

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**AUDIT COMMITTEE
MINUTES
Thursday, May 26, 2016**

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**MINUTES OF AUDIT COMMITTEE****150 Greenwich Street****New York, NY****Thursday, May 26, 2016****PRESENT:**

Hon. David S. Steiner, Chair
Hon. Steven M. Cohen, Vice-Chair
Hon. Richard H. Bagger
Committee Members

Hon. John J. Degnan
Hon. Michael D. Fascitelli
Hon. Hamilton E. James
Hon. Kenneth J. Lipper
Hon. George R. Laufenberg
Hon. Raymond M. Pocino
Hon. Scott H. Rechler
Hon. William P. Schuber
Commissioners

Patrick J. Foye, Executive Director
Richard J. Holwell, General Counsel
Karen E. Eastman, Secretary

Julia Basile, Deputy Director, Human Resources
Thomas E. Belfiore, Chief Security Officer
John Bilich, First Deputy Chief Security Officer
Thomas L. Bosco, Director, Aviation
Molly C. Campbell, Director, Port Commerce
Edward Cetnar, Deputy Director Public Safety, Port Authority Police
Steven J. Coleman, Deputy Director, Media Relations
Nicole Crifo, Senior Advisor to the Chairman
Stephanie E. Dawson, Acting Chief Operating Officer
Gerard A. Del Tufo, Assistant Director, Development and Operations, Real Estate
John C. Denise, Audio Visual Supervisor, Marketing
Benjamin Engle, Project Manager, Human Resources
Michael A. Fedorko, Director, Public Safety/Superintendent of Police
Cedrick T. Fulton, Director, Tunnels, Bridges and Terminals
Robert E. Galvin, Chief Technology Officer
David P. Garten, Chief of Staff to the Vice Chairman
Linda C. Handel, Deputy Secretary
Mary Lee Hannell, Chief, Human Capital
Patricia Hurley, Chief of Staff to the Chairman

Amanda Iocca, Associate Board Management and Support Specialist, Office of the Secretary
Howard G. Kadin, Esq., Law
James A. Keane, General Manager Operational Safety, Operations
Cristina M. Lado, Director, Government and Community Affairs, New Jersey
John H. Ma, Chief of Staff to the Executive Director
Stephen Marinko, Esq., Law
Ronald Marsico, Director, Media Relations
Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
Hugh P. McCann, Director, World Trade Center Operations
Daniel G. McCarron, Comptroller
Elizabeth M. McCarthy, Chief Financial Officer
James E. McCoy, General Manager, Board Unit, Office of the Secretary
David J. McGrath, Manager, Marketing and Communications, Marketing
Carlene V. McIntyre, Assistant General Counsel
Kristine O'Brien, Leadership Fellow
Steven P. Plate, Chief, Major Capital Projects
Alan L. Reiss, Deputy Director, World Trade Center Construction
James A. Starace, Chief Engineer/Director of Engineering
Ralph Tragale, Assistant Director, Customer, Industry, & External Affairs, Aviation
Lillian D. Valenti, Chief Procurement and Contracting Officer
Sheree R. Van Duynes, Manager, Policies and Protocol, Office of the Secretary
Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York

Guests:

Mary Maples, Associate Counsel, Authorities Unit, Office of the Governor of New Jersey
Michael Wojnar, Special Assistant, Office of the Governor of New York

The Committee meeting was called to order in public session by the Chair at 10:18 a.m. and ended at 10:21 a.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of May 28, 2015 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of May 28, 2015.

RETENTION OF INDEPENDENT AUDITORS

The By-Laws and the Audit Committee Charter provide that the Audit Committee shall select pursuant to a competitive process and arrange for an independent firm of certified public accountants to perform an audit of the financial statements of the Port Authority and its component units each year, in accordance with auditing standards generally accepted in the United States of America.

After due consideration of its qualifications and performance, the Audit Committee has determined to retain KPMG LLP as independent auditor for the year ending December 31, 2016. KPMG LLP was selected in 2011 on the basis of a competitive process, which provided that subject to annual retention, as determined by the Audit Committee, such services may be extended through 2016. Pursuant to the terms of its agreement with KPMG LLP, the Port Authority has options to extend the retention of such services for up to two additional one-year periods, as determined by the Audit Committee.

The Committee has the power to act in this matter under Article XIII, Section B of the By-Laws and its Charter.

Pursuant to the foregoing report, the Committee adopted the following resolution, with Commissioners Bagger, Cohen and Steiner voting in favor. Assistant General Counsel confirmed that sufficient affirmative votes were cast for the action to be taken, a quorum of the Committee being present.

RESOLVED, that KPMG LLP be and the same is hereby retained as independent auditor for the year ending December 31, 2016, to: (i) audit the accounts and financial statements of the Port Authority and its component units for such year; (ii) audit the accounts and financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust; (iii) audit the accounts and financial statements of Port Authority Insurance Captive Entity, LLC; (iv) perform a review of the Passenger Facility Charge program and federal award programs; (v) perform an evaluation of the Port Authority's internal control over financial reporting; (vi) provide services as requested in the disclosure process in connection with the issuance of Port Authority obligations; (vii) provide other services, including a review of revenue and cost allocation computations relating to and under the terms of the various lease agreements (including base rent and annual gross revenue calculations at the New York City Municipal Air Terminals), a review of financial and statistical data submitted to the Federal Transit Administration, field work and financial disclosure requirements of the Single Audit Act of 1984 for recipients of federal financial assistance, and federal and state tax return filing and other audit services to Tower 1 Joint Venture LLC; and it is further

RESOLVED, that the form of any agreements required in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Deputy Secretary