

Governance & Ethics Committee Annual Reporting

February 24, 2011

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 - 2010

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 33 times

Board Activity

- Approved 170 Items in Public Session
 - 26 Planning and Project Authorizations
 - 62 World Trade Center Site Redevelopment
 - 27 Lease and Property Matters
 - 55 Other Business
- Approved 5 items in Executive Session
 - 3 Settlements of Claim
 - 2 Other Confidential Property Matters

G & E Committee – 2010 Activity

- Three Meetings
- Reviewed and discussed ethics policy
- Reviewed financial disclosure compliance of staff
- Received report from Inspector General on OIG independence
- Conducted performance, effectiveness, and other independence/objectivity reviews
- Discussed corporate trends in governance and ethics

Committee Activity – 2010

Committee on Finance

- Met 8 times/6 Items assigned to Committee
- Discussed 13 topics
 - financial market update and financing activity;
 - review of Port Authority insurance captive entity;
 - review of investment portfolio
 - Establishment and issuance of Special Project Bonds
- Authorized 3 Items
 - Property Damage and Loss of Revenue Insurance
 - Public Liability Insurance
 - Extension of World Trade Center Owner Controlled Insurance Program

Committee on Capital Programs/Agency Planning

- Met 5 times/5 items assigned to Committee
- Discussed 6 topics
 - LaGuardia Airport - Central Terminal Building – planning expenditures
 - Bayonne Bridge – Structural Steel Rehabilitation – planning expenditures
 - Newark Liberty International Airport – Terminal A Redevelopment Program – professional program management services
 - Stewart International Airport – Terminal Expansion – planning expenditures
 - Greenville-Yard Port Authority Marine Terminal- Intermodal Container Transfer Facility – ExpressRail Port Jersey – planning expenditures

Committee Activity – 2010 (cont'd)

Committee on Construction

- Met 9 times/19 Items assigned to Committee
- Discuss 34 topics
 - Replacement of Toll Collection System – Project
 - Newark Liberty International Airport – Terminal A Vertical Circulation Project
 - George Washington Bridge – Upper Level Main Span - Structural Steel Rehabilitation Project
 - Lincoln Tunnel Helix – Structural Rehabilitation Project
 - Teterboro Airport – Rehabilitation of Runway 1-19 Project
 - Port Newark and Elizabeth-Port Authority Marine Terminal – Various roadway improvement projects
 - Project Reauthorizations for
 - » Newark Liberty International Airport Terminal B Modernization Program
 - » Port Authority Bus Terminal Seismic Retrofit Program
 - » Port Newark-Elizabeth Port Authority Marine Terminal – Expressrail Corbin Street Intermodal Facility
 - 2009 Report on Minority/Women/Small Business Enterprise Participation
 - Capital Program Updates

Committee Activity – 2010 (cont'd)

Committee on Operations

- Met 8 times/51 items assigned to Committee
- Discussed 33 topics
 - Numerous lease and property matters
 - Stewart International Airport – Airline Incentive Program
 - Teterboro Airport – Operating and Maintenance Agreement
 - PATH – Purchase of Additional Railcars
- Authorized 3 items
 - 1 PATH labor agreement
 - 1 property acquisition for the Hudson-Raritan Estuary Program
 - 1 confidential property matter

Committee Activity – 2010 (cont'd)

Security Committee

- Met 5 times/4 items assigned to Committee
- Discussed numerous topics
 - John F. Kennedy International, Newark Liberty International and LaGuardia Airports – Bollard Protection Project
 - John F. Kennedy International and LaGuardia Airports – Security Guard Services Contract
 - Construction Management/General Contracting Services Contract for the Security Capital Plan
 - Updates on other sensitive security matters

Audit Committee

- Met 4 times
- Discussed numerous topics
 - review of 2009 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, 2010

Committee Activity – 2010 (cont'd)

World Trade Center Redevelopment Subcommittee

- Met 11 times/62 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 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