

Olivencia, Mildred

From: mldonovan@twintowersalliance.com
Sent: Wednesday, October 21, 2015 1:39 PM
To: Olivencia, Mildred
Cc: Torres-Rojas, Genara; Van Duyne, Sheree; Ng, Danny
Subject: Freedom of Information Online Request Form

Information:

First Name: Margaret
Last Name: Donovan
Company: The Twin Towers Alliance
Mailing Address 1: 186 Pinehurst Avenue, 6E
Mailing Address 2:
City: New York
State: NY
Zip Code: 10033
Email Address: mldonovan@twintowersalliance.com
Phone: 212-568-3898
Required copies of the records: No

List of specific record(s):

Please provide an electronic copy of the by-laws that were in effect on 1101 and a copy of the first time they were subsequently revised. Thank you.

THE PORT AUTHORITY OF NY & NJ

FOI Administrator

October 30, 2015

Ms. Margaret Donovan
The Twin Towers Alliance
186 Pinehurst Avenue, 6E
New York, NY 10033

Re: Freedom of Information Reference No. 16419

Dear Ms. Donovan:

This is in response to your October 21, 2015 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code", copy enclosed) for a copy of the by-laws that were in effect on 1/1/01 and a copy of the first time they were subsequently revised.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/16419-O.pdf>. Paper copies of the available records are available upon request.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Very truly yours,



Danny Ng
FOI Administrator

Enclosure

*4 World Trade Center, 18th Floor
150 Greenwich Street
New York, NY 10007
T: 212 435 7348 F: 212 435 7555*

**BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

Corrected to November 12, 1981

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

I. SEAL

The official seal of The Port Authority of New York and New Jersey (hereinafter referred to as the "Port Authority") shall be a design bearing a combination of the seals of the State of New York and of the State of New Jersey, and bearing the words "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY - ESTABLISHED BY COMPACT BETWEEN NEW YORK AND NEW JERSEY - APRIL THIRTIETH - 1921".

II. OFFICERS

The officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a General Counsel, a Director of Finance, a Treasurer, a Comptroller, and a Secretary.

III. DUTIES OF THE OFFICERS

A. The Chairman - The Chairman shall preside at all meetings, sign all official orders of the Port Authority, and shall have general supervision over the business and affairs of the Port Authority subject to the direction of the Port Authority. He shall, where required by statute, sign all vouchers and requisitions for payments upon the Comptrollers of the two States or upon any other fiscal officers.

B. The Vice-Chairman - The Vice-Chairman shall perform the duties of the Chairman, in the event the office of Chairman is vacant, or in the event that the Chairman is unable to perform such duties by reason of illness, disability or absence.

C. The Acting Chairman - In the event the offices of Chairman and Vice-Chairman are both vacant, or in the event that the Chairman and Vice-Chairman are both unable to perform the duties of Chairman by reason of illness, disability or absence, the Chairman of the Committee on Finance (or in the event he is for any reason unable to act, the Vice-Chairman of the Committee on Finance) shall become *ex officio* the Acting Chairman, and shall perform the duties of the Chairman.

D. The Secretary - The Secretary shall keep the official records and the seal of the Port Authority, shall certify, when required to, copies of records, and shall, from time to time, perform such other duties as shall be assigned to him by the Port Authority.

E. The General Counsel – The General Counsel shall be the legal advisor of the Port Authority, shall furnish to the Port Authority such opinions, advice and counsel as shall, from time to time, be required, shall represent the Port Authority in all legal matters or hearings as directed by the Port Authority, and shall from time to time, perform such other duties as shall be assigned to him by the Port Authority.

F. The Executive Director – The Executive Director shall, subject to the foregoing provisions and under the direction of the Chairman, be generally in administrative charge of all activities of the Port Authority. The Executive Director shall make final certification for payment of all duly authenticated and authorized items of expenditure for payment from any Port Authority funds from whatever source derived; whenever the Chairman is required by statute to sign vouchers, payrolls and/or requisitions, the Executive Director shall approve the same for submission to the Chairman for his signature; and he shall sign all deeds of conveyance when authorized by resolution of the Board.

G. The Director of Finance – The Director of Finance shall, under the supervision of the Executive Director, act as chief financial officer of the Port Authority and shall supervise the activities of the Treasurer and the Comptroller.

H. The Comptroller – The Comptroller shall, under the supervision of the Director of Finance, be in charge of the books of account of the Port Authority and shall audit all payments to and expenditures by the Port Authority.

I. The Treasurer – The Treasurer shall, under the supervision of the Director of Finance, have custody of all funds of the Port Authority.

J. The Director of the Audit Department - The Director of the Audit Department shall, under the general direction of the Executive Director, be responsible for the internal auditing functions in the Port Authority and for external audits of financial and operating records of firms doing business with the Port Authority.

IV. ADDITIONAL STAFF

The Port Authority shall name and appoint, from time to time, such additional officers, consultants and employees as it may require, and shall, by resolution or amendment of these By-Laws, designate their duties and under whose supervision or direction they shall serve.

V. TERM OF OFFICE

All officers of the Port Authority shall hold office until the next annual meeting of the Port Authority, or until their successors are elected or appointed, whichever may be the later.

VI. MEETINGS

The annual meetings of the Port Authority for the election of officers shall be held in April of each year at the time and place designated by the Chairman.

Regular meetings of the Port Authority shall be held at the time and place designated by the Chairman.

Special meetings may be called at any time by the Chairman and on request of any two members must be called.

At least two days written notice of annual, regular and special meetings, specifying the time and place of the meeting, shall be given to members by mail or in person. The written notice of a special meeting shall specify the subject(s) to be considered thereat.

VII. QUORUM

Six members, three from each state, shall constitute a quorum.

VIII. VOTES

Upon demand of any member, after due debate, the roll shall be called and the vote recorded upon any resolution or amendment thereto. If three votes from each State shall not be cast therefor, (or in case six Commissioners from either State are present, if four votes from such State shall not be cast therefor) the resolution or amendment shall be deemed lost. But a motion to adjourn, to lay on the table, to postpone consideration, or to refer a matter may be carried by a vote of a majority present.

IX. PUBLIC HEARINGS

Public hearings shall be held upon all matters requiring public consideration and shall be held upon any matter upon the request of any two members of the Port Authority, one from each State.

X. ORDER OF BUSINESS

The order of business at regular meetings shall be:

(a) Approval of the minutes of the previous meeting. (Copies of minutes shall be sent not less than two days in advance by the Secretary to each member, and if no corrections or amendments are made, shall be deemed approved).

- (b) Report of the Chairman.
- (c) Special Orders.
- (d) Reports of Committees.
- (e) Report of General Counsel.
- (f) Report of Executive Director.

(g) Communications. (The Secretary shall prepare in advance of the meeting a resume of all communications to be read at the meeting and shall send it to each member. Any member may request the reading in full of any communication).

- (h) Unfinished Business.
- (i) New Business.

The Port Authority may order any matter placed on the calendar for any meeting as special business, or, in his discretion, the Chairman may place upon the calendar of special business any matter which he deems of sufficient or pressing importance.

XI. COMMITTEES

The Chairman, Vice-Chairman and members of all standing Committees shall be appointed by the Chairman of the Port Authority who shall be an *ex officio* member of each Committee of which he is not a regular member, except the Audit Committee of which he may not be a member, and who, as such *ex officio* member, shall be entitled to vote if one or more regular members are absent, in which case he shall be counted in counting quorum, and shall also be entitled to vote as such *ex officio* member to decide a tie vote.

The Vice-Chairman of the Port Authority shall likewise be an *ex officio* member of each Committee of which he is not a regular member, except the Audit Committee of which he may not be a member, and as such *ex officio* member he shall be entitled to vote under the same circumstances as the Chairman of the Port Authority, but only in the absence of the Chairman of the Port Authority.

A quorum of any Committee shall consist of a number equal to the majority of the regular members, provided that at least one Commissioner from each State shall be present. If there be no quorum present at any regular, special or adjourned meeting of any standing or special Committee of the Port Authority, then any available Commissioners who are not already members of such Committee may be designated as substitute members *pro tem* to act at such meeting in the place and stead of absentee Committee members. So far as practicable, in designating Commissioners to act as substitute Committee members, such Commissioners shall be designated as will result in an equal representation of both states at such Committee meeting. Any Committee

member may designate another Commissioner from the same state as a substitute member to act in his place and stead at any meeting where he cannot personally be present. In the absence of such advance designation, the following persons, in the order named, are authorized to designate substitute Committee members, to wit: – The Chairman of the Board, the Vice-Chairman of the Board, the Chairman of the Committee, the Vice-Chairman of the Committee, or the regular members of the Committee present.

Commissioners designated as substitute Committee members *pro tem* shall be treated as regular members for the purpose of determining whether a quorum is present, and for the purpose of determining whether an *ex officio* member may vote.

No action of a Committee shall be binding unless at least one Commissioner from each state shall vote in favor thereof.

In order to assure the right of approval or veto by the Governor of each State, any action by a Committee taken pursuant to the powers granted in Article XI shall be considered part of the minutes of the Board.

Whenever a Committee purports to act pursuant to power vested under these By-Laws then all third persons are entitled to rely on the Committee's representation that it has power to act.

The powers vested by these By-Laws in the Committees shall not be construed or deemed to limit the authority of the Board of Commissioners to act in any instance or the statutory veto power of the Governor of each State. If such authority is exercised by the Board it shall not be construed or deemed to affect the power of the Committees to act in similar cases thereafter.

There shall be the following standing Committees, each of which shall consist of five regular members (including a Chairman and Vice-Chairman), in addition to the *ex officio* members, except the Audit Committee which shall have no *ex officio* members and shall consist of four regular members (including a Chairman and Vice-Chairman), two from each state, and shall perform the duties enumerated for it. When two or more committees have powers relating to the same subject matter, none shall be deemed to have exclusive authority, but such Committees shall confer and cooperate in regard thereto.

A. Committee on Port Planning

1. The Committee on Port Planning shall keep informed regarding the duties of the Port Authority, whether imposed by statutes or otherwise, and from time to time recommend to the Board such programs and policies as in its opinion may be desirable as will enable the Port Authority to perform its duties most effectively and in due relation to their order of importance.

2. The Committee shall keep informed of the needs of the Port District with regard to marine, air, railroad and motor vehicle terminals and other transportation and terminal facilities, and matters relating thereto, and shall, from time to time, make recommendations in reference thereto. The Committee shall have general supervision over transportation and terminal studies and do all things necessary and convenient to progress such studies.

3. The Committee shall have the following powers, the exercise of which by the Committee shall be discretionary and not mandatory:

(a) To authorize or arrange for the initiation of or the intervention by the Port Authority in proceedings before the courts of the United States and the States of New York and New Jersey, the Interstate Commerce Commission, the Civil Aeronautics Board, the United States Maritime Commission, the Aviation Commissions of the States of New York and New Jersey and other tribunals to protect the interests of the Port District and with regard to matters of harbor regulations, airline routes, freight and ocean rates and other matters affecting the commerce of the Port District and to have general supervision over such proceedings.

(b) To authorize or arrange for the appearance by the Port Authority before Congressional Committees and Federal Boards and officials to protect the interests of the Port District in any matters affecting the commerce of the Port District.

4. Whenever a budget adopted by the Board contains an item for the making of studies relating to transportation and terminal facilities, the Committee shall have the power, in its discretion, to authorize the employment of consultants and experts required therefor.

B. Committee on Finance

The Committee on Finance shall consider all questions relating to financial affairs of the Port Authority, and shall, from time to time, make such recommendations in reference thereto as in its opinion may be desirable. It shall appoint Paying Agents and Registrars in connection with bonds, notes or other securities or obligations, with power to rescind or change such appointments; and it shall authorize the making of payments into such sinking funds or reserve funds out of revenues or funds pledged or otherwise available for such purposes. It shall authorize the transfer of surplus revenues, available for such purpose, to the General Reserve Fund. It shall authorize payments out of the General Reserve Fund for purposes for which the moneys therein may be applied.

It shall establish sinking funds for the retirement of the various series of bonds, and it shall, when it deems necessary or desirable, call or authorize the call of bonds for retirement for sinking fund purposes, select or arrange for the selection of the particular bonds to be called, publish or arrange for the publication of notice of call, pay or arrange for the payment of such bonds upon the date set for their redemption, and generally do all things necessary or incidental to the call and retirement of such bonds for sinking fund purposes; — all in accordance with the resolutions authorizing the issuance of such bonds.

It shall have the power to authorize or arrange for the appointment of bond counsel in connection with any and all future issues of bonds, notes and other evidences of indebtedness of the Port Authority and to authorize or arrange for the employment of financial experts in connection with the financial affairs of the Port Authority.

It shall select depositories for Port Authority funds, and shall authorize and approve investments and reinvestments thereof.

It shall have general supervision over insurance matters, surety bonds, and all claims of and against the Port Authority except those specifically referred to elsewhere in these By-Laws. It shall authorize or arrange for insurance policies and surety bonds, and shall make rules relating to the amount and form thereof and to the acceptability of insurance carriers and sureties. It shall, from time to time, adopt or authorize policies and practices to be followed in connection with insurance, surety bonds and such claims as are under the supervision of the Committee.

It shall have authority to settle all claims of and against the Port Authority when the payment is not in excess of \$200,000; or when the amount of damages incurred by the Port Authority is not in excess of \$200,000; and when the payment or the amount of damages incurred exceeds \$200,000, it shall make such recommendations in reference thereto as in its opinion may be desirable. Claims of and against the Port Authority shall include all claims, except those specifically referred to in Article XI, Sections C-3 and D-3, and shall include claims against officers and employees of the Port Authority for which the Port Authority would be responsible under the doctrine of respondent superior, provided, that in the case of claims against officers and employees of the Port Authority which are covered by insurance purchased by such officers or employees, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible, provided, that in the case of officers and employees, the Port Authority shall pay such claims or judgments only if such officers and employees have authorized the Port Authority in its discretion to settle or defend such actions and shall have cooperated with the Port Authority in the defense thereof, and provided that in the case of officers and employees the Port Authority shall pay such judgments or claims only if such officers and employees shall have given the Port Authority prompt notice of claim or action against them.

C. Committee on Construction

1. The Committee on Construction shall have general supervision over all construction by the Port Authority, including without limitation thereto rehabilitation, repairs, demolition and excavation, except such as may be authorized by the Committee on Operations, and shall, from time to time, make such recommendation in reference to such construction as in its opinion may be desirable.

2. Whenever a budget adopted by the Board contains an item relating to construction, the Committee on Construction shall have the following powers, the exercise of which by the Committee shall be discretionary and not mandatory:

(a) To authorize such construction and authorize or arrange for contracts (herein called construction contracts) for the performance of such construction works, with or without public advertising, upon such terms and conditions and with such contractors as the Committee may deem proper, and the signature or execution thereof by the Port Authority, or in the alternative, to make recommendations to the Board with respect to the award thereof, provided, that unless expressly authorized by the Board, the Committee shall have no power to authorize construction or to authorize or arrange for the signature of any construction contract, the amount or estimated cost of which, together with the amount of extra work which is authorized by the Committee at the

time of its authorization of the signature of the contract, is in excess of \$2,000,000. The Committee shall, from time to time, report to the Board all such contracts, the amount or estimated cost of which is in excess of \$500,000, which may have been awarded without public advertisement or, if publicly advertised, to other than the lowest bidder; but the failure of the Committee to report the same shall not affect the validity of any action of the Committee taken with respect thereto.

(b) To authorize or arrange for the employment of engineering consultants and other experts required in connection therewith.

3. Whenever any construction contract has been executed on behalf of the Port Authority, the Committee on Construction shall have power to authorize or approve the making of contracts or agreements on behalf of the Port Authority amendatory of or supplemental to such construction contracts, the placing of extra work orders, the making of payments to contractors, the compromise or settlement of claims by or against the Port Authority under such contracts, and the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority in any such construction contract; provided that with respect to any one contract the total of all payments authorized or approved by the Committee under the provisions of this paragraph 3 shall not exceed the following amounts: (i) With respect to extra work under a contract if the Committee has previously authorized signature thereof: \$500,000 in addition to the amount of extra work authorized by the Committee at the time of such authorization to sign but, if such authorization to sign was granted pursuant to the powers of the Committee under these By-Laws and not under another power granted to the Committee by the Board, then not in excess of an amount of extra work which would make the aggregate of the original contract price and all extra work authorized by the Committee in excess of \$2,500,000; or, with respect to extra work under a contract if the Board has authorized signature thereof other than through a power given to the Committee: \$2,000,000 or, with respect to extra work under a contract if the Executive Director has authorized signature thereof pursuant to Article XII, paragraph (d) of these By-Laws: \$500,000; (ii) \$2,000,000 under all amendatory or supplemental contracts or agreements; (iii) \$500,000 under all compromises or settlements of claims against the Port Authority; and (iv) \$500,000 under all compromises or settlements of claims by the Port Authority.

4. Whenever a budget adopted by the Board contains an item relating to the acquisition, purchase or lease of real property for any purpose, the Committee on Construction shall have power to arrange for the preparation and signature of contracts for the acquisition and/or use of such real property and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contracts, provided, that, unless expressly authorized by the Board, the Committee shall have no power to authorize or arrange for the signature of any such contract, the amount or estimated cost of which is in excess of \$2,000,000.

5. Whenever a budget adopted by the Board contains an item relating to the acquisition of materials for use in connection with construction, the Committee on Construction shall have the power to arrange for the preparation and signature of

contracts for the purchase of such materials and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contracts, provided, that, unless expressly authorized by the Board, the Committee shall have no power to authorize or arrange for the signature of any such contract, the amount or estimated cost of which is in excess of \$2,000,000.

D. Committee on Operations

1. The Committee on Operations shall have general supervision over the operation and maintenance of all facilities and properties operated by the Port Authority, and shall, from time to time, make such recommendations in reference thereto as in its opinion may be desirable.

2. Whenever a budget adopted by the Board contains an item relating to maintenance, including repair or rehabilitation of any Port Authority facility or property which is in operation or minor capital improvements thereto, the Committee on Operations shall have the following powers, the exercise of which by the Committee shall be discretionary and not mandatory:

To authorize such maintenance and to authorize or arrange for contracts (herein called maintenance contracts) for such maintenance upon such terms and conditions and with such contractors as the Committee may deem proper, and the signature and/or execution thereof by the Port Authority, or in the alternative, to make recommendations to the Board with respect to the award thereof, provided, that, unless expressly authorized by the Board, the Committee shall have no power to authorize or arrange for the signature of any maintenance contract, the amount or estimated cost of which, together with the amount of extra work which is authorized by the Committee at the time of its authorization of the signature of the contract, is in excess of \$2,000,000. The Committee shall, from time to time, report to the Board all such contracts, the amount or estimated cost of which is in excess of \$500,000, which may have been awarded without public advertisement or, if publicly advertised, to other than the lowest bidder, but the failure of the Committee to report the same shall not affect the validity of any action of the Committee taken with respect thereto.

3. Whenever any maintenance contract has been executed on behalf of the Port Authority, the Committee on Operations shall have power to authorize or approve the making of contracts or agreements on behalf of the Port Authority amendatory of or supplemental to such maintenance contracts, the placing of extra work orders, the making of payments to contractors, the compromise or settlement of claims by or against the Port Authority under such contracts, and the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority in any such maintenance contract; provided that with respect to any one contract the total of all payments authorized or approved by the Committee under the provisions of this paragraph 3 shall not exceed the following amounts: (i) With respect to extra work under a contract if the Committee has previously authorized signature thereof: \$500,000 in addition to the amount of extra work authorized by the Committee at the time of such authorization to sign but, if such authorization to sign was granted pursuant to the

powers of the Committee under these By-Laws and not under another power granted to the Committee by the Board, then not in excess of an amount of extra work which would make the aggregate of the original contract price and all extra work authorized by the Committee in excess of \$2,500,000; or, with respect to extra work under a contract if the Board has authorized signature thereof other than through a power given to the Committee: \$2,000,000 or, with respect to extra work under a contract if the Executive Director has authorized signature thereof pursuant to Article XII, paragraph (d) of these By-Laws: \$500,000; (ii) \$2,000,000 under all amendatory or supplemental contracts or agreements; (iii) \$500,000 under all compromises or settlements of claims against the Port Authority; and (iv) \$500,000 under all compromises or settlements of claims by the Port Authority.

4. Whenever a budget adopted by the Board contains an item relating to the acquisition or purchase of equipment, tools, materials, supplies, or other personal property for use in connection with the operation of any Port Authority facility or property, the Committee on Operations shall have power to arrange for the preparation and the signature of contracts for the acquisition of such personal property, and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contracts, provided, that, unless expressly authorized by the Board, the Committee shall have no power to authorize or arrange for the signature of any such contract, the amount or estimated cost of which is in excess of \$2,000,000.

5. Whenever a budget adopted by the Board contains an item relating to any construction and such construction is required under any agreement made or about to be made for the use of Port Authority property, the Committee shall have the same powers with respect to such construction as the Committee on Construction has with respect to construction generally.

6. Whenever a budget adopted by the Board contains an item relating to an expenditure which is properly chargeable as in operating expense and which is for a purpose not mentioned elsewhere under the foregoing subheading D, "Committee on Operations", of this Article XI, "Committees" of these By-Laws, the Committee on Operations shall have the power in its discretion to authorize or arrange for the expenditure thereof, including the power to authorize or arrange for contracts for such purpose, and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contract, provided, that, unless expressly authorized by the Board the Committee shall have no power to authorize or arrange for the signature of any such contract, the amount or estimated cost of which is in excess of \$2,000,000.

7. The Committee on Operations shall have the power to authorize the sale of personal property owned by the Port Authority pursuant to such contracts and upon such terms and conditions and for such price or other consideration as the Committee may deem proper.

8. The Committee on Operations shall have general authority with respect to personnel matters. Whenever a budget adopted by the Board contains an item for a group of positions, the Committee shall have the power to prescribe the compensation payable for such positions. It shall have power to establish new positions and to abolish existing

positions in the staff of the Port Authority and to determine and prescribe the duties of new and existing positions and the qualifications for appointment made hereafter thereto. It shall also have the power to make and terminate appointments to the Port Authority staff, and to make promotions and demotions within the staff. It shall have the power to authorize or arrange for the employment of consultants and other experts in all cases where similar power is not vested in any other committee. It shall have power to grant or authorize the granting of vacations, sick leave and other leaves of absence and to take other action affecting personnel.

9. The Committee on Operations shall have power from time to time to adopt, rescind, amend and modify rules and regulations for and in connection with the operation of the facilities and properties operated by the Port Authority and for the conduct of the users thereof and all other persons in or about such facilities or properties, including the officers, employees or representatives of the Port Authority and of the users of its facilities and properties and people doing business with it or them. In all cases where any Port Authority facilities or properties are opened to public use, the Committee shall have power to establish and from time to time rescind, change or modify, just and reasonable tolls, fees or other charges for such use, and for that purpose to establish reasonable classifications of users and services. In all other cases, the Committee shall have power to authorize the use of Port Authority facilities or properties pursuant to leases, permits or other special contracts or agreements upon such terms and conditions and for such rent or other consideration as the Committee may deem proper.

E. Audit Committee

1. The Audit Committee shall have general supervision over the books and accounts of the Port Authority and the auditing thereof and take such action as it may deem necessary or desirable in connection therewith. It shall arrange for the auditing of said accounts from time to time by independent accountants designated by the Board and shall keep informed regarding the management of the Port Authority. It shall receive from the Director of the Audit Department any information he may have on matters within his responsibilities which involve the conduct of any Commissioner or of the Executive Director, and it shall be the duty of the Director of the Audit Department to report such information to the Committee. The appointment of any person to the position of the Director of the Audit Department shall not be made or terminated, the salary or benefits of the Director of the Audit Department shall not be increased or reduced and the responsibilities of the Director of the Audit Department shall not be changed in any way without the approval of the Chairman of the Committee, provided that the Board may elect in any given instance to act in the stead of the Chairman of the Committee in giving or withholding such approval, provided further that any increase or reduction in salary or benefits that may be made with respect to Port Authority department heads generally and would be effective as to the Director of the Audit Department in the absence of the foregoing requirement of approval shall not require such approval in order to be effective as to the Director of the Audit Department, and provided further that the salary and benefits of the first appointee to the position of Director of the Audit Department shall be subject to such approval.

2. The Committee shall report from time to time to the Board on the results of its supervisory, auditing and other activities including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the administration of the affairs of the Port Authority.

XIa. NOMINATING COMMITTEE

The Nominating Committee shall consist of all of the Commissioners of the Port Authority except the Commissioners holding office as Chairman and Vice-Chairman. It shall have power to make nominations for election to the office of Chairman and Vice-Chairman. Nominations for election to fill such offices may, however, also be made by any Commissioner at any meeting at which elections to fill such offices are held.

The Nominating Committee shall meet at least once during the month immediately preceding the annual meeting of the Port Authority.

In addition, if the office of Chairman or Vice-Chairman shall become vacant for any reason other than expiration of term, the Nominating Committee shall meet as soon as practical thereafter.

Meetings of the Nominating Committee shall be held pursuant to notice given by the Secretary at the request of any member or members of the Committee.

At each meeting of the Committee, the members thereof shall elect a Chairman whose duties shall be to preside at such meeting, and to submit or cause to be submitted to the Board any reports or recommendations adopted at such meeting.

XII. ADMINISTRATIVE POWERS

The Executive Director shall have the following administrative powers which shall be in addition to any other powers conferred upon him by any other provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners.

(a) Unless otherwise directed by the Committee on Operations or otherwise provided by any resolution of the Board of Commissioners and subject to the limitations, if any, of the Budget adopted by the Board:

(i) To determine and prescribe the duties of new and existing positions and the qualifications for appointments made thereto;

(ii) Subject to the approval of the Chairman of the Committee on Operations, to make permanent appointments to the Port Authority staff;

(iii) To make promotions and demotions within the staff;

(iv) To terminate appointments to the staff subject to the approval of the Chairman of the Committee on Operations whenever approval of the Committee on Operations is not otherwise specifically required;

(v) To create temporary positions and to make temporary appointments thereto for periods not exceeding three (3) months' duration;

(vi) To grant or authorize the granting of vacation, sick leave, other leave of absence and to establish or modify other employee benefits (other than retirement matters) and to take other action affecting personnel.

(b) Unless directed by the Committee on Finance:

(i) To authorize or arrange for the printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Board.

(ii) To authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are no other moneys available for the payment of such interest and principal, out of the General Reserve Fund if such fund has been pledged as security for such payments.

(iii) To authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, to authorize or arrange for the making of payments into such sinking funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Port Authority funds available for such purposes, and, in case of all the preceding available sources are insufficient to make such payment, then out of the General Reserve Fund.

(iv) Whenever the resolutions of the Board establishing the issue of bonds and the various resolutions of the Board establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolutions to select or arrange for the selection of the particular bonds to be redeemed, publish or arrange for the publication of notice of redemption, pay or arrange for the payment of such bonds upon the date set for their redemption and generally do all things necessary or incidental to the redemption and retirement of such bonds.

(c) In his discretion, to delegate in whole or in part any power, authority or discretion, conferred upon him by any of the provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners to any other officer or member of the staff, provided, that this power shall not apply to any case where the Executive Director is authorized to sign checks, drafts or commercial paper, or to any case where he is authorized to have access to safe deposit boxes.

(d) Whenever a budget adopted by the Board contains an item relating to the maintenance, repair or rehabilitation of any Port Authority facility or property which is in operation, or to the making of capital improvements and additions thereto, or the construction of a Port Authority project, or to major repairs, or major rehabilitation to any Port Authority project, or any Port Authority property, or to the purchase of materials and supplies, or to the furnishing of utility or other services, the Executive Director (unless otherwise directed by the appropriate Committee) shall have the following powers, the exercise of which by the Executive Director shall be discretionary and not mandatory:

(i) To authorize or arrange for contracts for such maintenance, repairs or rehabilitation or for the making of capital improvements and additions thereto, and for the performance of construction work, including demolition and excavation, and to authorize and arrange for purchase orders or contracts for the purchase of materials and supplies, or for the furnishing of utility or other services and for the making of other expenditures, upon such terms and conditions as the Executive Director may deem proper and to execute the same on behalf of the Port Authority where the amount of any such contract or purchase order is not in excess of \$1,000,000; provided, however, that in the case of contracts or purchase orders whose amount is in excess of \$250,000 he shall not execute with other than the lowest bidder after public advertisement. The limitation set forth above in this subdivision (i) on the power of the Executive Director to execute any such contract or purchase order shall not be construed as imposing on the Executive Director a mandatory requirement to execute any contract or purchase order with the lowest bidder.

(ii) Whenever any such contracts or purchase orders have been executed on behalf of the Port Authority, pursuant to subdivision (i) hereof, the Executive Director shall have the power to enter into contracts or agreements on behalf of the Port Authority amendatory of or supplemental to such contracts and purchase orders, to place extra work orders, to make payments to vendors and contractors, (provided that the total of payments ((exclusive of settlement payments under paragraph (h) below or authorized by the Board or a Committee thereof)) under any such contract or purchase order is not thereby increased to a sum in excess of \$250,000 or in the case of such contracts or purchase orders executed with the lowest bidder after public advertisement at a price in excess of \$200,000 is not thereby increased to a sum in excess of either \$1,000,000 or the amount of the low bid plus 25% thereof, whichever is less), and to exercise any rights and to perform any obligations vested in or assumed by the Port Authority in any such contracts.

(iii) To require a bond securing the performance of any contract or purchase order authorized by the Board or a Committee thereof or by him and/or the payment of subcontractors, materialmen, workmen and other third persons, whenever he deems it advisable under the circumstances.

(iv) To acquire temporary interests in real property necessary in connection with such construction or maintenance, provided the term of any such interest shall not be in excess of five years.

(e) Whenever a budget adopted by the Board contains an item relating to an expenditure which is properly chargeable as an operating expense and which is for a purpose not mentioned elsewhere under this Article XII, "Administrative Powers," of these By-Laws, the Executive Director shall have the power in his discretion to authorize or arrange for the expenditure thereof, including the power to authorize or arrange for contracts for such purpose, for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contract where the amount or estimated cost of any such contract is not in excess of \$250,000.

(f) Whenever any construction or maintenance contract or any purchase order has been executed pursuant to authorization granted by the Board (other than under this Article XII) or any Committee thereof, the Executive Director shall have the power to enter into contracts or agreements on behalf of the Port Authority amendatory of or supplemental to such contracts and purchase orders, to place extra work orders, to make payments to vendors and contractors, and to exercise any rights and to perform any obligations vested in or assumed by the Port Authority in any such contracts; provided, that, the total of payments made pursuant to this paragraph (f) shall not exceed \$250,000 in connection with any one such construction or maintenance contract or purchase order.

(f-1) Whenever a budget adopted by the Board contains an item relating to an expenditure for professional, technical or advisory services including but not limited to services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers and experts of any kind and others whether similar to or different from the foregoing, the Executive Director shall have the power in his discretion to authorize or arrange for the expenditure thereof, including the power to authorize or arrange for contracts for such services, for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such contract where the amount or estimated cost of any such contract is not in excess of \$50,000 in the case of contracts for technical services such as inspection, testing and cost estimating of materials and construction, and \$10,000 in the case of contracts for other services.

(f-2) Whenever any contract for services of the types described in paragraph (f-1) above has been executed pursuant to authorization granted by the Board (other than under this Article XII) or any Committee thereof, the Executive Director shall have the power in his discretion to enter into contracts amendatory of or supplemental to such contract, to authorize performance of and payment for additional services under such contract and to exercise any rights and perform any obligations vested in or assumed by the Port Authority under such amendatory or supplemental contract, provided that with respect to any one such contract authorized by the Board (other than under this Article XII) or any Committee thereof, the total of payments made pursuant to this paragraph (f-2) shall not exceed \$50,000 in the case of contracts for technical services such as inspection, testing and cost estimating of materials and construction, and \$10,000 in the case of contracts for other services.

(g) The Executive Director shall, from time to time, report to the appropriate Committee (1) all contracts or purchase orders executed under the provisions of paragraph (d) and (e) above where the total of the payments thereunder (exclusive of settlement payments under paragraph (h) below or payments authorized by the Board or a Committee thereof) is in excess of \$75,000; (2) all authorizations exercised under the provisions of paragraphs (f), (f-1) and (f-2) above; (3) all settlements of claims of or against the Port Authority in excess of \$500 made under the provisions of paragraph (h) below; and (4) all authorizations exercised under the provisions of paragraphs (k), (l-1), (m) and (n) below; but the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

(h) In his discretion, to settle claims by or against the Port Authority arising under or in connection with construction or maintenance contracts or purchase orders, provided that the total amount of the settlement in connection with or under any one contract or purchase orders does not exceed \$100,000.

(i) In his discretion, to authorize the payment to contractors and vendors of all or any portion of their compensation even though not yet payable under the terms of the contract or purchase order.

(j) On behalf of the Port Authority, to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Port Authority and for the use or occupancy of property by the Port Authority or for the exercise of privileges thereat, where any such agreement (i) is unconditionally revocable without cause by the Port Authority upon thirty days' notice or less, or (ii) requires payment to or by the Port Authority of a fixed monetary consideration either alone or combined with a percentage or other variable additional rental or fee and such fixed consideration (exclusive of any separate obligations of the occupant or user to pay for utilities, insurance, services or other such) does not exceed \$50,000 per annum, or under the terms of such agreement the Port Authority does not incur any fixed liability for initial improvements or alterations to the premises or contingent liability for termination which is in excess of \$50,000, or (iii) substitutes another for the contracting party to an existing agreement, or (iv) is a renewal, extension, amendment or modification of an existing agreement with terms and conditions at least as favorable to the Port Authority, or (v) provides for a rental or fee at a rate not less than the rate approved or established by the Board or a Committee; and any such agreement may contain such indemnity and other provisions as he may deem appropriate.

(k) In his discretion, to authorize or arrange for contracts for the sale of personal property owned by the Port Authority upon such terms and conditions as he may deem proper and to execute the same on behalf of the Port Authority where the amount of any such contract is not in excess of \$250,000; provided, however, that in the case of contracts whose amount is in excess of \$50,000 he shall not execute with other than the highest bidder after public advertisement. The limitation set forth above in this paragraph (k) on the power of the Executive Director to execute any such contract shall not be construed as imposing on the Executive Director a mandatory requirement to execute any contract with the highest bidder.

(l) The Executive Director may, in his discretion, authorize intervention and participation on behalf of the Port Authority in proceedings before the Interstate Commerce Commission, Civil Aeronautics Board, Federal Maritime Commission, or any other administrative tribunal of the United States or of the States of New York and New Jersey or their subdivisions affecting the trade and commerce of the Port District or the terminal or transportation facilities therein provided, however, that no statement as to the position of the Port Authority on the issues in the proceedings shall be submitted until the position has been authorized by the Board or the Committee on Port Planning.

(l-1) In addition to the authority granted elsewhere in these By-Laws, with respect to the operation, planning and development of Port Authority facilities and with respect to other projects, programs and studies which have been authorized by the Port Authority, the Executive Director may, in his discretion, apply for and accept on behalf of the Port Authority grants from federal, state or other governmental entities, and, in addition, may, in his discretion, authorize execution of agreements with federal, state or other governmental entities for the performance of services by Port Authority and/or PATH employees or the participation by such employees in programs or other activities sponsored in whole or in part by such entities where the reimbursable salaries of the Port Authority and/or PATH employees for the time so spent does not exceed \$50,000.

(m) The Executive Director shall have authority to settle all claims of and against the Port Authority when the payment is not in excess of \$50,000; or when the amount of damages incurred by the Port Authority is not in excess of \$50,000. Claims of and against the Port Authority shall include all claims, except those specifically referred to in Article XII, paragraph (h) above, and shall include claims against officers and employees of the Port Authority for which the Port Authority would be responsible under the doctrine of respondent superior, provided, that in the case of claims against officers and employees of the Port Authority which are covered by insurance purchased by such officers or employees, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible, provided that in the case of officers and employees, the Port Authority shall pay such claims or judgments only if such officers and employees have authorized the Port Authority in its discretion to settle or defend such actions and shall have cooperated with the Port Authority in the defense thereof, and provided that in the case of officers and employees the Port Authority shall pay such judgments or claims only if such officers and employees shall have given the Port Authority prompt notice of claim or action against them.

(n) Whenever a budget adopted by the Board contains an item relating to the purchase or renewal by the Port Authority of any type of insurance, the Executive Director (unless otherwise directed by the appropriate Committee) shall have the power in his discretion to authorize or arrange for such purchase or renewal where the total premium for the term of the purchase or renewal is not in excess of \$50,000.

(o) With respect to Port Authority property or to the operation, planning and development of Port Authority facilities the Executive Director, in his discretion, may enter into such indemnity agreements as he may deem appropriate.

Whenever the Executive Director purports to act pursuant to power vested under these By-Laws, then all third persons are entitled to rely on the Executive Director's representation that he has the power to act.

The powers herein vested in the Executive Director shall not be construed or deemed to affect the power of the Board of Commissioners to act in any case, nor shall any power vested in the Executive Director be construed or deemed to affect the power of any Committee to act where such power is also vested in a Committee, but where either the Board or any Committee exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

XIII. BUDGET

Whenever reference in these By-Laws is made to a budget, it shall mean a budget approved or authorized by the Board. Whenever in these By-Laws a Committee or officer is vested with powers or discretion by reason of a budget item, such Committee or officer shall also have the same powers and discretion in any case where the Board approves or authorizes an expenditure of a specified amount (or of an approximate sum or of an amount not to exceed a specified sum) for a specified purpose, by resolution or otherwise, or in any case where the Board approves or ratifies expressly or by implication any action taken by any Committee either recommending that the Board approve or ratify such an expenditure for such a purpose, or authorizing such an expenditure for such a purpose, subject to the approval of the Board.

XIV. AMENDMENTS

These By-Laws may be amended by resolution duly adopted at any meeting, regular or special, provided that notice of intention to present such resolution shall be given at least two days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any Commissioner or by any Committee, (or by the Secretary at the request of any Commissioner or any Committee). Such notice may be given in writing, mailed or delivered to all Commissioners, or in the alternate, such notice may be given orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notices of motions to amend motions to amend the By-Laws need not, however, be given.

The provisions of these By-Laws may be suspended by unanimous consent of a quorum.

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

July 26, 2007

Adopted by the Board of Commissioners of The Port Authority of New York and New Jersey at a meeting duly called and held on July 26, 2007, by resolution appearing at pages 194 *et seq.* of the Official Minutes of that date.

BY-LAWS OF
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

I. SEAL

The official seal of The Port Authority of New York and New Jersey (hereinafter referred to as the "Port Authority") shall be a design bearing a combination of the seals of the State of New York and of the State of New Jersey, and bearing the words "THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY — ESTABLISHED BY COMPACT BETWEEN NEW YORK AND NEW JERSEY — APRIL THIRTIETH — 1921."

II. OFFICERS

The officers of the Port Authority shall be a Chairman, a Vice-Chairman, an Executive Director, a First Deputy Executive Director, a Deputy Executive Director for Operations, a Deputy Executive Director for Capital Programs, a General Counsel, a Chief Financial Officer, a Treasurer, a Comptroller, and a Secretary.

III. DUTIES

A. Board of Commissioners — The Board of Commissioners shall establish the policies of the Port Authority and shall be responsible for reviewing and monitoring whether Port Authority procedures and regulations and executive staff's financial, management, and operational decisions and controls are in compliance with such overall policies. The Board of Commissioners shall receive from the Executive Director reports on a regular basis, and shall cause the Executive Director to provide such reports, in order for the Commissioners to perform their oversight duties described herein. The Board of Commissioners shall also be responsible for adopting the Strategic Plan, Capital Plan, and Budget of the Port Authority.

B. Chairman — The Chairman shall preside at all meetings of the Board of Commissioners; communicate to the Executive Director and, where appropriate, executive staff, the policies of the Port Authority established by the Board of Commissioners; and be responsible for advancing the mission and promoting the objectives of the Port Authority to members of the general public.

C. Vice-Chairman — The Vice-Chairman shall perform the duties of the Chairman in the event the office of Chairman is vacant, or in the event that the Chairman is unable to perform such duties by reason of illness, disability, or absence.

D. Executive Director — The Executive Director shall manage the operations of the Port Authority in compliance with the agency's policies as established by the Board of Commissioners. The Executive Director shall prepare proposals for presentation to the Board of Commissioners which carry out approved policies or which propose policies for adoption and implement such proposals after presentation to and approval by the Board of Commissioners. In furtherance of these duties, the Executive Director shall hold executive staff responsible and accountable for making financial, management, and operational decisions in compliance with the policies established by the Board of Commissioners, and shall consult with the Board of Commissioners, as necessary, to enable the Commissioners to perform their oversight duties described above. The Executive Director shall sign all deeds of conveyance when authorized by resolution of the Board of Commissioners.

E. Secretary — The Secretary shall prepare the minutes of the meetings of the Board of Commissioners; keep the official records and the seal of the Port Authority; certify, when required to, copies of records; be responsible for administering the Freedom of Information Policy providing for access by the public to records of the Port Authority; and perform such other duties as may be assigned by the Chairman.

F. General Counsel — General Counsel shall be legal counsel to the Port Authority and shall also furnish such legal opinions, advice, counsel, and representation as shall, from time to time, be required by the Board of Commissioners. In the performance of these duties, General Counsel is authorized to use Port Authority staff and, with the approval of the Executive Director, to retain outside counsel in accordance with policies established by the Board of Commissioners and guidelines adopted by General Counsel from time to time.

G. Chief Financial Officer — The Chief Financial Officer shall, under the supervision of the Executive Director, act as chief financial officer of the Port Authority and supervise the activities of the Treasurer and the Comptroller.

H. Comptroller — The Comptroller shall, under the supervision of the Chief Financial Officer, be in charge of the books of account of the Port Authority and be responsible for all payments to and expenditures by the Port Authority.

I. Treasurer — The Treasurer shall, under the supervision of the Chief Financial Officer, have custody of all funds and be responsible for investments of the Port Authority.

J. Inspector General — The Inspector General, under the general direction of the Chairman and the Executive Director, shall be charged with the responsibility of receiving and investigating, where appropriate, all complaints regarding wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third-party individuals or organizations doing business with the Port Authority; and consulting with the Board of Commissioners, the Audit Committee, the Executive Director, and General Counsel, as appropriate. The Inspector General shall provide

reports to the Audit Committee with respect to the foregoing.

K. Director of the Audit Department — The Director of the Audit Department shall, under the general direction of the Inspector General, be responsible for the internal auditing functions in the Port Authority and for external auditing of financial and operating records of firms doing business with the Port Authority.

IV. TERM OF OFFICE

All officers of the Port Authority shall hold office until the next annual meeting of the Port Authority, or until their successors are elected or appointed, whichever may be the later.

V. MEETINGS; OPEN MEETINGS POLICY; FREEDOM OF INFORMATION POLICY

A. An annual meeting of the Board of Commissioners shall be held each year for the purpose of election of officers. Special meetings of the Board of Commissioners may be called by the Chairman of the Port Authority and shall be called by the Chairman of the Port Authority on request of any two Commissioners, one from each State. The time and place for all annual, regular, and special meetings shall be determined by the Chairman of the Port Authority.

B. The Secretary shall give notice to the Commissioners of annual, regular, and special meetings, specifying the time and place of the meeting, by mail, facsimile, telephone, or in person, at least two days before the meeting. The notice of a special meeting shall specify the subject(s) to be considered thereat. Any Commissioner may waive the requirement for such notice.

C. The provisions of these By-Laws may be suspended by unanimous consent of a quorum of the Board of Commissioners.

D. Quorum — Six Commissioners, three from each State, shall constitute a quorum for all meetings of the Board of Commissioners.

E. Votes — After due debate, the vote shall be recorded upon all resolutions or amendments thereto presented at any meeting of the Board of Commissioners. If three votes from each State shall not be cast therefor (or in case six Commissioners from either State are present, if four votes from such State shall not be cast therefor), the resolution or amendment shall be deemed lost. But a motion to adjourn, to lay on the table, to postpone consideration, or to refer a matter may be carried by a vote of a simple majority of Commissioners present.

F. Order of Business — The order of business at annual, regular, and special

meetings of the Board of Commissioners shall be determined by the Chairman of the Port Authority; provided, however, that upon request of any two Commissioners, one from each State, received no less than two days prior to the meeting, a matter shall be placed on the calendar for any meeting as special business.

G. Open Meetings Policy

The Port Authority has an obligation to conduct its business and activities in the public interest and to solicit public participation and make its affairs known to members of the general public. In accordance with this obligation, the Port Authority shall follow an Open Meetings Policy, which shall require that: meetings of the Board of Commissioners and its Committees shall be open to the public consistent with the open meetings laws of the two States; sufficient advance notice shall be provided to members of the general public and representatives of the press of all meetings to be held in open public or closed executive session and, if in closed executive session, the reason(s) therefor; where meetings are held in open public session, anticipated agendas for such meetings shall be provided to members of the general public and representatives of the press sufficiently in advance of such meetings; representatives of all groups and constituencies who may wish to attend meetings held in open public session shall be accommodated; where meetings are held in open public session, members of the public shall have the opportunity to comment to the Board of Commissioners prior to action on those items; materials reflecting actions taken in open public and closed executive session, including minutes of meetings of the Board of Commissioners, shall be released to members of the general public. Meetings of the Board of Commissioners and its Committees (other than meetings held in closed, executive session) are to be publicly broadcast, to the extent technologically feasible.

The term "meeting" as used herein shall refer to any gathering, whether corporeal or by means of communications equipment, which is attended by, or open to, members of the Board of Commissioners, held with the intent, on the part of the Commissioners present, to discuss or act as a unit upon the specific public business of the Port Authority; provided, that the term "meeting" does not mean a gathering (1) attended by less than a quorum, or (2) attended by or open to all the members of three or more similar public bodies at a convention or similar gathering. The term "public business" shall refer to matters that relate in any way, directly or indirectly, to the performance of the functions of the Port Authority or the conduct of its business.

H. Open Meetings Policy – Limited Exceptions

1. In certain limited circumstances, public consideration by the Board of Commissioners (or a Committee thereof) of matters relating to the business and affairs of the Port Authority would clearly endanger the public interest or constitute an unwarranted invasion of the personal privacy of individuals (including Port Authority employees). Accordingly, in such limited circumstances, the Board of Commissioners or Committee may determine to take action on or discuss only such subjects in closed, executive session. Consistent with the open meetings laws of the two States, the following matters

may be considered in closed, executive session: (i) public safety or law enforcement; (ii) proposed, pending, or current litigation, judicial or administrative proceedings, and external or internal investigations or audits; (iii) ongoing bargaining or negotiations, reviews of contracts or proposals related to the purchase, sale, or lease of real property or securities where disclosure could affect the public interest; (iv) the necessary consideration of facts that, if made public, would constitute an unwarranted invasion of an individual's personal privacy; (v) the necessary consideration of facts that are deemed confidential, privileged, or private pursuant to federal or state law, regulations, rules, or decisions of court; or (vi) information that, if made public, could impair the Port Authority's right to receive funds from the United States or other grantor.

2. From time to time, the Chairman of the Port Authority may, in the best interests of the Port Authority, permit discussion in public, open session of and action on any matter otherwise exempted under the Open Meetings Policy.

3. In exigent circumstances when required for action, the Chairman of the Port Authority may request that one or more absent Commissioners participate and attend any meeting of the Port Authority through the use of communications equipment.

I. Freedom of Information Policy

The Port Authority conducts its business and activities in the public interest and therefore the public should have access to records of the Port Authority. The Port Authority shall follow a Freedom of Information Policy consistent with the freedom of information laws of the two States.

The Port Authority shall, to the extent technologically feasible, provide access to the minutes of meetings of the Board of Commissioners and the Committees and to reports provided for in accordance with these By-Laws, by posting such documents on its Internet site.

VI. PUBLIC HEARINGS

Public hearings shall be held on matters requiring public consideration or public comment and information (such as toll or fare increases) and may be held upon the request of (i) the Chairman of the Port Authority or (ii) any two Commissioners, one from each State. As provided in Article X (1) of these By-Laws, the Executive Director shall have the power to arrange for the conduct of such hearings.

VII. NOMINATING COMMITTEE

The Nominating Committee shall consist of all of the Commissioners of the Port Authority except the Chairman of the Port Authority and the Vice-Chairman of the Port Authority.

The Nominating Committee shall meet at least once during the 30 days immediately preceding the annual meeting of the Port Authority to consider a slate of officers for nomination and shall present such slate to the Board of Commissioners. If the office of Chairman of the Port Authority or Vice-Chairman of the Port Authority shall become vacant for any reason other than expiration of term, the Nominating Committee shall meet as soon as practical thereafter. The Nominating Committee may also meet to consider vacancies in any other office or offices.

Meetings of the Nominating Committee shall be held pursuant to notice given by the Secretary at the request of any member of the Committee.

At each meeting of the Nominating Committee, the members thereof shall elect a Chairman of the Committee whose duties shall be to preside at such meeting, and to submit or cause to be submitted to the Board of Commissioners any reports or recommendations adopted at such meeting.

VIII. COMMITTEES OF THE BOARD

A Chairman, a Vice-Chairman, and members of all Board Committees shall be appointed by the Chairman of the Port Authority, who shall be an *ex officio* member of each Committee of which the Chairman of the Port Authority is not a regular member, except the Audit Committee. If one or more regular members are absent from any Committee meeting, the Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business. The Chairman of the Port Authority shall also be entitled to vote to decide a tie vote.

The Vice-Chairman of the Port Authority shall likewise be an *ex officio* member of each Committee of which the Vice-Chairman of the Port Authority is not a regular member, except the Audit Committee. The Vice-Chairman of the Port Authority shall be counted towards a quorum and entitled to vote on Committee business under the same circumstances as the Chairman of the Port Authority, but only in the absence of the Chairman of the Port Authority.

A quorum for the conduct of business at any meeting of any Committee shall consist of a number equal to the majority of the regular members, provided that at least one Commissioner from each State shall be present. If there is no quorum at any regular, special, or adjourned meeting of any Committee, then the Commissioner presiding at such Committee meeting may, in order to achieve a quorum, designate any Commissioner present who is not already a member of such Committee as a substitute member *pro tem* to act at such meeting in the place and stead of an absent Committee member. Any substitute Committee member *pro tem* shall be treated as a regular member for purposes of (i) determining whether a quorum is present; (ii) voting; and (iii) determining whether an *ex officio* member may vote. Action shall be taken by a majority vote of the Committee members present; provided that no action of a Committee shall be

binding unless at least one Commissioner from each State shall vote in favor thereof.

In order to assure the right of approval or veto by the Governor of each State, any action by a Committee taken pursuant to the powers granted in this Article VIII shall be considered part of the minutes of the Board of Commissioners.

Whenever a Committee purports to act pursuant to power vested under these By-Laws then all third persons are entitled to rely on the Committee's representation that it has power to act.

There shall be the following standing Board Committees, which shall meet as needed in connection with the conduct of Port Authority business. Each Committee shall consist of five regular members (including a Chairman and Vice-Chairman), in addition to *ex officio* members, except the Audit Committee, which shall have no *ex officio* members and shall consist of four regular members (including a Chairman and Vice-Chairman), two from each State, and at least one of whom shall have a high level of financial expertise as determined in accordance with Article VIII.F of these By-Laws). When two or more Committees have powers relating to the same subject matter, none shall be deemed to have exclusive authority, but such Committees shall confer and cooperate in regard thereto. The Committees shall consult with executive staff, as necessary, in carrying out their respective oversight responsibilities.

A. Committee on Capital Programs/Agency Planning

The Committee on Capital Programs/Agency Planning shall:

- (1) have oversight of the Port Authority's Capital Plan and Strategic Plan;
- (2) review the long-term planning for the development of new facilities, the initiation of new business and activities, and studies conducted in furtherance of such purposes;
- (3) keep informed regarding the duties of the Port Authority, whether imposed by statutes or otherwise, and from time to time recommend to the Board of Commissioners such programs and policies as in its opinion may be desirable and as will enable the Port Authority to perform its duties most effectively and in due relation to their order of importance;
- (4) keep informed of the needs of the Port District with regard to marine, air, railroad, and motor vehicle terminals and other transportation and terminal facilities and facilities of commerce and economic development, and matters relating thereto, and, from time to time, make recommendations in reference thereto; and
- (5) have general supervision over transportation, terminal and commerce and economic development studies and do all things necessary and convenient to

advance such studies.

B. Committee on Finance

The Committee on Finance shall:

(1) have oversight of the financial affairs of the Port Authority, and, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) approve the selection of depositories for Port Authority funds and authorize and approve investments and reinvestments thereof; and

(3) approve insurance policies and surety bonds, and adopt or approve policies or practices followed in connection with insurance and surety bonds.

C. Committee on Construction

The Committee on Construction shall have oversight of:

(1) all construction by the Port Authority, including without limitation rehabilitation, repairs, demolition, and excavation, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition, purchase, lease, and/or use by the Port Authority of real property and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts; and

(3) agreements and contracts for the purchase or acquisition of materials for use by the Port Authority in connection with construction and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements and contracts.

D. Committee on Operations

The Committee on Operations shall have oversight of:

(1) the operation and maintenance of all facilities and properties owned and/or operated by the Port Authority, and shall, from time to time, make such recommendations to the Board of Commissioners in reference to the establishment of policies with respect thereto as in its opinion may be desirable;

(2) agreements and contracts for the acquisition or purchase by the Port

Authority of equipment, tools, materials, supplies, or other personal property for use in connection with the operation of any Port Authority facility or property, and for the exercise of any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreements or contracts;

(3) the sale, consistent with legislation, of real or personal property owned and/or operated by the Port Authority; and

(4) personnel matters, and shall approve all agreements with organizations representing Port Authority employee groups relating to wages, working conditions, and benefits.

E. Security Committee

The Security Committee shall:

(1) keep informed of the security needs of the facilities and properties owned and/or operated by the Port Authority; and

(2) keep informed of the needs of the Port District generally with regard to security matters, and, from time to time, make recommendations in reference thereto.

F. Audit Committee

The Audit Committee shall:

(1) have oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes; select pursuant to a competitive process, determine the compensation for, and have oversight of the activities of all independent accountants retained for auditing purposes, who shall report directly to the Committee; arrange for the audit of the books and accounts of the Port Authority by the independent accountants no less than annually (which audit shall require a written certification by the Executive Director and Chief Financial Officer that the financial information provided to the auditor is accurate and fairly represents the financial condition and operational results of the Port Authority); and keep informed regarding the management of the Port Authority;

(2) establish formal guidelines in the form of a charter that it shall follow in connection with the satisfaction of its responsibilities, and review and reassess such charter from time to time;

(3) recommend, establish, maintain, and reassess procedures for processing complaints regarding accounting, internal controls, or auditing matters, as well as the confidential, anonymous submission of concerns about questionable

accounting or auditing practices;

(4) review the annual financial statements of the Port Authority (including appropriate certifications by the Executive Director and the Chief Financial Officer) and recommend to the Board of Commissioners the inclusion of such financial statements in the Port Authority's annual report and other publications, as appropriate; and

(5) receive from the Inspector General reports regarding concerns and complaints received by the Office of Inspector General involving wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third party individuals or organizations doing business with the Port Authority, including the progress of any investigation thereof, as well as referrals made or other matters pursued in connection therewith, and it shall be the duty of the Inspector General to report such information to the Audit Committee. The Audit Committee shall recommend, establish, maintain, and reassess procedures for reviewing reports submitted by the Inspector General with respect to the foregoing; provided, however, that such procedures shall not limit the Inspector General's independence and freedom from interference in the conduct of the Inspector General's responsibilities.

The (i) appointment of any person to the position of Director of the Audit Department or Inspector General shall not be made or terminated; (ii) salary or benefits of the Director of the Audit Department and the Inspector General shall not be increased or reduced; and (iii) responsibilities of the Director of the Audit Department and the Inspector General shall not be changed in any way, without the approval of the Chairman of the Audit Committee (or of the Board of Commissioners); provided, that any increase or reduction in salary or benefits that may be made with respect to Port Authority department heads generally and would be effective as to the Director of the Audit Department and the Inspector General in the absence of the foregoing requirement of approval shall not require such approval in order to be effective as to the Director of the Audit Department and the Inspector General.

The members of the Audit Committee which, for independence purposes, shall not include the Chairman or Vice-Chairman, shall include at least one member, who in the determination of the Governance and Ethics Committee possesses a high level of financial expertise, which may be demonstrated, among other factors, by a general understanding of (i) generally accepted accounting principles and financial statements; (ii) the preparation or auditing of financial statements of entities comparable to the Port Authority; (iii) the application of such principles in connection with the accounting for estimates, accruals, and reserves; (iv) internal accounting controls; and (v) audit committee functions.

The Audit Committee shall assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal or regulatory requirements relating to accounting, auditing, financial reporting, and/or

internal controls, all subject to and consistent with the principle that compliance matters which are not primarily related to accounting, auditing, financial reporting, and/or internal controls shall be submitted to the Governance and Ethics Committee.

The Audit Committee shall report from time to time to the Board of Commissioners on the results of its oversight, auditing, and other activities, including any recommendations which in its opinion may be desirable regarding policies and procedures to govern the accounting, auditing, financial reporting, and internal controls of the Port Authority.

G. Governance and Ethics Committee

The Governance and Ethics Committee shall:

(1) have oversight of questions relating to the development of, and compliance with, governance and ethics principles of the Port Authority, and shall, from time to time, make such recommendations in reference thereto as in its opinion may be desirable;

(2) define and make recommendations to the Board of Commissioners with respect to the establishment of policies and practices that will (i) assist in identifying qualifications for prospective appointments to the Board of Commissioners; (ii) evaluate the ongoing performance of the Board of Commissioners and its members; (iii) lead the Board of Commissioners in an annual review and evaluation of the Board of Commissioners' performance, and the effectiveness of Committees; (iv) ensure that the Board of Commissioners and staff are familiar with and committed to the ethics principles and programs that have been adopted by the Port Authority; (v) assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal and regulatory requirements; (vi) ensure that the Inspector General shall continue to be independent and free from interference in the conduct of the Inspector General's responsibilities; and (vii) require executive staff to annually review Port Authority operations with the specific goal of identifying waste and inefficiencies, and to take appropriate remedial steps that shall be publicly reported.

(3) recommend to the Chairman of the Port Authority changes in the size, composition, and organization of the Committees; policies and practices relating to Board operations; Commissioner policies and practices; and associated matters of corporate governance;

(4) lead the Board of Commissioners in an annual review and evaluation of the Executive Director's performance;

(5) recommend, develop, and maintain a Code of Ethics for the Board of Commissioners and for the staff, which Code shall include (a) requirements for

disclosures of outside business dealings of Commissioners and their employers, executive staff, or the immediate family members of Commissioners and executive staff; (b) restrictions on participation by Commissioners, officers, or employees in any contracting decision relating to a family member or firms in which a family member may have an interest; and (c) rules precluding contributions to the political campaigns of Port Authority Commissioners or officers;

(6) on an annual basis, reassess the adequacy of the Code of Ethics and oversee compliance with such Code;

(7) review the independence and objectivity of the members of the Board of Commissioners and its Committees on a periodic basis (but in no event less than once per year), as well as any relationships such members may have with the Port Authority and/or its wholly owned corporate entities or subsidiaries or otherwise that may reasonably create the appearance of non-independence and/or non-objectivity; and

(8) review corporate trends and best practices generally with respect to governance procedures and ethics policies and requirements. In carrying out this responsibility, the Committee shall, on an annual basis, review ethical standards in the two States (and any other jurisdictions whose standards may be useful in determining best practices at the Port Authority) and make recommendations to the Board of Commissioners concerning appropriate practices, including adoption of the higher ethical standard when the two states apply different standards to the same conduct or situation.

The Governance and Ethics Committee's duties as described herein shall be subject to and consistent with the following:

- (a) compliance matters which are primarily related to accounting, auditing, financial reporting, and/or internal controls shall be subject to the jurisdiction and oversight of the Audit Committee; and
- (b) compliance matters which are not primarily related to accounting, auditing, financial reporting and/or internal controls shall be submitted to the Governance and Ethics Committee, which shall determine the proper handling thereof (including the involvement of other Board Committees, outside advisers and others) with such oversight by the Board of Commissioners as it determines is appropriate.

IX. RULES AND REGULATIONS

In compliance with policies established by the Board of Commissioners, the Executive Director shall establish rules and regulations as required for the conduct of the

Port Authority's business, consistent with policies established by the Board of Commissioners.

The Executive Director shall cause such rules and regulations to be filed with the Board of Commissioners at least 30 days prior to the effective date of such rules and regulations. Absent objections by the Board of Commissioners such rules and regulations shall become effective upon the expiration of such 30-day period. If such objections are made, the Board of Commissioners shall, after due consideration, decide upon adoption, amendment or rejection of the proposed rules and regulations.

It is the policy of the Port Authority that the process for adoption of such rules and regulations shall be an open process with the opportunity for the general public to comment on such rules and regulations prior to adoption, and for such purposes such proposed rules and regulations shall be made publicly available at the time they are filed with the Board of Commissioners.

X. EXECUTIVE DIRECTOR POWERS AND RESPONSIBILITIES

The Executive Director shall have the following powers, unless otherwise provided by any resolution of the Board of Commissioners or a Committee thereof, subject to the limitations, if any, of the Budget adopted by the Board of Commissioners. These powers shall be in addition to any other powers conferred by any other provisions of these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners or a Committee thereof.

(a) Unless otherwise directed by the Committee on Operations or otherwise provided by any resolution of the Board of Commissioners and subject to the limitations, if any, of the Budget adopted by the Board of Commissioners, the Executive Director is authorized:

(i) To determine and prescribe the duties of new and existing positions and the qualifications for appointments made thereto;

(ii) Subject to the approval of the Chairman of the Committee on Operations, to make permanent appointments to the Port Authority staff;

(iii) To make promotions and demotions within the staff;

(iv) To terminate appointments to the staff subject to the approval of the Chairman of the Committee on Operations whenever approval of the Committee on Operations is not otherwise specifically required;

(v) To create temporary positions and to make temporary appointments thereto for periods not exceeding three (3) months' duration; and

(vi) To grant or authorize the granting of vacation, sick leave, other leave of absence and to establish or modify other employee benefits (other than retirement matters) and to take other action affecting personnel.

(b) The Executive Director is authorized:

(i) to authorize or arrange for the printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Board of Commissioners;

(ii) to authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are no other moneys available for the payment of such interest and principal, out of the General Reserve Fund if such fund has been pledged as security for such payments;

(iii) to authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, and to authorize or arrange for the making of payments into such sinking funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Port Authority funds available for such purposes, and, in case all the preceding available sources are insufficient to make such payment, then out of the General Reserve Fund; and

(iv) whenever the resolutions of the Board of Commissioners establishing the issue of bonds and the various resolutions of the Board of Commissioners establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to (a) arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolutions to select or arrange for the selection of the particular bonds to be redeemed, (b) publish or arrange for the publication of notice of redemption, (c) pay or arrange for the payment of such bonds upon the date set for their redemption, and (d) generally do all things necessary or incidental to the redemption and retirement of such bonds.

(c) The Executive Director is authorized to authorize, approve, or award agreements, contracts, or purchase orders for

(i) professional, technical, or advisory services, including but not limited

to the services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers, and experts of any kind;

(ii) maintenance, repair, rehabilitation, or other operating expenses;

(iii) capital improvements and additions (including major repairs or rehabilitation);

(iv) construction;

(v) materials, equipment or supplies (including the leasing of equipment);

(vi) utility or other services;

(vii) insurance or brokerage services; and

(viii) settlement of claims (not covered under paragraphs (e) or (o) of this Article X)

upon such terms as the Executive Director may deem proper and to enter into or execute the same on behalf of the Port Authority where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) is not in excess of \$2,500,000; provided, however, that the Executive Director may not take such action where the amount of any such agreement, contract, or purchase order (inclusive of any renewal or extension) under subparagraphs (c)(i) through (c)(vii), above, is in excess of

(a) \$1,500,000 but not in excess of \$2,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder after public advertisement, or through cooperative governmental purchasing arrangements; or

(b) \$500,000 but not in excess of \$1,500,000, unless the agreement, contract, or purchase order is awarded to the lowest qualified bidder, or the proposer best qualified by reason of cost, responsibility, and capacity to perform the work and whose bid price or proposal is deemed reasonable, after the receipt of competitive bids or proposals; and,

provided, further, in connection with authorizations under subparagraph (c)(viii), above, the Executive Director may settle such claims if the total settlement is not in excess of \$500,000. In addition, the Executive Director may take such actions under this paragraph (c) with respect to an extension, amendment, or modification of any existing agreement, contract, or purchase order either

(a) on terms and conditions at least as favorable to the Port Authority and under which the Port Authority will incur no additional

expenditures or obligations; or

(b) where the amount of the extension, amendment, or modification is not in excess of 25 percent of the base amount of the original agreement, contract, or purchase order, provided however that such excess amount is not greater than \$2,500,000.

(d) In the exercise of authority under this paragraph (d), the Executive Director may take the following actions only upon providing prior notice to the Board of Commissioners. The Executive Director, pursuant to authority granted to the Executive Director in conjunction with the adoption of the Budget or other resolutions of the Board of Commissioners, may, as the Executive Director deems in the best interest of the Port Authority, in connection with agreements, contracts or purchase orders:

(i) (a) award to the bidder or proposer who, in the opinion of the Executive Director, is best qualified by reason of cost, responsibility, experience, and capacity to perform the work and whose bid price or proposal the Executive Director deems reasonable, (b) reject all bids or proposals, (c) solicit new bids or proposals on revised or the same requirements, (d) negotiate with one or more bidders, proposers, or other contractors; or (e) exercise any rights and the performance of any obligations vested in or assumed by the Port Authority under such agreement, contract, or purchase order;

(ii) execute agreements, contracts, or purchase orders and supplemental agreements, contracts or purchase orders with such bidders, proposers, or contractors;

(iii) order extra work and net cost work; and

(iv) authorize payments to contractors or vendors.

(e) The Executive Director may, in connection with any agreement, contract, or purchase order,

(i) require a bond securing the performance thereof and/or the payment of subcontractors, materialmen, workers, and other third persons;

(ii) settle claims arising under or in connection with such agreements (including leases, permits, and licenses, for the use or occupancy of property), contracts, or purchase orders; provided, that the Executive Director may settle such claims if the total settlement is not in excess of \$500,000; and

(iii) authorize the payment to contractors and vendors of all or any portion of their compensation even though not yet payable under the terms of the agreement, contract, or purchase order, in each case whenever the Executive Director deems it advisable under the circumstances.

(f) The Executive Director may acquire temporary interests in real property necessary in connection with construction or operation of Port Authority facilities, provided that the term of any such interest shall not be in excess of five years.

(g) In compliance with the policies established by the Board of Commissioners, the Executive Director shall, from time to time, adopt appropriate procedural guidelines, consistent with those applied to state authorities in the two States, to ensure that procurement, based on competitive contract-award processes, of agreements and contracts for the purchase of goods and contract services, professional, technical and advisory services, real estate and construction is based on open competition and fairness, with the highest level of integrity, and to discourage attempts by others to influence the Port Authority to achieve preferential, unequal or favored consideration of proposals for procurement based on considerations other than on the merits of such proposals. Such procedural guidelines shall include: restrictions on contacts between Commissioners and staff regarding the procurement process and particular active procurement matters; restrictions on contacts between lobbyists representing contractors, vendors or service providers, and Commissioners and staff, regarding the procurement process and particular active procurement matters; rules controlling flow of procurement inquiries and bids to responsible staff and pursuant to pre-set procedures; advertisement of procurement opportunities by the Port Authority through a broad range of media outlets, to increase vendors' awareness of and participation in the procurement process; and equal opportunity for minority-owned, women-owned and small business enterprises.

(h) In compliance with the policies established by the Board of Commissioners, the Executive Director shall have authority to adopt, rescind, amend, and modify rules and regulations

(i) for and in connection with facilities and properties owned, leased, or operated by the Port Authority and for the conduct of the users thereof and all other persons in or about such facilities or properties, including the officers, employees, or representatives of the Port Authority and of the users of its facilities and properties and people doing business with it or them; and

(ii) for the operation, management, and conduct of the business of the Port Authority and the staff.

(i) The Executive Director shall have authority to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Port Authority and for the use or occupancy of property by the Port Authority or for the exercise of privileges thereat; provided, that such agreement

(i) is for a total term, including any renewals and extensions, of not more than ten years, and the average annual rental (net present value) is not more than \$1,000,000;

(ii) is unconditionally revocable without cause by the Port Authority upon 30 days' notice or less and there is no fixed obligation on the Port Authority in excess of \$1,000,000; or

(iii) substitutes another for the contracting party to an existing agreement.

Any such agreement may contain such indemnity and other provisions as the Executive Director may deem appropriate.

(j) The Executive Director may authorize or arrange for contracts for the sale of personal property owned by the Port Authority upon such terms and conditions as the Executive Director may deem proper and execute the same on behalf of the Port Authority where the value of such personal property is not in excess of \$1,000,000; provided, however, that personal property valued at more than \$250,000 shall not be sold by authority of the Executive Director other than to the highest bidder after public advertisement.

(k) The Executive Director may authorize intervention and participation on behalf of the Port Authority in proceedings before any administrative tribunal of the United States or of the States of New York and New Jersey or their subdivisions affecting the trade, commerce, and economic development of the Port District or the terminal or transportation facilities or facilities of commerce and economic development therein; provided, however, that no statement as to the position of the Port Authority on the issues in the proceedings shall be submitted until the position has been authorized by the Board of Commissioners or the Committee on Capital Programs/Agency Planning.

(l) Pursuant to direction by the Board of Commissioners, the Executive Director shall have authority to arrange for public hearings, as provided for in Article VI of these By-Laws, in connection with the budgeting, planning, and programming of the Port Authority, including proposals for instituting or changing tolls and fares imposed for use of the Port Authority's vehicular tunnels and bridges and passenger rail facilities, and in connection therewith

(i) to determine the times and locations in each of the two States for the conduct of such hearings;

(ii) to provide for appropriate notice to be given in advance of such hearings;

(iii) to designate hearing officers in connection therewith; and

(iv) to take such other action as will effectuate the Port Authority's policy, as established by the Board of Commissioners, for the conduct of public hearings.

(m) With respect to the operation, planning, and development of Port Authority

facilities and to other projects, programs, and studies which have been authorized by the Port Authority, the Executive Director may apply for and accept on behalf of the Port Authority grants from federal, state, or other governmental entities. Expenditures in connection with such grants or projects and activities funded in whole or in part by such grants are, however, subject to consideration and authorization in accordance with the provisions of these By-Laws.

(n) The Executive Director may, in the best interests of the Port Authority, enter into or authorize execution of agreements with federal, state, or other governmental entities for the performance of services by Port Authority employees or the participation by such employees in programs or other activities sponsored in whole or in part by such entities.

(o) The Executive Director shall have authority to settle all claims of and all claims against the Port Authority (not covered under paragraphs (c) and (e) of this Article X) when the total payment or the amount of damages incurred by the Port Authority is not in excess of \$1,000,000. Claims of and against the Port Authority shall include claims against individuals for which the Port Authority would be responsible under Article XI of these By-Laws; provided, however, that in the case of claims against individuals for which the Port Authority would be responsible under the said Article XI, which are covered by insurance purchased by or on behalf of such individuals, the Port Authority shall pay such claims only to the extent that they are in excess of the amount for which the insurance carriers are responsible.

(p) With respect to Port Authority property or to the operation, planning and development of Port Authority facilities the Executive Director may enter into such indemnity agreements as the Executive Director may deem appropriate.

(q) The Executive Director shall publish on a regular basis comprehensive reports on

(i) transactions of the Port Authority relating to the business and activities of the Port Authority, which reports shall identify vendors retained to perform services through the procurement process and the terms of their engagements; and

(ii) expenditures and operations of the Port Authority, identifying its programs and associated expenditures, which shall also be delivered to the Governors of New York and New Jersey;

provided, however, that the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

(r) The Executive Director is authorized to delegate in whole or in part any power, authority, or discretion conferred upon the Executive Director by these By-Laws, or by any resolution heretofore or hereafter adopted by the Board of Commissioners to any other officer or member of the executive staff; provided, however, that the Executive

Director shall file all delegations with the Secretary; and, provided further, that this power shall not apply to any case where the Executive Director is authorized to sign checks, drafts, or commercial paper, or deeds of conveyance of real property, or to have access to safe deposit boxes

(s) In exigent circumstances, the Executive Director, after consultation with the Chairman of the Port Authority (which requirement for consultation is waived if the Chairman of the Port Authority cannot be contacted through reasonable means and in a reasonable period of time), may take any action, whether or not otherwise authorized in these By-Laws, with respect to the property or facilities, projects, programs, and business of the Port Authority, or the rules and regulations or fees, fares, tolls, and other charges relating thereto. The Executive Director shall report such action to the Board of Commissioners. The Executive Director shall notify the Chairman of the Port Authority of any contract entered into pursuant to this provision.

(t) The Executive Director shall make arrangements for the publication of the annual report, which report shall include but not be limited to the following: (i) the Port Authority's annual financial statements, together with a report on internal financial controls; (ii) a certification by appropriate executive staff that the Port Authority has followed all standards, procedures, or internal controls; (iii) a list of the compensation, educational background and professional experience of, the 20 highest-paid executive staff members.

Whenever the Executive Director purports to act pursuant to power vested under these By-Laws, then all third persons are entitled to rely on the Executive Director's representation that the Executive Director has the power to act.

The powers conferred upon the Executive Director under these By-Laws shall be discretionary and, unless otherwise expressly provided, shall not be construed to impose upon the Executive Director a requirement to execute any agreement, contract, or purchase order, or to take any other action authorized under these By-Laws. Except as otherwise provided in this Article X, the Executive Director may take action as authorized without providing prior notice to the Board of Commissioners.

XI. DEFENSE AND INDEMNIFICATION OF INDIVIDUALS

1. As used in this Article XI, the term "indemnified party" shall mean an individual who is a Commissioner, officer, or employee of the Port Authority. The terms "Commissioner," "officer," and "employee" shall include a former Commissioner, officer, and employee, and the estate or a judicially appointed personal representative of such present or former Commissioner, officer, or employee.

2. Upon compliance by an indemnified party with the provisions of paragraph 8 of this Article XI, the Port Authority shall provide for the defense of the indemnified party in any civil action or proceeding in any state or federal court arising out of any alleged

act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties; or which is brought pursuant to section nineteen hundred eighty-one or nineteen hundred eighty-three of title forty-two of the United States Code and the act or omission underlying the action occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties. The Port Authority shall not provide for a defense where such civil action or proceeding is brought by or on behalf of the Port Authority or to recover Port Authority funds.

3. Where an individual seeking indemnification delivers process and a request for a defense to General Counsel as required by paragraph 8 of this Article XI, General Counsel shall take the necessary steps on behalf of the individual in order to avoid entry of a default judgment pending resolution of any question pertaining to the determination to provide for a defense. General Counsel shall represent such individual; provided, however, that General Counsel shall, with the approval of the Executive Director (in accordance with policies adopted by the Board of Commissioners), assign outside counsel where General Counsel determines, based upon an investigation and review of the facts and circumstances of the case, that representation by General Counsel would be inappropriate; or whenever a court of competent jurisdiction determines that a conflict of interest exists and that the individual is entitled to be represented by outside counsel.

4. The Port Authority shall indemnify and save harmless an indemnified party in the amount of any judgment obtained against such indemnified party in any state or federal court, or in the amount of any settlement of a claim, or shall pay such judgment or settlement; provided, however, that the act or omission from which such judgment or settlement arose occurred while the indemnified party was acting within the scope of Port Authority employment or duties; and provided, further, that the Port Authority shall not indemnify and save harmless or pay under this Article XI where the injury or damage resulted from actual fraud, actual malice, willful misconduct or intentional wrongdoing on the part of the party seeking indemnification, or where the Port Authority has brought the action.

5. Any proposed settlement or final judgment which may be subject to indemnification or payment by the Port Authority in accordance with these By-Laws, if not inconsistent with the provisions of this Article XI, shall, as applicable, be authorized for payment in accordance with the provisions of these By-Laws; provided, however, that General Counsel has determined that such proposed settlement or final judgment is in the best interest of the Port Authority. Nothing in this Article XI shall be construed to authorize the Port Authority to indemnify and save harmless or pay an indemnified party with respect to a settlement not so reviewed and approved by General Counsel.

6. Nothing in this Article XI shall require the Port Authority to indemnify or save harmless an indemnified party with respect to fines or penalties; provided, however, that the Port Authority shall indemnify and save harmless an indemnified party in the amount of any costs, attorneys' fees, damages, fines, or penalties which may be imposed by reason of an adjudication that an indemnified party, acting within the scope of Port

Authority employment or duties, has, without willfulness or intent, violated a prior order, judgment, consent decree, or stipulation of settlement entered in any court of the State of New York or New Jersey or of the United States.

7. The Port Authority may, consistent with applicable law, provide for a defense when punitive damages are sought or criminal charges are asserted, in connection with any alleged act or omission which occurred or is alleged in the complaint to have occurred while the individual was acting within the scope of Port Authority employment or duties, based upon an investigation and review of the facts and circumstances and a determination by General Counsel that provision of such defense would be in the best interest of the Port Authority; provided, however, that the Port Authority shall provide reimbursement of defense costs incurred by or on behalf of an indemnified party in defense of a criminal proceeding arising out of such an act or omission, upon acquittal or dismissal of the criminal charges. Furthermore, the Port Authority may, consistent with applicable law, indemnify or save harmless an indemnified party with respect to fines or penalties, based upon an investigation and review of the facts and circumstances of the case and a determination by General Counsel that to indemnify and save harmless such indemnified party would be in the best interest of the Port Authority.

8. The benefits of this Article XI shall be conditioned upon (i) delivery to General Counsel of the original or a copy of any summons, complaint, process, notice, demand or pleading within five days after receipt or service of such document, such delivery being deemed a request by the party seeking indemnification that the Port Authority provide for defense pursuant to this Article XI; (ii) the full cooperation of the indemnified party in the defense of such action or proceeding and in defense of any action or proceeding against the Port Authority based upon the same act or omission, and in the prosecution of any appeal; and (iii) the agreement of the indemnified party that the Port Authority shall be entitled to withdraw such defense and demand reimbursement from such party for costs incurred in connection with such defense in the event that, upon further discovery, indemnification is not required or otherwise warranted under this Article XI.

9. The benefits of this Article XI shall inure only to an indemnified party as defined herein and shall not enlarge or diminish the rights of any other party. This Article XI shall not in any way affect the obligation of any claimant to give any notice otherwise required by any provision of law. The provisions of this Article XI shall not be construed to impair, alter, limit, or modify the rights and obligations of any insurer under any policy of insurance.

10. Except as otherwise specifically provided herein, the provisions of this Article XI shall not be construed in any way to impair, alter, limit, modify, abrogate, or restrict any immunity available to or conferred upon any unit, entity, Commissioner, officer, or employee of the Port Authority, or any right to defense and/or indemnification provided for any governmental officer or employee by, in accordance with, or by reason of, any other provision of state or federal statutory or common law.

11. In compliance with policies established by the Board of Commissioners, the

Executive Director is authorized to publish such rules and regulations as are necessary to effectuate the purposes of this Article XI.

XII. BUDGET

Whenever reference in these By-Laws is made to a Budget, it shall mean the Budget of the Port Authority, together with a Capital Plan and Strategic Plan, approved or authorized by the Board of Commissioners at a meeting held pursuant to the Open Meetings Policy. Whenever in these By-Laws an officer is vested with powers or discretion by reason of a budget item, such officer shall also have the same powers and discretion in any case where the Board of Commissioners approves or authorizes an expenditure of a specified amount (or of an approximate sum or of an amount not to exceed a specified sum) for a specified purpose, by resolution or otherwise.

XIII. RESERVATION OF POWERS

The powers not delegated by these By-laws are reserved to the Board of Commissioners. The powers vested by these By-Laws in the Committees shall not be construed or deemed to limit the authority of the Board of Commissioners to act in any instance or the statutory veto power of the Governor of each State. If such authority is exercised by the Board of Commissioners, it shall not be construed or deemed to affect the power of the Committees to act in similar cases thereafter. The powers vested in the Executive Director shall not be construed or deemed to affect the power of the Board of Commissioners to act in any case, nor shall any power vested in the Executive Director be construed or deemed to affect the power of any Committee to act where such power is also vested in a Committee, but where either the Board of Commissioners or any Committee exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

XIV. AMENDMENTS

These By-Laws may be amended by resolution duly adopted at any meeting, of the Board of Commissioners, regular or special, provided that notice of intention to present such resolution shall be given at least two days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any Commissioner or by any Committee (or by the Secretary at the request of any Commissioner or any Committee). Such notice shall be given to all Commissioners by mail, facsimile, telephone, or in person, at least two days before the meeting; in the alternate, such notice may be given orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notices of motions to amend motions to amend the By-Laws need not, however, be given.