

Governance & Ethics Committee Annual Reporting

April 24, 2013

G & E Committee – Role

Mandated under the Port Authority's By-Laws and specifically expressed in the Committee's Charter:

- 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

Board Activity - 2012

Public Meetings

- 10 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 70 times

Board Activity

- Approved 138 Items in Public Session
 - 26 Planning and Project Authorizations
 - 48 World Trade Center Site Redevelopment
 - 18 Lease and Property Matters
 - 6 Financial and Insurance Matters
 - 25 Other Business
 - 15 Governance and Agency Reforms
- Approved 11 Confidential items in Executive Session

Board Activity 2012 – Governance Initiatives

- Revised Freedom of Information Code
- Various Amendments to the Agency's By-Laws that Provide for Improved Accountability and Transparency
 - Public Posting of Proposed Sale of Real Property
 - Requirement for Annual Independent Audits/Retention of Independent Auditors
 - Recognition of Board members' fiduciary duty/duty of loyalty and care owed to the Port Authority
 - Procedural Requirements for Certain Public Hearings
 - Ethics training for Commissioners
 - Establishment of Committees of the Board and Changes and Changes to Committee Organization and Operations
- Adoption of Committee Charters

G & E Committee – 2012 Activity

Four Meetings

- Reviewed and adopted new Committee Charter
- Reviewed and discussed ethics policy
- Ethical standards of the States of New York and New Jersey
- Methods for the review and evaluation of the Board and its Committees
- Conducted performance, effectiveness, and other independence/objectivity reviews
- Discussed bi-state and corporate trends in governance and ethics
- Received report from Inspector General on OIG independence

Committee Activity – 2012

Committee on Finance

- Met 7 times/8 Items assigned to Committee
- A joint meeting with the Committee on Operations was also held
- Discussed
 - financial market update and financing activity
 - Contractor's insurance program
 - review of agency's investment portfolio
 - establishment and issuance of certain bonds and notes
 - Underwriting services
 - Toll violations
 - Plan of Finance
- Authorized 4 Items
 - Brokerage Services and Placement of Coverage for Contractor's Insurance Program
 - Property Damage and Loss of Revenue Insurance
 - Public Liability Insurance
 - Extension of Owner Controlled Insurance for the World Trade Center Memorial Project

Committee Activity 2012 (cont'd)

Committee on Capital Programs/Agency Planning

- Met 1 time/4 items assigned to Committee
- Discussed
 - Access Improvements for I-278 Corridor of Goethals Bridge

Committee on Construction

- Met 5 times/13 items assigned to Committee
- Discussed
 - George Washington Bridge Rehabilitation Program
 - Energy Conservation Improvements
 - Rehabilitation of PATH's Christopher Street Substation
 - Modernization of PATH's Harrison Station
 - Airport Runway Projects
 - LaGuardia Airport's East End Substation
 - Report on 2011 Minority, Women and Small Business Enterprise Results

Committee Activity – 2012 (cont'd)

Committee on Capital Planning, Execution and Asset Management

- Met 5 times/7Items assigned to Committee
- Discussed
 - Electrical projects at Newark Liberty International Airport
 - Airport taxiway projects
 - Projects associated with the George Washington Bridge Rehabilitation Program,
 - Capital Plan

World Trade Center Redevelopment Subcommittee

- Met 10 times/39 items assigned to Subcommittee
- Discussed
 - Various Construction Trade Contracts
 - Agreements, Retail and Lease Matters
 - Regular Updates on the Status of Construction

Committee Activity – 2012 (cont'd)

Committee on Operations

- Met 10 times/26 items assigned to Committee
- Discussed
 - Various agency reforms including
 - Employee compensation and benefits
 - Freedom of Information Code
 - Transparency Initiatives
 - Non-core mission critical assets
 - Quarterly Employee Overtime Reports
 - Numerous lease and property matters
 - Incentive Programs for Air Services at Stewart International Airport and a Clean Vessel Program for Ocean-Going Vessels at the Agency's Ports
 - Bayonne Bridge Navigational Clearance Program
 - Environmental Initiatives
- Authorized 2 items related to the Hudson-Raritan Estuary Program

Committee Activity – 2012 (cont'd)

Security Committee

- Met 5 times/2 items assigned to Committee
- Discussed
 - Access control projects at various facilities
 - Radio Frequency Identification Program at the Ports
 - Updates on other sensitive security matters

Committee Activity – 2012 (cont'd)

Audit Committee

- Met 4 times
- Discussed
 - 2011 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.

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 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)

- 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