  - Runway 4L-22R at John F. Kennedy International Airport
  - All-Airport Aeronautical Operations Areas Pavement Rehabilitation Program
  - Holland Tunnel Supervisory Control System
  - Port Street Capacity Improvements at Port Newark
  - rehabilitation of the Palisades Interstate Parkway Helix at the George Washington Bridge
  - construction and relocation of PATH's Washington Street Powerhouse
  - rehabilitation of runways at Stewart International Airport

## ***Committee Activity – 2011 (cont'd)***

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### **Committee on Construction**

- Met 7 times/13 Items assigned to Committee
- Discussed
  - projects for flood mitigation at PATH and intermodal and other improvements at PATH's Harrison Station
  - replacement of the heating ventilation and air conditioning units at the Port Authority Bus Terminal
  - Engineered Arresting System for Runway 24 at Teterboro Airport
  - various runway and taxiway projects at John F. Kennedy and Newark Liberty International Airports
  - terminal expansion project for Stewart International Airport
  - wharf reconstruction project at Corbin Street/Berth 3 at Port Newark
  - Phase I project for the Greenville Yard—Port Authority Marine Terminal Intermodal Container Transfer Facility (Expressrail Port Jersey)
  - contract for the design, implementation and maintenance for the replacement of the agency's toll collection system
  - contract for the structural rehabilitation and repaving of the Lincoln Tunnel Helix.
  - report on the agency's minority, women and small business enterprise results for 2010
  - regular updates on major projects in the Capital Plan.

## ***Committee Activity – 2011 (cont'd)***

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### **Committee on Operations**

- Met 10 times/32 items assigned to Committee
- Discussed
  - numerous lease and property matters
  - an increase in program authorization concerning property acquisition for the Goethals Bridge Modernization Program
  - a program for the replacement of suspender ropes and cables at the George Washington Bridge
  - contracts for customer care representatives at the agency's airports and an increase in scope for multi-facility security guard services
  - received a report and discussed staffing issues that occurred causing delays at Outerbridge Crossing and Goethals Bridge and reviewed modifications to operations to avoid similar occurrences going forward
- Authorized 2 items related to the Hudson-Raritan Estuary Program

## ***Committee Activity – 2011 (cont'd)***

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### **Security Committee**

- Met 5 times/2 items assigned to Committee
- Discussed
  - lease supplements with various tenants at John F. Kennedy International and LaGuardia Airports to provide for the installation of in-line baggage screening systems
  - a construction management/general contracting agreement for the installation of bollards at tenant terminals at John F. Kennedy International, Newark Liberty International and LaGuardia Airports
  - a consultant agreement for the performance of a top-to-bottom study of the Port Authority's organizational management of security and agency-wide facility security operations
  - updates on other sensitive security matters

## ***Committee Activity – 2011 (cont'd)***

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### **Audit Committee**

- Met 5 times
- Discussed
  - 2010 Annual Financial Statements
  - internal audit plans and reports and unresolved findings
  - Enterprise Risk Management Program
  - accounting policies, practices, principles and internal controls; a review of the external auditors' annual audit plan
  - discussions with General Counsel and the Inspector General.
- Authorized 2 items
  - Retention of Deloitte & Touche LLP as independent auditor for the year ending December 31, 2011
  - Retention of KPMG LLP as independent auditor for the year ending December 31, 2012

## ***Committee Activity – 2011 (cont'd)***

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### **World Trade Center Redevelopment Subcommittee**

- Met 9 times/74 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*

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- 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 periodic 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)*

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- 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