OFFICIAL STATEMENT DATED SEPTEMBER 25, 2024

$602,785,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED FORTY-FIFTH SERIES

$458,595,000 THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY CONSOLIDATED BONDS, TWO HUNDRED FORTY-SIXTH SERIES*

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Forty-Fifth Series and Consolidated Bonds, Two Hundred Forty-Sixth Series, with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

The Bonds are direct and general obligations of The Port Authority of New York and New Jersey pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. The Bonds are secured equally and ratably with all other Consolidated Bonds (which includes Consolidated Notes) heretofore or hereafter issued by a pledge of (a) the net revenues of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds, (b) the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund and (c) the Consolidated Bond Reserve Fund established in connection with Consolidated Bonds. The Port Authority has no power to levy taxes or assessments. The Port Authority's bonds, notes and other obligations are not obligations of the States of New York and New Jersey or of either of them, and are not guaranteed by said States or by either of them.

Ratings: Each rating below reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell or hold any maturity of the Bonds or as to market price or suitability of any maturity of the Bonds for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating on the Bonds will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating on the Bonds may have an effect on the market price of the Bonds.

Moody's Investors Service: Aa3 S&P: AA- Fitch Ratings: AA-

Delivery: The Consolidated Bonds, Two Hundred Forty-Fifth Series (the "Two Hundred Forty-Fifth Series Bonds") and Consolidated Bonds, Two Hundred Forty-Sixth Series (the "Two Hundred Forty-Sixth Series Bonds") shall be delivered upon original issuance on or about October 2, 2024, on a full book-entry basis. (See "*Denominations, Registration and Exchange*" and "*Delivery*" in Section I hereof.)

Legal Opinion: In connection with the delivery upon original issuance of the Bonds by the Port Authority to the Underwriters (as defined at "*Underwriters*" in Section I hereof), Bond Counsel (see "*Bond Counsel*" in Section I hereof) shall render a legal opinion on such date of delivery, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, to the effect that interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the opinion that interest on the Two Hundred Forty-Fifth Series Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Two Hundred Forty-Fifth Series Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. In the further opinion of Bond Counsel, interest on the Two Hundred Forty-Sixth Series Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Two Hundred Forty-Sixth Series Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that the Bonds and interest thereon are exempt from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof. A complete copy of the proposed form of opinion of Bond Counsel, setting forth its scope and conditions, is set forth at "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.

Orrick, Herrington & Sutcliffe LLP shall serve as Bond Counsel and Disclosure Counsel for the Port Authority in connection with the issuance of the Bonds. General Counsel of the Port Authority will pass upon certain legal matters pertaining to the Bonds for the Port Authority. Nixon Peabody LLP and the Law Offices of Joseph C. Reid, P.A. shall pass upon certain legal matters pertaining to the Bonds for the Underwriters.

This cover page contains certain information for quick reference only; it is not a summary of the terms of the Bonds. This Official Statement must be read in its entirety to obtain information essential to the making of an informed decision with respect to the Bonds. The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof. The Port Authority has not taken any action in connection with this Official Statement or the Bonds that would permit a public offering of the Bonds or the distribution of any information in connection with the Bonds and the Port Authority and its finances in any jurisdiction where action for that purpose is required. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Bonds, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction.

BofA Securities

Goldman Sachs & Co. LLC **J.P. Morgan** **Morgan Stanley**
Ramirez & Co., Inc. **Siebert Williams Shank & Co., LLC**
Blaylock Van, LLC **Jefferies**
Loop Capital Markets **Wells Fargo Securities**

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$602,785,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FORTY-FIFTH SERIES

Dated: Date of delivery.

Maturities: $602,785,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Forty-Fifth Series (the "Two Hundred Forty-Fifth Series Bonds"), shall be issued as serial and term bonds as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields and CUSIP Numbers†

$422,880,000 Serial Bonds
Subject to Redemption Prior to Maturity as Set Forth Herein

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2025	$21,120,000	5.00%	2.55%	73358XMH2
September 1, 2026	20,860,000	5.00	2.35	73358XMJ8
September 1, 2027	21,890,000	5.00	2.32	73358XMK5
September 1, 2028	22,885,000	5.00	2.37	73358XML3
September 1, 2030	22,200,000	5.00	2.49	73358XMM1
September 1, 2031	16,875,000	5.00	2.57	73358XMN9
September 1, 2032	17,715,000	5.00	2.68	73358XMP4
September 1, 2033	18,615,000	5.00	2.73	73358XMQ2
September 1, 2034	19,500,000	5.00	2.77	73358XMR0
September 1, 2035	7,560,000	5.00	2.84	73358XMS8
September 1, 2036	36,440,000	5.00	2.92	73358XMT6
September 1, 2037	38,125,000	5.00	2.97	73358XMU3
September 1, 2038	39,890,000	5.00	3.02	73358XMV1
September 1, 2039	40,885,000	5.00	3.08	73358XMW9
September 1, 2040	14,650,000	5.00	3.19	73358XMX7
September 1, 2041	15,130,000	5.00	3.25	73358XMY5
September 1, 2042	15,640,000	5.00	3.34	73358XMZ2
September 1, 2043	16,170,000	5.00	3.41	73358XNA6
September 1, 2044	16,730,000	5.00	3.48	73358XNB4

$80,550,000 5.00% Term Bonds Due September 1, 2049 – Yield 3.71%
CUSIP Number 73358XNC2
Subject to Redemption Prior to Maturity as Set Forth Herein

$99,355,000 5.00% Term Bonds Due September 1, 2054 –Yield 3.82%
CUSIP Number 73358XND0
Subject to Redemption Prior to Maturity as Set Forth Herein

† Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and neither the Port Authority nor the Underwriters makes any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

Optional Redemption: The Two Hundred Forty-Fifth Series Bonds maturing on or after September 1, 2035 shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2034 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Mandatory Periodic Retirement: When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Forty-Fifth Series Bonds maturing on September 1, 2049, such Two Hundred Forty-Fifth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2045 and on any September 1 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption.

When necessary to meet the schedule of mandatory periodic retirement for the Two Hundred Forty-Fifth Series Bonds maturing on September 1, 2054, such Two Hundred Forty-Fifth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2050 and on any September 1 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Forty-Fifth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Forty-Fifth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2025 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Forty-Fifth Series Bonds, see "*Description of the Bonds—Description of the Two Hundred Forty-Fifth Series Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

$458,595,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FORTY-SIXTH SERIES*

Dated: Date of delivery.

Maturities: $458,595,000 in total aggregate principal amount of Consolidated Bonds, Two Hundred Forty-Sixth Series (the "Two Hundred Forty-Sixth Series Bonds"), shall be issued as serial bonds as follows:

Maturity Dates, Principal Amounts, Stated Rates of Interest, Yields and CUSIP Numbers†

Subject to Redemption Prior to Maturity as Set Forth Herein

Maturity Date	Principal Amount	Stated Rate of Interest	Yield	CUSIP Number
September 1, 2025	$47,695,000	5.00%	3.20%	73358XNE8
September 1, 2026	39,105,000	5.00	3.10	73358XNF5
September 1, 2027	41,045,000	5.00	3.13	73358XNG3
September 1, 2028	43,085,000	5.00	3.15	73358XNH1
September 1, 2030	37,260,000	5.00	3.24	73358XNJ7
September 1, 2031	38,340,000	5.00	3.32	73358XNK4
September 1, 2032	40,200,000	5.00	3.37	73358XNL2
September 1, 2033	42,145,000	5.00	3.42	73358XNM0
September 1, 2034	34,265,000	5.00	3.46	73358XNN8
September 1, 2036	8,655,000	5.00	3.57	73358XNP3
September 1, 2037	9,090,000	5.00	3.61	73358XNQ1
September 1, 2038	9,545,000	5.00	3.64	73358XNR9
September 1, 2039	10,020,000	5.00	3.72	73358XNS7
September 1, 2040	10,525,000	5.00	3.77	73358XNT5
September 1, 2041	11,050,000	5.00	3.82	73358XNU2
September 1, 2042	11,600,000	5.00	3.86	73358XNV0
September 1, 2043	12,180,000	5.00	3.89	73358XNW8
September 1, 2044	12,790,000	5.00	3.94	73358XNX6

Optional Redemption: The Two Hundred Forty-Sixth Series Bonds maturing on or after September 1, 2036 shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2034 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption.

Interest: Interest on each maturity of the Two Hundred Forty-Sixth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Forty-Sixth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2025 and on each September 1 and March 1 thereafter until the maturity or, to

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† Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by FactSet Research Systems Inc. The CUSIP numbers listed herein are being provided solely for the convenience of bondholders only at the time of issuance of the Bonds and neither the Port Authority nor the Underwriters makes any representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

For additional information pertaining to the Two Hundred Forty-Sixth Series Bonds, see "*Description of the Bonds—Description of the Two Hundred Forty-Sixth Series Bonds*" and "*Additional Information Pertaining to the Bonds*" in Section I hereof.

$602,785,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FORTY-FIFTH SERIES

$458,595,000
THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FORTY-SIXTH SERIES*

Except to the extent otherwise set forth in this Official Statement, this Official Statement applies to Consolidated Bonds, Two Hundred Forty-Fifth Series and Consolidated Bonds, Two Hundred Forty-Sixth Series with equal force and effect, each of such series being referred to in this Official Statement without differentiation as the "Bonds."

The purpose of this Official Statement (including the cover page) of The Port Authority of New York and New Jersey (the "Port Authority") is to describe the Bonds and to give pertinent data with respect to the Port Authority and its finances. The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof. The Port Authority has not taken any action in connection with this Official Statement or the Bonds that would permit a public offering of the Bonds or the distribution of any information in connection with the Bonds and the Port Authority and its finances in any jurisdiction where action for that purpose is required. This Official Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any of the Bonds, in any jurisdiction, to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The execution of this Official Statement has been duly authorized by the Port Authority.

To the extent the information in this Official Statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be materially different from future results, performance and achievements expressed or implied by any forward-looking statements. Actual results could differ materially from those set forth in the forward-looking statements.

THE PORT AUTHORITY
OF NEW YORK AND NEW JERSEY

By: /s/ Elizabeth M. McCarthy
Elizabeth M. McCarthy
Chief Financial Officer

Dated: New York, New York September 25, 2024

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SECTION I—INTRODUCTION AND SECURITIES BEING OFFERED

Description of the Port Authority

General

The Port Authority is a municipal corporate instrumentality and political subdivision of the States of New York and New Jersey, created and existing by virtue of the Compact of April 30, 1921, made by and between the two States, and thereafter consented to by the Congress of the United States. In the Compact, the two States recited their confident belief that a better coordination of the terminal, transportation and other facilities of commerce in the Port of New York would result in great economies benefiting the nation as well as the States and that the future development of such facilities would require the cordial cooperation of the States in the encouragement of the investment of capital and in the formulation and execution of necessary plans. The two States also recited that such result could best be accomplished through the cooperation of the two States by and through a joint or common agency, and to that end, after pledging, each to the other, faithful cooperation in the future planning and development of the Port of New York, they created the Port of New York District (the "Port District") and The Port of New York Authority, the name of which was changed, effective July 1, 1972, to "The Port Authority of New York and New Jersey." The Compact has been amended and supplemented from time to time by legislation adopted by the two States.

Facilities

In general, the purpose of the States of New York and New Jersey in establishing the Port Authority was to provide transportation, terminal and other facilities of commerce within the Port District. For such purpose the States have from time to time authorized and directed specific transportation and terminal facilities and facilities of commerce and economic development, and have given the Port Authority power to borrow money upon its bonds or other obligations, to establish charges for the use of such facilities and, in connection with specific facilities, to acquire real and personal property by condemnation or the exercise of the right of eminent domain or otherwise. The Port District comprises an area of about 1,500 square miles in both States, centering about New York Harbor. The Port District includes the Cities of New York and Yonkers in New York State, and the Cities of Newark, Jersey City, Bayonne, Hoboken and Elizabeth in the State of New Jersey, and over 200 other municipalities, including all or part of seventeen counties, in the two States.

The Port Authority's facilities include two tunnels and four bridges between the States of New York and New Jersey, the Hudson Tubes network, including the Port Authority Trans-Hudson system ("PATH" or the "PATH system"), two bus terminals, the Trans-Hudson ferry service, five airports, the World Trade Center, six marine terminals, two waterfront development facilities, four industrial development facilities, a resource recovery facility and certain regional development facilities. From time to time on the basis of determinations by the Port Authority that such property was no longer required for the purposes for which it was acquired, the Port Authority has sold certain real property constituting all or part of certain facilities. Descriptions of the Port Authority's facilities appear at "*Description of the Port Authority and Its Facilities*" in Section II hereof. Information pertaining to capital investment in such facilities as of December 31, 2023 and June 30, 2024, and significant capital projects as of June 30, 2024, appear at "*Information on Capital Investment in Certain Port Authority Facilities*" and "*Significant Capital Projects*" in Section II hereof. Facility activity for calendar year 2023 appears in "*APPENDIX A—Financial Statements as of and for the*

Years Ended December 31, 2023 and December 31, 2022 and Appended Notes" (hereinafter referred to as "Appendix A"). Certain facility traffic information for the six-month period ended June 30, 2024 appears in "*APPENDIX B—Condensed Enterprise Fund Financial Statements as of and for the Six-Month Period Ended June 30, 2024 (Unaudited)*" (hereinafter referred to as "Appendix B").

Finances

The Port Authority raises the necessary funds for the improvement, construction or acquisition of its facilities primarily upon the basis of its own credit. The Port Authority has no power to levy taxes or assessments. Its bonds, notes and other obligations are not obligations of the two States or of either of them, and are not guaranteed by the States or by either of them.

The revenues of the Port Authority are derived principally from the tolls, fares, takeoff and landing fees, dockage fees, rentals and other charges for the use of, and privileges at, certain of the Port Authority's facilities; other facilities operate at a deficit, do not generate surplus revenue or are non-revenue producing to the Port Authority. It is expected that increases in the Port Authority's tolls, fares, takeoff and landing fees, dockage fees, rentals and other charges will be necessary from time to time, that planned capital expenditures will be curtailed or that reductions in services and associated expenditures will occur, or all such actions, so that the costs of operations, including expenses incurred with respect to the acquisition of certain equipment by the Port Authority, the payment of debt service and the fulfillment of Port Authority statutory, contractual and other commitments will continue to be provided for, in accordance with the applicable requirements and agreements. All Port Authority net revenues (as defined in the Consolidated Bond Resolution adopted by the Port Authority on October 9, 1952 (the "Consolidated Bond Resolution")), the moneys from time to time available in the Consolidated Bond Reserve Fund established in connection with Consolidated Bonds and the General Reserve Fund of the Port Authority equally and ratably secure all Consolidated Bonds as further described in the Consolidated Bond Resolution. Use of net revenues after debt service on Consolidated Bonds may be prioritized among facilities in some cases to comply with applicable federal law. (See Section III hereof, "*Bonds, Notes and Other Obligations*.")

The Port Authority considers the effect of inflation on its capital and operating budgets and seeks to mitigate the effects of inflation by indexing certain of its tolls, user fees and charges to the annual change in inflation reported in the Consumer Price Index ("CPI") for the region, with automatic increases made upon reaching specified CPI thresholds.

The costs of operations, including payment of expenses incurred with respect to the acquisition of certain equipment by the Port Authority, and debt service, are expected to be satisfied from gross operating revenues and income on investments, and capital funds are expected to be provided primarily through the application of the proceeds of issues of Port Authority obligations and from other moneys legally available for such purposes, as appropriate. In order to provide sufficient funds expeditiously and on a temporary basis for certain expenditures, the Port Authority's annual budget and business planning process provides for temporary applications of available moneys, subject to reimbursement through the subsequent issuance of Port Authority obligations, with the redeployment of such temporarily-allocated amounts for other authorized purposes.

From time to time, at the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the States and the region. These programs, which are generally non-revenue producing to the Port Authority, are included by the Port Authority in its budget and business planning process to the extent consistent with the Port Authority's overall financial capacity. (See "*Regional Development*" in Section II hereof and Note H (Regional Facilities and Programs) in Appendix A hereto.)

The purposes for which the Port Authority's various funds, including revenues, can be applied are set forth in various statutes and in the agreements with the holders of its obligations. In order to determine the moneys which are or will become available to meet the requirements of any of the Port Authority's obligations, it is necessary to examine the statutes and resolutions affecting the particular issue. (See Section IV hereof, "*Pertinent Statutes and General Resolutions*"; Section III hereof, "*Bonds, Notes and Other Obligations*"; and Section VI hereof, "*Bond Resolutions and Legal Opinion*.")

Financial Statements

The financial statements of the Port Authority as of and for the years ended December 31, 2023 and December 31, 2022, along with the notes, schedules and other supplementary information (including management's discussion and analysis of the Port Authority's financial performance and activity), and the independent auditors' report pertaining thereto, are set forth in Appendix A hereto. The financial statements of the Port Authority are prepared in accordance with United States generally accepted accounting principles ("GAAP"); Schedules A, B and C have been prepared on a comprehensive basis of accounting in accordance with the requirements of Port Authority bond resolutions, which differs in some respects from GAAP; and the supplemental information presented in Schedules D-1, D-2, D-3, E, F and G is presented for purposes of additional analysis and is not a required part of the financial statements under GAAP.

On March 6, 2024, in connection with the release of the financial statements of the Port Authority as of and for the years ended December 31, 2023 and December 31, 2022, the Executive Director, the Chief Financial Officer and the Comptroller certified that to the best of their knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the financial statements, was accurate in all material respects and was reported in a manner designed to present fairly the Port Authority's enterprise fund and fiduciary fund net position, changes in net position, and cash flows, in conformity with GAAP; and, that on the basis that the cost of internal controls should not outweigh their benefits, the Port Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the financial statements in conformity with GAAP.

While the Port Authority's financial statements as of and for the years ended December 31, 2023 and December 31, 2022 have been audited by a firm of independent auditors, which conducts such audits in accordance with auditing standards generally accepted in the United States of America, the accuracy of the data and the completeness and fairness of the information presented in the financial statements are the responsibility of management of the Port Authority.

The Audit Committee of the Board of Commissioners of the Port Authority ("Board of Commissioners") meets on a regular basis with the independent auditors and management of the Port Authority, in connection with its oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes.

Unaudited condensed enterprise fund financial statements for the Port Authority for the six-month period ended June 30, 2024 ("Unaudited Second Quarter FS") have been prepared by the Port Authority, solely for general information purposes, in accordance with GAAP, and appear in Appendix B. Such Unaudited Second Quarter FS should be read in conjunction with the financial statements and the related notes and schedules of the Port Authority for the year ended December 31, 2023, set forth in Appendix A hereto.

Impacts from the COVID-19 Pandemic

Beginning in March 2020, Port Authority facilities experienced a significant reduction in use in response to perceived safety concerns and state and local regulation of transportation facilities to attempt to limit the spread of the disease. Since the nadir of activity volumes in April 2020, the Port Authority has seen activity volumes rise across its facilities. Currently, with the exception of the PATH transit operations (which were approximately 67% of June 2019 levels as of June 30, 2024), activity at Port Authority facilities exceed 2019 pre-pandemic levels. Port Authority financial results, traffic data as well as an assessment of the effect to date on the Port Authority of the COVID-19 pandemic can be accessed in the Port Authority's periodic financial statements, including in the most recent Unaudited Second Quarter FS (under the heading "Impacts from the COVID-19 Pandemic") attached hereto as Appendix B. The Port Authority posts other activity volume information, including monthly data, in press releases on its public website which can be found at: https://www.panynj.gov/port-authority/en/press-room/press-release-archives.html. Such website and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The Port Authority suffered a significant reduction in its gross operating revenues and airport Passenger Facility Charge ("PFC") collections (compared to pre-COVID-19 period projections) of approximately $3 billion for the 24-month period of March 2020 through March 2022. This reduction, which cannot be retroactively recouped even after activity volume had recovered to pre-pandemic levels, resulted in reduced capital spending as compared to the planned spending in the 2017-2026 Capital Plan. During the COVID-19 period, the Port Authority conducted an evaluation of the extent to which and how the 2017-2026 Capital Plan (and of individual projects and the timing thereof) and future capital plans should be modified to guide future capital spending given the adverse impacts of the COVID-19 pandemic on the Port Authority's cash flow and capital capacity and is continuing to do so (see "*Certain Port Authority Financial Information – Biennial Reassessment of the 2017-2026 Capital Plan*" in Section II hereof).

Any assessment of the COVID-19 pandemic remains subject to change based on ongoing and future events, including new disease outbreaks and governmental responses to the pandemic; ultimate effects on the agency may differ significantly from current Port Authority forecasts.

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Description of the Bonds

Description of the Two Hundred Forty-Fifth Series Bonds

Purposes

The proceeds of the Two Hundred Forty-Fifth Series Bonds shall be allocated to the refunding by purchase, call or other payment, of the Port Authority's Consolidated Bonds, One Hundred Eighty-Fourth Series on or about November 1, 2024, to capital projects in connection with facilities of the Port Authority and/or for purposes of refunding other obligations of the Port Authority; *provided, however*, that such allocation shall not result in the characterization of the Two Hundred Forty-Fifth Series Bonds as "private activity bonds" determined under applicable federal tax principles.

Dated

The Two Hundred Forty-Fifth Series Bonds shall be dated as of the date of delivery upon original issuance of the Two Hundred Forty-Fifth Series Bonds (see "*Delivery*" in this Section I).

Maturities

The Two Hundred Forty-Fifth Series Bonds shall be comprised of $602,785,000 in total aggregate principal amount, which shall be issued as serial and term bonds as follows:

Serial Bonds — $422,880,000 in total aggregate principal amount of the Two Hundred Forty-Fifth Series Bonds shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see "*Description of the Two Hundred Forty-Fifth Series Bonds — Interest*" in this Section I) at the stated rate of interest set forth below per annum until maturity.

Maturity Date	Principal Amount	Stated Rate of Interest	Maturity Date	Principal Amount	Stated Rate of Interest
September 1, 2025	$21,120,000	5.00%	September 1, 2036	$36,440,000	5.00%
September 1, 2026	20,860,000	5.00	September 1, 2037	38,125,000	5.00
September 1, 2027	21,890,000	5.00	September 1, 2038	39,890,000	5.00
September 1, 2028	22,885,000	5.00	September 1, 2039	40,885,000	5.00
September 1, 2030	22,200,000	5.00	September 1, 2040	14,650,000	5.00
September 1, 2031	16,875,000	5.00	September 1, 2041	15,130,000	5.00
September 1, 2032	17,715,000	5.00	September 1, 2042	15,640,000	5.00
September 1, 2033	18,615,000	5.00	September 1, 2043	16,170,000	5.00
September 1, 2034	19,500,000	5.00	September 1, 2044	16,730,000	5.00
September 1, 2035	7,560,000	5.00			

Term Bonds — $80,550,000 in total aggregate principal amount of the Two Hundred Forty-Fifth Series Bonds shall be issued as term bonds with the maturity date of September 1, 2049 and shall bear interest (see "*Description of the Two Hundred Forty-Fifth Series Bonds — Interest*" in this Section I) at the stated rate of interest of 5.00% per annum until maturity or prior redemption.

$99,355,000 in total aggregate principal amount of the Two Hundred Forty-Fifth Series Bonds shall be issued as term bonds with the maturity date of September 1, 2054 and shall bear interest (see "*Description of the Two Hundred Forty-Fifth Series Bonds — Interest*" in this Section I) at the stated rate of interest of 5.00% per annum until maturity or prior redemption.

Optional Redemption

The Two Hundred Forty-Fifth Series Bonds maturing on or after September 1, 2035 shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2034 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the bonds of the Two Hundred Forty-Fifth Series then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

Mandatory Periodic Retirement

The Two Hundred Forty-Fifth Series Bonds maturing September 1, 2049 shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement:

Mandatory Periodic Retirement Date	**Cumulative Principal Amount**
September 1, 2045	$14,580,000
September 1, 2046	29,885,000
September 1, 2047	45,955,000
September 1, 2048	62,830,000
September 1, 2049†	80,550,000

† stated maturity

When necessary to meet the schedule of mandatory periodic retirement for such Two Hundred Forty-Fifth Series Bonds, such Two Hundred Forty-Fifth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2045 and on any September 1 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for such Two Hundred Forty-Fifth Series Bonds, the bonds so to be called shall be determined by lot by the Registrar.

The Two Hundred Forty-Fifth Series Bonds maturing September 1, 2054 shall be retired at or prior to maturity, by purchase, call or payment, by the mandatory periodic retirement dates and in at least the cumulative principal amounts shown on the following schedule of mandatory periodic retirement:

Mandatory Periodic Retirement Date	**Cumulative Principal Amount**
September 1, 2050	$17,980,000
September 1, 2051	36,860,000
September 1, 2052	56,685,000
September 1, 2053	77,500,000
September 1, 2054†	99,355,000

† stated maturity

When necessary to meet the schedule of mandatory periodic retirement for such Two Hundred Forty-Fifth Series Bonds, such Two Hundred Forty-Fifth Series Bonds shall be subject to redemption, on prior notice, on September 1, 2050 and on any September 1 thereafter prior to maturity, at 100% of face value, plus accrued interest until the date fixed for redemption. If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for such Two Hundred Forty-Fifth Series Bonds, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Forty-Fifth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Forty-Fifth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2025 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

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Description of the Two Hundred Forty-Sixth Series Bonds

Purposes

The proceeds of the Two Hundred Forty-Sixth Series Bonds shall be allocated to the refunding by purchase, call or other payment, of the Port Authority's Consolidated Bonds, One Hundred Eighty-Fifth Series and Consolidated Bonds, One Hundred Eighty-Sixth Series on or about November 1, 2024, to capital projects in connection with facilities of the Port Authority and/or for purposes of refunding other obligations of the Port Authority; in each case, consistent with the characterization of the Two Hundred Forty-Sixth Series Bonds as "qualified bonds" (which are "exempt facility bonds") determined under applicable federal tax principles.

Dated

The Two Hundred Forty-Sixth Series Bonds shall be dated as of the date of delivery upon original issuance of the Two Hundred Forty-Sixth Series Bonds (see "*Delivery*" in this Section I).

Maturities

The Two Hundred Forty-Sixth Series Bonds shall be comprised of $458,595,000 in total aggregate principal amount, which shall be issued as serial bonds with the maturity dates and in the principal amounts set forth below, and shall bear interest (see "*Description of the Two Hundred Forty-Sixth Series Bonds — Interest*" in this Section I) at the stated rate of interest set forth below per annum until maturity.

Maturity Date	Principal Amount	Stated Rate of Interest	Maturity Date	Principal Amount	Stated Rate of Interest
September 1, 2025	$47,695,000	5.00%	September 1, 2036	$8,655,000	5.00%
September 1, 2026	39,105,000	5.00	September 1, 2037	9,090,000	5.00
September 1, 2027	41,045,000	5.00	September 1, 2038	9,545,000	5.00
September 1, 2028	43,085,000	5.00	September 1, 2039	10,020,000	5.00
September 1, 2030	37,260,000	5.00	September 1, 2040	10,525,000	5.00
September 1, 2031	38,340,000	5.00	September 1, 2041	11,050,000	5.00
September 1, 2032	40,200,000	5.00	September 1, 2042	11,600,000	5.00
September 1, 2033	42,145,000	5.00	September 1, 2043	12,180,000	5.00
September 1, 2034	34,265,000	5.00	September 1, 2044	12,790,000	5.00

Optional Redemption

The Two Hundred Forty-Sixth Series Bonds maturing on or after September 1, 2036 shall be subject to redemption prior to maturity, in whole, or, from time to time in part, at the Port Authority's option, on prior notice on the date to be fixed for redemption in such notice, at 100% of face value on any such date of redemption beginning on September 1, 2034 and thereafter prior to maturity, plus accrued interest until the date fixed for redemption. If less than all of the bonds of the Two Hundred Forty-Sixth Series then outstanding are to be called for redemption at the option of the Port Authority, the bonds so to be called shall be in inverse order of maturity. If bonds constituting a particular maturity are to be called for redemption at the option of the Port Authority, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

Interest

Interest on each maturity of the Two Hundred Forty-Sixth Series Bonds shall accrue on and after the date of delivery upon original issuance of the Two Hundred Forty-Sixth Series Bonds until the maturity or, to the extent applicable, the prior redemption of such maturity, and shall be payable semiannually commencing on March 1, 2025 and on each September 1 and March 1 thereafter until the maturity or, to the extent applicable, the prior redemption of such maturity, at the stated rate of interest per annum specified for such maturity.

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Additional Information Pertaining to the Bonds

Security

The Bonds together with all other Consolidated Bonds of the Port Authority (within the meaning of the Consolidated Bond Resolution) heretofore or hereafter issued are direct and general obligations of the Port Authority pledging the full faith and credit of the Port Authority for the payment of principal thereof and interest thereon. (See "*Consolidated Bond Resolution*" in Section III hereof.) The Bonds are secured equally and ratably with all other Consolidated Bonds heretofore or hereafter issued by a pledge of (a) the net revenues of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds (see "*General and Refunding, Air Terminal and Marine Terminal Bonds*" in Section III hereof, which states that the Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all prior lien bonds of the Port Authority), (b) the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund (see "*General Reserve Fund*" in Section III hereof) and (c) the Consolidated Bond Reserve Fund established in connection with Consolidated Bonds (see "*Consolidated Bonds—Consolidated Bond Reserve Fund*" in Section III hereof).

Denominations, Registration and Exchange

The Bonds shall be in fully registered form, registered as to both principal and interest and not as to either alone. During the period in which a book-entry system is applicable to the Bonds, the sole registered holder of the Bonds shall be the Depository (as defined at "*Delivery*" in this Section I) or its nominee, and, unless otherwise determined by the Port Authority, the only authorized denominations for the Bonds shall be the aggregate principal amount of each maturity of the Bonds, as reduced from time to time prior to stated maturity in connection with redemptions or retirements with respect to such maturity. The only authorized denominations for beneficial ownership interests in the Bonds shall be $5,000 and integral multiples of $5,000. The book-entry system applicable to the Bonds with the Depository may be discontinued by either the Depository or the Port Authority. In the event the book-entry system is discontinued, if the Port Authority selects another qualified securities depository to become the Depository, the Registrar shall register and deliver a replacement bond for each maturity of the Bonds, fully registered in the name of such depository or its nominee, of like tenor of each maturity of the Bonds then outstanding, in accordance with instructions to be given by the depository to be replaced or its nominee, as registered holder of the Bonds. In the event the book-entry system is discontinued, if the Port Authority does not select another qualified securities depository to become the Depository, the Registrar shall register and deliver replacement bonds of like tenor of the Bonds then outstanding in the form of fully registered certificates, in denominations of $5,000 or integral multiples of $5,000 (which, in such event, shall be the only authorized denominations for the Bonds), in accordance with instructions to be given upon termination of the book-entry system applicable to the Bonds by the depository which had maintained such system or its nominee, as registered holder of the Bonds. In such event and thereafter, the Port Authority shall bear the cost incurred by the Port Authority in connection with the registration, authentication, transfer, cancellation, exchange and delivery of the Bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar.

Payments

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal of each maturity of the Bonds shall be payable at the maturity or, to the extent applicable, the prior redemption of such maturity, upon presentation and surrender of the affected bonds by the registered holders thereof, at the office or offices, designated by the Port Authority, of the Paying Agent appointed by the Port Authority for the Bonds, in a county in whole or in part in the Port District. Interest on the Bonds, which shall be computed on the basis of a 360-day year comprised of twelve 30-day months, shall be payable when due, to the registered holders of the Bonds by check or draft drawn on the Paying Agent appointed for the purpose by the Port Authority and mailed to said registered holders at their last known addresses as appearing on the Port Authority's Registry Books for the Bonds. The registered holder shall be the person in whose name that bond is registered on the record date, which is the fifteenth calendar day before the interest payment date. During the period in which the Depository or its nominee is the sole registered holder of the Bonds, payments with respect to the Bonds shall be made to the Depository or its nominee, as sole registered holder of the Bonds, pursuant to arrangements with respect thereto between the Port Authority and the Depository or its nominee; disbursal of such payments to the Depository's participants is the responsibility of the Depository, and disbursal of such payments to the individual purchasers of beneficial ownership interests in the Bonds is the responsibility of the Depository's participants.

Notices of Redemption

During the period in which the Depository or its nominee is the sole registered holder of the Bonds, any notice of redemption to be provided by the Port Authority shall be provided solely by mail to the Depository or its nominee, as sole registered holder of the Bonds, pursuant to arrangements with respect thereto between the Port Authority and the Depository, without requirement of publication of such notice; provision of such notice to the Depository's participants is the responsibility of the Depository and provision of such notice to the individual purchasers of beneficial ownership interests in the Bonds is the responsibility of the Depository's participants. During any period in which the Depository or its nominee is not the sole registered holder of the Bonds, any such notices to be provided by the Port Authority shall be provided to the registered holders of the Bonds in the manner set forth in the resolution adopted December 14, 2023 by the Board of Commissioners, pertaining to the establishment and the authorization of the issuance of the Bonds (which appears in Section VI hereof, "*Bond Resolutions and Legal Opinion*").

Tax Matters

<u>Federal Income and State and Local Tax Exemption</u>. In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") (other than with respect to the Two Hundred Forty-Sixth Series Bonds for a recipient that is a substantial user (or related person thereto) of facilities provided from the proceeds of the Two Hundred Forty-Sixth Series Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder). Bond Counsel is of the opinion that interest on the Two Hundred Forty-Fifth Series Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Two Hundred Forty-Fifth Series Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that interest on the Two Hundred Forty-Sixth Series Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Two Hundred Forty-Sixth Series Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is of the opinion that the Bonds and the interest thereon are exempt from any and all taxation (except estate, inheritance and gift taxes) imposed directly thereon by the States of New York and New Jersey or by any political subdivision thereof. A complete copy of the proposed form of opinion of Bond Counsel is set forth at "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.

Tax Certificate. In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate as to the use, investment and disposition of proceeds of, and other actions to be taken in connection with, the Bonds (the "Tax Certificate"). Among other matters set forth therein, the Port Authority shall agree in the Tax Certificate that it will neither take any actions nor fail to take any actions that will cause interest on the Bonds to be includible, for federal income tax purposes, in the gross income of the recipients thereof under Section 103 of the Code, and the regulations thereunder (other than a recipient that is a substantial user (or a related person thereto) of facilities provided from the proceeds of the Two Hundred Forty-Sixth Series Bonds within the meaning of Section 147(a) of the Code and the regulations thereunder), or, with respect to the Two Hundred Forty-Fifth Series Bonds, to be treated as a preference item in calculating the alternative minimum tax under Section 57 of the Code and the regulations thereunder. Inaccuracy of these certifications or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds.

Certain Federal Tax Matters. The Code provides for interest on state and local government obligations, such as the Bonds, to be taken into account in computing certain elements of individual and corporate taxes that may affect a beneficial owner's federal, state or local tax liability, including without limitation, the foreign corporations branch profits tax and income taxes on a portion of social security or railroad retirement benefits for individuals. The nature and extent of the federal income tax consequences of these provisions, as well as the original issue discount provisions of the Code, depend on the particular federal income tax status of the individual or corporate taxpayer and the taxpayer's other items of income or deduction. Bond Counsel expresses no opinion regarding any such federal income tax consequences.

The Bonds may be issued with original issue discount ("OID"). OID is the excess of the stated redemption price at maturity of a bond over the initial public offering price of the bond at which a substantial amount of such maturity of the bonds is sold to the public. The OID with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bond on the basis of a constant interest rate compounded semiannually. The amount of accrued OID that is properly allocable to each beneficial owner of such Bonds is treated as interest on such Bonds which is excluded from gross income for federal income tax purposes and is added to the adjusted basis of such Bonds to determine gain or loss upon disposition. Beneficial owners of Bonds should consult their own tax advisors with respect to the tax consequences of ownership of such Bonds having OID.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The opinion of Bond Counsel assumes the accuracy of the certifications and compliance with the covenants set forth in the Tax Certificate (see "*Tax Certificate*" in this Section I). Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters. (See "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.)

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Port Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. Contemporaneously with the issuance of the Bonds, the Port Authority will covenant, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Port Authority or the beneficial owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Port Authority and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is difficult, obtaining an independent review of IRS positions with which the Port Authority legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the Port Authority or the beneficial owners to incur significant expense.

Federal Tax Legislation. Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

Information Reporting and Backup Withholding on the Bonds. Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Legality for Investment and Eligibility for Deposit in the States of New York and New Jersey

Under existing legislation in the States of New York and New Jersey, the Bonds are legal for investment for state and municipal officers, banks and savings banks, insurance companies, trustees and other fiduciaries in the States of New York and New Jersey and are eligible for deposit with state or municipal officers or agencies of the States of New York and New Jersey for any purpose for which the bonds or other obligations of the States of New York and New Jersey may be deposited.

Registrar

During the period for which a book-entry system is applicable to the Bonds, the Port Authority shall function as Registrar for the Bonds.

Paying Agent

During the period for which a book-entry system is applicable to the Bonds, the Port Authority shall function as Paying Agent for the Bonds.

Trustee

The Bank of New York Mellon, New York, N.Y.

The Trustee is authorized, under Section 8 of the resolution adopted December 14, 2023 by the Board of Commissioners, pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof), to (i) institute any action or proceeding on behalf of the registered holders of the Bonds against the Port Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the registered holders of the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the registered holders of the Bonds. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Port Authority or any of the contracts or agreements of the Port Authority or exercise any of the rights or powers vested in it by Section 8 of such resolution, whether on the Trustee's initiative or at the request or direction of any of the registered holders of the Bonds. Additionally, the rights and responsibilities of the Trustee and the provisions with respect to the resignation by or removal of the Trustee are set forth in Section 8 of such resolution.

The Bank of New York Mellon currently serves as trustee for all outstanding series of Consolidated Bonds under the resolutions establishing such series.

Bond Counsel

Orrick, Herrington & Sutcliffe LLP (See "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.)

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP

Financial Advisor to the Port Authority

Frasca & Associates, LLC

Independent Auditors

The financial statements of the Port Authority as of and for the years ended December 31, 2023 and December 31, 2022 have been audited by KPMG LLP, independent auditors, as stated in their report appearing herein (see Appendix A hereto). KPMG has performed no procedures over the information contained in the Unaudited Second Quarter FS, which appears in Appendix B hereto. On June 27, 2024, the Audit Committee of the Board of Commissioners of the Port Authority determined to retain KPMG LLP to perform the audit for the year ending December 31, 2024.

Underwriters

As set forth on the cover of this Official Statement (the "Underwriters").

Co-Underwriters' Counsel

Nixon Peabody LLP and the Law Offices of Joseph C. Reid, P.A.

Contracts with Registered Holders of the Bonds

The Consolidated Bond Resolution (which appears at "*Consolidated Bond Resolution*" in Section III hereof), and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof), constitute contracts with the holders in whose names the Bonds are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the only registered holder of the Bonds.

In connection with the acceptance by an Authorized Officer of the Port Authority of an offer to purchase the Bonds from the Underwriters, represented by the Bond Purchase Agreement (as defined at "*Underwriting*" in this Section I), the terms of the Bonds, including among other matters, the stated rate of interest with respect to each maturity of the Bonds, have been established, fixed and determined, and the provisions of the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof) have been changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to the Bond Purchase Agreement with respect to the Bonds; such description is reflected at "*Description of the Bonds*" and "*Additional Information Pertaining to the Bonds*" in this Section I.

Delivery

The Bonds shall be available for delivery upon original issuance on or about October 2, 2024. All proceedings pertaining to, and the issuance of, the Bonds are subject to the sole unqualified approving legal opinion of Bond Counsel. In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel shall render a legal opinion on such date of delivery, substantially in the form set forth at "*Form of Legal Opinion of Bond Counsel*" in Section VI hereof.

The Bonds shall be delivered upon original issuance as one fully registered bond for each maturity of the Bonds, in the aggregate principal amount of such maturity, registered in the name of a qualified securities depository or its nominee as sole registered holder of the Bonds. It is presently expected that The Depository Trust Company, New York, N.Y., or its nominee, shall be the sole registered holder of the Bonds at delivery upon original issuance. At the time of such delivery, the Bonds shall be deposited with such depository (or such other qualified securities depository or its nominee, selected by the Port Authority on or prior to such date), and such depository together with any qualified securities depository selected thereafter by the Port Authority with respect to the book-entry system applicable to the Bonds (the "Depository") shall be an automated depository for securities and clearinghouse for securities transactions and shall be responsible for maintaining a book-entry system for recording the ownership interests in the Bonds of its participants, and the transfers of such interests among its participants. The participants of the Depository will generally include certain banks, trust companies and securities dealers, and such participants will be responsible for maintaining records with respect to the beneficial ownership interests of individual purchasers in the Bonds. Individual purchases of beneficial ownership interests in the Bonds may only be made through book entries (without certificates issued by the Port Authority) made on the books and records of the Depository and its participants in denominations of $5,000 and integral multiples of $5,000. Fees imposed by a securities depository in connection with a book-entry system are generally borne by the participants of the securities depository. In the event that The Depository Trust Company or such other qualified securities depository is not selected by the Port Authority on or prior to the date of delivery upon original issuance of the Bonds, the Bonds shall be delivered upon original issuance in the form of fully registered certificates, in denominations of $5,000 and integral multiples of $5,000, in accordance with instructions to be given by the Underwriters.

SEC Settlement and Certain Other Matters

The United States Securities and Exchange Commission ("SEC") conducted a formal investigation into disclosures by the Port Authority in Official Statements issued in 2012-2014 concerning the funding by the Port Authority of a portion of the costs of the Route 1&9 Pulaski Skyway, Route 139 (Hoboken and Conrail Viaducts), Route 7 Hackensack River (Wittpenn) Bridge, and Route 1&9T (New Road) projects (collectively, the "Roadway Projects"), which the Port Authority understands to have been resolved pursuant to a consent order entered on January 10, 2017 (the "Order"). The Port Authority acknowledged pursuant to the settlement that it "was negligent for failing to disclose" in the relevant Official Statements certain "risks relating to statutory authority with respect to the Roadway Projects" and that its conduct "violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [of 1933]." The Order is available at https://emma.msrb.org/ER1034388-ER792161-ER1193627.pdf. As a result of the investigation, the Port Authority has made procedural changes to its approval processes in connection with its securities offerings. Among other things, the Port Authority's Law Department now formally provides written advice to the Port Authority's Board of Commissioners that any proposed expenditure of the Port Authority's funds presented to the Board for approval is legally authorized.

In the period following completion of the SEC investigation described above, the Port Authority received notice of potential legal matters and requests for documents from several prosecutorial and other governmental agencies which it believes may have been related to the Roadway Projects. The Port Authority believes that such investigations are concluded or inactive with respect to the Port Authority.

Claims and Certain Litigation Against the Port Authority

In 1951, the States of New York and New Jersey adopted legislation consenting to a waiver of certain of the Port Authority's immunities from suit and from liability, subject to, among other requirements in specific cases, the filing of a valid and timely notice of claim in an action for money damages and commencement of suit in all actions within one year from the date the cause of action accrues. Material litigation pending against the Port Authority is described in this Official Statement together with the Port Authority facility to which it relates. The Port Authority believes its financial resources, including public liability insurance policies, are adequate to satisfy any recovery for damages against it under litigation currently pending or threatened in writing, without material adverse effect on its business as a whole.

Certificate with Respect to Litigation

In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority will provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that no litigation of any nature is now pending or threatened in writing against the Port Authority, restraining or enjoining the issuance or delivery of the Bonds, or questioning the proceedings taken for the issuance of the Bonds, or restraining the power and authority of the officers of the Port Authority to fix and collect tolls and charges for the use of the facilities of the Port Authority sufficient to provide for the payment of the principal of and interest on the Bonds, or affecting the validity of the Bonds thereunder; and that neither the corporate existence of the Port Authority, nor the boundaries of the Port District, nor the title of any present officer of the Port Authority to their respective office is being contested.

Underwriting

The Bonds shall be purchased pursuant to a bond purchase agreement (the "Bond Purchase Agreement") dated September 25, 2024, by the Underwriters, for which BofA Securities, Inc. is acting as the representative, at a purchase price equal to $1,174,162,222.87 (reflecting an Underwriters' discount totaling $3,345,103.28).

This section provides certain information with respect to the Bond Purchase Agreement. This information does not purport to be comprehensive or definitive and is qualified in its entirety by reference to the Bond Purchase Agreement executed by the Underwriters and the Port Authority. No attempt is made herein to summarize the Bond Purchase Agreement. The Bond Purchase Agreement may be examined on reasonable prior notice at the office of the Secretary of the Port Authority during regular business hours on and after the date of its execution.

Under the Bond Purchase Agreement, the Underwriters shall pay the purchase price for the Bonds and shall accept delivery of the Bonds from the Port Authority, subject to certain conditions, on or about October 2, 2024. Pursuant to the Bond Purchase Agreement, the Underwriters shall purchase all of the Bonds if any are purchased.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) and others at prices lower than the initial offering prices or yields higher than the initial offering yields for the Bonds. Subsequent to the initial offering, the offering prices and yields for the Bonds may be changed from time to time by the Underwriters.

The Underwriters may, from time to time, be engaged in business or other transactions with the Port Authority or may be actual or potential users of Port Authority facilities.

The Underwriters have provided the following information appearing in this section of the Official Statement.

The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

In addition, certain of the Underwriters have entered into distribution agreements with other broker-dealers (that have not been designated by the Port Authority as Underwriters) for the distribution of the Bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Port Authority and to persons and entities with relationships with the Port Authority, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Port Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Port Authority. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Certificate with Respect to the Preliminary Official Statement and this Official Statement

In connection with the delivery upon original issuance of the Bonds, an Authorized Officer of the Port Authority shall provide, as part of the record of proceedings with respect to the issuance of the Bonds, a certificate to the effect that (a) the Preliminary Official Statement pertaining to the Bonds (the "Preliminary Official Statement") and the subsequently issued Official Statement pertaining to the Bonds (this "Official Statement"), as of their respective dates, did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; (b) since the date of this Official Statement, and as of the date of delivery upon original issuance of the Bonds, nothing had come to the attention of such Authorized Officer of the Port Authority to cause such Authorized Officer of the Port Authority to believe that this Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (c) since the date of this Official Statement, and as of the date of delivery upon original issuance of the Bonds, to the knowledge of such Authorized Officer of the Port Authority, there had been no material adverse change in the general affairs of the Port Authority or in its financial condition as set forth in this Official Statement, other than as disclosed in or contemplated by this Official Statement; provided, however, that the certifications set forth in (a) and (b) above do not apply to information provided by the Underwriters for incorporation into the Preliminary Official Statement and this Official Statement.

Certain Information Pertaining to this Official Statement, Continuing Disclosure and the Port Authority; Forward-Looking Statements

The information and expressions of opinion in this Official Statement are subject to change without notice, and future use of this Official Statement shall not otherwise create any implication that there has been no change in the matters referred to in this Official Statement since the date hereof.

The resolution establishing the issue of Consolidated Bonds appearing at "*Consolidated Bond Resolution*" in Section III hereof, and the resolution pertaining to the establishment and the authorization of the issuance of the Bonds (which appears at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof), constitute contracts with the holders in whose names the Bonds are registered on the books and records of the Registrar for the Bonds; and neither any public advertisement or notice nor the Bond Purchase Agreement or this Official Statement is to be construed as a contract with any of such holders. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the sole registered holder of the Bonds.

So far as any statements are made involving matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact. Unless otherwise indicated, so far as information given relates to past earnings or expenditures of the Port Authority, the figures have been taken from the books of the Port Authority. So far as estimates of future revenues or expenditures of the Port Authority are given, they merely constitute estimates which may or may not be actually realized; so far as statements are made regarding other estimates or future construction, development, plans or other matters, they merely constitute statements of expectations which may or may not be actually fulfilled. All statements involving matters of legal opinion represent the opinions of the party rendering such legal opinion. To the extent the information in this Official Statement contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, such statements may involve known and unknown risks, uncertainties, and other factors which may cause the actual results, performance and achievements to be materially different from future results, performance and achievements expressed or implied by any forward-looking statements. Actual results could differ materially from those set forth in the forward-looking statements.

For a complete and detailed understanding of the respective rights of the Port Authority and the holders of its outstanding obligations, reference must be made to the State and federal legislation relating to the Port Authority and to the various resolutions adopted by the Port Authority. (See Section IV hereof, "*Pertinent Statutes and General Resolutions*;" Section III hereof, "*Bonds, Notes and Other Obligations*;" and Section VI hereof, "*Bond Resolutions and Legal Opinion*.") Such statutes and resolutions should be studied in connection with this Official Statement and for the purpose of gaining a complete and detailed understanding of the rights of holders of outstanding Port Authority obligations. All references to resolutions, agreements, documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the resolutions, agreements, documents and other materials referenced, which may be examined on reasonable prior notice at the office of the Secretary of the Port Authority during regular business hours.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

Inquiries with respect to this Official Statement may be made to the office of the Treasurer, The Port Authority of New York and New Jersey, 4 World Trade Center, 150 Greenwich Street, 19th Floor, New York, N.Y. 10007, Tel. No. (212) 435-7700, during regular business hours. In the Bond Purchase Agreement, the Underwriters shall agree to provide this Official Statement (and any supplements or amendments provided by the Port Authority) to the Municipal Securities Rulemaking Board ("MSRB"), in a format suitable for publication on its EMMA system upon receipt from the Port Authority.

In connection with the delivery upon original issuance of the Bonds, the Port Authority shall agree with the registered holders of the Bonds, and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds, to provide information pertaining to the Port Authority generally of the type set forth in Section (b)(5)(i) of Rule 15c2-12 (as such Section is now in effect), while the Bonds are outstanding. In connection therewith, annual financial information and operating data generally of the type set forth in Section II of this Official Statement and annual audited financial statements, when and if available, prepared consistent with the accounting principles set forth in the notes to such financial statements, in each case, will be provided solely to the MSRB, in a format suitable for publication on its EMMA system, within one hundred twenty days after the close of the Port Authority's then current fiscal year. Additionally, in connection therewith, notice of the occurrence of any of the following events with respect to the Bonds, including, (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to the rights of the holders of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution or sale of property securing repayment of the Bonds, if material; (11) ratings changes; (12) bankruptcy, insolvency, receivership or similar event of the Port Authority (for the purposes of these events identified in this item (12), the event is considered to occur when any of the following occur — the appointment of a receiver, fiscal agent or similar officer for the Port Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Port Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Port Authority); (13) the consummation of a merger, consolidation or acquisition involving the Port Authority or the sale of all or substantially all of the assets of the Port Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) the appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a Financial Obligation (as defined below) of the Port Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Port Authority, any of which affect holders of the Bonds, if material; (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Port Authority, any of which reflect financial difficulties; and, (17) any failure of the Port Authority to provide annual financial and operating data as agreed to by the Port Authority, in each case, will be provided solely to the MSRB, in an electronic format as prescribed by the MSRB and suitable for publication on its EMMA system and accompanied by identifying information as prescribed by the MSRB, in a timely manner (i.e., within ten business days after the occurrence of the event). "Financial Obligation" (i) means a: (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B), but (ii) shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12. The Port Authority will agree to comply with the events listed in (15) and (16) above, and the definition of "Financial Obligation", with reference to Rule 15c2-12, any other applicable federal securities laws and the guidance provided by the SEC in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release. In consideration of such agreement of the Port Authority, the sole and exclusive remedy for any failure of the Port Authority to provide the information in the manner specified in such agreement shall be the right to obtain specific performance of such agreement to provide such information in a judicial proceeding instituted in accordance with applicable legislation pertaining to suits against the Port Authority; *provided, however*, that the Port Authority shall have received written notice of any such failure at least sixty days prior to the commencement of any such judicial proceeding. The agreement described in this paragraph shall constitute a contract with the registered holders of the Bonds and for the benefit of any individual purchasers of beneficial ownership interests in the Bonds.

Upon request, the office of the Treasurer of the Port Authority will provide copies of the most recent publicly available (a) annual comprehensive financial report of the Port Authority ("Annual Report"), (b) unaudited condensed consolidated schedules and financial information for the Port Authority, (c) budget of the Port Authority, (d) reports, statements or press releases, if any, issued by the Port Authority pertaining to events which may reasonably reflect on the credit quality of Port Authority obligations, and (e) reports of the Port Authority pertaining to certain regional economic considerations and trends.

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SECTION II—DESCRIPTION OF THE PORT AUTHORITY AND ITS FACILITIES

The Port Authority believes that its business activities are best effectuated and its operational risks best mitigated when it conducts business openly and transparently and with integrity. In order to provide more information on its actions, the Port Authority has included in this Official Statement a section entitled "Environmental, Social and Governance Considerations" ("ESG") which can be found below in this Section II. However, there are some matters which might otherwise be included in such ESG Section which are instead included in the sections titled "Management" and "Operations" in Section II of this Official Statement because they clarify or enhance the description of the matters to which they relate.

Management

Board of Commissioners

The Board of Commissioners of the Port Authority is to consist of twelve Commissioners, six from each State, appointed by the respective Governor thereof with the advice and consent of the respective State Senate. The current Board of Commissioners is set forth below. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners; the actions the Commissioners take at Port Authority meetings are subject to gubernatorial review for a period of ten days (Saturdays, Sundays and public holidays excepted) and may be vetoed by the Governor of their respective State during such period. Actions relating to industrial development projects or facilities are required to be delivered to the leaders of the legislatures of the two States ten calendar days prior to being submitted to the Governors for review. The Governors' veto has been exercised from time to time.

The Commissioners serve without remuneration for six-year overlapping terms. A Commissioner whose term expires continues to serve until reappointment or the appointment and qualification of a successor. Incumbent officers continue to serve upon re-election at the Port Authority's annual meeting or until successors are elected. The Commissioners are engaged in business, professional, governmental or civic activities apart from their offices as Commissioners. In some cases these involve business, professional, governmental, civic or administrative connections or relations with persons, firms, corporations, public agencies, commissions or civic bodies which may do business with the Port Authority, are actual or potential users of Port Authority facilities or review or study the activities of the Port Authority and its facilities. The Commissioners have from time to time expressed, in reaffirmation of the Port Authority's policy and tradition of excellence in public service, their continued commitment to the highest ethical principles of conduct and their intention to conform to the conflicts of interest laws which were applicable to unsalaried public officers of their respective States. On October 26, 2017, the Board of Commissioners, adopted a Code of Ethics for Port Authority Commissioners (the "Commissioners' Code"), establishing clear standards for Commissioners with respect to resolving conflicts of interest, safeguarding confidential information, and interacting with people who hope to do business with the Port Authority. The Commissioners' Code imposes on Commissioners a duty to report wrongdoing, creates appropriate enforcement mechanisms for violations of the Commissioners' Code, and spells out the Board's fiduciary obligations to the Port Authority and the public.

The present Commissioners, their principal activities and the expiration of the current terms to which they have been appointed are as follows:

NEW YORK

JEFFREY H. LYNFORD, *Vice Chairman*–July 1, 2019*
President and CEO–Educational Housing Services, Inc.
LEECIA EVE–July 1, 2020*
Partner–Ichor Strategies
ELIZABETH M. FINE–July 1, 2030
Counsel to the Governor of New York
WINSTON C. FISHER –July 1, 2027
Partner–Fisher Brothers
Chief Executive Officer–AREA15
GARY LABARBERA–July 1, 2022*
President–Building and Construction Trades Council of Greater New York
ROSSANA ROSADO–July 1, 2023*
Commissioner NYS Division of Criminal Justice Services

NEW JERSEY

KEVIN J. O'TOOLE, *Chairman*–July 1, 2023*
Managing Partner–O'Toole Scrivo, A Limited Liability Company
J. CHRISTIAN BOLLWAGE–July 1, 2025
Mayor, City of Elizabeth, New Jersey
GEORGE HELMY–July 1, 2028
United States Senator for the State of New Jersey**
JOSEPH KELLEY–July 1, 2027
Partner–CHA Partners and Founding Partner–Elysian Consulting Group
KEVIN P. MCCABE–July 1, 2026
Partner–River Crossing Strategy Group
MICHELLE E. RICHARDSON–July 1, 2024*
Executive Director–Hudson County Economic Development Corporation

* A Commissioner whose term expires continues to serve until reappointment or the appointment and qualification of a successor.
** On September 9, 2024, Commissioner Helmy was sworn in as a United States Senator to fill the remaining portion of the current U.S. senatorial term of Robert Menendez. The appointment is expected to continue through late November, when the winner of the November 5, 2024 senatorial election in New Jersey is expected to be certified and thereupon appointed by Governor Murphy for the remaining portion of Menendez's term. Commissioner Helmy has announced that he has resigned from his prior position at RWJBarnabas Health, Inc. and that, although remaining as a Commissioner, while serving as Senator he will not engage in any Port Authority business and the Port Authority will not reach out to engage with him.

Staff

The Port Authority, with approximately 7,950 employees, functions as a public corporation combining sound business and governmental principles and practices. A career staff is headed by an Executive Director who is responsible to the Board of Commissioners.

The following individuals are officers** under the By-Laws of the Port Authority:

Richard Cotton	Executive Director
Amy Fisher	General Counsel
Elizabeth M. McCarthy	Chief Financial Officer
Sherien Khella	Treasurer
Daniel G. McCarron	Comptroller
James McCoy	Secretary

** The Chairman and Vice-Chairman of the Board of Commissioner of the Port Authority (see "*Board of Commissioners*" in this Section II) are also officers pursuant to the By-Laws of the Port Authority.

All of the aforesaid Port Authority officers have been employed continuously by the Port Authority for more than five years.

Certain Port Authority Governance and Integrity Initiatives

Special Panel Report

In 2014, a bi-state Special Panel on the Future of the Port Authority (the “Special Panel”) formed by the Governors of the States of New York and New Jersey, issued a report with certain recommendations designed to result in the Port Authority’s recommitment to its core transportation mission, pursued in a responsive, accountable and efficient manner. Among other things, the Special Panel recommended that the Port Authority (i) focus on redevelopment of its core transportation assets, including LaGuardia Airport (“LaGuardia Airport”), John F. Kennedy International Airport (“JFK Airport”) and Newark Liberty International Airport (“Newark Airport”), the Port Authority Bus Terminal, Port Commerce and PATH, while opportunistically phasing out real estate ownership and development and (ii) continue reforms to promote a culture of transparency and ethical conduct. As described herein, the Port Authority has executed on many, but not all, of these recommendations. The report can be found at https://emma.msrb.org/ER1034371-ER650922-ER1052741.pdf.

Integrity Program

On September 28, 2017, the Board of Commissioners directed the Executive Director to implement a number of measures to strengthen the Port Authority’s existing integrity program to help ensure ethical conduct at all levels of the Port Authority. Pursuant to this directive, (i) a revised Code of Ethics for Commissioners was adopted by the Board of Commissioners on October 26, 2017 (see “Board of Commissioners” in this Section II); (ii) an updated Code of Ethics for Port Authority employees was distributed to all Port Authority employees on January 25, 2018 and revised in March 2019; (iii) a Code of Ethics for Port Authority Vendors hired by the Port Authority was issued on December 19, 2017 and subsequently amended in October 2019; (iv) an integrity training program that meets or exceeds contemporary best-in-class standards was launched on January 25, 2018; (v) a False Claims Policy that would provide financial incentives to those who come forward with evidence of fraud against the Port Authority became effective on January 18, 2018; and (vi) a Chief Ethics and Compliance Officer was hired on January 2, 2018. Since then, the Office of Ethics and Compliance has implemented a number of initiatives, including expanded ethics and integrity training programs, the issuance of a Code of Ethics for Port Authority Lessees on October 30, 2019, and the issuance of new or revised policies on ethical conduct and standards for Port Authority employees. In November 2021, the Port Authority revised its anti-retaliation policy, clarifying the range of activities that are protected from retaliation and providing employees with more information about how to raise concerns or report possible misconduct.

Certain Port Authority Financial Information

Annual Budget

The Port Authority’s annual budget provides an outline of estimated expenditures for the year. Approval of the budget by the Board of Commissioners, based upon financial projections developed as part of the Port Authority’s planning process, does not in itself authorize any specific expenditures. Specific authorization is made from time to time by the Board of Commissioners consistent with statutory, contractual, and other commitments of the Port Authority, including agreements with the holders of its obligations. Consistent with the foregoing, the development of specific Port Authority capital projects is undertaken after appropriate required authorizations and certifications by the Board of Commissioners (see "*Additional Facilities, Capital Improvements and Certain Programs—Certification in Connection with Additional Facilities*," and "*—Certain Additional Projects Under Study*" in this Section II).

On December 14, 2023, the Board of Commissioners approved a 2024 annual budget (the "2024 Budget") of $ 9.3 billion, which consists of operating expenses, capital spending, debt service, and deferred expenses. The 2024 Budget allows the agency to maintain its commitment to maintaining its facilities during 2024, while improving or rebuilding its legacy infrastructure to improve customer experience and accommodate the region's future growth.

The 2024 Operating Expense Budget totals $3.9 billion, reflecting an inflationary increase in operating costs of $126 million, or 3.5%, over the 2023 Operating Expense Budget. The 2024 Operating Expense Budget is focused on funding the agency's key priority areas — including operational excellence, safety and security, climate, resiliency, sustainability, innovation, cybersecurity, and customer experience.

The 2024 Operating Expense Budget also includes an incremental $66 million in operating expenses that was also approved by the Board of Commissioners covering certain special purpose funding necessitated by the following: (1) incremental spending related to new or expanded facilities and systems; (2) required security spending to respond to the changing threat landscape; (3) new state-of-good-repair spending on the Port Authority Trans-Hudson (PATH) rail system necessary to reduce train delays, increase capacity, and enhance customer service; and (4) incremental spending that is largely offset by incremental revenues, including asset lifecycle extension spending for the agency's AirTrains at Newark Airport and JFK Airport, as well as unavoidable revenue collection costs (largely credit card fees) primarily associated with revenue growth at the airports.

In total the 2024 Operating Expense Budget increase for both inflationary escalations and special purpose funding equates to a $192 million, or 5.2%, increase versus the 2023 Operating Expense Budget.

The 2024 Capital Spending Budget totals $3.6 billion, reflecting an increase of $724 million, or 25%, versus the 2023 Capital Spending Budget, and continues to advance the agency's core transportation mission and commitment to rebuilding the region's aging infrastructure with 21st century facilities, in alignment with the agency's 2017-2026 Capital Plan. Overall, the unusually high year-to-year increase in planned capital spending reflects a return to pre-pandemic capital spending levels compared to reduced pandemic-era spending levels and is supported by the recovery of the agency's net revenues following the COVID-19 pandemic.

The 2024 Debt Service from Operations Budget totals $1.7 billion, reflecting an increase of $52 million, or 3%, versus the 2023 Debt Service from Operations Budget, driven by higher scheduled debt service payments based on the maturity schedule for existing debt and debt service on new bond issuances planned in 2023-2024.

The 2024 Deferred Expense Budget totals $135 million, reflecting an increase of $18 million, or 16%, versus the 2023 Deferred Expense Budget, driven by the timing of purchases for the agency's vehicle purchase program, which was delayed throughout the pandemic due to supply chain issues.

For further information, reference the Port Authority's 2024 Budget Book posted on its public website at: https://www.panynj.gov/corporate/en/financial-information/budget.html.

2017-2026 Capital Plan

On February 16, 2017, the Board of Commissioners adopted a ten-year, 2017-2026 capital plan (the "2017-2026 Capital Plan"), which was modified by the Board of Commissioners on September 26, 2019, pursuant to the reassessment process described below (see "*Biennial Reassessment of the 2017-2026 Capital Plan*" in this Section II). The 2017-2026 Capital Plan totals $37 billion and includes $34.3 billion in direct spending on Port Authority facilities, and up to $2.7 billion in support of the Gateway Program (see "*The Gateway Program*" in this Section II).

The 2017-2026 Capital Plan is a blueprint for future spending and does not supplant the Board of Commissioners' authorization process for individual projects and contracts. Actual capital budgets for included projects must be individually authorized after consideration of available capital capacity and, due to the effects of COVID-19, not all projects included in the 2017-2026 Capital Plan may be authorized in the timeframe originally contemplated.

The 2017-2026 Capital Plan was developed and subsequently updated in 2019 using a comprehensive planning process and risk-based prioritization that considered asset condition, operational and revenue impact, threat assessment, customer service, regional benefit, and regulatory or statutory requirements and long-term affordability of the plan. The comprehensive planning process includes an annual assessment of the factors that impact the continuing operations of the Port Authority's facilities, such as contractual, municipal lease and other relationships, as well as regional needs, customer demands and industry specific business environments. These factors provide inputs to the Port Authority's integrated financial model, which is used to determine the capital capacity for the ten-year period and the size of the capital plan.

This capital capacity is allocated to the various projects under consideration using a comprehensive risk-based approach. In determining funding allocation, the first priority is to ensure sufficient funds to deliver the projects that are currently in construction. Next, funds are allocated to maintain assets in full operational capacity and provide for projects required by law or for security purposes. Funds are allocated next to provide for projects that will restore and fortify assets damaged by Superstorm Sandy, and finally to other high priority projects that will expand and improve critical transportation assets.

As a consequence of these planning activities, the 2017-2026 Capital Plan was developed to provide for spending to (1) renew Port Authority assets to maintain them in a state of good repair, so that the Port Authority can continue providing infrastructure that is efficient, reliable and safe ($10.3 billion); (2) expand capacity, improve connectivity and advance the region's transportation needs ($14.2 billion); (3) restore infrastructure that was damaged by Superstorm Sandy and enhance storm resiliency at Port Authority facilities (including debt service support for the Gateway Program), in partnership with federal and regional entities ($4.6 billion); and (4) deliver projects that are currently under construction ($7.9 billion). From a facilities perspective, the 2017-2026 Capital Plan provides $16.4 billion for aviation projects, $10 billion for tunnels, bridges and terminal projects, $5 billion for PATH projects, $1.1 billion for Port projects, and $1.8 billion for World Trade Center site projects, with the remaining $2.7 billion for debt service support of the Gateway Program.

In connection with adoption of the 2017-2026 Capital Plan, the Board of Commissioners mandated certain additional oversight requirements. At least every two years the Board of Commissioners is to reassess the 2017-2026 Capital Plan in light of then-current information as to capital capacity and the progress of capital projects, and determine whether there will be sufficient resources to: (1) invest in projects during the remaining period of the 2017-2026 Capital Plan at roughly the pace and the cost that has been planned, and (2) fund necessary expenditures in the subsequent ten-year period. If the Board of

Commissioners cannot make this determination, it is required to modify the 2017-2026 Capital Plan to ensure that these two conditions can be met and to maintain a balanced plan.

In addition, the Board of Commissioners directed Port Authority staff to enhance its "gates" management process for determining when construction may begin on a given capital project set out in the 2017-2026 Capital Plan. This process shall include, among other things, consideration of the revenue-generating potential and capital capacity impact of the capital project; the relative priority of the project; and the overall capital capacity of the Port Authority. The enhanced gating process provides natural break points in a project's life cycle, to either continue or modify a specific project.

Gate 1 occurs during planning authorization, and ensures proper project definition, scoping and prioritization. Gate 2 occurs during project authorization and ensures the appropriate level of project development (cost, schedule and scope), and validation of available capacity prior to proceeding to final design. Gate 3 occurs during contract authorization and ensures project compliance with existing budget and authorization, and validation of available capacity prior to proceeding to construction phase. If in the Board of Commissioners' judgment there is not sufficient capital capacity to complete a project, or other priorities arise, then: (1) construction shall not begin; (2) other projects shall be deferred, eliminated, or modified to the point that there is sufficient capital capacity, at which point construction may begin; or (3) the Board of Commissioners shall consider other fiscally-prudent alternatives, taking into account such factors as revenues, expenses, and anticipated project costs.

In determining whether there is sufficient capital capacity, consideration is given to steps to reduce expenses ("Savings"), as well as to projected revenue increases and anticipated receipt of proceeds from either third-party grants or monetization of Port Authority assets (collectively, "Additional Funding"), but only to the extent that such Savings and Additional Funding are, in the judgment of the Board of Commissioners, highly likely to be realized. The Port Authority's 2019 reassessment and adoption of modifications to the 2017-2026 Capital Plan described below was undertaken pursuant to this process.

Biennial Reassessment of the 2017-2026 Capital Plan

In 2018-2019, the Port Authority undertook its first biennial process to reassess the 2017-2026 Capital Plan, as directed by the Board of Commissioners (see "*2017-2026 Capital Plan*" in this Section II). In connection with its review, the Board of Commissioners found that the two conditions for maintaining a balanced plan had been satisfied and that certain additions and modifications to the 2017-2026 Capital Plan as originally approved, were warranted, increasing the Capital Plan on September 26, 2019 to a total of $37 billion and authorizing certain additional revenue collection to fund a portion of the increases.

In the COVID-19 Period, the Board of Commissioners considered the 2017-2026 Capital Plan in the context of available net revenues and available capital capacity and reevaluated individual projects including spending estimates and the timing thereof. The Board continues to evaluate the extent to which and how the 2017-2026 Capital Plan and the timing of post-2023 capital spending should be modified. See "*APPENDIX A—Financial Statements as of and for the Years Ended December 31, 2023 and December 31, 2022 and Appended Notes*" attached hereto. In March 2023, in order to address significant increases over prior capital cost estimates for certain projects (driven in part by the impacts of the COVID-19 pandemic and inflation), the Board also reallocated certain planned project funding in accordance with available net revenues and available capital capacity. See "*Operations – Operating and Construction Costs*" in Section II hereof.

Proceeds of Bonds, Notes and Other Obligations

Periodically, in connection with the Port Authority's capital program projections, the Board of Commissioners adopts resolutions which authorize the sale of bonds, notes and other obligations by the Port Authority. The proceeds of such bonds, notes or other obligations are authorized to be used for any purpose for which at the time of their issuance the Port Authority is authorized by law to issue its bonds, notes or other obligations. Such purposes include capital projects at Port Authority facilities and refunding Port Authority obligations. In November 2022, the Board of Commissioners approved the Special Obligation Institutional Loan Program, which provides for alternative debt instruments to borrow funds from financial institutions (generally for shorter duration than its Consolidated Bonds), the repayment of which are special obligations of the Port Authority, and are subordinate to the Port Authority's Consolidated Bonds (see "*Special Obligation Institutional Loan Program*", in Section III herein).

Limitations on Variable Interest Rate Obligations

It is the current policy of the finance department of the Port Authority to limit the issuance of variable interest rate obligations to a total aggregate principal amount not in excess of 20% of the total aggregate principal amount of all of the Port Authority's outstanding obligations (excluding Special Project Bonds and Port Authority Equipment Notes). As of September 18, 2024, variable rate obligations outstanding were approximately 1.79% of such total aggregate principal amounts (including the Bonds in such total aggregate principal amounts).

Investment Policies of the Port Authority

The investment policies of the Port Authority are established in conformity with the agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. (See Note A(3)(k), Note C and Note E in Appendix A hereto.)

Operations

Natural Hazard and Climate Risk Mitigation Activities

Many of the Port Authority's facilities are located in or proximate to low-lying coastal areas including, in some instances, federally-designated flood hazard areas. The risk of flooding at these facilities may be exacerbated by future sea level rise.

In October 2012, Superstorm Sandy disrupted Port Authority activities at the airports, bridges and tunnels, marine terminals, World Trade Center site, and the PATH system. Most Port Authority facilities were affected to varying degrees by wind, storm surge, and power outages. The PATH system sustained the greatest damage, with significant flooding at several stations, under-river tunnels, tracks, and substations. All of the Port Authority's facilities returned to full operation, with the disruption in service, for the most part, lasting less than a week. The Port Authority took immediate action after Superstorm Sandy and developed a program of priority protective measures to protect impacted facilities prior to the following hurricane season, while also mobilizing an agency-wide program of recovery and hazard mitigation projects to build back more resiliently. Almost all of the full program of Superstorm Sandy projects is scheduled to be completed by 2026. The remaining projects are two PATH projects that will require temporary closure of certain tracks, which are expected to be completed by 2031 and 2033. The current estimate of the repair costs due to Superstorm Sandy, including service restoration, asset repair and replacement, and lost revenue due to business interruption, is approximately $3.0 billion, of which approximately $2 billion has been incurred to date. Insurance coverage and federal disaster relief funds will substantially cover the Port Authority's estimated loss from Superstorm Sandy.

The Port Authority has also experienced short-term impacts from rainfall-driven flooding. Most notably, in September 2021, significant rainfall intensities associated with Hurricane Ida caused widespread flooding of transportation networks and infrastructure in the New York and New Jersey region. Due to a combination of operational preparedness, flood resilient design, and a storm track that skirted some facilities, the Port Authority avoided significant impacts. However, Teterboro Airport was closed for 32 hours due to the overwhelmed drainage system and resultant flooding of the airfield, although as an airport generally serving private aircraft rather than scheduled commercial flights, the impact on Port Authority operations and revenue was limited. Additional mitigation measures may be required over time to maintain Teterboro Airport's full functionality.

Particularly since Superstorm Sandy, the Port Authority has undertaken various actions to mitigate the risk of flooding or other storm related damage at its facilities. A site-wide comprehensive flood hazard mitigation plan was developed for the World Trade Center site that utilizes three rings of flood protection for transportation facilities, critical infrastructure, and other facilities at the World Trade Center site. Most of the permanent flood protection measures at the World Trade Center site have been installed and are available for operational deployment; the balance are expected to be completed in 2026. The Port Authority has initiated, and in many cases completed, projects to mitigate the risk of storm surge flooding at several other facilities, including: (i) installation of flood gates at PATH stations, implementation of flood mitigation procedures, and elevation of PATH signal equipment; (ii) Holland Tunnel enhanced flood protection for the tunnel's portals and vent buildings; (iii) enhanced resiliency of key airport terminals and critical support buildings, enhancement of drainage and pumping capacity, and elevation of substations and other electrical infrastructure at Port Authority airports; and (iv) reconstruction of eroded/degraded upland areas at Port Authority ports and terminals.

Since 2010, the Port Authority has implemented procedures to assess and quantify risks associated with certain natural hazards and the resultant costs that Port Authority facilities may incur. The risk assessments were supplemented in 2015, 2018 and 2023 with more in-depth probabilistic assessments of cyclones and surge inundation resulting from them, which were identified as the hazard having the greatest potential costs to the Port Authority.

Beginning in 2015, the Port Authority has implemented Climate Resilience Design Guidelines (updated 2018), which require assessment and mitigation of risks due to future sea level rise in the design process for all Port Authority capital projects in or proximate to current or future coastal flood hazard areas, using projections issued, and updated periodically, by the New York City Panel on Climate Change. Compliance with the Guidelines has also been required for major capital projects undertaken by third parties as part of the JFK, LaGuardia and Newark Airport redevelopments.

Despite the efforts described above, the magnitude of the impact on the Port Authority's facilities and operations from climate change is indeterminate and unpredictable. Extreme weather and climate-related events have negatively affected, and may in the future negatively affect, the region's infrastructure, including the facilities of the Port Authority. No assurance can be given that the Port Authority will not encounter extreme weather, climate-related and natural disaster risks in the future, or that such risks will not have an adverse effect on the facilities, operations or financial position of the Port Authority.

Environmental Sustainability Policy and Initiatives

The Port Authority's operations require it to make long-term investments in its facilities and to focus on concomitant long-term threats to enjoying the benefits of the facilities for their useful lives. A scientific consensus now exists that climate change as a result of human greenhouse gas (GHG) emissions may present such a threat, resulting in climate risk as described above. In addition, GHGs are often associated with criteria pollutants, such as NOx, SOx and particulate matter which may have health effects. Therefore, building on older Port Authority policies, on November 18, 2021, the Port Authority adopted enhanced GHG emissions reduction goals.

With respect to its direct GHG emissions (those which it produces through its operations), the Port Authority's goal is a reduction of 50% by 2030 when compared to a 2006 baseline. This new GHG reduction target is in addition to the Port Authority's existing interim GHG reduction goal of 35 percent by 2025, set in October 2018. The 2021 Port Authority GHG reduction goals would reduce the Port Authority's direct emissions through facility-wide sustainability initiatives in the areas of electrification, renewable energy, and sustainable buildings/energy efficiency. In addition, the Port Authority adopted a goal to achieve net-zero GHG emissions related to all Port Authority operations by 2050. In September 2023, the Port Authority released to its website, the "Net-Zero Roadmap," a plan intended to achieve those goals.

More information regarding the Port Authority's sustainability goals can be found in the section entitled "*Environmental, Social and Governance Considerations*" below in this Section II.

Operating and Construction Costs

As the Port Authority's individual facilities age, it is expected that their respective operating costs will continue to increase and that there will be an increasing need for capital investment for the redevelopment, renovation or rehabilitation of existing and additional facilities in order for the Port Authority to continue to maintain appropriate levels of service. Both construction costs and operating costs for Port Authority facilities are subject, among other items, to the effects of national and regional economic conditions (including periods of inflation and periodic supply chain limitations) and the nature of governmental regulations with respect to transportation, security, commerce, energy and environmental permits and approvals and environmental impact analyses. Port Authority operating revenues are also subject to the effects of national and regional political and economic conditions, pricing cycles and external events, such as fuel availability and costs, labor and equipment costs and preventative security measures to address a variety of threats. Port Authority operating revenues and capital requirements may also be affected by enacted or proposed reductions in various federal programs.

Since late 2020, the Port Authority has experienced significant increases in its projected costs for construction programs, especially for large projects due to, among other things, an economy-wide increase in inflation, extraordinary increases in the cost of certain construction materials and relative aversion to excessive economic risk on the part of some large contractors. The Port Authority has offset any increased costs through value engineering efforts, by reducing project scope or otherwise deferring or reducing spending on other capital projects. For example, in March 2023, the Board of Commissioners reauthorized the JFK Redevelopment Program (including its replacement of Central Terminal Area roadways and related infrastructure) to approximately $3.9 billion from $2.9 billion (see "*Air Terminals—John F. Kennedy International Airport*" in this Section II). The agency currently expects that it will also face significant increases over the original $2.05 billion estimate for the AirTrain Newark project (see "*Air Terminals—Newark Liberty International Airport*" in this Section II).

Certain Information with Respect to Security and Safety Initiatives at Port Authority Facilities

The Port Authority Security Department, headed by its Chief Security Officer, provides centralized control over all Port Authority security functions, programs, resources and personnel, including the Port Authority Police Department. Current initiatives include enhancements to Port Authority security operations, and improvements to the monitoring and protection of Port Authority infrastructure, in certain cases pursuant to the requirements of federal legislation or to maintain Port Authority facilities in light of increased threat levels created by geopolitical events. The implementation of these security initiatives has involved additional capital and/or operating costs to the Port Authority and may continue to do so. Certain of these costs have been reimbursed through various federal programs. In 2023, Port Authority Police Department officers began using body-worn cameras.

These activities are often undertaken in conjunction with federal, state and local law enforcement agencies and emergency service providers. For example, pursuant to the terms of the Aviation and Transportation Security Act, the Transportation Security Administration has responsibility for civil aviation security, including day-to-day federal screening operations for passenger air transportation, and provides federal passenger and baggage screening staff and under the direction of a federal Security Director at JFK Airport, LaGuardia Airport and Newark Airport. Emergency response is coordinated with the participation of regional mutual aid resources. In addition, a designated cadre of Port Authority police officers dedicated to aircraft rescue and firefighting has been assigned to JFK Airport, Newark Airport, LaGuardia Airport and Teterboro Airport in accordance with federal regulation.

In addition to law enforcement and emergency response resources, the Port Authority's Chief Health and Safety Officer leads an office proactively overseeing the Port Authority's safety management, employee health and safety, and compliance operations and investigating accidents as they occur.

Cybersecurity

The Port Authority relies on a complex technology environment to conduct its operations. As a provider of critically needed transportation services, the Port Authority faces multiple cyber threats, including among other things, malware, denial-of-service attacks, business email compromise and other attacks on computers, corporate business applications, industrial control systems, and other sensitive networks and systems which could impede the Port Authority's operations. To mitigate the risk of cyber incidents targeted at its own systems, the Port Authority deploys a cybersecurity plan, containing a broad array of cyber defenses, developed over time, which is continuously reevaluated and updated. Given ever-evolving security risks, the cybersecurity plan has been the subject of review by leading experts engaged from time to time to ensure awareness and implementation of the latest best practices. Nonetheless, the Port Authority is aware of access attempts made from time to time, and no assurances can be made that its defensive measures and controls will be successful in guarding against all cyber attacks. Successful attacks could seriously damage important Port Authority digital assets and necessitate costly remedial actions.

As part of ongoing efforts to mitigate Port Authority systemic information services risk, the agency also considers the effect on its facilities of cyber incidents occurring in digital systems operated by third party vendors and facility users at our facilities. For example, although the recent CrowdStrike configuration update which triggered outages of certain Microsoft devices on July 19, 2024 did not directly affect Port Authority computer systems, it resulted in significant disruption at Port Authority ports and airports including cancellation or delay by airlines of hundreds of flights and slowdowns in federal customs processing of international passengers, while airline and governmental CrowdStrike customers were required to reconfigure critical systems.

A cyber attack in late July on a vendor's system also impacted Port Authority's ability to issue or refill legacy fare payment cards for PATH transit fares for a day. Existing payment cards with stored value and "tap and pay" through the new contactless fare payment system (TAPP) remained available and disruptions and lost revenue were minimal. The vendor's forensic analysis concluded that customer payment card information was not compromised in these events and no other Port Authority systems were affected.

While it is not possible to eliminate all risk of cyber attacks on third parties which threaten our operations, the Port Authority conducts an analysis of new contracts with parties that have access to Port Authority digital assets or who use technology to provide a critical service to the Port Authority to determine the operational risk they pose; when persistent high risk is assessed, the Port Authority requires cybersecurity insurance. Such contracts also require the counterparties to submit to audits of compliance with the Port Authority's cybersecurity standards. In addition, all vendors and systems which store, process, or transmit credit card data are required to comply with the latest PCI-DSS (Payment Card Industry-Data Security Standard).

In 2023, the Transportation Security Agency ("TSA") released updated regulations that require TSA-regulated entities to develop an approved cyber implementation plan that describes measures being taken to improve cybersecurity controls and resilience, to prevent disruption and degradation to critical infrastructure. In compliance with TSA requirements, the Port Authority drafted cybersecurity plans designed to protect systems and equipment in the event of a cybersecurity incident, and to report events should they occur, and submitted the plans to the TSA for approval. The Port Authority coordinated compliance with its airport terminal operators who are also required to submit plans.

In February 2024, the United States Coast Guard released proposed regulations which would set minimum cybersecurity requirements to safeguard and ensure the security and resilience of the marine transportation system in the face of threats from ship-to-shore cranes manufactured in China with advanced automated control and communications systems. Regulated port facilities like the Port Authority's would be required to develop and maintain a cybersecurity plan designed to protect systems and equipment in the event of a cybersecurity attack, and to report events if they occur. The Port Authority is reviewing the proposal and expects to coordinate compliance with tenants at its ports.

On April 4, 2024, the Cybersecurity and Infrastructure Security Agency ("CISA"), an agency of the U.S. Department of Homeland Security, issued proposed regulations under the Cyber Incident Reporting for Critical Infrastructure Act of 2022 ("CIRCIA") which would require expedited reporting of cyber incidents by "covered entities" (including operators of transportation infrastructure and governmental organizations) if such an incident jeopardizes the integrity, confidentiality or availability of information, or information systems. The public comment period on the proposed regulation has ended and a final regulation is expected to be promulgated by CISA in due course.

Insurance

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority's captive insurer, the Port Authority Insurance Captive Entity, LLC ("PAICE") (see "*Port Authority Insurance Captive Entity, LLC*" in this Section II). Most policies are renewed annually and therefore will expire in the period October 27, 2024 through June 1, 2025, except as otherwise noted below.

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities covers all Port Authority facilities, excluding the World Trade Center[1] (except for the area of the PATH station inside the fare zone). Portions of the property damage and loss of revenue insurance program on the Port Authority facilities are insured through PAICE and largely reinsured through commercial reinsurers.

Property damage and loss of revenue insurance on the operating portions of the World Trade Center and related infrastructure is provided in a separate program. Portions of the property damage and loss of revenue insurance on the operating portions of the World Trade Center are insured through PAICE and largely reinsured through commercial reinsurers.

The Port Authority also purchased property terrorism insurance with respect to all Port Authority facilities for a two-year term, effective June 1, 2023. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA")[2] and commercial reinsurers.

Public Liability Insurance Programs

The Port Authority's public liability insurance programs include general liability and worker's compensation coverage for Port Authority facilities and components of the World Trade Center and insurance for aviation war risk for aviation facilities.

Terrorism insurance with respect to the public liability insurance programs is insured through PAICE and reinsured through TRIPRA and commercial reinsurers. The terrorism insurance policy was renewed effective October 27, 2023 and expires October 27, 2025.

The Port Authority also carries terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, chemical, biological, or radiological material for all Port Authority facilities. The program is insured through a combination of PAICE, commercial reinsurers and TRIPRA and was renewed effective October 27, 2023 and expires October 27, 2025.

Construction Insurance Programs

The Port Authority maintains a rolling Owner Controlled or wrap-up insurance program for all Port Authority-operated facilities under construction (excluding the World Trade Center), which was renewed effective June 1, 2023 and expires June 1, 2026, including builders' risk, general liability insurance, and statutory workers' compensation coverage. PAICE provides portions of the general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

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[1] The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority's Tower 4 leased space), the Tower 5 site, the World Trade Center Memorial/Museum, the St. Nicholas Greek Orthodox Church and National Shrine, the Performing Arts Center at the World Trade Center and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

[2] Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least $200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of $100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

The Port Authority maintained a standalone Owner Controlled insurance program for construction of Terminal A at Newark Airport, which includes builders' risk, general liability insurance, and statutory workers' compensation insurance provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance. This policy expired by its terms in March 2024 and was not renewed, as the construction of Terminal A at Newark Airport is complete.

Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism, including nuclear, chemical, biological, and radiological terrorism, under the Port Authority's public liability, and property damage and loss of revenue insurance programs. PAICE also covers the Port Authority's Owner Controlled insurance program and non-terrorism property and loss of revenue insurance programs for all Port Authority facilities, including the World Trade Center.

The Port Authority expects to be able to replace each category of its insurance coverage described above as it expires with insurance providing substantially similar coverage, although premium costs, or self-insured retentions may vary or materially change over time driven by market factors and episodic changes in Port Authority loss levels occurring from time to time. There can be no assurance that the insurance coverage reasonably available to the Port Authority will provide coverage in every eventuality.

Environmental, Social and Governance Considerations

The Port Authority develops regional transportation, terminal and other facilities of commerce and following completion, operates and maintains them for the public benefit, while prudently planning to meet existing and foreseeable risks to its mission. Meeting that mission includes working with a broad group of relevant stakeholders, including facility users and others affected by the Port Authority's operations, and balancing current needs with the foreseeable longer-term consequences of its activities. To that end, the Port Authority seeks to address the concerns of the broader community in which it operates to the extent it is prudently able to do so consistent with legal and financial constraints.

Land Use, Environmental Concerns and Sustainability Efforts[3]

Availability in the Port region of real property sites for infrastructure use is limited and urban density and overlapping resource use for multiple purposes is common. The Port Authority must comply with a wide variety of federal and state regulations and typically seeks to maintain existing facilities in use while they are redeveloped. These challenges require the Port Authority to conduct careful planning in its operations and assess foreseeable risks to the use of its facilities, based on application of scientific consensus.

[3] Scientific information relating to climate change and its effects is sourced from material made available by the New York Department of Environmental Conservation found at this link: https://dec.ny.gov/environmental-protection/climate-change/effects-impacts. Additional information for New York City can be found at https://climate.cityofnewyork.us/initiatives/nyc-panel-on-climate-change-npcc/.

Resilience Efforts. Of particular concern are climate change-driven risks as discussed in "Operations — *Natural Hazards and Climate Risk Mitigation Activities*". According to New York State Department of Environmental Conservation ("NYSDEC"), increase in average temperature and increased precipitation are predicted in the Port region over the coming decades, with increasing weather variability projected. Currently however, the most pronounced physical climate risk is the already-observable rise in coastal sea levels. NYSDEC estimates that in New York City, sea-levels will rise between 2 and 10 inches this decade, alone. Sea level rise can also be exacerbated by increased frequency or intensity of future storms. Since 2015, the Port Authority has broadly implemented its Climate Resilience Guidelines (available at https://www.panynj.gov/port-authority/en/about/Environmental-Initiatives.html) to mitigate the effects of climate change on its facilities even as climate change increases the frequency and intensity of natural hazards. The Guidelines incorporate climate change projections prepared by the New York City Panel on Climate Change into the full range of Port Authority engineering and architectural design standards, as a supplement to applicable building code requirements. Ongoing Port Authority facility redevelopment efforts provide opportunities to integrate resilience into facility-wide planning, rather than as an afterthought in the design process.

Although the Port Authority believes it prudently plans for the effects of climate change on its operations, there can be no assurance that additional or different risks will not affect operations in the future.

Efforts to Reduce Greenhouse Gas Emissions. In addition to climate risks at its own facilities, the Port Authority seeks to responsibly conduct its operations to reduce the greenhouse gas impact of its facilities on the region and to lead by example to more broadly influence other infrastructure operators.

The Port Authority operates transportation infrastructure across the region which often involve use of transportation fuels which burn hydrocarbons, including vehicular fuels for cars and trucks, jet fuel for aircraft and oil for diesel equipment. The agency's use of fossil fuels is limited relative to third parties using its facilities, but the Port Authority has nonetheless taken steps to moderate third party use where it believes alternatives are available, with a stated goal of having net zero fossil fuel emissions at its facilities by 2050, in alignment with goals set by the Biden Administration. In September 2023, the Port Authority released a "Net-Zero Roadmap," a plan comprised of more than forty actions intended to achieve both its near-term emission reduction goals and its 2050 goal of net-zero carbon emissions. The net zero goal is expected to be achieved in collaboration with the Port Authority's facility users, including airlines, terminal operators, concessionaires, ground transportation companies, construction companies, and electricity suppliers, among others, and will seek to take advantage of governmental programs providing incentives to decarbonize operations. Projects undertaken to effectuate the Net-Zero Roadmap must be individually authorized by the Board of Commissioners upon consideration of their costs and available capital capacity.

The Port Authority is undertaking initiatives across its operations with a goal of reducing GHG emissions. To support the reduction of emissions at its airports, the Port Authority has adopted rules concerning the phased replacement of certain types of fossil-fuel powered ground support equipment with zero-emission models. Similarly, the Port Authority has adopted rules and regulations that govern its marine terminal facilities that establish the first phases of a multi-year program to transition all material handling equipment to electric-powered equipment or, if not yet available, to the cleanest diesel engine specifications available.

The Port Authority has set goals for electrifying its non-emergency response light duty vehicle fleet by 2028 and transitioning 50 percent of its medium and heavy-duty fleet by 2035. Currently, the Port Authority operates a large electric bus fleet at its airports and seeks to opportunistically replace diesel and gasoline-powered vehicles with electric vehicles as efficient models become available. The Port Authority has made available public direct current fast chargers at JFK Airport and Newark Airport and intends to expand the availability of charging infrastructure at its facilities to advance electric vehicle adoption for fleet vehicles, taxis, for-hire-vehicles, private cars, and other facility users.

In addition, the Port Authority seeks to reduce its own greenhouse gas emissions by decarbonizing its energy use. The agency has completed a 1.34 MW solar rooftop facility at LaGuardia Airport and a 5 MW solar rooftop at Newark Airport. Construction of a 12-MW solar energy system (including 7.5 MW of battery storage) at JFK Airport began in April 2024.

The Port Authority has been recognized by the Airports Council International ("ACI") with all five of the Port Authority airports obtaining Level 3 ("Optimisation") Airport Carbon Accreditation. Level 3 accreditation acknowledges the Port Authority's efforts to cut GHG emissions at its airports and develop effective stakeholder engagement with tenants and customers leading to further reductions in emissions. The accreditation by ACI is overseen by an independent advisory board and is the only globally recognized environmental standard for airports.

The Port Authority also seeks to support New York and New Jersey efforts to decarbonize their electricity sources by purchasing renewable energy credits.

Engagement with Neighboring Communities and Regional Stakeholders

Many of the Port Authority's facilities are located in communities with disproportionally low-income or underrepresented populations and the Port Authority seeks to assure fair treatment and meaningful involvement of those residents in its operations in accordance with federal and state law and its own practices. The agency regularly engages with local community members to communicate and educate about the Port Authority's capital projects and facility operations.

The Port Authority seeks to maintain good relations with local elected representatives in the communities in which its facilities are located and has established formal mechanisms for review of its activities under its marine and air terminal lease with the City of Newark and its municipal air terminal lease with New York City. Community stakeholders also participate in community councils, such as the PATH Riders Council, the Port Authority Bus Terminal Advisory Council, the Community Advisory Council for the JFK Redevelopment Program and other community initiatives established for LaGuardia Airport and Newark Airport.

All of these efforts provide a basis for extensive outreach when the Port Authority seeks to engage in new development. In 2021, the Port Authority updated it Environmental Justice Guide which explains how consideration of community concerns can enhance project planning and delivery. An Environmental Justice Executive Review Board conducts an impact analysis of all significant construction activities and seeks to develop mitigation for any disproportionate impacts on the surrounding communities (unless similar analyses are conducted under state or federal environmental reviews).

In accordance with requirements of federal agencies (including the administrative agencies in the Department of Transportation) and New York and New Jersey state agencies, if applicable, the Port Authority typically conducts public information workshops, briefings and/or meetings to explain its more impactful projects and to respond to questions and address potential concerns during its planning processes for new projects. Such sessions are held both during working hours and in the evenings at convenient community locations (or conducted virtually) and are preceded by compliant notifications in publications, on relevant websites, through other traditional methods in social media, and through community partner organizations. In planning for new projects, the Port Authority would expect to mitigate adverse impacts imposed on surrounding communities.

Important Social Factors in the Operation of the Port Authority

Underrepresented Groups and Local Hiring and Business Opportunities. The New York-Newark-Jersey City, NY-NJ-PA Metro Area is both majority female and people of color (ACS 2020) and the Port Authority has established programs to make employment opportunities available on a non-discriminatory basis, as required by, and consistent with, federal and state law, to qualified candidates through local hiring efforts. The Port Authority also works to ensure that business opportunities to work with the Port Authority are available in accordance with state and federal laws, for local minority-owned business enterprises. The Port Authority's Office of Diversity, Equity and Inclusion leads these efforts.

Programs for Minority, Women-Owned, Small and Disadvantaged Business Enterprises, and Service-Disabled Veteran-Owned Businesses. The Port Authority has a long-standing commitment to promoting inclusive and sustainable economic development programs which are fully accessible by all participants in the Port Authority region who are willing and able to work with the Port Authority, particularly Minority/Women-owned Business Enterprises ("MWBEs") who may not have participated in the past. In February 2018, the Board of Commissioners adopted a goal of 30% MWBE (20% MBE and 10% WBE) participation across all procurement categories and in October 2019, the Board of Commissioners added a goal of 3% Service-Disabled Veteran-Owned Business ("SDVOB") participation. Furthermore, in August 2021, the Board of Commissioners approved a procurement effort to reduce disparities in utilization of MWBEs in Port Authority procurements compared to their availability in the area. This program enables the Port Authority to individually solicit qualified Port Authority-certified MWBE firms to participate in competitive procurements for construction, goods, and services, including professional services. This strategy which seeks to broaden the pool of vendors and contractors with which the Port Authority works, is employed for contracts of up to $2.5 million for construction solicitations and up to $1.5 million for all other solicitations.

Through a comprehensive Business Diversity program, the Port Authority also assists MWBE firms, as well as small and disadvantaged business enterprises and SDVOBs, to gain contracting opportunities through training in business methods and capacity building. Currently, there are approximately 8,700 firms which are certified to participate as Port Authority contractors and vendors under the Business Diversity program.

No Discrimination in Transportation Operation. The Port Authority is regulated in many of its activities by federal law. Under Title VI of the Civil Rights Act of 1964 ("Title VI"), "[n]o person in the United States shall, on the grounds of race, color or national origin, be excluded from participation in, be denied the benefit of, or be subjected to discrimination under any program or activity receiving federal financial assistance." It is the policy of the Port Authority that no person will be discriminated against with regard to the availability or quality of Port Authority transportation service on the basis of race, color, national origin, sex, age, disability/handicap, creed/religion, low income, Limited English Proficiency (LEP), or any other federally protected category under Title VI. Business availability or quality of transportation services, security, emergency services, information or assistance, fare structures, frequency of service, and access to transport on facilities provided by or directly operated by the Port Authority will not be determined based on any such category.

Port Authority Governance and Transparency

The Port Authority seeks to conduct its business activities in the public interest with integrity and transparency and to engage with its workforce in a forthright and equitable manner. Beginning in 2017, the agency instituted a series of initiatives to clarify its standards and to require the Board of

Commissioners, its employees and those it does business with, to ascribe to those standards. Certain other information regarding our Board of Commissioners can be found under "Management" above.

Public Meetings. The Port Authority has an obligation to solicit public participation and make its affairs known to members of the general public. In accordance with this obligation, meetings of the Board of Commissioners and its committees are open to the public consistent with the open meetings laws of the two States and advance notice is 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 are provided in advance of such meetings. Public meetings are traditionally held no fewer than 10 times per year, alternating at the Port Authority's offices in Manhattan and Jersey City. Members of the public have the opportunity to comment to the Board of Commissioners prior to action on items considered at a public meeting, and they regularly do so, on a variety of matters.

In addition to regular Board meetings, public hearings are held 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 may also be held on matters requiring public consideration upon the request of the Chairman of the Port Authority or any two Commissioners, one from each State.

Availability of Information. Minutes of meetings of the Board of Commissioners are publicly released following the expiration of the statutory gubernatorial veto periods of the two States and thereafter remain publicly available on the Port Authority's website. Meetings of the Board of Commissioners and its committees (other than meetings held in closed, executive session) are publicly broadcast, to the extent technologically feasible.

The Port Authority has determined that the public should have access to records of the Port Authority and has therefore established a Freedom of Information Code consistent with the freedom of information laws of the two States.

Business with Counterparties

The Port Authority conducts business with thousands of counterparties each year in the ordinary course of operations. A key component of its commitment to integrity is the activity of its independent Office of the Inspector General ("OIG") which works to keep the agency corruption-free. Through its Audit and Investigations divisions, the OIG detects, receives, and investigates allegations of fraud, corruption, waste, and abuse with respect to employees, or other individuals or organizations doing business with the Port Authority, who attempt to corrupt or unlawfully interfere with Port Authority operations. As part of its activities, the OIG conducts background investigations on contract counterparties before doing business with them and monitors the ethical commitments entered into by all vendors of the Port Authority.

Fair Employment Practices

The Office of Diversity, Equity and Inclusion and the Port Authority's Human Resources Department work together to serve the agency's employees by identifying and engaging with their diverse needs and interests. The Port Authority seeks to attract, engage, develop and retain a highly skilled and diverse workforce which reflects the regional community in which it operates.

The Port Authority is committed to providing equal employment opportunity for all employees and applicants regardless of race, color, religion, sex (including gender identity and sexual orientation), pregnancy, national origin, age, disability, genetic information, veteran status or any other federally protected category and any other nondiscrimination statutes that provide legal protection. Furthermore, in most cases, the Port Authority will consider an applicant notwithstanding the applicant's criminal conviction, reviewing all pertinent facts and circumstances. All employment decisions, including hiring and career progression, are required to be based solely on individual qualifications, job requirement, merit and business needs. This commitment is reflected in the Port Authority's Equal Employment Opportunity Policy and related Statement which are readily available to all Port Authority employees both in print and on its website. The Port Authority conducts Equal Employment Opportunity training for all new employees and for new supervisors or managers, generally within 90 days of their appointment.

The Port Authority prohibits its employees from bullying and engaging in workplace violence on the job. Each complaint is required to be investigated thoroughly and impartially and if the investigation reveals a policy violation, corrective matters are to be taken. Regardless of the investigation findings, the Port Authority prohibits any retaliation for reporting.

The Port Authority is committed to providing career opportunities to each employee, taking into consideration significant societal factors. The Port Authority implemented an agency-wide dialog on race dynamics in the wake of the George Floyd events in 2020 which remains ongoing. Based on the expansive discussions, the Port Authority determined to institute a formal program seeking to improve workplace culture, with a revitalized commitment to a respectful workplace, enhanced procedures for Port Authority Police Department actions involving the community and an emphasis on considering and tracking the success of its employees throughout their careers. In 2023, the Port Authority announced establishment of a permanent Workplace Equity Council comprised of its senior leaders, tasked with continuing to address these and similar issues.

Certain facilities of the Port Authority are described below in detail.

Interstate Transportation Network

The Port Authority operates all the interstate vehicular tunnels and bridges in the Port District which, together with the Port Authority Bus Terminal, PATH and the Trans-Hudson Ferry Service, constitute the Port Authority's interstate transportation network. Each of the tunnels and bridges accommodates both eastbound and westbound traffic. For purposes of efficiency and economy in collection, tolls are collected in the eastbound direction only. The Port Authority participates in the E-ZPass® Group, which currently includes various public agencies, including the Port Authority, and certain private toll operators in various states, including New York and New Jersey, in connection with the implementation of a regional electronic toll collection system.

The bridges of the Port Authority now in operation were constructed pursuant to the Federal Bridge Act of 1906 pursuant to which the Congress of the United States required that the tolls on bridges constructed thereunder shall be just and reasonable. The Federal-Aid Highway Act of 1987, which retained the just and reasonable requirement of the 1906 Act, has applied to tolls on Port Authority bridges. Pursuant to Port Authority policy, public hearings are held by the Port Authority prior to instituting or changing tolls (except for previously authorized changes), fares or other charges in connection with any of its vehicular tunnels and bridges or passenger rail facilities.

On September 26, 2019, the Board of Commissioners authorized certain adjustments to the schedule of tolls, fares and other fees at Port Authority facilities ("Revised Schedule"). The Revised Schedule incorporates the previously authorized CPI inflation adjustment for bridge and tunnel tolls, as well as changes to PATH's fare structure (see *"Railroad- The Hudson Tubes Facility" in this Section II)*, increases to AirTrain fares and new airport ground transportation access fees (see *"Air Terminals" in this Section II)*. The Revised Schedule also provides for a series of periodic increases to bus tolls through January 2026 and for bus tolls to thereafter be determined by the CPI inflation adjustment. Tolls at the Port Authority's vehicular crossings will be adjusted annually by the CPI inflation adjustment beginning in January 2024.

Cashless toll collection is in effect at all of the Port Authority's vehicular crossings. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza, but may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), increasing opportunities for toll evasion and requiring additional collection efforts for customers that do not hold E-ZPass® tags and therefore are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling, but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

Manhattan Congestion Pricing Initiative

In 2019, the State of New York enacted legislation providing for a charge to be made on all vehicular traffic entering Manhattan below 60th Street, with the proceeds to be used primarily to support capital improvements of New York City Transit by the Metropolitan Transportation Administration ("MTA") ("Congestion Pricing Initiative"). As ultimately approved in 2024 by the Board of the MTA, the Congestion Pricing Initiative would have charged $15 once per day for each automobile when it entered the "central business district" during peak travel periods (5:00 A.M. – 9:00 P.M. on weekdays and 9:00 A.M. – 9:00 P.M. on weekends), rising to $36 for each crossing for large trucks traveling at peak periods. Off peak tolls were to be 25% of on-peak charges. A toll credit of $5 for passenger cars (once per day) rising to $20 for each crossing for trucks was to be provided during peak periods, for vehicles entering the central business district from the Holland and Lincoln Tunnels. There was no toll credit for vehicles using the George Washington Bridge and subsequently entering the central business district. Toll collection was anticipated by the MTA to commence on June 30, 2024.

On June 5, 2024, the Governor of the State of New York announced her intention to pause the implementation of the Congestion Pricing Initiative. Future plans for the program have been the subject of intense public discussion and the Port Authority is closely following the matter at this time but cannot predict the ultimate resolution.

Prior to the halt on implementation, several lawsuits, including one pending in federal court in the District of New Jersey by the Governor of New Jersey challenged the adequacy of the review of the Congestion Pricing Initiative by the Federal Highway Administration under the National Environmental Protection Act ("NEPA"), which conducted an environmental assessment of the program and made a "Finding of No Significant Impact" ("FONSI"). The New Jersey case has been briefed and an initial ruling on summary judgment motions will be forthcoming. A June 2024 ruling on a similar challenge in the Southern District of New York rejected legal challenges to the program's environmental assessment.

In July 2024, in response to the pause, two lawsuits have been filed in New York Supreme Court challenging the Governor's action and requesting that the court require the Governor to reinstate the program. These cases are in the early stages.

Prior to the pause of the Congestion Pricing Initiative, the Port Authority anticipated that imposition of a new toll like the Congestion Pricing Initiative would put downward pressure on the number of vehicles using its Hudson River crossings. The analysis performed by an independent expert retained by the Port

Authority estimated that a proposed charging scheme similar to the tolling structure approved by the MTA Board could result in a reduction in 2024 gross operating revenues, annualized for a full year using the current toll rates, in the range of 0.6% to 1.3%.

If and when the Congestion Pricing Initiative is resumed, and the details of the Congestion Pricing Initiative are clarified, including any proposed changes in the tolling structure and the outcome of the litigation, the Port Authority will ask its expert consultant to update its estimates.

Holland Tunnel

The Holland Tunnel, which opened to traffic in 1927 and control of which was vested in the Port Authority in 1931, provides a traffic link under the Hudson River between Lower Manhattan and I-78 (New Jersey Turnpike Extension) and other New Jersey highways at Jersey City, N.J. Each of its two tubes consists of two traffic lanes.

Lincoln Tunnel

The Lincoln Tunnel, also a Hudson River crossing, connects midtown Manhattan in the vicinity of West 39th Street to the New Jersey highway system including I-95 (New Jersey Turnpike) via N.J. Route 495 at Weehawken, N.J. Each of its three tubes consists of two traffic lanes. The first tube of the tunnel was opened to traffic in 1937, with the second and third tubes opened to traffic in 1945 and 1957, respectively. Six lanes of traffic can flow at one time and the direction of the two center tube lanes can be varied to accommodate demand.

In recognition of the ongoing needs of the Port Authority's facilities for efficient transportation access and egress for goods and people, at its meeting on March 29, 2011, the Board of Commissioners authorized the effectuation of the Port Authority's participation, in cooperation with the New Jersey Department of Transportation ("NJDOT"), in the Route 1&9 Pulaski Skyway, Route 139 (Hoboken and Conrail Viaducts), Route 7 Hackensack River (Wittpenn) Bridge, and Route 1&9T (New Road) projects (collectively, the "Lincoln Tunnel Access Infrastructure Improvements"), on a basis consistent with the Port Authority's budget and capital plan. See discussion of Roadway Projects under "*SEC Settlement and Certain Other Matters*" in Section I hereof.

George Washington Bridge

The George Washington Bridge, which opened to traffic in 1931, is a fourteen-lane, two-level suspension bridge over the Hudson River joining upper Manhattan and Fort Lee, N.J. The bridge and its approaches provide connections via I-95 (New Jersey Turnpike), I-80 and other state highways in New Jersey to northern Manhattan, the Bronx and regional highway systems east of the Hudson River. The George Washington Bridge Bus Station is situated over the approach to the bridge (see "*George Washington Bridge Bus Station*" in this Section II).

Beginning in 2011, the Board authorized individual projects associated with the "Restoring the George" program. The approximately $2 billion restoration program is comprised of 11 projects that will provide for the rehabilitation, replacement and modernization of bridge assets to extend their useful life and ensure a state-of-good-repair to protect safety, mobility and revenue generating capacity of the bridge. The schedule for completing portions of the Restoring the George program may be protracted, consistent with state-of-good-repair standards, in accordance with the current review of the Port Authority's 2017-2026 Capital Plan (see "*Biennial Reassessment of the 2017-2026 Capital Plan*" in Section I hereof).

Bayonne Bridge

The Bayonne Bridge, which opened in 1931 over the Kill Van Kull, connects Bayonne, N.J., and Port Richmond, N.Y., on Staten Island. The bridge accommodates four lanes of vehicular traffic. On April 24, 2013 and December 7, 2017, the Board of Commissioners authorized a project to replace and raise the main span roadway and approach structures at the Bayonne Bridge as part of the Bayonne Bridge Navigational Clearance Program ("BBNCP"). The BBNCP increased the navigational clearance of the Bayonne Bridge to 215 feet, allowing for the passage of larger cargo ships. In June 2019, the BBNCP was substantially completed at a total project cost of approximately $1.6 billion.

Goethals Bridge

The Goethals Bridge, which opened in 1928 over the Arthur Kill, between Elizabeth, N.J., and Howland Hook, N.Y., on Staten Island, furnishes a direct connection between I-95 (New Jersey Turnpike) and I-278 (Staten Island Expressway).

Beginning in April 2013, the Board of Commissioners took action to advance the implementation and delivery of a replacement Goethals Bridge (the "Replacement Bridge") as a public-private partnership, at an estimated total project cost of $1.5 billion, comprised of costs of the design and construction of the Replacement Bridge, financing during construction and other construction-related costs, and certain Port Authority-funded project costs. On August 30, 2013, the Port Authority and a private developer entered into an agreement (the "Project Agreement") for the design, construction, financing and maintenance of the Replacement Bridge, a cable stayed bridge consisting of two spans, with a total of six twelve foot wide travel lanes, twelve foot wide outer shoulders, and five foot wide inner shoulders, that will improve safety, alleviate congestion, and accommodate future traffic growth. Funding for the Replacement Bridge was provided by the New Jersey Economic Development Authority through $460,915,000 in tax exempt private activity bonds, and a Transportation Infrastructure Finance and Innovation Act ("TIFIA") direct loan in the amount of $473,673,740 (excluding capitalized interest) from the United States Department of Transportation, acting by and through the Federal Highway Administrator, as well as approximately $106.8 million of project equity. The remaining $150 million needed for construction were contributed by the Port Authority, based on achievement of certain milestones (which were deemed timely met). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 ("Substantial Completion") and project completion, including the demolition of the existing bridge, occurred on December 31, 2018 ("D&C Completion"). The Project Agreement provided for operation and maintenance of the Replacement Bridge by the private developer for a thirty-five year term, ending in 2053 in return for a monthly "developer financing arrangement" availability payment ("DFA Payment") from the Port Authority, with the DFA Payments aggregating approximately $1.02 billion, subject to certain adjustments for non-compliance or lane unavailability. The Port Authority continues to operate the Replacement Bridge toll collection operation and receives all toll revenues. The Port Authority is also required to pay the private developer a monthly capital maintenance payment and a monthly operational maintenance payment, which are also subject to certain deductions for non-compliance by the private developer with the Project Agreement, and which are payable in the same manner as other Port Authority capital and operating expenses. The DFA Payments are a special obligation of the Port Authority, payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from net revenues (as defined below) deposited to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Project Agreement, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond

Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution. Payment of the DFA Payments is subject in all respects to payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund statutes. The Port Authority's payment of the DFA Payments is not secured by or payable from the General Reserve Fund. Additionally, the Port Authority's special obligation with respect to the DFA Payments does not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

In September 2021, the Port Authority and the developer entered into a final agreement for the closeout of the design and construction portion of the Replacement Bridge project, and each party released all related claims against the other.

Pursuant to the Project Agreement, the Port Authority retained the right to terminate the Project Agreement for convenience upon payment of all of the DFA Payments discounted at the rate of 13.8% (the "Discounted Fee"). The Port Authority is considering whether to terminate the Project Agreement and pay the Discounted Fee.

Outerbridge Crossing

The Outerbridge Crossing, which opened in 1928, spans the Arthur Kill between Perth Amboy, N.J., and Tottenville, N.Y., on Staten Island, and provides interconnections between I-95 (New Jersey Turnpike) and the Garden State Parkway via Route 440 to the West Shore Expressway, Richmond Parkway and I-278 (Staten Island Expressway), providing access to Long Island via the Verrazano Narrows Bridge. The bridge accommodates four lanes of vehicular traffic.

To strategize the long-term asset management and to maintain the Outerbridge Crossing in state-of-good repair, the Port Authority conducted a comprehensive condition assessment of the bridge, which assessment was completed in the second quarter of 2020 and identified certain priority repairs. Work on the priority repairs began in July 2022.

In February 2022, the Port Authority announced that the agency would conduct a study to explore the feasibility of widening and improving the traffic flow of the Outerbridge Crossing, which study is continuing with a goal of determining whether widening can improve traffic flows, reduce congestion and increase the bridge's useful life, with the results of this planning effort assisting development of future planning and project authorizations for full replacement or widening of the existing Outerbridge Crossing. Any program of repairs or redevelopment of the Outerbridge Crossing remains subject to Board authorization.

Port Authority Bus Terminal

The Port Authority Bus Terminal (the "Bus Terminal"), which occupies approximately one and one-half city blocks between West 40th and West 42nd Streets and between Eighth and Ninth Avenues in midtown Manhattan, one block west of Times Square, began operations in December 1950. The Bus Terminal has three bus operating levels and three automobile parking levels, and serves both commuter and long-haul intercity buses. The two upper bus levels have direct off-street ramp connections to the Lincoln Tunnel. The lower bus level has access to the Lincoln Tunnel via a connecting tunnel under Ninth Avenue, a street entrance on West 40th Street, and an exit on West 41st Street. The foundation of the North Wing, which was completed in 1981, was constructed to permit the development of a high-rise building in the air space above the North Wing.

On March 24, 2016, the Board of Commissioners committed, in establishing the Port Authority's 2017-2026 Capital Plan, to allocate funds for the construction of a new Port Authority Bus Terminal ("Midtown Bus Terminal Replacement Project" or "MBTR"), to be located on the West Side of Manhattan, in an amount sufficient to accommodate the anticipated future capacity needs of the new Port Authority Bus Terminal, with the understanding that no bus terminal will be built in New Jersey. In February 2017, June 2021, June 2023 and February 2024, the Board of Commissioners authorized an aggregate sum of $425 million for planning and engineering for MBTR and for supervision of that work.

In May 2019, the Port Authority issued a planning-level scoping document for public comment to advance the environmental review of the MBTR, and conducted a 120-day public outreach process, including public meetings, to solicit comment from elected officials in New York and New Jersey, the City of New York, neighborhood residents, other stakeholders and the public as part of the scoping process. On January 21, 2021, the Port Authority published the final scoping report, unveiling a new enhanced plan for the development of the replacement for the MBTR including bus storage and staging, open space, and development of real property, and providing for a nearly 30 percent increase in bus rider capacity. On June 4, 2021, the Federal Transit Administration ("FTA") began the federal environmental review process with respect to the MBTR, consistent with NEPA and FTA regulations, by publishing a Notice of Intent to prepare an Environmental Impact Statement ("EIS") based on the contents of the final scoping report. The Port Authority held virtual public scoping meetings in June 2021.

On February 1, 2024, the Port Authority announced the publication by the FTA of the draft EIS for the MBTR and released revised project plans in response to stakeholder feedback. The issuance of the draft EIS by the FTA, as part of the federal environmental review required under NEPA, was followed by a 45-day public comment period and public hearings. A final EIS is now being prepared with the expectation of FTA publication in the near future, together with the issuance of a federal record of decision expressing a determination on the proposal.

The estimated cost of the MBTR is $10 billion for full replacement of the existing terminal with a world-class facility including (x) a new 2.1 million square foot main terminal, (y) a separate storage and staging building and (z) new ramps leading directly into and out of the Lincoln Tunnel. The revised project plan reflects the objectives of local stakeholders and includes (i) a proposal for the permanent closure of a portion of 41st Street between Eighth and Ninth Avenues; (ii) added capacity to allow curbside inter-city buses that currently pick up and drop off on city streets surrounding the bus terminal to move their operations inside the bus terminal and off the streets; (iii) the creation, at the end of construction, of 3.5 acres of publicly accessible green spaces on Port Authority property by decking over the currently below-grade Dyer Avenue "cut" and building open space on top of the new deck-overs; (iv) new concessions and retail amenities that are street facing, as well as interior concessions and retail opportunities inside the bus terminal; and (v) the construction of significantly improved and attractive facades, enhancing the visual quality of the new bus terminal, including a unified central atrium entrance on 41st Street and Eighth Avenue. Phased work on MBTR will permit bus operations to continue throughout project construction.

Current MBTR plans provide for a phased build-in-place construction approach with the staging and bus storage facility to be built first, so that it can serve as a temporary terminal while the existing terminal is demolished and rebuilt. The temporary terminal and new ramps are estimated to be completed in 2028 and the new main terminal is estimated to be completed in 2032. The proposal avoided the taking of private property as it would be built on existing Port Authority property; however, the Port Authority has agreed that certain portions of the MBTR will undergo review under the City planning and uniform land use review procedure ("ULURP") and the Port Authority has begun that process with the Department of City Planning.

In July 2024, the Board of Commissioners authorized a project for the construction of the Dyer Avenue deck-overs ("Deck-Overs Project") as part of the MBTR at an estimated total project cost of $271 million (inclusive of approximately $10 million in previously authorized planning and engineering costs) and authorized the award of contracts for general construction services to deliver the Deck-Overs Project and for construction management services, which will be awarded in accordance with federal guidelines. Procurement processes are underway for construction and construction support services for the staging and bus storage facility and ramp structure project.

The cost of the MBTR is intended to be funded using a combination of Port Authority capital funds allocated under successive capital plans in effect during the construction period, capital funding from the proceeds of Consolidated Bond issuance and surplus net revenues and, possibly, the proceeds of a low-interest federal loan under the Transportation Infrastructure Finance and Innovation Act ("TIFIA"), to the extent the federal loan can be obtained on acceptable terms (which cannot be assured).

In order to support the MBTR project, the City of New York ("City") has entered into a non-binding Memorandum of Understanding with the Port Authority dated March 12, 2024 pursuant to which it would assess payments in lieu of real property taxes (PILOT payments) on certain Port Authority real estate developments not to exceed 6 million gross square footage in the aggregate, and then would allow the Port Authority to collect such PILOT payments for a 40-year period for each real estate development following completion of its construction, instead of the City doing so. The PILOT payments are anticipated to be from towers constructed using air rights over the new bus terminal which will be constructed as part of the MBTR and from development of an unrelated site in another area of Manhattan (which is in an early stage and may not come to fruition). The PILOT payments, if achieved in full, have an estimated net present value of $2 billion. Following the PILOT period, the PILOT payments would revert to the City.

The PILOT payments are speculative at this time as (x) the towers over the new bus terminal need to be developed, leased and constructed, and construction cannot begin until the new bus terminal is completed (currently anticipated in 2032) and (y) the remaining site development is in early stages and may not proceed. In either case, receipt of the payments is dependent on many factors outside the control of the Port Authority. As the amount and timing for any PILOT payments are ultimately dependent on market conditions and other exigencies, the Port Authority currently forecasts that it will provide all of the funding for MBTR.

George Washington Bridge Bus Station

The Port Authority owns the George Washington Bridge Bus Station (the "Bus Station"), a facility located in the Washington Heights section of Manhattan, and situated over the approach to the George Washington Bridge. The Bus Station provides bus terminal facilities to approximately 10,000 passengers currently traveling to and from upper Manhattan on a typical weekday. In addition, pursuant to a lease with a private developer entered into in 2011 and extending through 2060 with certain additional options to extend thereafter (the "GWBBS Lease"), new retail areas above the Bus Station were designed, constructed and opened to the public beginning in May 2017. Currently, the retail areas are substantially leased. In 2019, the private developer filed for bankruptcy protection, and following a court-supervised sale and subsequent assignment by the purchaser, the GWBBS Lease is now held by GWB Acquisition LLC and is required to operate the retail areas in accordance with the GWBBS Lease. A portion of the acquisition price was financed pursuant to a leasehold mortgage encumbering the lease pertaining to the retail areas.

Railroad — The Hudson Tubes Facility

The PATH system is an interurban rapid transit system with thirteen stations, including the World Trade Center Transportation Hub (see "World Trade and Economic Development—*The World Trade Center Transportation Hub*" in this Section II), and which operates between Newark, N.J., and New York, N.Y., including a spur to and from Hoboken, N.J. In 1962, the two States enacted legislation authorizing the Port Authority to undertake a port development project consisting of a World Trade Center and the Hudson Tubes, the interurban rapid transit system described above which was formerly operated by the Hudson & Manhattan Railroad Company. The legislation, as subsequently amended, also provides for certain Hudson Tubes extensions pertaining to passenger railroad facilities in the State of New Jersey, as well as a series of improvements to Pennsylvania Station in the City of New York, and to its railroad approaches from the State of New Jersey with a goal to better integrate passenger rail transit in the region. The legislation also provides for the Port Authority to acquire, rehabilitate and operate this rail transit property either directly or through a wholly owned subsidiary corporation.

The Port Authority Trans-Hudson Corporation was formed in May 1962 by the Port Authority, and on September 1, 1962, it acquired the Hudson Tubes railroad and equipment, including the former terminal buildings of the Hudson & Manhattan Railroad Company in Manhattan. Title to the Journal Square Station and related property was vested in the Port Authority Trans-Hudson Corporation in February 1970. The Commissioners of the Port Authority serve as the Directors of the Port Authority Trans-Hudson Corporation, and Richard Cotton is its President.

In its Certificate filed August 24, 1962 authorizing acquisition and operation of the Hudson Tubes by the Port Authority Trans-Hudson Corporation, the Interstate Commerce Commission stated in part that: "The Port of New York Authority is not a carrier under the provisions of the [Interstate Commerce] act and the effectuation of the proposed transaction by the Port Authority Trans-Hudson Corporation, a wholly owned subsidiary of the Port of New York Authority, will not make the Port of New York Authority a carrier under the act." Fares charged on PATH are not subject to federal regulation at the present time. PATH fares are indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from the last fare increase, would, when applied to the single ride fares, result in an adjustment of at least $0.25.

The Port Authority has made significant investment in the PATH system over the past several years, and is continuing to repair or replace critical infrastructure throughout the PATH system and renovate PATH stations. In June 2019 PATH announced its multi-year "PATH Improvement Plan" to increase in capacity across the system. The PATH Improvement Plan also sought (i) upgrades to some stations to allow longer trains to platform; (ii) transition from 8-car train operations to 9-car train operations during peak times on the Newark to World Trade Center line; and (iii) a new contactless fare payment system (the "Total Access PATH Payment", or "TAPP" system). To date, the required platform improvements have been completed, and 9-car operation during peak times began in March 2023 and will continue to be phased in to increase ridership capacity and to permit greater efficiency. The TAPP system pilot program was launched in December 2023. Turnstiles with tap and pay validators are available at all PATH stations, allowing passengers to pay their fares with the tap of a contactless debit or credit card, smartphone or wearable device. PATH has also purchased and placed into service 72 new rail cars. In November 2023, the PATH Board authorized an additional $230 million for a multiyear program for station maintenance and to maintain elements of the track system and the older rail car fleet in a state of good repair.

On April 27, 2017, the Directors of the Port Authority Trans-Hudson Corporation authorized a planning effort to support a project to extend the PATH system to the Newark Liberty International Airport Rail Link Station, which had been included in the 2017-2026 Capital Plan with an estimated total project cost of $1.7 billion, $700 million of which was anticipated to be funded by grants that were not secured. However, in light of the Board's approval in March 2023 of planning and preliminary design work for the "EWR Station Access Project" which provides access to New Jersey Transit and Amtrak trains at Newark Airport, the Port Authority announced that the PATH Rail Extension Project would be deferred to a future capital plan (see "*Air Terminals — Newark Liberty International Airport*" in this Section II). The EWR Station Access Project will be specifically designed to allow for the PATH Rail Extension Project in the future.

In 2023, PATH operated at a deficit (See Schedule D-2 and Schedule E in Exhibit A). It is anticipated that PATH will continue to generate annual operating deficits in future years. Port Authority revenues or reserves, including funds in the Consolidated Bond Reserve Fund and the General Reserve Fund, are available to pay deficits resulting from the cost of operations or debt service allocable to this facility subject to the requirements of the Consolidated Bond Resolution and the statutes and resolutions pertaining to the General Reserve Fund.

Trans-Hudson Ferry Service

Commuter ferry service, which commenced in October 1989, between Hoboken, N.J. (at a site adjacent to the New Jersey Transit Corporation's ("NJ Transit") rail and bus terminals and PATH's Hoboken station), and Battery Park City in Lower Manhattan (at a site adjacent to the World Financial Center), is provided by a private sector entity under various agreements with the Port Authority pertaining to such service.

From time to time, the Board of Commissioners has taken action in connection with the creation of new ferry service routes, operated by private sector entities under agreements with the Port Authority pertaining to such service, and the Port Authority has undertaken various ferry projects in the New York and New Jersey portions of the Port District to enhance interstate mass transit capacity.

2011 Tolls Litigation

An individual plaintiff instituted an action in September 2011 in the United States District Court for the Southern District of New York against the Port Authority and certain other entities of the States of New York and New Jersey seeking declaratory and injunctive relief stating that tolls collected and not used for purposes of the interstate transportation network could violate the Commerce Clause of the U.S. Constitution. The Port Authority disputes the plaintiff's allegations in this matter and is vigorously defending the Port Authority's position that the tolls schedule adopted by the Port Authority in 2011 does not violate the Commerce Clause.

Air Terminals

The Port Authority owns or operates five airports to serve the Port District. The airports have operated in the challenging environment created by the COVID-19 pandemic (when commercial air traffic was substantially curtailed), but the current activity volume at each airport has recovered to 2019 levels, and during 2024, reached record levels.

The Port Authority's airport revenues have historically been somewhat insulated against dramatic downturns in the aviation industry because they come from a variety of sources, including cost recovery based fees, charges for airport users, facility rentals and commercial activities at the airports, and federal funding. Commercial activities, primarily volume-based rentals and fees from concessionaires, are most sensitive to passenger volumes and were negatively affected by the dramatic reductions in passenger volumes experienced in the COVID-19 period. In addition, airport revenues may be affected, over time, by trends in the airline industry, the desirability of the New York metropolitan region as a destination, the nature of federal legislation, governmental regulations and judicial proceedings affecting the airline industry, including with respect to security, and national economic conditions.

Flight Fees. Airlines operating at JFK Airport, LaGuardia Airport and Newark Airport are required to pay cost recovery based fees to the Port Authority, as compensation for the Port Authority's ongoing design, construction, operation and maintenance of certain public aircraft facilities, calculated on the basis of the direct and allocated costs of constructing, operating and maintaining such public aircraft facilities and the weight of aircraft using the airport. Airlines pay flight fees pursuant to an agreement with the Port Authority ("Flight Fee Agreement") which contains provisions setting forth the relevant flight fee formulations and methodologies or, if no Flight Fee Agreement is entered into, under a rates and charges tariff promulgated by the Port Authority at each airport. The Port Authority most recently entered into new Flight Fee Agreements and a new corresponding tariff effective as of January 1, 2024 to remain in effect through 2034. The new fee arrangements include revised formulations and methodologies that are estimated to provide for higher cost recovery (and therefore higher annual revenues) to the Port Authority than the fees and charges in effect through December 31, 2023. These lower 2023 fees and charges were included in the 2024 Budget because the new higher amounts were not promulgated until after the 2024 Budget was adopted by the Board of Commissioners. Because the cost recovery is now expected to be higher, actual full year 2024 gross operating revenues are expected to exceed the amounts included in the 2024 Budget in an amount in the range of 1% of the total budgeted 2024 gross operating revenues (see "*Annual Budget*" in this Section II).

User Fees. In September 2019, the Board of Commissioners adopted certain toll and fare adjustments and other revenue initiatives, including a CPI based increase of the fares for AirTrain JFK and AirTrain Newark, as well as the establishment of a new Ground Transportation Access fee at JFK Airport, LaGuardia Airport and Newark Airport effective April 5, 2021. A CPI based $0.25 fare increase for each of AirTrain JFK and AirTrain Newark went into effect in March 2023. The Ground Transportation Access fee is $2.50 for all for-hire vehicles other than taxis (such as limos and app-based providers) for each pick-up and drop-off, and $1.25 for each pooled for-hire-vehicle pick-up and drop-off (where two or more paying parties share a single pre-arranged ride and pay separately), and $1.25 for each taxi pick-up. The fee for each taxi pick-up increased to $1.75 on April 5, 2023.

Facility Rents. The Port Authority permits a variety of commercial parties to design, construct and operate terminals at its airports, including terminals through which passengers access waiting airplanes, and cargo terminals. Rents include fixed ground and building rents as well as variable rents generally based on throughput volume, with guaranteed minimum payments.

Commercial Activities. The Port Authority also receives revenues for on airport vehicle parking and shares in a portion of the revenues earned at its airports for other concession-based operations including rental car operations, advertising, cargo operations and similar activities.

Federal Funding. The Port Authority expects to receive additional federal aviation-related assistance pursuant to the provisions of the Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Law ("BIL") signed in November 2021. The BIL provides annual grant funding for new airport infrastructure (the "Airport Infrastructure Grants") totaling $15 billion, to be allocated among U.S. airports based on enplaned passengers, in the period 2022-2026. In federal fiscal years 2022 through 2024, Port Authority airports received an aggregate allocation of approximately $389 million. The Airport Infrastructure Grants provide funding for projects that meet the eligibility requirements for the PFC program and the Airport Improvement Program administered by the FAA.

Beginning in 1992, the FAA has approved applications submitted by the Port Authority in connection with the imposition and use of passenger facility charges established under federal law ("PFCs") at LaGuardia Airport, JFK Airport and Newark Airport, and, as of May 17, 2010, at Stewart Airport, to be collected by the airlines on behalf of the Port Authority, and to be expended by the Port Authority for certain authorized projects of the Port Authority. Pursuant to federal law, both the collection and expenditure of the PFCs requires prior approval of the FAA and are restricted to PFC eligible projects. Most recently, in December 2023, the FAA approved a new impose and use application totaling $275 million for certain airside projects associated with Terminal A at Newark Airport and redevelopment of Terminal B at LaGuardia Airport.

In 2014, United Airlines, Inc. ("United") brought an action before the FAA under the Airport and Airways Improvement Act of 1982, as amended ("AAIA Action") claiming that the Port Authority's rates and charges (the Port Authority's "flight fees") for airlines at Newark Airport were not fair and reasonable. Following consideration of the claims, the FAA concluded in 2018 that the Port Authority's rates and charges at Newark Airport, which had applied a fixed overhead charge to direct cost recoveries, were not sufficiently transparent. The Port Authority modified its rates and charges in consensual agreements with Newark Airport airlines (including United) to provide for allocated overhead charges for different categories of direct costs, effective in 2019. In addition, the Port Authority agreed to modify its accounting systems to make available to the FAA more detailed information on its recoverable costs.

An order issued by FAA Associate Administrator for Airports ("Associate Administrator") in the AAIA Action in January 2021 (the "Order") required the Port Authority to propose a Corrective Action Plan for FAA approval which would require the Port Authority to confirm annually that it had not used revenues earned from airport activities for facilities it did not own or operate ("No Prohibited Payment Requirements"), which was submitted in July 2021 and accepted by the FAA in a settlement agreement described below entered into in July 2023 ("FAA Settlement Agreement"). Under the Order, the cost of facilities which are not owned or operated by the Port Authority would be allocated to the Port Authority's non-airport revenues and that the Port Authority could continue to use airport revenues limited to a statutorily authorized cap in support of its owned or operated facilities other than the airports ("Grandfather Limit"). Examples of facilities on which the Port Authority has expended funds but which would not qualify for application of airport revenues under the Grandfather Limit are the Gateway Program and the Lincoln Tunnel Access Infrastructure Improvements (see "*Interstate Transportation Network* – "Lincoln Tunnel" and "*Regional Development* – The Gateway Program" in this Section II.)

The Settlement Agreement is intended as a complete and final settlement of the AAIA Action and of all claims raised by any party in the AAIA Action, including, without limitation, any claims that the Port Authority may have (i) engaged in improper revenue diversion; (ii) charged unfair, unreasonable or unlawful rates and charges or (iii) committed any other wrongful act, in each case, without requiring the Port Authority to admit any such acts had occurred or imposing any penalty. The FAA agreed that the Port Authority had Grandfather Limit exemption rights, that there was insufficient evidence that its rates and charges methodology as described in the AAIA Action was unfair, unreasonable or resulted in overpayment by airlines at Port Authority airports, and that the Port Authority had made no prohibited payments from airport revenues in the audited period (2012-2021), because there was sufficient net revenue from the Port Authority's other business lines to cover those payments. The FAA also confirmed that the Port Authority was fully eligible to apply for and receive grants under the Airport Improvement Program and to apply to collect and use passenger facility charges, in each case as provided by statute.

The FAA Settlement Agreement requires the Port Authority (i) to forego the use of airport revenue except on its airports or in support of its owned or operated facilities and to confirm that it has done so by annually reporting that it has passed the No Prohibited Payments Requirements; (ii) to upgrade its accounting system to more easily trace charges allocated to airlines to Port Authority costs in accordance with the Port Authority's Flight Fee Agreements; (iii) to provide information related to airport revenue and rates and charges to the FAA and airlines at its airports within 60 days or as promptly as practicable, and (iv) to dismiss an appeal of the prior FAA orders which was pending at the United States Court of Appeals, District of Columbia Circuit. In the event that the Port Authority cannot show it has satisfied the No Prohibited Payments Requirements in any year, the FAA and the Port Authority agreed that they will jointly determine an appropriate method to provide a reasonable balancing payment mechanism to compensate the Port Authority Aviation line of business for any overage on a dollar-for-dollar basis over a reasonable period of time. The FAA Settlement Agreement also includes a list of types of expenditures which would not be prohibited because they were presumed to be in support of the Port Authority's owned or operated facilities.

The Port Authority does not expect that the settlement as provided in the FAA Settlement Agreement will adversely affect the security pledge arrangements for the Consolidated Bonds or otherwise negatively impact the Port Authority's ability to pay debt service on the Consolidated Bonds or to meet any current contractual obligations.

From time to time, Congress has formally considered the repeal of the Grandfathered Limit exemption provisions of the Airport Improvement Act. No such consideration is pending at this time.

Airport Runway Capacity and Slots

JFK, LaGuardia, and Newark Airports are identified by the FAA as capacity constrained – airports historically having more demand for runway operations than available capacity allows during certain peak-hours. To address this, the FAA limits operations during defined peak hours of operation. Both JFK Airport and LaGuardia Airport are designated as Level 3 airports under the International Air Transport Association (IATA) Worldwide Airport Slot Guidelines where demand significantly exceeds capacity. At Level 3 airports, the FAA allocates slots – advanced authorizations to either take-off or land at an airport on a particular day during a specified time – to limit scheduled air traffic during slot-controlled hours.

In October 2016, the FAA designated Newark Airport as a Level 2 schedule facilitated airport. Level 2 airports may have some periods when demand approaches one or more capacity limits. Level 2 airports do not have formal slot controls but remain subject to an advanced scheduling process for operations during specific hours, which is managed by the FAA and requires mutual cooperation of air carriers.

In March 2023, at the request of domestic air carriers, FAA waived its "use-it-or-lose-it" slot requirement by allowing carriers to voluntarily return up to 10% of flights scheduled at Newark, JFK and LaGuardia Airports (the "slot waiver"). Returned capacity will not be reallocated to other interested air carriers for the duration of the slot waiver period.

In its justification for the slot waiver, FAA cited Air Traffic Controller staffing shortages at the New York TRACON facility, also known as N90. N90 controls the flow of arrival, departure, and en-route traffic throughout the New York/New Jersey metropolitan airspace, the most complex and congested airspace in the nation. Since March 2023, FAA has subsequently extended the slot waiver multiple times, the most recent extension was issued in June 2024, which extends the slot waiver through October 25, 2025.

Certain Information with Respect to the Leases Relating to the Port Authority Airports and Other Related Matters

The Port Authority operates JFK Airport and LaGuardia Airport under a lease agreement with the City of New York and Newark Airport under a lease agreement with the City of Newark (which also covers Port Newark) and arrangements with the City of Elizabeth, each entered into in 1947 and amended and supplemented from time to time thereafter.

The City of New York and the Port Authority amended and restated the lease agreement in 2004 and, in 2021, the parties further negotiated an amendment providing for the extension of the term of such lease agreement for ten years, through December 31, 2060 ("Extension"). Under the lease agreement, annual rentals, which are payable in equal monthly installments, shall be equal to the greater of the minimum annual rental as described below or 8% of the Port Authority's gross revenues from JFK Airport and LaGuardia Airport for such year. Gross revenues include substantially all revenues arising out of JFK Airport and LaGuardia Airport, but exclude federal grants or monies received as a result of any federal statute, regulation or policy, such as PFCs and amounts used for airport security. Beginning in 2007, and every five years thereafter, the minimum annual rental is reset to equal 10% of average gross revenues at JFK Airport and LaGuardia Airport over the prior five year period, so long as such adjustment does not result in a lower minimum annual rental than was payable for the prior five year period. In addition to the foregoing payments, the Port Authority agreed to pay the City of New York in consideration for the Extension, additional supplemental rent payments of $5 million per year continuing through 2050 as well as a one-time additional payment of $5 million in 2021, upon signing the Extension.

The Port Authority and the City of Newark entered into agreements dated as of January 1, 2002, pertaining to Newark Airport and Port Newark, providing for the Port Authority to pay a combined base rental equal to 10% of the average annual gross revenue for the preceding five-year period, but for any given year, no less than the greater of 8% of the annual gross revenue for such year or the combined base rental for the previous five-year period. Additionally, the agreements provide for an annual supplemental rental of $3 million to be paid by the Port Authority to the City of Newark. The agreements also provide for a marine terminal additional rental to be paid by the Port Authority to the City of Newark in the amount of $12.5 million for the first 35 years of the term of the leases, or, alternatively, the lump sum of $165 million. On June 2, 2004, the City of Newark elected, pursuant to the agreements, to receive such marine terminal additional rental as annual payments over the period 2002 to 2036, and designated the Housing Authority of the City of Newark as the entity to receive such payments. On October 22, 2019, the Port Authority and the City of Newark entered into a supplement to the agreements which provides for a term extension through December 31, 2075, in return for an up-front payment of $5 million, and an additional supplemental rental of $5 million per year through 2049.

The Port Authority and the City of Elizabeth have also entered into service/operating agreements directly relating to the portion of the airport located in the City of Elizabeth. On May 30, 2001, the Port Authority entered into an agreement amending such service/operating agreements to provide for annual payments to the City of Elizabeth to be increased from $1 million to $3 million beginning January 1, 2001 and continuing through 2031. Additionally, on May 23, 2001, the Port Authority entered into a lease and easement agreement with the City of Elizabeth with respect to certain additional property required for airport operations, for a term expiring on May 1, 2051, subject to a renewal option for an additional 50 years, providing for the City of Elizabeth to receive an initial payment in 2001 of $3,410,000, annual rentals of approximately $480,000, and, for the first 10 years of the lease, at least $800,000 annually in parking tax revenues.

LaGuardia Airport

The Facility

LaGuardia Airport is located on approximately 680 acres adjacent to Flushing Bay in the Borough of Queens, New York, on the north shore of Long Island. Opened under New York City operation in December 1939, it has been leased since June 1, 1947, together with JFK Airport, to the Port Authority by the City of New York. LaGuardia Airport has two 7,000-foot runways, and currently three terminals in operation: Terminal A, Terminal B and Terminal C. The redevelopment of Terminal B was substantially completed in July 2022, and Terminal C is currently being redeveloped, as described below.

On March 24, 2016, the Board of Commissioners authorized a program for the redevelopment of certain components of LaGuardia Airport (the "LGA Redevelopment Program"), consisting of (i) the design, finance, construction, operation and maintenance of a new Terminal B ("New Terminal B") and related facilities at LaGuardia Airport by LaGuardia Gateway Partners LLC ("LGP"), a private consortium contributing \$1.8 billion to New Terminal B and (ii) construction of airport infrastructure both to enable use of New Terminal B and to benefit LaGuardia Airport more broadly. The Board of Commissioners authorized Port Authority expenditures of approximately \$3.5 billion for supporting LaGuardia Airport infrastructure. (Additional LaGuardia Airport capital investment for a new Terminal C was provided by Delta Air Lines, as described below.)

On June 1, 2016, the Port Authority and LGP executed a lease for the operation and maintenance of the then-existing Terminal B, and for the design, construction, finance, operation and maintenance of the New Terminal B facilities, for a term commencing on June 1, 2016 through December 30, 2050 (the "LGP Lease"). Substantial completion of the New Terminal B occurred on July 8, 2022 to widespread praise for its aesthetics, incorporation of public art, advanced technology and improved customer experience. In May 2023, SkyTrax, a leading international air transport rating organization, awarded New Terminal B its highest global 5-Star Airport Terminal Rating and Terminal B was named the World's Best New Airport Terminal in the SkyTrax 2023 World Airport Awards, in each case reflecting what SkyTrax described as New Terminal B's world-class customer experience. LaGuardia Airport is one of three North American airports whose facilities have received 5-Star SkyTrax ratings, and two of the three are Port Authority airports.

Under the LGP Lease, LGP designed and constructed certain of the supporting infrastructure described above for the benefit and at the cost of the Port Authority, including the West Garage (which opened for public use in 2018) and improved roadways. Final acceptance of the terminal and associated infrastructure was achieved on October 20, 2023.

The LGP Lease also required LGP to arrange for and supervise construction of a new central hall, now named "The Atrium Business and Conference Center" ("LGA Atrium"), located adjacent to Terminal B at the cost and expense of the Port Authority. The LGA Atrium includes various amenities for passengers and other airport users, including a conference center and business meeting facilities. The LGA Atrium opened to the public on October 19, 2023. LGP entered into an Operations and Management Agreement with MCR LGA Property Management LLC ("MCR") for the LGA Atrium for management of the amenities. The Port Authority will receive all revenues from operation of the LGA Atrium and has agreed that it will make payments to both LGP and MCR for their costs and expenses incurred in the operation of the LGA Atrium.

On January 5, 2017, the Board of Commissioners approved a lease agreement ("Delta Lease") with Delta Air Lines, Inc. ("Delta") pursuant to which Delta would design and construct a new 37-gate Terminal

C, replacing the former LaGuardia Airport Terminals C and D (the "New Terminal C") at a projected aggregate cost of approximately $4 billion. The Board also authorized Port Authority expenditures not to exceed $600 million for airport infrastructure both to enable use of the New Terminal C and to otherwise benefit LaGuardia Airport (and not duplicative of the work performed by LGP). Pursuant to the Delta Lease, Delta is required to construct certain elements of this infrastructure for the Port Authority. The term of the Delta Lease extends to December 30, 2050. Construction of the New Terminal C began in September 2017 and is being completed in stages. The first concourse of the New Terminal C was opened for public use in November 2019, and the new arrivals and departure hall and second concourse were opened for public use on June 1, 2022. It is currently anticipated that the remaining portions of the New Terminal C will be completed in 2025.

In 2017, the Board of Commissioners authorized initial planning work for a new AirTrain system serving LaGuardia Airport. After issuance of a Final Environmental Impact Statement and Record of Decision by the FAA in 2021 which approved the Port Authority's proposed AirTrain route as its preferred alternative for the project, New York Governor Hochul requested that the Port Authority consider project alternatives. Following a review performed by a panel of independent transportation experts in consultation with the MTA, it was recommended that, in lieu of the AirTrain system, the Port Authority could achieve substantial improvements to airport access by improving the existing MTA Q70 LaGuardia Link bus service and creating new non-stop bus service with a connection from all three LaGuardia Airport terminals to the N/W subway line at Astoria-Ditmars Blvd Station.

Following the recommendations of the independent transportation expert panel, in March 2023, the Board of Commissioners terminated the AirTrain LaGuardia project and in June 2023 authorized $30 million for planning and preliminary work to effectuate the panel's recommendations to provide enhanced mass transit access to LaGuardia Airport by: (i) initiating improvements, in cooperation with the MTA, of the existing MTA Q70 LaGuardia Link bus service, including dedication of the shoulder of the northbound Brooklyn-Queens Expressway between Northern Boulevard and Astoria Boulevard for exclusive bus use, the addition of transit signal priority for buses; and the improvement of wayfinding and signage for the Woodside and Jackson Heights stations; (ii) creating a new non-stop bus shuttle service that would connect the MTA's N/W subway line at Astoria-Ditmars Boulevard Station to LGA; and (iii) creating a new, specially-designated bus pick-up and drop-off area near LGA Terminal C with direct, exclusive road access, to avoid congestion on the airport frontage.

John F. Kennedy International Airport

The Facility

Opened on July 1, 1948, JFK Airport is located in the southeastern section of Queens, New York, on Jamaica Bay. JFK Airport consists of approximately 4,956 acres, including 880 acres in the Central Terminal Area, and is currently the largest airport in the New York metropolitan region, by passenger volume and cargo volume. The Central Terminal Area contains five individual airline passenger terminals. The terminals are independently operated (some directly by airlines and some by private terminal operators) under leases from the Port Authority. The terminals include federal inspection services facilities for processing arriving international passengers. Cargo buildings, four runways ranging in length from approximately 8,400 feet to 14,600 feet, a cogeneration facility integrating an installation for the generation of electrical energy with the airport's central heating, refrigeration plant and thermal distribution system are also located on the airport. An automated light rail system ("AirTrain JFK") linking the terminals in the Central Terminal Area with each other and with existing transit lines in Jamaica, Queens and Howard Beach, Queens, respectively, provides exclusive airport access for passengers and others using the airport.

A full service hotel containing approximately 500 guest rooms is located at the site of the TWA Flight Center at JFK Airport.

Notices of FAA Investigation

The Port Authority received notices of investigation from the FAA dated May 1, 2023 regarding (i) the sufficiency of the Port Authority's mutual aid agreement ("MAA") with the Fire Department of the City of New York ("FDNY") in the event of a fire at JFK Airport and (ii) the Port Authority's compliance with FAA regulations for training its Aircraft Rescue and Fire Fighting cadre ("ARFF"). Additional requests for documentation of emergency mutual aid were subsequently received. Following its own investigation (undertaken with assistance of outside counsel), the Port Authority proposed a corrective action plan ("CAP") to the FAA to clarify the command structure upon a fire emergency, to provide for amendment of the current MAA with FDNY and to provide for additional specialized ARFF training. To finalize the CAP, the Port Authority is continuing to productively discuss the proposed MAA changes with FDNY and Port Authority Police Department to clarify their respective functions in a fire emergency. The FAA has indicated it is reviewing the CAP proposal. The FAA has discretion to pursue civil penalties if it determines the Port Authority violated federal regulations, though none have been imposed to date and such penalties are not susceptible of estimation at this time.

Redevelopment

Beginning in 2017, the Port Authority began planning for the comprehensive improvement of JFK Airport, particularly in the central passenger terminal area, where existing passenger terminals are reaching the end of their useful lives. The JFK Airport-wide master plan provides for new state-of-the-art passenger facilities with a focus on customer-oriented, sustainable, and technologically advanced operations. As part of this effort, in October 2018 the Board of Commissioners approved exclusive negotiations with two different sponsor groups proposing privately-funded development of new passenger terminals (New Terminal 6, on the north side of JFK Airport, and New Terminal One, on the south side of JFK Airport, each as further described below) to replace outdated facilities, with the Port Authority investing in the necessary supporting infrastructure.

Building the proposed new terminals required: (i) demolition of Terminal 2 (occupied through December 31, 2022 by Delta); (ii) termination of aircraft parking at the adjacent site where Terminal 3 once stood (previously used primarily by Delta and other Terminal 4 airlines); (iii) eventual demolition of Terminal 1 (managed by a consortium of international airlines known as Terminal One Group Association ("TOGA") under a lease through December 31, 2025) and relocation of the air carriers currently using Terminal 1 to the new terminal on the south or other terminal facilities at JFK Airport; and (iv) demolition of Terminal 7 operated by British Airways and relocation of British Airways to Terminal 8 and other Terminal 7 users to other premises at JFK Airport. The Port Authority advanced these activities through the onset of the COVID-19 pandemic in 2020 and successfully amended its terminal lease with American Airlines, Inc. ("American") effective as of June 1, 2020, to provide for an upgrade and expansion of Terminal 8 which enabled British Airways to move its operations from Terminal 7 to Terminal 8 on December 1, 2022. In July 2023, a subsidiary of Unibail-Rodamco-Westfield (URW) Airports entered into agreements with the Port Authority and American providing for a $125 million commercial redevelopment program at Terminal 8, which will feature new shopping and restaurant offerings.

Despite delays beginning in early 2020 related to the effects of the COVID-19 pandemic, the Port Authority has taken the following actions to date with its terminal operators to further effectuate the JFK redevelopment:

- The Port Authority entered into a supplement to the lease for Terminal 4 with JFK International Air Terminal LLC ("IAT") and consented to a related supplement to the sublease between IAT and its current anchor tenant, Delta, each in April 2022, to permit the redevelopment and expansion of Terminal 4 to allow Delta to consolidate its operations at JFK Airport in Terminal 4.

  The initial construction phase includes conversion and renovation of three widebody gates to narrowbody plane equivalents, conversion of existing Terminal 4 regional jet gates for use as seven full-size aircraft gates and construction of a new regional jet site and upgrade the Terminal 4 headhouse and common areas to accommodate its expanded operations. This phase was completed in a timely fashion and permitted Delta to vacate Terminal 2 as contemplated. This initial construction phase has a cost of $1.5 billion, which includes Delta's portion of the work described above and $150 million for upgrades for the remainder of Terminal 4 to be performed by IAT through December 2024. Bond funding was obtained in April 2022 for the Phase 1 work.

  The Terminal 4 lease supplement also provided for a Delta option to undertake a second phase expansion for a total of 12 narrowbody aircraft gates, an expanded headhouse and an upgraded terminal frontage ("Second Phase Option"). Delta has not exercised the Second Phase Option and has therefore incurred certain contingent obligations to otherwise provide for upgrade to the Terminal 4 frontage. IAT retains the ability, with the Port Authority's concurrence, to perform certain work at Terminal 4 in lieu of Delta. It is anticipated that all subsequent work would be financed by the issuance of additional bonds by IAT, backed by Terminal 4 revenues.

- On December 16, 2021, the Board of Commissioners approved a lease for New Terminal One with JFK NTO LLC ("NTO"), a development consortium comprised of The Carlyle Group ("Carlyle"), JLC Infrastructure, and The Union Labor Life Insurance Company. In February 2022, Ferrovial, S.A., a Spanish public company ("Ferrovial"), announced that it was in negotiations to purchase Carlyle's interest in the consortium, subject to the Port Authority's consent, among other things. On June 3, 2022, the Board of Commissioners, after diligently considering Ferrovial's financial condition and management capability, approved the acquisition by an affiliate of Ferrovial, of 96% of Carlyle's interest, giving Ferrovial a controlling position over most New Terminal One management decisions. On June 10, 2022, the Port Authority entered into a lease with NTO for the design and construction of New Terminal One on the terms previously approved by the Board of Commissioners.

  Under the lease, the new southern terminal (referred to as "New Terminal One") is being constructed by NTO in three phases, subject to achievement of certain passenger activity triggers. The first phase of construction (Phase A) includes building the new arrivals and departures hall and 14 wide-body gates on a single concourse, and is expected to be in use in 2026. It is anticipated that two additional phases of construction will add a total of nine additional gates on a second concourse, with up to five gates added in the second phase and the remaining gates added in the third phase. Final New Terminal One capacity would be 23 gates. NTO is required to build each of the second and third above-described phases, so long as (i) it can achieve an investment grade rating for additional funding for the design and construction of the additional phases or (ii) international passenger enplanements at the airport or terminal reach 2019 levels. New Terminal One will comprise 2.4 million square feet at a total cost of approximately $9.5 billion (financed by NTO through loans and equity investments). Notice to proceed with construction was issued on June 10, 2022.

- Simultaneously with its approval of the New Terminal One transaction, the Board of Commissioners also approved an amendment to the existing Terminal 1 lease with TOGA, permitting continued use of the existing terminal through December 2025 or, if later, the date on which NTO requires the site for development of the latter two phases as described above.

- On November 17, 2022, the Port Authority entered into a lease for a new passenger terminal on the north side of the airport on a site comprised of the existing Terminal 7 and an adjacent vacant site previously occupied by Terminal 6, as contemplated under, the Board of Commissioners' authorization in August 2021. The lessee is JFK Millennium Partners ("JMP"), a private consortium comprised of Vantage Airport Group, American Triple I Partners, RXR Realty and JetBlue Airways Corporation ("JetBlue"). The New Terminal 6 will be interconnected with JetBlue's Terminal 5. Construction of the approximately 1.2 million square foot passenger terminal project, referred to as "New Terminal 6," commenced in February 2023 and has an estimated total cost of $4.2 billion (privately financed by JMP through loans and equity investments). Construction will be completed in two continuous phases. In the first phase, expected to be completed in 2026, the New Terminal 6 headhouse, departure and arrivals area, including five new gates will be built on the vacant site previously occupied by Terminal 6. In the second phase of construction, expected to be completed in 2028, JMP will demolish Terminal 7 and construct an additional five gates and associated terminal space. At the end of the second phase, there will be a total of 10 gates in the New Terminal 6 (nine wide-body gates and one narrow-body gate). JMP is entitled to operate and maintain New Terminal 6 through December 2060.

In December 2021, the Board of Commissioners authorized the Port Authority to undertake its planned infrastructure project (including airfield improvements, JFK Airport roadways, a new ground transportation center and utility upgrades) at a cost of $2.9 billion, to enable the terminal developments to be incorporated into the JFK Airport Central Terminal Area. In March 2023 the Board approved a cost increase to $3.9 billion, due to upward pressures on project costs, economy-wide increase in inflation, extraordinary increases in the cost of certain construction materials and fixed price hikes to address higher risk profiles of very large projects and awarded a $1.24 billion contract for the JFK Airport roadway, utility and ground transportation redevelopment improvements to a joint venture composed of Skanska USA Civil Northeast Inc. and Halmar International, LLC. The Port Authority has offset these increased costs by deferring or reducing spending on other capital projects (see "*Operating and Construction Costs*" in this Section II.)

In May 2023, the Port Authority also entered into a construction support services agreement (the "CSS Agreement") with Modern Efficient Transport and Supply LLC ("Modern", an affiliate of Grace Industries LLC) to construct and operate a concrete batch plant at JFK Airport, a concrete crushing facility to recycle construction debris for redevelopment uses and a marine transport facility for the movement of construction material by barge. The services will be provided at stated rates approximating market charges to be paid by the developers and contractors conducting major construction at JFK Airport (each of which is obligated to use such services, subject to certain exceptions) and will significantly reduce the impact of airport construction on neighboring communities by eliminating the need for thousands of truck trips through local streets. The Port Authority has guaranteed Modern sales of a minimum of 720,000 cubic yards of concrete through the five-year term of the CSS Agreement and the Port Authority has agreed to reimburse Modern for up to $5 million for its capital costs to construct the facilities.

Also, in connection with the JFK Redevelopment Program is the development by a subsidiary of TotalEnergies S.E. of a 12 MW carport canopy solar energy system incorporating battery storage. The project will interconnect with the Consolidated Edison distribution system and serve the power needs of AirTrain JFK operations while allowing the persons in the surrounding community to receive bill credits under the New York State Community Distributed Generation program (as well as generating bill credits for the Port Authority). The Port Authority has a contingent obligation to pay up to $12 million in project costs to the developer in connection with the project, if federal tax incentives are not available to cover such costs.

The Port Authority has obtained all required approvals under the National Environmental Policy Act to proceed with the JFK Redevelopment as described above.

Temporary Use of Building 197

Beginning in June 2023, the Port Authority made available to the City of New York a vacant cargo building to assist the City in sheltering migrants or other persons seeking refuge in the New York area. The FAA approved temporary use of the building, at the City's expense. It is anticipated that the use of the hanger will terminate in the 4^{th} quarter of 2024.

Newark Liberty International Airport

The Facility

Newark Airport consists of approximately 2,100 acres located in the Cities of Newark and Elizabeth, N.J., was opened under City of Newark operation in October 1928, and has been leased to the Port Authority by the City of Newark since October 22, 1947, together with the Port Newark Marine Terminal. Newark Airport consists of three passenger terminals and three runways, ranging in length from approximately 6,800 feet to 11,000 feet. Additionally, the following are located at the airport: cargo buildings (including an express package handling and sorting facility), a 590-room hotel and a fully automated monorail ("AirTrain Newark") (which began service on May 31, 1996) linking the airport terminals, parking lots and rental car areas with each other and, through an extension (which became operational on October 21, 2001), with the northeast corridor rail line used by NJ Transit and National Passenger Rail Corporation ("Amtrak").

Redevelopment

On February 15, 2018, the Board of Commissioners reauthorized a program for the redevelopment of Newark Airport's Terminal A ("New Terminal A") at an estimated total program cost of $2.72 billion. The New Terminal A includes a new 1 million square-foot modern, state-of-the-art terminal building with 33 aircraft gates to replace the current Terminal A and certain other airside and landside improvements. On May 24, 2019, the Port Authority entered into an agreement with EWR Terminal One LLC, an affiliate of Munich Airport International GmbH to operate, maintain and manage concessions at both the current Terminal A, and the New Terminal A for a term of 15 years after its full opening. Following completion of construction beginning in April 2018 (and proceeding despite the COVID-19 pandemic), opening of the first 21 of 33 new gates occurred in January 2023, with the remaining gates opening in phases. The New Terminal A fully opened on August 23, 2023. In March 2023, incremental costs of the New Terminal A Program were authorized by the Board reflecting certain scope changes. In March 2024, SkyTrax awarded New Terminal A its highest global 5-star rating citing the quality of facilities, terminal comfort and cleanliness, shopping, food & beverages, staff service, and security processing. Newark Airport is one of three North American airports whose facilities have received 5-Star SkyTrax ratings, and two of the three are Port Authority airports.

In connection with the New Terminal A, on May 8, 2019, the Port Authority entered into a lease with EWR Conrac, LLC ("Conrac") for the design, construction, financing, operation and maintenance of a three-story integrated consolidated car rental facility including customer intake, automobile parking, washing and fueling facilities for all rental car companies ("RACs") operating at Newark Airport ("Conrac Facility"). The Port Authority has mandated that a customer facility charge be collected by each RAC which is required to be remitted to Conrac to partially defray the design and construction costs for the Conrac Facility. Conrac has entered into subleases with the each of the RACs. Co-located on, and directly above, the site of the Conrac Facility is a three-story, 2,700-space public parking garage for New Terminal A, constructed by Conrac on behalf of the Port Authority at a cost of $110 million. The project broke ground in September 2019 and opened in 2023. The term of the lease with Conrac was initially set at 35 years from the date of Conrac Facility completion and was extended for an additional 5-year term in August 2022 (with the extension, the term will now expire in 2063).

A canopy over the top floor of the parking facility at the Conrac site has been constructed to support a 5 MW solar photovoltaic installation to supply most of the electricity needs of the Conrac Facility, which began commercial operation in January 2023.

On October 24, 2019, the Board of Commissioners authorized $35 million for vision planning to advance the additional master planning efforts for the redevelopment of Newark Airport and provide for planning work for the development of a new terminal to replace the existing Terminal B. On October 24, 2022, the Port Authority announced the selection of Arup, an aviation planning and design firm, to oversee this vision plan in partnership with architecture firm Skidmore, Owings & Merrill. The master planner will be tasked with developing a comprehensive development strategy and to accommodate future growth and demand, improve the travel experience and identify opportunities for enhancing the sustainability and resiliency of the facility.

On October 24, 2019, the Board of Commissioners authorized a program for the construction of a new AirTrain system at Newark Airport (replacing the existing system) at a total estimated cost of $2.05 billion. The FAA issued a FONSI/ ROD for the AirTrain Newark project on August 13, 2021. A request for proposals to design, construct, operate and maintain the new AirTrain replacement project was issued in May 2022 requesting a single proposer for the system technology design and maintenance and the engineering of the guideway and stations, but the Port Authority determined not to accept any of the committed proposals it received and cancelled the procurement as issued in August 2022. The Port Authority is now proceeding with a multi-phase procurement process for the overall project disaggregating the technology award from the civil construction, and awarded a contract for the project's system technology design construction and maintenance to DCCCA1, Inc. ("Doppelmayr") at an estimated price of $570 million for design and construction and an estimated price of $385 million on a net present value basis over a 20-year term (an initial 10-year term and two, five-year extension options) for maintenance.

In June 2024, Stantec Consulting Services Inc. ("Stantec") was selected by the Port Authority to design a portion of the civil works for the project at an estimated cost of $34 million.

As the project is being procured in stages, the Port Authority does not have a total project cost estimate for AirTrain Newark at this time, but expects that the cost will significantly exceed the $2.05 billion included in the 2017-2026 Capital Plan, with reauthorization approvals to be required from the Board.

The award to Doppelmayr has been challenged as arbitrary and capricious by another proposer proposing use of a different technology. The Port Authority intends to vigorously defend its determination to the fullest extent possible and believes it will ultimately prevail.

In March 2024, the Board of Commissioners approved $160 million (inclusive of $12 million previously approved for planning and early works) for a project associated with the AirTrain Newark

Redevelopment, to develop direct, street level and elevated access to Newark Airport via the AirTrain Newark ("EWR Station Access Project") for neighboring communities and off-Airport businesses in Newark, New Jersey. The project will also provide access to the rail services available at the co-located Northeast Corridor Station provided by Amtrak and NJ Transit, including access to PATH transit service via both Newark Pennsylvania Station and New York Pennsylvania Station.

Teterboro Airport

Teterboro Airport was acquired by the Port Authority in April 1949 and is part of the Port Authority's regional system of air terminals. It occupies approximately 827 acres in Bergen County, N.J. A private airport operator is responsible for the day-to-day operation of the airport, subject to direct Port Authority oversight and control, under a management/services ("O&M") contract with the Port Authority with a term that expired on August 31, 2024. In May 2024, the Board of Commissioners authorized a replacement O&M contract at Teterboro Airport with Avports LLC, the incumbent private airport operator selected through a publicly advertised request for proposals for an initial term of ten years, with the Port Authority having the option to extend for an additional approximately five-year period. The total estimated cost during the initial term is approximately $121 million.

The airport is devoted primarily to business and private aircraft operations, and has one 6,000-foot runway, one 7,000-foot runway, an administration building and twenty-three hangars. The FAA has begun a project to replace the air traffic control tower, which is expected to be fully operational in the fourth quarter of 2024.

By letter dated March 9, 2006, the United States Environmental Protection Agency ("EPA") advised the Port Authority that the EPA deems the Port Authority to be a "Potentially Responsible Party" ("PRP") (under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA")) that may be jointly and severally liable for the EPA's clean-up costs at the Berry's Creek Study Area, Bergen County, N.J., spanning from its headwaters to the Hackensack River, including upland properties in the Berry's Creek Watershed. On October 10, 2007, the Port Authority joined the Berry's Creek Study Area Cooperating PRP Group Organization and Joint Defense Agreement. As a member of this group, and pursuant to a voluntary settlement agreement and order on consent with EPA entered into on May 1, 2008, the Port Authority is participating in the performance of a Remedial Investigation/Feasibility Study.

New York Stewart International Airport

Stewart Airport, located in the Towns of Newburgh and New Windsor, New York, consists of approximately 2,466 acres of land with one 11,818-foot runway, one 6,000-foot runway, a terminal with 8 passenger gates, and a 192-acre industrial park located on the northwest side of the airport. Legislation passed by the State of New York in 1967 authorized the Port Authority to establish one additional air terminal in New York and one additional air terminal in New Jersey outside of the Port District, with the site of each such terminal to be approved by the governor of the state in which the air terminal is located. In May 2007, New Jersey enacted a statute identical in scope to the New York legislation (the New York and the New Jersey legislation, collectively, the "1967/2007 Airport Legislation"). On October 12, 2007, the Governor of the State of New York approved Stewart Airport as the additional air terminal in New York outside the Port District. On October 31, 2007, the Port Authority became the lessee of the airport under a lease with the State of New York, acting by and through the New York State Department of Transportation, for a term expiring on April 1, 2099. A private airport operator retained by the Port Authority is responsible for day-to-day airport operations and maintenance and concessions management, subject to direct Port Authority oversight and control.

A new federal inspection service facility that increased the capacity of United States Customs and Border Protection to process international passengers arriving at Stewart Airport was completed in November 2020, at a cost to the Port Authority of $37 million.

In May 2024, the Board of Commissioners authorized the Port Authority to offer two thirty-year leases (each with three five-year extension options), for the design, construction, financing, operation, and maintenance of (i) a corporate jet park facility and (ii) a corporate jet hanger service facility, respectively, on a total of approximately 22 acres of currently vacant, undeveloped land at Stewart Airport to address increased demand for new development to support general aviation activity, including private or corporate jet use.

Beginning in 2017, a series of putative class actions and other lawsuits were brought by the City of Newburgh and other interested parties, relating to the discharge into the area water supply of certain chemicals which were federally mandated for use in firefighting applications (referred to generally as PFAS materials). The suits name some or all of the following defendants: the Port Authority as lessee and operator of Stewart Airport; the manufacturers of the chemicals (including Tyco Fire Products L.P. and the 3M Company); the New York State Department of Transportation, which owns the underlying property; and the Department of Defense and the New York State Air National Guard, which used the chemicals for testing and firefighting. On December 7, 2018, the cases were consolidated with the numerous cases across the country alleging damages from the use of the chemicals under multi-district litigation in the Federal District Court in South Carolina ("MDL Action"). On June 10, 2019, the City of Newburgh filed a third-party complaint against the Port Authority and other entities for defense and indemnification pertaining to an action brought against it by certain plaintiffs who are current and former residents of the City of Newburgh, arising out of the same circumstances addressed in the other actions; this matter has also been consolidated in the MDL Action. On May 4, 2021, the Town of New Windsor filed a complaint against the Port Authority and other entities for damages arising out of the same circumstances addressed in the other actions; this matter has also been consolidated in the MDL Action. The Port Authority disputes plaintiffs' allegations in each of these matters and is vigorously defending the Port Authority's interests, while continuing to assert its claims in the MDL Action.

Atlantic City International Airport

On March 18, 2013, the Governor of the State of New Jersey approved Atlantic City International Airport ("ACY") as the additional air terminal in New Jersey outside the Port District, pursuant to the 1967/2007 Airport Legislation. In July 2013, the Port Authority and the South Jersey Transportation Authority ("SJTA"), which owns and operates ACY, entered into a management agreement, where the Port Authority provided general management services to SJTA, at the direction and under the supervision of the SJTA, which both parties agreed to terminate as of December 31, 2017. A consultant was retained to conduct a comprehensive due diligence review of commercial airports located in the State of New Jersey in order to determine the impact of assuming the operation of or otherwise acquiring an airport in New Jersey pursuant to the 1967/2007 Airport Legislation.

World Trade and Economic Development

The World Trade Center

The World Trade Center was authorized in 1962 by the same bi-state legislation that authorized the Port Authority's acquisition of the Hudson Tubes. In such legislation, the Port Authority was authorized to cooperate with other agencies of government in the rehabilitation and redevelopment of the Hudson Tubes World Trade Center areas, in part for the purpose of the renewal and improvement of such areas, as part of this port development project. The World Trade Center site, located on the lower west side of Manhattan, is comprised of approximately 16 acres, bounded generally by Church Street on the east, Liberty and Cedar Streets on the south, West Street on the west and Vesey and Barclay Streets on the north. The original World Trade Center, which consisted of five office towers, a United States Customs House building, a hotel, and a retail concourse and transportation hub below the Austin J. Tobin Plaza, was destroyed in two separate terrorist attacks on September 11, 2001.

The redevelopment of the World Trade Center site has proceeded pursuant to The World Trade Center Memorial and Cultural General Project Plan adopted in 2004 and amended in 2007 and 2022 ("GPP") by Lower Manhattan Development Corporation ("LMDC") which provides for approximately 10 million square feet of above grade office space with associated storage, mechanical, loading, below grade parking, and other non-office space, and was planned to consist of up to five office towers (one of which is now permitted to be a multi-use building, including residential space at a mix of market and affordable rents), space for retail businesses, the World Trade Center Transportation Hub, a memorial and interpretive museum, The St. Nicholas Greek Orthodox Church and National Shrine, The Perelman Performing Arts Center and certain related infrastructure. The Port Authority owns fee title to the World Trade Center site and net leases portions of the site to various stakeholders.

On June 13, 2011, the Port Authority and The Durst Organization ("Durst") (through entities formed by such parties) entered into various agreements to create a joint venture relating to the construction, financing, leasing, management and operation of the One World Trade Center building through its current net lessee WTC Tower 1 LLC, a bankruptcy-remote, single purpose entity ("Joint Venture"). The other office net lessees (the "Silverstein net lessees"), indirectly owned by separate bankruptcy-remote single purpose entities formed by Silverstein Properties, Inc. ("Silverstein Properties"), were given the right to develop three office towers (Tower 2, Tower 3 and Tower 4) on the eastern portion of the World Trade Center site, comprising, in the aggregate, approximately 6.2 million square feet of office space.

One World Trade Center

One World Trade Center contains approximately 3.0 million square feet of commercial office space and an indoor observation deck. As of June 30, 2024, (i) approximately 2.8 million square feet of office space are leased at One World Trade Center, representing approximately 94% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center under a lease to Legends OWO, LLC ("Legends Lease") for an observation deck. In 2011, New York Liberty Development Corporation ("NYLDC") issued $672,480,000 in Liberty Bonds ("2011 Liberty Bonds"), the proceeds of which NYLDC used to purchase Port Authority Consolidated Bonds in like amount via private placement ("2011 Consolidated Bonds"). The proceeds of the 2011 Consolidated Bonds were used by the Port Authority to fund a portion of the development and construction costs of One World Trade Center. In 2021, the 2011 Liberty Bonds were refinanced by NYLDC through a public issuance of $638,805,000 of refunding bonds, the proceeds of which were used by NYLDC to privately purchase Port Authority Consolidated Bonds in like amount ("2021 Consolidated Bonds"). The Port Authority used the proceeds of the 2021 Consolidated Bonds, together with other available monies, to redeem its 2011 Consolidated Bonds, the proceeds of which were in turn used by NYLDC to currently refund, and effect the defeasance and redemption of, NYLDC's outstanding 2011 Liberty Bonds.

Pursuant to the 2011 joint venture agreement between the Port Authority and Durst, the parties have calculated that Durst's equity percentage interests in the joint venture is 14.97%, subject to a 10 basis point adjustment (up or down), based on whether or not certain performance standards are met in 2024. This calculation is based on Durst's 2011 initial capital contribution of $100 million, other non-cash contributions, and the 2020 stabilized net operating income of the building.

Silverstein Net Lessees

A December 2010 World Trade Center Amended and Restated Master Development Agreement ("MDA"), among the Port Authority, PATH, and the office and retail net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction at the World Trade Center site, including the allocation of construction responsibilities and costs among the parties to the MDA. Under the MDA, the Silverstein net lessees were required to construct Tower 4, the Tower 3 podium and certain subgrade and foundation work required for Tower 2 and were also required to contribute an aggregate of $140 million toward certain common infrastructure costs. The MDA also provided for the implementation of a construction coordination and cooperation plan among the respective parties' construction teams to achieve reasonable certainty of timely project completion.

Tower 4 Net Lease

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of June 30, 2024, 2.1 million square feet of space in Tower 4 are leased, representing approximately 95% of the leasable office space.

Also, in December 2010, the Port Authority entered into certain agreements with the Tower 4 Silverstein net lessee providing for the Port Authority's support for construction of Tower 4 (the "Tower 4 Support Agreements") by participating in the November 15, 2011 financing for Tower 4 ("Debt Service Obligations") and providing additional rent deferrals and other concessions ("Tenant Support"). In particular, the Port Authority agreed to become a co-borrower/obligor for the Liberty Bonds issued by the NYLDC in the total aggregate principal amount of $1,225,520,000, to finance construction and development of Tower 4. On September 14, 2021, NYLDC issued two series of refunding bonds, in the principal amount of $1,225,520,000 as well as $11,385,000 to cover issuance costs, to refinance the original Tower 4 Liberty Bonds to achieve interest rate savings, with material terms of the original November 2011 Tower 4 financing remaining unchanged, including the Port Authority remaining a co-borrower/obligor for the refunding bonds (the original November 2011 Tower 4 financing and the September 2021 refinancing are hereafter referred to herein, interchangeably, as the "Tower 4 Liberty Bonds"). The Port Authority is obligated to make certain debt service payments on the Tower 4 Liberty Bonds (net of fixed rent paid or payable under the City of New York's Tower 4 space lease, which have been assigned by the Tower 4 Silverstein net lessee directly to the bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds) as a special obligation of the Port Authority, payable from "net revenues" deposited to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Tower 4 Liberty Bonds, "net revenues" are defined as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution. Payments of debt service on the Tower 4 Liberty Bonds by the Port Authority are subject in all respects to payment of debt service on Consolidated

Bonds as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is not secured by or payable from the General Reserve Fund. Additionally, the Port Authority's special obligation with respect to the payment of debt service on the Tower 4 Liberty Bonds does not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Originally, the Tower 4 Silverstein net lessee had the right to defer its payments of net lease rent payable under the Tower 4 net lease to provide cash flow to pay operating expense deficits, certain capital expenditures upon completion of Tower 4, and a limited amount of construction and leasing cost overruns. The Tower 4 Silverstein net lessee exercised its right to defer certain Tower 4 net lease rent payments to the Port Authority effective November 2016. This Tenant Support assistance, together with the Debt Service Obligations described above are required to be paid to the Port Authority from Tower 4 cash flow, generally with interest at a rate of 7.5% per annum until paid, with the exception of deferred net lease rent that the Tower 4 Silverstein net lessee deposited into a reserve account (which was limited to approximately $40 million in aggregate at any given time, as adjusted annually by certain CPI increases, and which received earnings on certain permitted investments plus nominal interest instead of 7.5%). The overall term for payment of outstanding amounts is not to exceed 40 years from the issuance date of the original Tower 4 Liberty Bond financing. As security for such payment to the Port Authority of the Tenant Support and Debt Service Obligations, the Tower 4 Silverstein net lessee, the Port Authority and a third party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 4 (excluding the fixed rents paid or payable under the City of New York's Tower 4 space lease) to be deposited into a segregated lockbox account in which the Port Authority had a security interest, and was administered and disbursed by the banking institution in accordance with such agreement. To provide additional security to the Port Authority, the Tower 4 Silverstein net lessee granted a first priority leasehold mortgage on the net lease for Tower 4 to the Port Authority, assigned all Tower 4 space leases and rents (other than the City of New York's Tower 4 space lease and the fixed rents paid or payable thereunder), and assigned Tower 4 developmental and operational contracts to the Port Authority. As of June 30, 2024, no Tower 4 Liberty Bond debt service repayments from the Tower 4 Silverstein net lessee to the Port Authority were outstanding, and no deferred rent was due from the Tower 4 Silverstein net lessee as further described below.

The Tower 4 Silverstein net lessee informed the Port Authority in 2022 that, in accordance with the Tower 4 Support Agreements, it had achieved the debt service coverage threshold which would allow it to terminate the Port Authority's Tenant Support obligations in return for terminating the account control lockbox described above. The termination which has now been effectuated, resulted in the repayment of Tower 4 deferred rent plus accrued interest to the Port Authority. Surplus revenues held in a Tower 4 operating account for the benefit of the Port Authority have been transferred to a similar account for Tower 3 to cover deferred amounts due to the Port Authority on account of its support for Tower 3, described below. The termination of the Tenant Support obligations did not affect the Port Authority's Debt Service Obligations or the pledge of rents and the leasehold mortgage which serve as security therefor.

Tower 3 Net Lease

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of June 30, 2024, approximately 2.2 million square feet of space in Tower 3 has been leased, representing approximately 89% of the leasable office space.

To assist the Tower 3 Silverstein net lessee in the construction of Tower 3, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Support Agreement"). Under the Tower 3 Support Agreement, the Port Authority, together with New York State and New York City, was required to provide up to $600 million in overall support, comprised of: (i) $210 million for the construction of Tower 3 (paid for as a landlord capital improvement) and (ii) $390 million of backstop funding for construction overruns and certain leasing cost overruns, operating expense deficits and certain leasing cost overruns (provided as a rent deferral under the Tower 3 net lease), and senior debt service shortfalls (which would be paid by the Port Authority if necessary in the future, as limited co-obligor on the senior debt). The Port Authority is entitled to recover a portion of any support it pays from New York State and New York City, so that the total maximum backstop support provided by the Port Authority, after recovery, does not exceed $200 million.

As a special limited co-obligor with respect to the senior debt issued for Tower 3, the Port Authority would, subject to the overall $390 million backstop limit and only in the event that the Tower 3 Silverstein net lessee does not have sufficient funds, pay debt service on the senior debt issued for Tower 3 from "net revenues" deposited to the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of the Tower 3 Support Agreement, "net revenues" are defined as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds, as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution. The Port Authority's payments of debt service on the senior debt issued for Tower 3 would not be payable from the General Reserve Fund, and the payment thereof would be subject in all respects to payment of debt service on Consolidated Bonds, as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. The Port Authority's obligation with respect to the payment of such debt service would not create any lien on, pledge of, or security interest in, any revenues, reserve funds or other property of the Port Authority.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of any outstanding balance of the $390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, upon termination of the Tower 3 Support Agreement. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the $390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement (with the outstanding amounts from the Tower 4 lockbox discussed above transferred to this Tower 3 lockbox in April 2023 as additional credit support for the Tower 3 Support backstop). To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 Silverstein net lessee exercised its right to defer certain Tower 3 net lease rent payments to the Port Authority effective November 2017. As of June 30, 2024, no Tower 3 Liberty Bond debt service repayments from the Tower 4 Silverstein net lessee to the Port Authority were outstanding and the aggregate deferred rent due from the Tower 3 Silverstein net lessee totaled approximately $49.9 million.

Tower 2 Net Lease

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee's allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of (i) commencement of construction of Tower 2 and (ii) December 2022, whether or not construction is commenced. As of December 2022, construction of Tower 2 did not commence and the Port Authority asserts that ground rent is now due under the terms of the Tower 2 net lease, but Silverstein has not yet made payment thereof and has requested additional time to arrange financing before beginning to pay ground rent. Ground rent for the site until the commencement of construction is approximately $2.5 million per month, reducing to approximately $1.3 million per month when construction begins.

World Trade Center Site 5

World Trade Center Site 5 ("WTC Site 5") is an approximately 33,000 square foot lot located directly south of Liberty Park, which was formerly the location of the Deutsche Bank building that was extensively damaged on September 11, 2001. LMDC, a subsidiary of Empire State Development ("ESD"), purchased the site in 2004 and completed deconstruction, abatement and excavation in 2011, work which was funded by a U.S. Department of Housing and Urban Development grant. Pursuant to a Memorandum of Understanding, dated as of February 1, 2006, between LMDC, the Port Authority and The World Trade Center Memorial Foundation, Inc. (the "2006 MOU"), LMDC anticipated transferring to the Port Authority a real property interest in WTC Site 5 for development of commercial space in exchange for real property interests required to implement the redevelopment of other elements of the World Trade Center site. The Port Authority and LMDC entered into a subsequent memorandum of understanding in February 2019 considering alternative uses for the site and outlining the process for soliciting proposals for the development of WTC Site 5 as well as the methodology for distributing the proceeds between the two agencies upon selection of a winning proposal, if an alternate use proposal is selected. In June 2019, LMDC and the Port Authority jointly issued a request for proposals seeking a development team to lease or purchase and redevelop WTC Site 5 with a commercial or mixed-use project.

On February 11, 2021, the Board of Commissioners and LMDC each approved the selection of a partnership led by Brookfield Properties and Silverstein Properties, Inc., Omni New York LLC and Dabar Development Partners ("Site 5 Developer") to enter into exclusive negotiations with the Port Authority and LMDC for the development of a mixed-use building at WTC Site 5 to include residential space (of which a portion would be required to be permanently designated as affordable units, with rents below market rates), as well as office, community, and retail space. In April 2022, the LMDC and ESD boards approved the amendment to the GPP to allow for non-office use, after a public hearing was held and public comments were collected on the proposed amendment.

In May 2023, LMDC, ESD, and the Port Authority each independently approved the transaction with the Site 5 Developer, including approval of a 99-year lease for the project ("Site Lease"), at their respective board meetings. As ESD and LMDC boards' approvals were subject to review by New York State's Public Authorities Control Board ("PACB"), additional consideration of the percentage of units which would be designated as affordable continued. In July 2023, the PACB approved participation of ESD in the transaction subject to the commitment by the Site 5 Developer to increase the affordable units in the building to one-third and dedicating 20 percent of those units to first responders and 9/11 survivors, conditioned only upon (i) a contribution by New York State of $65 million and (ii) agreement of the Port Authority to provide a one-time credit against base rent of $12.5 million (which the Board of Commissioners authorized in September 2023).

Under the transaction, as approved by the Board of Commissioners on September 21, 2023, the Site Lease would be executed by the parties and placed into escrow for up to 27 months ("Escrow Period") during which time it would not be effective, to permit the Site 5 Developer to complete final development and financing. If the Site 5 Developer desires to proceed with the transaction before the end of the Escrow Period, the Site Lease would be released from escrow and would become effective. If instead, the Site 5 Developer determines not to proceed before the end of the Escrow Period, then the transaction will terminate, and the Site 5 Developer would lose its good faith deposit as well as certain other funds. If the Site Lease becomes effective, the WTC Site 5 would be transferred from LMDC to ESD and leased to the Site 5 Developer under the Site Lease, with annual rents of $12.5 million, escalating at 2 per cent per year payable to the Port Authority as compensation for the dedication of the sites of the National September 11 Memorial and Museum at the World Trade Center and the Perelman Performing Arts Center (each as described below) for public use.

Seven World Trade Center

Seven World Trade Center, a 52-story office building which was reconstructed in May 2006, is leased by the Port Authority to 7 World Trade Company, L.P., a limited partnership having as the general partner thereof, Silverstein – 7 World Trade Company, Inc., for a term expiring in 2026, with three 20-year extension options.

Retail

Through a series of transactions between the Port Authority and a single purpose entity formed by an affiliate of Westfield America, Inc., which was acquired by Unibail-Rodamco-Westfield SE (formerly Unibail-Rodamco SE) in June 2018 (such entity, together with its Westfield predecessor, "URW"), the Port Authority has been involved in the planning for the restoration of the retail components of the World Trade Center and the construction of such retail components. A URW entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. As a result, the Port Authority has received payments totaling $897 million from URW for the completed retail premises at the World Trade Center site. The Port Authority continues to be responsible for the construction of additional retail premises at other locations on the World Trade Center site and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with URW, which is not expected to fully compensate the Port Authority for the cost of construction. In 2022, URW requested the Port Authority consider reducing certain expenses that are its contractual responsibility, including campus common area maintenance charges, insurance, and pass through of the City of New York's payment in-lieu-of taxes expenses, which total approximately $20 million a year. No agreement has been reached on this request.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners authorized the World Trade Center Transportation Hub project for the construction of a transportation hub and permanent PATH terminal, and construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the World Trade Center Transportation Hub project from an estimated total project cost of $3.44 billion to an estimated total project cost range of approximately $3.74 billion to $3.995 billion, and ratified an agreement with the FTA to increase federal funding from $1.921 billion to a maximum of $2.872 billion for the project. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

World Trade Center Infrastructure Projects

In addition to the World Trade Center Transportation Hub, the Port Authority continues to advance various infrastructure projects toward the full buildout of the World Trade Center site, including streets and utilities. The Port Authority has completed construction on a number of infrastructure projects, including a central chiller plant (which is being upgraded to comply with regulatory requirements at an estimated project cost of $42.8 million) and electrical infrastructure, that support the operations of the World Trade Center site. A vehicular security center for cars and delivery vehicles to access subgrade loading facilities is operational to support the commercial development throughout the World Trade Center site. The World Trade Center's Liberty Park was opened to the public on June 29, 2016. Liberty Park is an approximately 1-acre elevated green space located atop the vehicular security center, and provides seating and views of the World Trade Center site and a pedestrian route from Greenwich Street to the Brookfield Place South Bridge at West Street. As part of the construction of the vehicle security center and Liberty Park, the Port Authority completed certain below grade infrastructure required to allow for the construction of the new St. Nicholas Greek Orthodox Church and National Shrine at 130 Liberty Street by Greek Orthodox Church representatives, to replace an earlier structure that was destroyed in the attacks of September 11, 2001. The Port Authority was not responsible for the construction of the new church building, which opened to the public in December 2022. The Port Authority currently leases the site of the new church building to representatives of the Greek Orthodox Church.

The Memorial at the World Trade Center Site

On July 6, 2006, the Board of Commissioners authorized the Port Authority to enter into an agreement with LMDC, the National September 11 Memorial and Museum at the World Trade Center ("Memorial Foundation"), the City of New York and the State of New York for the construction by the Port Authority of the World Trade Center memorial and cultural project. The World Trade Center Memorial Plaza opened for public access on September 11, 2011. The Museum opened to the public on May 21, 2014.

The Perelman Performing Arts Center at the World Trade Center

On February 15, 2018, the Board of Commissioners authorized the Executive Director of the Port Authority to enter into a lease with The World Trade Center Performing Arts Center, Inc., d/b/a The Performing Arts Center at the World Trade Center ("WTC PAC"), providing for the construction and operation of a world-class performing arts center for an initial term of 99 years, with an option to extend the term for an additional 99 years (WTC PAC now does business as "Perelman Performing Arts Center" or "PAC NYC"). Under the lease authorized by the Board of Commissioners, WTC PAC was responsible for the construction of the performing arts center, while the Port Authority was responsible for the construction of certain below grade improvements and infrastructure. Upon execution of the lease on

March 19, 2018, WTC PAC paid the Port Authority a one-time payment of $48 million for below-grade improvements constructed by the Port Authority, consistent with the terms of the February 2018 Board of Commissioners authorization. The performing arts center opened to the public in September 2023.

Newark Legal and Communications Center

The Newark Legal and Communications Center Urban Renewal Corporation (“NLCCURC”) was formed in 1988 by the Port Authority to effectuate the development and construction of a legal and communications center and its related infrastructure in Newark, N.J., adjacent to Pennsylvania Station and the PATH terminus (the “Newark Legal and Communications Center”).

On December 21, 2001, the NLCCURC entered into a net lease with respect to the Newark Legal and Communications Center with Matrix One Riverfront Plaza LLC (“Matrix”). The net lease is for a term of 50 years, with four 10-year renewal options and one 8-year 11-month 28-day renewal option. On December 4, 2013, after determining that the Newark Legal and Communications Center was no longer required for the purposes for which it was acquired, the Board of Directors of the NLCCURC authorized the President of the NLCCURC to enter into an agreement providing for the phased transfer of the NLCCURC’s interests in the Newark Legal and Communications Center to Matrix Affiliate, LLC, an affiliate of Matrix, which will be completed on or before 2030, in exchange for a total aggregate payment of approximately $42 million, subject to certain adjustments.

The Commissioners of the Port Authority serve as the Directors of the NLCCURC, and Richard Cotton is its President.

Marine Terminal Facilities

The Port Authority owns or leases six marine terminal facilities to serve the Port District which are operated by its tenants, together with multi-modal transportation assets to move freight to and from the terminals. The marine terminal facilities support a variety of uses such as containerized cargo, autos, bulk, cruise, warehouse operations and intermodal transport. The Port Authority’s revenues from the marine terminal facilities have historically come primarily from fixed lease agreements with its tenants and have therefore been partially insulated from fluctuations in activity levels at these facilities. On July 9, 2019, the Port Authority announced a comprehensive 30-year plan (the “Port Master Plan 2050”) that creates a flexible roadmap to develop a competitive, financially successful port that maximizes regional jobs and economic impacts while minimizing environmental effects at the Port Authority’s marine terminal facilities. The Port Master Plan 2050 focuses on five guiding principles: (i) ensuring sustainability and resiliency in all operations and future developments; (ii) promoting regional economic generation; (iii) establishing state of the art facilities; (iv) providing a platform for partnership for all local stakeholders; and (v) shaping future growth of the region. The Port Authority began implementing key findings and recommendations in the second half of 2019, including exploring, with the U.S. Army Corps of Engineers (the “Corps”), the costs and benefits of further harbor deepening projects (see “*Channel Improvement Projects*” in this Section II).

A foreign-trade zone (Foreign-Trade Zone 49) has been established by the United States Department of Homeland Security (formerly by the Department of Commerce) and presently includes, in addition to other sites and sub-zones in New Jersey, areas within Port Newark, Elizabeth-Port Authority Marine Terminal and the Port Jersey-Port Authority Marine Terminal, as well as the Port Authority Industrial Park at Elizabeth.

On March 26, 2024, the Port of Baltimore, Maryland was closed after the M/V Dali, a large container vessel, struck one of the support pillars of the Francis Scott Key Bridge as it was exiting the port, causing the bridge to collapse. While the Port of Baltimore was closed, the Port Authority's port facilities temporarily received containers and autos that were originally destinated for Baltimore. On June 10, 2024, the main shipping channel for the Port of Baltimore was fully reopened.

The Port Authority has made a preliminary assessment of the Dali incident and believes the bridges over navigational channels that provide vessel access to its port facilities are relatively protected compared to the Key Bridge, because they either have "fenders" or cofferdams around their support pillars to prevent a ship from striking them or because the contour of the channel would force a ship to run aground on bedrock before reaching the bridge supports. In addition, although the Dali was initially escorted away from the terminal by tugboats, the tugs were let go prior to the Dali losing power and they were therefore not able to help slow the vessel and maneuver her away from the support pillars. In the Port of New York and New Jersey, tugboat escorts are required until a ship has fully cleared any obstructions in New York Harbor. Notwithstanding these and other protections, the Port Authority is reviewing its operating protocols and risk mitigants together with its regional partners to determine whether other actions should be taken to mitigate the risk of a similar event.

Port Newark

Port Newark is a waterfront terminal located on Newark Bay comprising approximately 930 acres adjacent to Newark Airport. The marine terminal includes wharves, deep water ship berths, container cranes, open storage areas, buildings, roadways and railroad trackage. It has been leased by the City of Newark to the Port Authority, along with Newark Airport, since October 22, 1947.

In October 2019, the Port Authority and the City of Newark entered into a lease supplement further extending the lease term through 2075, in consideration of certain additional rental payments. These agreements are described at "*Certain Information with Respect to the Leases Relating to the Port Authority Airports and Other Related Matters*."

Port Newark is the most diverse facility of the Port Authority's marine terminals. It serves a variety of operators handling a wide range of cargo types. Cargo is shipped both in containers and as bulk commodities. In addition, the terminal facilities are used for the importing and exporting of new and used automobiles. The facility also houses warehousing and intermodal transport (including ExpressRail Newark).

Elizabeth-Port Authority Marine Terminal

The Elizabeth-Port Authority Marine Terminal is owned by the Port Authority and occupies approximately 1,257 acres on Newark Bay in Elizabeth, N.J. The south side of Port Newark and the Elizabeth-Port Authority Marine Terminal are jointly served by the Elizabeth Channel forming a boundary between the two facilities. The facility handles containerized cargo, bulk, intermodal transport, and warehousing. Container cranes and fully equipped vessel berths situated on the Elizabeth Channel and Newark Bay provide modern, efficient facilities for shipping lines and export-import shippers. Within the terminal are cargo distribution buildings with approximately 1.2 million square feet of space, ancillary service structures and intermodal transport connections (including ExpressRail Elizabeth).

Greenville Yard-Port Authority Marine Terminal

The Greenville Yard-Port Authority Marine Terminal is located in Jersey City, N.J., adjacent to the Port Jersey-Port Authority Marine Terminal. The facility currently occupies approximately 32 acres of land and pier area, in addition to riparian land. Approximately five acres of this facility are owned by the Port

Authority and occupied by a single private tenant using this facility for the storage of barges and dredging equipment. The remaining 27 acres, along with certain riparian rights, are leased by New York New Jersey Rail, LLC from Conrail for cross-harbor rail freight operations (see "*Railroad Freight—New York New Jersey Rail, LLC*" in this Section II).

In June 2019, the Port Authority and its private sector partners completed the redevelopment of Greenville Yard into a modern, multi-modal freight rail terminal. The Port Authority constructed two new carfloats (rail barges), a new transfer bridge, and a new support yard for the transfer bridge to improve efficiency and capacity of the cross-harbor rail freight system.

Port Jersey-Port Authority Marine Terminal

The Port Jersey-Port Authority Marine Terminal is owned by the Port Authority and is located on approximately 341 acres on the Port Jersey Channel in Bayonne and Jersey City, N.J., and supports broad based marine terminal uses. The marine terminal includes wharves, deep water ship berths, container cranes, open storage areas, buildings, railroad trackage and barges to facilitate marine activities that support container terminal, dry dock, cruise terminal, and warehouse operations and intermodal transport connections (including ExpressRail Port Jersey). In August 2023, the Port Authority agreed to amend the lease with its tenant at the terminal (see "*Change of Lessee Ownership at Port Jersey-Port Authority Marine Terminal and Howland Hook Marine Terminal*" in this Section II).

Brooklyn-Port Authority Marine Terminal

The Brooklyn-Port Authority Marine Terminal ("BPAMT") is partially owned by the Port Authority and by the City and extends from Pier 7 at Atlantic Avenue to Pier 12 and includes the Atlantic Basin with waterfront access along the Buttermilk and East River Channels.

Pursuant to a Memorandum of Understanding ("Swap MOU") with the New York City Economic Development Corporation ("NYSEDC"), the City and the State of New York dated May 23, 2024, NYCEDC and the Port Authority agreed upon terms for a "property swap" where NYCEDC would obtain full ownership interest of BPAMT in return for conveyance of the City's ownership interests in Howland Hook Marine Terminal to the Port Authority. The parties agree that the Port Authority's statutory authority may be insufficiently flexible to allow it to develop BPAMT for multiple, non-marine purposes and that Howland Hook could be more easily developed in a manner similar to the Port Authority's other container ports. Control of the Howland Hook Marine Terminal would enable the Port Authority to better leverage investments which its tenant, CMA CGM, has agreed to make (estimated at $200 million) to modernize the facility with expanded capacity and sustainability upgrades, enabling additional expansion at the terminal in the future (see "*Howland Hook Marine Terminal,*" below).

Although the parties desire to transfer outright ownership of the properties to each other, doing so may require consents and authorizations. Until such interests can be exchanged, on July 12, 2024 the Port Authority entered into a net lease of BPAMT to NYCEDC as tenant ("BPAMT Lease") through 2058 in return for an amendment to its existing lease with the City for Howland Hook Marine Terminal ("Howland Hook Lease Amendment"). The BPAMT Lease and Howland Hook Lease Amendment are on substantially similar terms and conditions, including, in each case, the transfer of control and financial benefit to the tenant with limited oversight by the landlord. The rentals under the leases offset each other so that neither party will have an ongoing cash payment obligation to the other. In connection with entering into the BPAMT Lease, the NYCEDC has assumed the Port Authority's existing leases and licenses, including the operating license with Red Hook Container Terminal, LLC, the operator of a portion of the BPAMT site.

If the Property Transfers are not effectuated by April 30, 2031, the parties would seek to extend the term of each lease until 2123, subject to necessary approvals.

The Port Authority does not expect these transactions to result in a material adverse change in its financial position or condition.

Howland Hook Marine Terminal

The Howland Hook Marine Terminal, in Staten Island, N.Y., is leased to the Port Authority by the City of New York for a term expiring in 2058, which was recently amended pursuant to an agreement with the Port Authority, the City, the NYCEDC and the State of New York described below, and at "*Brooklyn-Port Authority Marine Terminal*," above. This facility presently occupies 311 acres. The facility is used for a container terminal and interconnects with the ExpressRail Staten Island facility. Regular rail service is provided between this terminal and the national freight rail system through interchanges constructed by the Port Authority at the Garden State Secondary rail freight line in the vicinity of Elizabeth, N.J. Effective August 1, 2003, the Port Authority and the New Jersey Department of Transportation entered into an agreement providing for the Port Authority to lease (for a term of 50 years with one 49-year 11-month renewal option) certain parcels of railroad property located in Union County, N.J., with the Port Authority to assume certain maintenance obligations for the leased trackage during the term of the lease. The agreement allows for the Consolidated Rail Corporation ("Conrail") to provide rail service to and from Howland Hook. In August 2023, the Port Authority agreed to amend the lease with its tenant at the terminal (see "*Change of Lessee Ownership at Port Jersey-Port Authority Marine Terminal and Howland Hook Marine Terminal*" in this Section II).

ExpressRail

Beginning in 1991, the Port Authority has developed its original rail facilities to support efficient rail movements to and from its major container terminal facilities. The resulting ExpressRail system consists of four separate on/near dock intermodal rail terminals: ExpressRail Elizabeth, ExpressRail Newark, Express Rail Staten Island and Express Rail Port Jersey. These four rail terminals connect the marine terminals to the national freight rail network. The ExpressRail facilities were designed to reduce the Port's reliance on trucks to transport cargo and expand its geographic cargo reach to inland hubs. With 37 working tracks, ExpressRail provides dependable on-time performance, extended schedules, and same-day transfers between ship and rail. Since 1991, when the first terminal opened in Elizabeth, the Port Authority has invested approximately $600 million to expand the ExpressRail network and supporting infrastructure to ensure efficient transfer of cargo between the Port Authority's major container terminal facilities and inland markets. The ExpressRail facilities are served by Conrail, which is jointly owned by the Class 1 railroads CSX Corporation and Norfolk Southern. Utilizing this operating structure, Conrail provides local intermodal switching and operational support in the Port area. Conrail connects directly to the CSX and Norfolk Southern mainlines allowing the Port to serve inland markets primarily in the Midwest, Ohio Valley, New England, Eastern Canada and elsewhere in a timely, efficient, and environmentally friendly manner. The ExpressRail system has the capacity to handle 1.5 million lifts a year.

Channel Improvement Projects

Throughout the years, the Port Authority has undertaken various channel improvements, some in conjunction with the Corps, that support and benefit the Port Authority's marine terminal facilities, enhancing the ability of modern deep-draft containerships to navigate to the Elizabeth-Port Authority Marine Terminal, portions of Port Newark, the Howland Hook Marine Terminal, and the Port Jersey-Port

Authority Marine Terminal. In 2016, the Corps substantially completed deepening the federal channels serving these facilities to 50 feet (and to 53 feet in the Ambrose Channel).

The Corps is also proceeding into the preliminary engineering and design phase of a project to deepen the Gravesend Anchorage (the "Anchorage") from 47 feet to 50 feet, in order to accommodate deep-draft vessels using the 50-foot-deep channels. The Port Authority has agreed to fund the non-federal portion of the engineering and design work in the amount of approximately $375,000. This preliminary work is anticipated to last approximately two years, with an expected completion on or about July 2025. Funding for construction of the Anchorage is not committed by either the Corps (which requires Congressional action) or the Port Authority (which requires action of the Board of Commissioners) and there can be no assurance that it will proceed past the preliminary engineering and design stage.

Separately, in June 2022, the Chief Engineer for the Corps accepted a feasibility report (the "Report") resulting from a Harbor Deepening and Navigation Channel Improvement study conducted by the Corps, which investigated additional navigation improvements (including deepening to a depth of 55 feet and widening select areas of certain federal channels in the vicinity of the Port facilities) to continue to accommodate ultra-large container ships that have begun to call at the Port. The proposed Harbor Deepening and Channel Improvement project ("Harbor Deepening Project"), was preliminarily authorized by Congress of the United States in December 2022.

In May 2024, the Port Authority and the Corps signed an agreement to advance the Harbor Deepening Project through the preliminary engineering and design phase ("PED") up to a total cost of $20 million split equally between them. Through the PED phase, the parties anticipate that the Corps can more precisely determine the total multi-billion dollar cost of the Harbor Deepening Project. No cost commitments have been made by either the Port Authority or the Corps, with Port Authority participation dependent on Board of Commissioners authorization and funding sources including maximal federal participation and contributions from beneficiaries of the improvements, including commercial users.

Change of Lessee Ownership at Port Jersey-Port Authority Marine Terminal and Howland Hook Marine Terminal

The Port Authority currently leases a portion of the Port Jersey-Port Authority Marine Terminal to Port Liberty Bayonne ("Bayonne Lease") and Howland Hook Marine Terminal to Port Liberty New York ("Staten Island Lease") and such lessees are under common control of CMA CGM, a French shipping and logistics company which is one of the largest shipping companies in the world. CMA CGM acquired the leases following the Port Authority's consent to a change in control in August 2023.

In connection with the Port Authority's consent to the change in control, the Board of Commissioners at its meeting in August 2023, approved the Port Authority's entering into lease supplements to the Bayonne Lease and the Staten Island Lease which would (i) increase rents based on container throughput (subject to a minimum annual guarantee), (ii) transfer most responsibility for wharf and berth maintenance, rehabilitation, and replacement from the Port Authority to the tenants, (iii) provide for participation by the Port Authority in demurrage revenues under certain conditions, (iv) require the tenants to commit to improve the leaseholds to meet future capacity needs as they arise, and (v) require the tenant to commit to assist the Port Authority to achieve its sustainability goals (including achieving Net Zero greenhouse gas emissions by 2050), to use good faith efforts to meet the Port Authority's Minority and Woman-Owned Business Enterprise and Local Business Enterprise contracting goals, to collaborate in Port Authority priorities relating to safety and security, innovation, customer experience, key performance indicators, and to provide enhanced reporting on terminal activities. The Staten Island Lease also includes a lease extension to 2047, matching the term of the Bayonne Lease.

Port Newark Ship Fire

In July 2023, a fire broke out on a ship owned by the Grimaldi Group ("Grimaldi") and berthed at the Port Authority's facilities at Port Newark. Firefighting efforts to extinguish the fire were initially unsuccessful, and two fire fighters from the Newark Fire Department died in the effort. Based on facts ascertained during governmental hearings about the event, the ship was being loaded by a third party stevedoring company and its subcontractor with previously-owned vehicles ("POVs"). The stevedore and its subcontractor were operating loading equipment when an equipment malfunction ignited flammable material in the POVs. With the participation of the U.S. Coast Guard and the vessel's marine fire fighting and salvage contractor, the fire was contained and then extinguished several days after the fire began.

Formal investigation hearings on the incident were held in January through March 2024 under direction of the Coast Guard and the National Transportation Safety Board ("NTSB"). At a future date, both the Coast Guard and the NTSB are expected to issue separate reports of the findings, which will include the respective agency's official determination of the cause of this incident and recommendations to correct safety problems discovered during the investigations. The Essex County Prosecutor's Office has also opened an investigation regarding the incident.

In addition to the regulatory hearings described above, there is a civil action proceeding in New Jersey District Court under the Shipowner's Limitation of Liability Act ("Limitation Action"), where Grimaldi seeks limitation of its liability for all claims, damages, or losses arising out of the fire and recovery of its losses from a number of parties, including the Port Authority, claiming breach by the Port Authority of unspecified contractual or regulatory duties. The Port Authority has cross-claimed against Grimaldi as well as the stevedoring company and its subcontractor, for its own losses (including contingent losses). The other parties to the Limitation Action, including the stevedoring company and its subcontractor, filed claims and cross-claims, each alleging negligence on the part of other participants in the event. Without specific allegations, the Port Authority cannot meaningfully evaluate the claims, but the Port Authority believes it has good defenses to assertions that it was negligent in its actions and intends to defend itself vigorously.

Waterfront Development

Pursuant to legislation enacted in 1984 by the States of New York and New Jersey, the Port Authority is authorized to participate, in conjunction with affected municipalities, in effectuating certain mixed-use waterfront development projects in each of the States, initially, at a legislatively designated site in the City of Hoboken, N.J., and a legislatively designated site in the Hunters Point section of Long Island City in the Borough of Queens in New York City. The Port Authority may undertake such mixed-use waterfront development projects, including site preparation and other work necessary for the effectuation of the overall development program and to facilitate private sector investment in connection therewith, consistent with agreements with the holders of Consolidated Bonds, including those pertaining to the financing of additional facilities.

Hoboken South Waterfront Development Facility

On August 16, 1995, the Port Authority and the City of Hoboken entered into a municipal development agreement with respect to the development of a mixed-use waterfront development project at the legislatively designated site in the City of Hoboken. On November 30, 2000, the Board of Commissioners authorized an increase in the Port Authority's commitment with respect to this facility, bringing the Port Authority's total commitment to $128,000,000.

Queens West Waterfront Development Facility

In October 1992, the Port Authority, the Empire State Development Corporation ("ESDC"), the City of New York, and NYCEDC entered into a municipal agreement with respect to the development of a mixed-use waterfront development project at the legislatively designated Hunters Point site (the "Municipal Agreement"). On November 30, 2000, the Board of Commissioners authorized an increase in the Port Authority's commitments with respect to this facility, bringing the Port Authority's total commitment to $190,000,000.

On October 19, 2006, the Board of Commissioners authorized the sale to the City of New York, or a local development corporation designated by the City, of approximately 24 acres of Port Authority-owned property in the southern portion of the Queens West Waterfront Development site, after determining that this property was no longer required for the purposes for which it was acquired. The Port Authority and NYCEDC entered into a Contract of Sale dated December 12, 2007, providing for the sale of this property for a purchase price equal to $100 million plus the amounts spent by the Port Authority with respect to the property between October 19, 2006 and the closing of the sale. On March 26, 2009, the Board of Commissioners authorized the amendment of the Contract of Sale to provide for the offset of a $100 million portion of the purchase price for this property against the Port Authority's commitment to fund certain projects in the Borough of Queens. On May 20, 2009, this property was sold to NYCEDC as assignee of the City.

Railroad Freight

New York and New Jersey Railroad Corporation

On April 30, 1998, the New York and New Jersey Railroad Corporation was established as a wholly owned entity of the Port Authority to effectuate rail freight projects, including rail freight access to marine terminal facilities. Rail freight services are provided between the Howland Hook Marine Terminal in Staten Island, N.Y., and the national rail system through interchanges that were constructed by the Port Authority at Conrail's Chemical Coast rail freight line in the vicinity of Elizabeth, N.J. (See "*Marine Terminals—Howland Hook Marine Terminal*" in this Section II.) The Commissioners of the Port Authority serve as the Directors of the New York and New Jersey Railroad Corporation, and Richard Cotton is its President.

New York New Jersey Rail, LLC

On September 18, 2008, the Port Authority acquired from Mid-Atlantic New England Rail, LLC 100% of the membership interests in New York New Jersey Rail, LLC ("NYNJ Rail"). NYNJ Rail is part of the National Railroad System and holds a Surface Transportation Board Certificate of Convenience and Necessity for the movement of freight by rail and rail barge across New York Harbor, by means of float bridges located at Greenville Yard, Jersey City, N.J. and 65th Street Rail Yard in Brooklyn, N.Y. NYNJ Rail operates the only rail car float in the New York Harbor, providing a link for the movement of freight in and out of the New York City market. NYNJ Rail also currently leases approximately 27 acres of Conrail's property in Jersey City, N.J., which is part of the Greenville Yard-Port Authority Marine Terminal and which functions as an interchange facility for freight to and from the national railroad system.

On December 29, 2010, NYNJ Rail acquired certain assets of the Port Jersey Railroad Company ("PJRC"), a New Jersey corporation, including (among other things) approximately 6 acres of land in Jersey City, N.J.; all of PJRC's interests in certain railroad easements; the railroad tracks and switches located on such land and such easements; and the right (subject to appropriate governmental approvals) to operate a shortline railroad over such tracks, servicing several warehouses in an area adjacent to the Port Jersey-Port

Authority Marine Terminal and the Greenville Yard-Port Authority Marine Terminal. The acquisition of such assets facilitates the movement of shipping containers between the Port Jersey-Port Authority Marine Terminal and the Greenville Yard-Port Authority Marine Terminal.

Industrial Development

In 1978, in recognition of the loss of manufacturing jobs and plants in the Port District and its serious negative impact on the regional economy, the Port Authority was authorized by the States of New York and New Jersey to undertake a program of industrial development, including the construction and operation of industrial parks in the inner cities of the Port District. In March 1981, the Board of Commissioners authorized three initial industrial development projects, to be located in Elizabeth, N.J., in the Howland Hook section of Staten Island, N.Y., and in the Bathgate section of the Bronx, N.Y. (the Port Authority no longer has any interest in the development at the Bathgate site). The site in the Howland Hook section of Staten Island is presently part of the Howland Hook Marine Terminal. The development by the Port Authority of specific industrial development projects requires appropriate authorizations and certifications by the Board of Commissioners.

Port Authority Industrial Park at Elizabeth

The Port Authority Industrial Park at Elizabeth consists of a 12-acre site (which is a former landfill) in the City of Elizabeth, N.J., located at the southern end of the Port Newark/Elizabeth-Port Authority Marine Terminal complex, and is leased to private tenants.

Teleport

The Teleport, originally designed and operated as a regional satellite communications center, is located in a portion of New York City's Staten Island Industrial Park and was leased to the Port Authority by the City of New York in June 1984 for a term ending in July 2025. The Port Authority subleased multiple sites to developers who built industrial, office and data center buildings. The Teleport has five buildings totaling approximately 700,000 square feet. The Port Authority is in discussions with NYCEDC to take over administration of the park on behalf of the City of New York, as well as the turn over conditions of the Teleport lease.

Essex County Resource Recovery Facility

The Essex County Resource Recovery Facility is a mass burn waste-to-energy plant in the City of Newark, N.J., constructed and operated by a private full-service vendor pursuant to a lease agreement and a service agreement with the Port Authority. The lease agreement expires December 31, 2032, and automatically renews for four five-year periods, unless the lessee elects not to renew. The service agreement expires December 31, 2032. The private full-service vendor is responsible for all capital and operating expense liability at the plant. Ground rent is based on a percentage of gross revenues at the Facility, with a minimum annual guaranteed payment. The facility serves over 20 municipalities and has a long-term contract with New York City's Department of Sanitation for approximately 40 percent of the plant's disposal capability.

Certain environmental matters with respect to the condition of the site, the operation of the plant by the private full-service vendor or the composition of solid waste delivered to the plant, the liability or cost for which is presently uninsurable and not amenable to guaranteed limitation, may give rise to costs to the Port Authority. On August 13, 2004, the EPA advised the private full-service vendor that the EPA deems the full-service vendor to be a "potentially responsible party" (under CERCLA) that may be jointly and severally liable for the EPA's clean-up costs at the Diamond Alkali Superfund Site, in Newark, N.J. The Port Authority may have certain indemnification obligations with respect to the full-service vendor.

Pre-development Site Acquisition Program

On October 11, 1984, the Board of Commissioners established the Pre-development Site Acquisition Program, a centralized program of up to $75,000,000 at any one time through which the Port Authority may acquire real property in connection with the development of additional facilities prior to the actual formal certification of these facilities.

Appropriate approvals would be obtained prior to the purchase of any property intended to form a part of this facility. As a project is formally certified as an additional facility, the real property attributable to such additional facility (including the costs associated with the acquisition of such real property) would be transferred to the newly-certified additional facility and the amounts available under this facility would be recalculated, as appropriate.

Regional Development

From time to time, at the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority and are not generally expended at facilities owned or operated by the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. The Port Authority does not expect to derive any revenues from such regional development facilities. See Note H (Regional Facilities and Programs) in Appendix A hereto. In the Port Authority's 2017-2026 Capital Plan (see "*2017-2026 Capital Plan*" in this Section II), the Port Authority has included $250 million for such projects, which includes, among other things, $150 million for the Moynihan Station Transportation Program (see "*Moynihan Station Transportation Program*" below).

Moynihan Station Transportation Program

On September 22, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority, to provide, at the request of the State of New York, a one-time financial contribution of $150 million to the State of New York, acting through New York State Urban Development Corporation d/b/a Empire State Development and/or its subsidiary Moynihan Station Development Corporation ("MSDC"), to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building (together with its Western Annex, the "Farley Building") into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. The final installment of the $150 million was paid in July 2018. The Port Authority has also entered into an agreement with MSDC to provide certain consulting and management services in connection with the Phase II redevelopment. Moynihan Station opened to the public on January 1, 2021.

The Gateway Program

On July 8, 2024, the approximately $16 billion Hudson Tunnel Project ("HTP") sponsored by the Gateway Development Commission, a bi-state agency of the States of New York and New Jersey ("GDC"), reached financial close. In 2018, the Board of Commissioners had formally committed support for HTP in aggregate principal amount not to exceed $2.7 billion ("Principal Amount") by confirming the 2017-2026 Capital Plan allocation for HTP in such amount, so long as the Port Authority had no additional liability for construction completion, cost overrun or project funding risk. The support would be provided as funding of the debt service on federal low interest loans for a portion of the local share of the HTP cost. At the time of its commitment, the Board of Commissioners also certified a new facility of the Port Authority in the form of an initial $79 million of early-stage funding for certain predevelopment and capital costs of HTP (the "Gateway Funding Facility").

As part of HTP, two new railroad tubes will be constructed by GDC connecting the States of New York and New Jersey between the Bergen Palisades in New Jersey and Manhattan, New York (the "New Tunnel") to alleviate operational deficiencies in the existing two-tube tunnel used for passenger rail mass transit by NJ Transit for its commuter rail service and the National Railroad Passenger Corporation ("Amtrak") for its intercity "Northeast Corridor Service". Following completion of the New Tunnel, the existing tunnel, first built in 1910 by Pennsylvania Railroad ("Existing Tunnel"), would be repaired and rehabilitated, resulting in more resilient rail operations between the two States. HTP also includes funds for construction of structures in New York City to accommodate the tunnel routes to Pennsylvania Station in midtown Manhattan.

The financing for HTP is comprised of approximately (i) $12 billion in federal grant funding (including approximately $1 billion from Amtrak) and (ii) $4 billion in local financing in the form of three 35-year low-interest loans to GDC under the federal Railroad Rehabilitation and Improvement Financing program ("RRIF"). The RRIF loans are supported by three separate funding facilities from the State of New York, the State of New Jersey (and certain of its agencies), and the Port Authority (collectively, the "Support Parties"), evidenced by funding agreements with GDC and direct agreements with the RRIF Lender (defined below) which obligate each of the three Support Parties to perform the undertakings in their individual funding agreement for the benefit of the RRIF Lender.

The Port Authority's funding agreement with GDC ("Funding Agreement") obligates the Port Authority to make periodic "Contract Payments" to a collateral agent as directed by GDC ("Support Obligation"), to be applied against payments under the corresponding RRIF loan and related fees and expenses, the proceeds of which will be used to fund the New Tunnel ("New Tunnel RRIF Loan"). The amount of each Contract Payment for the principal and interest on the New Tunnel RRIF Loan is detailed on a schedule appended to the Funding Agreement. Because the interest on the New Tunnel RRIF Loan accrues and is capitalized during the New Tunnel construction period, the total estimated principal amount of the New Tunnel RRIF Loan is $2.47 billion, of which $1.87 billion will fund construction. The interest rate on the New Tunnel RRIF Loan was set at financial close at a rate of 4.48% per annum. Payment of the corresponding debt service component of the Contract Payments is currently anticipated to begin in October 2034 (or earlier, if the New Tunnel is completed earlier) in an annual amount of approximately $110 million, rising to an annual amount of approximately $151 million in the period 2040-2069. The Contract Payments cannot be accelerated for GDC default under the New Tunnel RRIF Loan, and the Port Authority is not required to pay default interest arising from GDC defaults. The aggregate principal amount of all Contract Payments (after inclusion of capitalized interest and related fees and expenses) cannot exceed the Principal Amount and, except in the case of default interest arising from specified Port Authority triggered defaults, no Contract Payment can exceed the individual semi-annual amounts set forth on the schedule of payments attached to the Funding Agreement.

The Support Obligation is a special obligation of the Port Authority and the Contract Payments are payable solely from, and subject to the availability of, net revenues deposited to the special fund of the Port Authority referred to as the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution, and in the event such net revenues are insufficient therefor, other moneys of the Port Authority legally available for such payments when due, with the understanding that: (i) payment of the Contract Payments requires prior payment of debt service on the Port Authority's Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; (ii) the payment of Contract Payments is not secured by or payable from the General Reserve Fund; and (iii) the Port Authority's obligation to make the Contract Payments does not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Under the direct agreement (the "Direct Agreement") by and among the Port Authority, GDC, and United States Department of Transportation, acting and through the Executive Director of the Build America Bureau (the "RRIF Lender"), the Port Authority has agreed to comply with its obligations under the Funding Agreement and provided an acknowledgement to the RRIF Lender that GDC is pledging the Funding Agreement (including GDC's rights in and to the Contract Payments) as collateral for the New Tunnel RRIF Loan, and will cooperate with the RRIF Lender to effect the purposes of the Direct Agreement. In addition, the Port Authority has undertaken certain reporting obligations to the RRIF Lender (including a mitigation plan in the event of a default or prospective default by the Port Authority under the Funding Agreement). The Port Authority has also covenanted that, except for the issuance or incurrence of certain obligations within the $1.25 billion maximum amount established by the Port Authority's Special Obligation Institutional Loan Program, it will not enter into additional special obligations if at the time of such incurrence, the ratio of net revenues to debt service is not at least 1.15, where "Net Revenues" are Port Authority net revenues for any period of twelve consecutive months during the thirty-six month period preceding the time of incurrence and "Debt Service" is the prospective debt service for the calendar year after such time of issuance when the debt service for all obligations outstanding at the time of issuance, including such new special obligations, is projected to be at a maximum.

The Port Authority is supporting the HTP under its statutory authority to operate transportation facilities in the Port District including extensions to the PATH Hudson Tubes. The "Hudson Tubes extensions" include, by statute, facilities such as the New Tunnel that are "improvements to Pennsylvania station in the city of New York, state of New York, and to its railroad approaches from the state of New Jersey, as necessary or desirable to improve operations and to increase train and passenger handling capacity." The Port Authority support for the New Tunnel will ensure that (i) passenger mass transit access across the Hudson River will remain reliable in the future, so that the Port Authority will not be required to alleviate excessive congestion on its current Hudson River vehicular crossings or add additional Hudson River vehicular crossing capacity to accommodate passengers to Manhattan which might be required were passengers not able to utilize existing rail mass transit routes made inaccessible due to their deteriorated condition and (ii) PATH service can continue to remain primarily dedicated, as it is today, to rapid transit for Hudson River communities including Hoboken, Jersey City and Newark. In addition, a reliable trans-Hudson rail route between the States will maintain rail access to midtown Manhattan for PATH riders and passengers on the Newark Liberty International Airport and John F. Kennedy International Airport airtrains. Reflecting the continuing reliability of the trans-Hudson passenger mass transit, the Support Obligation will be accounted for as an intangible improvement to PATH. Given this accounting treatment, the 2018 certification by the Board of Commissioners of the Gateway Funding Facility was rescinded.

In accordance with the requirements for Board of Commissioners authorization of commitments for the expenditure of Port Authority funds in the amount of $50 million or more, the Port Authority's Law Department provided an opinion to the Board of Commissioners that the proposed expenditure is legally authorized. Each of the States has also provided, through their executive offices, their respective views that the Port Authority has statutory authority to provide and perform the Support Obligation. As is generally the case with opinions as to legal outcomes, there can be no guarantee that such conclusion would not be challenged and a determination made by a court that such action is not authorized and is *ultra vires*, based on specific facts and circumstances which were not considered at the time the opinion was rendered.

Additional Facilities, Capital Improvements and Certain Programs

The Port Authority is now engaged in providing various capital improvements to certain of its existing facilities and has undertaken studies for other such improvements and for other new construction and acquisitions, which are expected to require the issuance of obligations in addition to the Bonds or the provision of other capital funds by the Port Authority from time to time. These include, but are not limited to, improvements and construction outlined herein, and in some cases are in fulfillment of contractual commitments assumed by the Port Authority in leases and other agreements or are undertaken pursuant to existing legislation at the request of the two States. The estimated costs of improvements to Port Authority facilities have been revised from time to time to reflect cost increases attributable to, among other factors, lengthy strikes and other unforeseen construction delays, extraordinary inflationary increases in the cost of labor and materials, unanticipated claims by contractors, changes in project specifications and resolution of environmental matters and associated proceedings which arise during the course of construction, including those related to channel improvements and dredging. No attempt is made to enumerate all such improvements or projects under study by the Port Authority at the present time.

Certification in Connection with Additional Facilities

Agreements between the Port Authority and holders of currently outstanding Consolidated Bonds impose certain requirements on the Port Authority relative to the financing of any additional facility for the first time by Consolidated Bonds or other bonds sharing in the pledge of the General Reserve Fund. Before the Port Authority can issue any such obligations for purposes in connection with such an additional facility, it must first certify its opinion that such issuance will not, during a specified period, materially impair the sound credit standing of the Port Authority or the investment status of Consolidated Bonds or the ability of the Port Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds. Unless and until, having first made such certification, the Port Authority does in fact issue Consolidated Bonds or other bonds secured by the General Reserve Fund for purposes in connection with such an additional facility, neither the General Reserve Fund nor the Consolidated Bond Reserve Fund may be applied for purposes in connection with such additional facility.

Certain Additional Projects Under Study

The Port Authority presently has under study a number of additional projects or facilities. As stated above, no attempt is made to enumerate all projects under study by the Port Authority at the present time. The Port Authority is presently participating in evaluating certain projects or facilities under study with appropriate government officials and agencies in both States. In order for the Port Authority to undertake certain additional projects or facilities under study, in addition to authorization by the Board of Commissioners, appropriate legislation may be required and such projects could, if undertaken, involve capital expenditures by the Port Authority. Furthermore, in the case of additional facilities, no Port Authority capital funds are committed to capital projects without appropriate certifications and authorizations.

The Fund for Regional Development Buy-Out Obligation

In 1983, the Fund for Regional Development was established to sublease space in the World Trade Center previously held by the State of New York as tenant. The agreement among the States of New York and New Jersey and the Port Authority, which established the Fund for Regional Development, provided that net revenues from the subleasing of such space were to be accumulated subject to disbursements to be made upon the concurrence of the Governors of the States of New York and New Jersey. The assets, liabilities, revenues, expenses and reserves of the Fund for Regional Development were not consolidated with those of the Port Authority. In 1990, the Port Authority and the States of New York and New Jersey agreed to terminate the Fund for Regional Development. In consideration of the transfer of the interest of the Fund for Regional Development in such subleased space in the World Trade Center, the Port Authority agreed to make a series of 59 semiannual payments to the States of New York and New Jersey beginning in March 1992 and ending in March 2021 (see also Note D (Outstanding Financing Obligations)-subsection E (Fund for Regional Development Buy-Out Obligation) in Appendix A hereto). Such payments were payable in the same manner and out of the same revenues as operating expenses of the Port Authority. Pursuant to the terms of such 1990 agreement, effective March 1, 2004, the State of New York and the Empire State Development Corporation entered into an agreement providing, among other things, for the assignment to the Empire State Development Corporation of all rights to the March 1, 2004 payment and all subsequent semiannual payments to be made to the State of New York under such 1990 agreement. The cost to the Port Authority in connection with the termination of the Fund for Regional Development was approximately $430,500,000, which included the net present value of the payments to the States of New York and New Jersey of $326,000,000, the assumption of the Fund for Regional Development's net liabilities of $101,000,000 and additional liabilities of $3,500,000 to the State of New York as a result of the termination agreement. As of March 2021 this Fund for Regional Development Buy-Out Obligation is no longer outstanding.

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Information on Capital Investment in Certain Port Authority Facilities

	Dec. 31, 2023	Capital Investment [a]	Depreciation	Dispositions	Jun 30, 2024
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,859,195	$ 105,671	$ 38,279	$ -	$ 1,926,587
Holland Tunnel	673,415	27,979	13,891	-	687,503
Lincoln Tunnel	1,785,558	124,941	45,966	-	1,864,533
Bayonne Bridge	1,473,756	1,241	17,124	-	1,457,873
Goethals Bridge	1,426,762	1,687	22,270	-	1,406,179
Outerbridge Crossing	110,708	3,447	3,602	-	110,553
Port Authority Bus Terminal	639,646	59,766	17,114	-	682,298
Subtotal - Tunnels, Bridges & Terminals	7,969,040	324,732	158,246	-	8,135,526
PATH	3,633,750	173,467	83,365	-	3,723,852
WTC Transportation HUB	3,141,607	681	41,285	-	3,101,003
Journal Square Transportation Center	64,298	4,230	1,906	-	66,622
Subtotal - PATH	6,839,655	178,378	126,556	-	6,891,477
Ferry Transportation	67,733	-	2,026	-	65,707
Access to the Region's Core ("ARC")	30,227	-	-	-	30,227
Moynihan Station Transportation Program	89,128	-	5,000	-	84,128
Gateway Early Work Program	67,437	(41)	1,500	-	65,896
Total Interstate Transportation Network	15,063,220	503,069	293,328	-	15,272,961
AVIATION [b]					
LaGuardia	2,798,894	32,809	78,766	-	2,752,937
JFK International	4,007,032	351,513	103,451	-	4,255,094
Newark Liberty International	4,617,445	150,726	116,441	-	4,651,730
Teterboro	190,252	5,428	6,689	-	188,991
New York Stewart International	127,331	287	5,862	-	121,756
Total Aviation	11,740,954	540,763	311,209	-	11,970,508
PORT					
Port Newark	714,785	19,269	15,754	-	718,300
Elizabeth Port Authority Marine Terminal	860,460	4,001	9,395	-	855,066
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	76,245	226	1,705	-	74,766
Howland Hook Marine Terminal	415,079	45	5,059	-	410,065
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	183,937	3,627	2,726	-	184,838
Port Jersey-Port Authority Marine Terminal	470,123	8,044	7,850	-	470,317
Total Port	2,720,629	35,212	42,489	-	2,713,352
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	-	-	-	5,805
Industrial Park at Elizabeth	4,040	-	125	-	3,915
Teleport	284	-	284	-	-
Queens West Waterfront Development	80,217	-	283	-	79,934
Hoboken South Waterfront Development	48,559	-	521	-	48,068
Total Development	138,905	-	1,213	-	137,692
WORLD TRADE CENTER					
WTC Campus [c]	3,808,982	39,219	60,733	-	3,787,468
One World Trade Center	2,882,153	6,025	65,490	-	2,822,688
WTC Towers 2, 3 & 4[d]	2,503,657	-	40,635	-	2,463,022
WTC Retail	1,585,705	832	23,289	-	1,563,248
Total World Trade Center	10,780,497	46,076	190,147	-	10,636,426
FACILITIES, net	40,444,205	1,125,120	838,386	-	40,730,939
LaGuardia Terminal B landlord leasehold investment	1,147,922	(196)	33,112	-	1,114,614
TOTAL	$ 41,592,127	$ 1,124,924	$ 871,498	$ -	$ 41,845,553
REGIONAL FACILITIES & PROGRAMS	$ 8,429	$ -	$ 1,881	$ -	$ 6,548

[a] Capital investment includes contributed capital amounts and is reduced by capital write-offs.

[b] Facility capital investment amounts include projects funded with Passenger Facility Charges.

[c] Capital investment includes campuswide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.

[d] Includes WTC net lessee required capital contributions related to the construction of WTC Towers 2, 3 and 4.

Significant Capital Projects
(as of June 30, 2024)*
(Dollars in Millions)

Facility	Project Name	Current Authorization/ Reauthorization	Jun-24 Total Expended
AVIATION			
JFK	JFK Redevelopment	03/2023	$1,357.9
JFK	Rehabilitation of Taxiways A and B East and Taxiways A and B South	11/2019	4.7
JFK	Replacement of Bergen and Van Wyck Electrical Substations and Switchgears at Central Substation	03/2019	111.2
JFK	Replacement of Farmers Substation	02/2020	9.8
LGA	Terminal B Redevelopment	03/2016	3,535.8
LGA	Redevelopment of Terminals C and D	07/2016	466.9
LGA	LGA Mass Transit Program	06/22/23	6.6
EWR	New AirTrain Newark	12/2023	299.5
EWR	AirTrain Newark Rail Link Station – At- Grade and Elevated Access - Planning		8.4
EWR	Redevelopment of Terminal A	02/2018	2,586.5
EWR	Terminal A Redevelopment Program - South Airfield Paving	12/2017	172.9

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* See footnote (*) to this chart.

(Significant Capital Projects as of June 30, 2024 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Jun-24 Total Expended
INTERSTATE TRANSPORTATION NETWORK			
HT	Latent Salt Damage Repairs and Mitigation Program	02/2018	$229.5
LT	Access Infrastructure Improvements	03/2011	1,800.0
LT	Replacement of Helix (Planning)	02/23	41.1
LT	Customer Experience Enhancements at 30th Street	02/23	0.4
HT/LT/GWB	Implementation of Cashless Tolling	07/2019	210.0
GWB	Restoring the George Program - Replacement of Suspender Ropes	03/2014	665.6
GWB	Restoring the George Program - Rehabilitation of Center Ave and Lemoine Ave Bridge	03/2023	60.8
GWB	Restoring the George Program - Rehabilitation of Main Span Upper-Level Structural Steel - Phase II	04/2017	99.5
GWB	Restoring the George Program - Rehabilitation of Lower-Level Structural Steel	09/2019	56.8
GWB	Rehabilitation of 178th & 179th Street Ramps, Bus Ramps, and Bus Turnaround	02/2012	182.5
PABT	Replacement of Port Authority Bus Terminal - Planning	06/2021	232.7
PATH	C-Yard Vehicle Storage Facility & Additional Track	10/2019	24.8
PATH	Overhaul Program for PA-5 Railcars	12/2017	67.8
PATH	Expansion of Railcar Fleet	06/2018	202.9
PATH	Replacement of Substation #14	06/2019	80.4
PATH	Restoration of Hoboken, Newport, Exchange Place and Grove Street Stations	09/2018	54.6
PATH	Replacement of Substation #2	07/2022	132.3
PATH	Fare Collection System Replacement	11/2021	48.4
PATH	Railcar and Track State of Good Repair Program	11/2023	4.5

(Significant Capital Projects as of June 30, 2024 continued on next page)

Facility	Project Name	Current Authorization/ Reauthorization	Jun-24 Total Expended
PORT COMMERCE			
PN	Rehabilitation of Port Street Capacity and Corbin Street Ramps	04/2023	$67.9
PJPAMT	Rehabilitation of Berths E-1 and E-2	11/2022	34.9
PN/PJPAMT	Rehabilitation of Fire Protection Systems	05/2023	1.6
WORLD TRADE CENTER			
WTC	Construction of West Bathtub Vehicular Access	12/2023	229.6
WTC	WTC River Water Pump Station (RWPS) Upgrade	12/2022	32.9
WTC	WTC Immediate Salt Damage Remediation (ISDR)	10/2020	32.3

Explanation of Facility Abbreviations:

BB	Bayonne Bridge	LGA	LaGuardia Airport
EPAMT	Elizabeth — Port Authority Marine Terminal	LT	Lincoln Tunnel
EWR	Newark Liberty International Airport	OBX	Outerbridge Crossing
GB	Goethals Bridge	PATH	The Hudson Tubes Facility
GPAMT	Greenville Yard — Port Authority Marine Terminal	PABT	Port Authority Bus Terminal
GWB	George Washington Bridge	PJPAMT	Port Jersey—Port Authority Marine Terminal
HCMF	Harrison Car Maintenance Facility	PN	Port Newark
HH	Howland Hook	SWF	Stewart International Airport
HT	Holland Tunnel	TEB	Teterboro Airport
JFK	John F. Kennedy International Airport	WTC	World Trade Center

* Construction costs in connection with Port Authority facilities are subject, among other items, to the effects of national and regional economic conditions and the nature of governmental regulations with respect to transportation, security, commerce, energy, and environmental permits and approvals and environmental impact analyses. Additionally, resolution of environmental matters and associated proceedings which arise during the course of construction, including those pertaining to channel improvements and dredging, the costs for which are not presently quantifiable, may result in substantial delays in such construction and may give rise to substantially increased costs to the Port Authority. See also "*Impacts from the COVID-19 Pandemic*" in Section I hereof and "*2017-2026 Capital Plan*" in Section II hereof.

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SECTION III—BONDS, NOTES AND OTHER OBLIGATIONS

Consolidated Bonds

References to Consolidated Bonds herein are equally applicable to and include Consolidated Notes.

On October 9, 1952, the Port Authority adopted the Consolidated Bond Resolution establishing the issue of Consolidated Bonds. A copy of the Consolidated Bond Resolution is set forth at "*Consolidated Bond Resolution*" in this Section III. Each series of Consolidated Bonds is issued pursuant to the Consolidated Bond Resolution. The resolutions pertaining to the establishment and the authorization of the issuance of, and the authorization of the sale of, the Bonds are set forth at "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof. Each of such resolutions must be studied for a precise understanding of its provisions.

Establishment and Issuance

Consolidated Bonds are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon.

Consolidated Bonds may be issued from time to time in such series and installments (in addition to the Bonds) as the Port Authority may determine, but only for purposes for which the Port Authority is authorized by law to issue bonds secured by a pledge of its General Reserve Fund. So long as Consolidated Bonds presently outstanding are outstanding, Consolidated Bonds may be issued for purposes in connection with additional facilities (in addition to those for which the Port Authority has already issued bonds secured by a pledge of the General Reserve Fund) only if the Port Authority has first certified its opinion that such issuance will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds.

The Port Authority may not issue any Consolidated Bonds (except such Consolidated Bonds issued to refund other Consolidated Bonds) except under one or another of three conditions, each of which requires that a certain future calendar year's debt service is met at least one and three-tenths (1.3) times by certain revenues. The method of computation of revenues and debt service and of the application of the conditions is set forth in Section 3 of the Consolidated Bond Resolution.

Security

All Consolidated Bonds, including any which may hereafter be issued, are equally and ratably secured by a pledge of the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility which may hereafter be financed in whole or in part through the medium of Consolidated Bonds, in the manner and to the extent provided in Sections 4 and 5 of the Consolidated Bond Resolution. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority referred to in Sections 4 and 5 of the Consolidated Bond Resolution have been satisfied.

All Consolidated Bonds are further secured by a pledge of the moneys in the Consolidated Bond Reserve Fund established by Section 7 of the Consolidated Bond Resolution, in the manner and to the extent set forth in said section, and by a pledge of the General Reserve Fund on an equal footing with other obligations of the Port Authority secured by a pledge of the General Reserve Fund, in the manner and to the extent provided in Section 6 of the Consolidated Bond Resolution.

Consolidated Bond Reserve Fund

A special fund is created by Section 7 of the Consolidated Bond Resolution as additional security for all Consolidated Bonds. Into this fund is to be paid the balance remaining of all net revenues (as defined in the Consolidated Bond Resolution), after deducting payment of debt service upon all Consolidated Bonds and such amounts as may be required to maintain the General Reserve Fund at its statutory amount. Consolidated Bonds have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds. The prior liens and pledges with respect to certain of such net revenues in favor of General and Refunding, Air Terminal and Marine Terminal Bonds of the Port Authority referred to in Sections 4 and 5 of the Consolidated Bond Resolution have been satisfied.

The moneys in the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in Section 7 of the Consolidated Bond Resolution, which include the payment of debt service and retirement of Consolidated Bonds (with certain limitations) and certain other purposes. Such other purposes, so long as Consolidated Bonds presently outstanding are outstanding, must be related to bonds or notes secured by a pledge of the General Reserve Fund or facilities financed by such bonds or notes, but not necessarily related to Consolidated Bonds or facilities the net revenues of which are pledged in support of Consolidated Bonds. Moneys in the Consolidated Bond Reserve Fund are available for such other purposes, which include application to the payment of debt service on Versatile Structure Obligations, Commercial Paper Obligations, Institutional Loans and Variable Rate Master Notes.

No representation is made as to the future payments to be made from the Consolidated Bond Reserve Fund; however, the Consolidated Bond Reserve Fund is not available to pay debt service on Special Project Bonds.

Amortization

The manner and rate of retirement of each such series of Consolidated Bonds is specified in or pursuant to the resolution establishing such series.

If a series of Consolidated Bonds is to be issued for refunding purposes, and cannot be issued so as to meet one or another of the conditions of debt service coverage by net revenues set forth in Section 3 of the Consolidated Bond Resolution, the series resolution must specify the principal amount thereof to be retired during each year of the term of such series commencing not later than the eleventh anniversary of the series. Furthermore, in each such case, the schedule of retirement must be so arranged that the annual debt service during the term of retirement shall be level on one or another of three bases set forth in Section 8 of the Consolidated Bond Resolution, with ten percent (10%) variations permitted between the amounts of debt service for any two years in the schedule.

Except for series described in the preceding paragraph, there is no limitation on the Port Authority's power to arrange retirement of any series of Consolidated Bonds in any manner or amount at or before maturity except insofar as it may be necessary to arrange future debt service on such series in such a manner as to meet one or another of the conditions of debt service coverage by net revenues set forth in Section 3 of the Consolidated Bond Resolution.

Modifications

The Port Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Consolidated Bonds, modify or amend the Consolidated Bond Resolution, or any other resolution relating to Consolidated Bonds, but only for the purpose of curing any ambiguity or of curing or correcting any defective or inconsistent provision, or for any other purpose not inconsistent with the Consolidated Bond Resolution or with any other resolution relating to Consolidated Bonds; provided, that no such amendment shall alter or impair the obligation of the Port Authority, which is absolute and unconditional, to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder.

In addition, any of the terms or provisions of the Consolidated Bond Resolution (or of any resolution amendatory thereof or supplemental thereto) may be amended, repealed or modified in the manner set forth in Section 16 of the Consolidated Bond Resolution, for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Consolidated Bonds or of any of the coupons pertaining thereto; provided, that no such amendment, repeal or modification shall alter or impair the obligation of the Port Authority, which is absolute and unconditional, to pay the principal and interest of any Consolidated Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, without the express consent of the holder of such bond.

General Reserve Fund

Statutory Authorization and Establishment

The General Reserve Fund was established pursuant to Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, which have been amended and supplemented. The resolutions of the Board of Commissioners pertaining to the establishment of the General Reserve Fund (see "*Resolution Establishing General Reserve Fund*" in this Section III), the establishment of the issue of Consolidated Bonds (see "*Consolidated Bond Resolution*" in this Section III) and the establishment and authorization of the issuance of the Bonds (see "*Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024*" in Section VI hereof), constitute the entire agreement between the Port Authority and registered holders of the Bonds, including with respect to the General Reserve Fund; and the statutes relating to the General Reserve Fund and such resolutions govern the rights of such holders with respect to the purposes for which moneys in the General Reserve Fund may be applied and the limitations upon investment of such moneys.

Under the statutes authorizing the establishment and pledge of the General Reserve Fund ("General Reserve Fund Statutes"), in all cases where the Port Authority has raised or may raise moneys to finance or refinance its facilities by the issue and sale of bonds legal for investment, as limited and defined in the applicable statutes, the surplus revenues, as defined therein, from such facilities are required to be pooled by the Port Authority and applied to the establishment and maintenance of a General Reserve Fund in an amount equal to ten percent (10%) of the par value of all such outstanding bonds legal for investment, as so defined. The outstanding bonds and notes of the Port Authority, other than Port Authority Equipment Notes, Commercial Paper Obligations and Variable Rate Master Notes issued for certain purposes, are bonds legal for investment within the statutory definitions; also, all of the Port Authority's existing facilities have been financed in whole or in part by bonds legal for investment within the meaning of the General Reserve Fund Statutes. The Port Authority currently takes into account all outstanding bonds and notes in determining the funding of the General Reserve Fund.

Purposes for Which the Fund is Available

The General Reserve Fund Statutes permit the General Reserve Fund to be pledged in whole or in part by the Port Authority or applied by it to the repayment with interest of any moneys raised upon any such bonds legal for investment, and permit the Port Authority to apply such moneys in the General Reserve Fund to the fulfillment of any other undertakings assumed to or for the benefit of the holders of any such bonds.

Under the aforesaid agreement between the Port Authority and the registered holders of the Bonds, the Port Authority's power to use and invest the moneys in the General Reserve Fund at any time is curtailed within narrower limits than the maximum which the statutes permit. Application of the General Reserve Fund is by such agreement restricted to purposes in connection with bonds secured by a pledge of the General Reserve Fund, and except to the extent that the combined balances in certain debt reserve funds of the Port Authority (currently the General Reserve Fund and the Consolidated Bond Reserve Fund) may at the time exceed the amount necessary to meet the next two (2) years' debt service (computed as set forth in Section 6 of the Consolidated Bond Resolution) on all bonds then outstanding which are secured by a pledge of the General Reserve Fund, the Port Authority covenants (subject to certain prior pledges in connection with General and Refunding, Air Terminal and Marine Terminal Bonds, the debt service requirements on which the Port Authority has fully satisfied, when due, as scheduled) that General Reserve Fund moneys may not be used for any purpose if at the time there are any other moneys of the Port Authority available for that purpose and may not be used for the prepayment of debt service before due, and must be held in the form of cash or in obligations of (or guaranteed by) the United States. The Port Authority currently meets the two years' debt service test as described above.

Bonds Secured by Pledge of the General Reserve Fund

At the present time, the General Reserve Fund is pledged in support of all outstanding Consolidated Bonds and all Consolidated Bonds now or hereafter issued. The General Reserve Fund is not available to pay debt service on Special Project Bonds, Versatile Structure Obligations, Institutional Loans, Commercial Paper Obligations or Variable Rate Master Notes.

In connection with the pledge of the General Reserve Fund made in support of Consolidated Bonds, as aforesaid, the Port Authority has reserved the right to pledge the General Reserve Fund as security for any bonds, notes or other evidences of indebtedness whatsoever hereafter issued by the Port Authority as security for which it may at the time be authorized by law to pledge the General Reserve Fund and to use the moneys in the General Reserve Fund to fulfill any of its undertakings in connection with bonds, notes or other evidences of indebtedness secured by a pledge of the General Reserve Fund, except that the General Reserve Fund may not so long as Consolidated Bonds presently outstanding are outstanding be pledged in support of bonds or notes to be issued in connection with any additional facility (in connection with which the Port Authority has not previously issued bonds secured by such pledge) unless the Port Authority has first certified its opinion that such pledge will not, among other things, materially impair its ability to fulfill its undertakings to the holders of Consolidated Bonds.

All Consolidated Bonds are secured by a pledge of the General Reserve Fund on an equal footing and the Consolidated Bond Resolution provides that no greater rights in or to the General Reserve Fund may hereafter be granted to the holders of any other obligations than are now granted to the holders of the bonds issued pursuant to the Consolidated Bond Resolution.

Sources of Payments into the Fund

The surplus revenues of all facilities of the Port Authority are payable into the General Reserve Fund to the extent required by the General Reserve Fund Statutes. Certain of the facilities of the Port Authority operate at a deficit or do not generate surplus revenue.

Size of the Fund

The statutory amount of the General Reserve Fund, to the establishment and maintenance of which the Port Authority is required to apply the surplus revenues of its facilities financed or refinanced by bonds legal for investment, as defined in the General Reserve Fund Statutes, is ten percent (10%) of the par value of such bonds currently outstanding. The statutory amount has varied with the issuance and retirement of the various bonds upon the par value of which it is calculated. Through calendar year 2003, as of the close of each calendar year, the Port Authority determined such amount and applied any surplus revenues available therefor, to the extent required, to maintain the General Reserve Fund at its then statutory amount. Commencing in 2004, the Port Authority determined the statutory amount of the General Reserve Fund at the close of each calendar quarter and in 2006, in connection with monthly closings of the Port Authority's financial accounts the Port Authority began determining the statutory amount to the General Reserve Fund at the close of each calendar month, applying any surplus revenues available at such time, to the extent required, to maintain the General Reserve Fund at its then statutory amount, subject to reconciliation at the close of the calendar year.

On December 31, 1946, the statutory amount was $18,932,900 and payments into the General Reserve Fund on that date brought its balance up to that amount. On each December 31 thereafter, the General Reserve Fund was maintained at not less than its then statutory amount. The amount in the General Reserve Fund on June 30, 2024 was $2,581,645,094.

Anticipated Payments from the Fund

The Port Authority anticipates that certain payments will be made out of the General Reserve Fund from time to time to fulfill undertakings assumed to or for the benefit of the holders of bonds in support of which the General Reserve Fund has been pledged. As noted at "*Purposes for Which the Fund is Available*," the General Reserve Fund is applicable, if necessary, to fulfill undertakings assumed to or for the benefit of the holders of bonds of the Port Authority legal for investment, including those undertakings incurred by the Port Authority in connection with the existing facilities of the Port Authority. No representation is made as to the future payments to be made from the General Reserve Fund. The General Reserve Fund is not available to pay debt service on Special Project Bonds, Versatile Structure Obligations, Institutional Loans, Commercial Paper Obligations or Variable Rate Master Notes.

Rate Powers and Covenants

As a result of legislation contained in Chapter 47 of the Laws of New York of 1931 and Chapter 4 of the Laws of New Jersey of 1931; in Chapter 802 of the Laws of New York of 1947 and Chapter 43 of the Laws of New Jersey of 1947; in Chapter 209 of the Laws of New York of 1962 and Chapter 8 of the Laws of New Jersey of 1962; and in Chapter 651 of the Laws of New York of 1978 and Chapter 110 of the Laws of New Jersey of 1978, the two States covenanted with each other and with the holders of any bonds of the Port Authority which may be secured by its General Reserve Fund (including Consolidated Bonds) that the two States will not diminish or impair the power of the Port Authority to establish, levy and collect tolls, rents, fares, fees or other charges in connection with any facility owned or operated by the Port Authority, the revenues of which shall have been pledged in whole or in part as security for such bonds. All present facilities of the Port Authority and the charges therefor are covered by these statutory covenants, so long as such bonds remain outstanding.

Under the 1962 and 1978 statutes, the States also have covenanted that they will not diminish or impair the Port Authority's power to determine the quantity, quality, frequency or nature of the service provided in connection with each such facility.

The Port Authority has covenanted with the holders of Consolidated Bonds to establish charges in connection with facilities the net revenues (as defined in the Consolidated Bond Resolution) of which are pledged as security for such bonds (all present Port Authority facilities) to the end that at least sufficient net revenues may be produced therefrom to provide for the debt service on all Consolidated Bonds, and in the event that such net revenues are insufficient to provide for the debt service on Consolidated Bonds, to make good any deficiency out of the General Reserve Fund or other available revenues, moneys or funds and for that purpose to establish charges in connection with facilities the surplus revenues of which are payable into the General Reserve Fund, which include all present Port Authority facilities, to the end that combined surplus revenues may be produced therefrom at least sufficient to cover debt service on Consolidated Bonds.

Port Authority Equipment Notes

On June 10, 1993, the Port Authority established an issue of special obligations known as Port Authority Equipment Notes. The Port Authority's equipment notes program presently provides, as a result of the November 18, 1999 modification, for the issuance of Port Authority Equipment Notes under agreements to be entered into with selected purchasers, in an aggregate principal amount at any one time outstanding not in excess of $250,000,000. Each series of Port Authority Equipment Notes is issued pursuant to the Port Authority Equipment Note Resolution.

The payment of the principal of and interest on Port Authority Equipment Notes shall be a special obligation of the Port Authority payable from the proceeds of obligations of the Port Authority issued for such purposes or from the same revenues and in the same manner as operating expenses of the Port Authority.

Proceeds of Port Authority Equipment Notes are authorized, subject to allocation to some but not all of the following purposes, to be used in connection with the purchase of Equipment (as defined in the Port Authority Equipment Note Resolution) by the Port Authority, to refund obligations issued by the Port Authority in connection with the purchase of Equipment and/or for incidental purposes, including certain costs of, and relating to, such Port Authority Equipment Notes.

Special Project Bonds

On June 9, 1983, the Port Authority established an issue of special limited obligations known as Special Project Bonds. Each series of Special Project Bonds is issued pursuant to the Special Project Bond Resolution.

Neither the full faith and credit of the Port Authority nor the General Reserve Fund or the Consolidated Bond Reserve Fund are pledged to the payment of interest on or the repayment of the principal of Special Project Bonds, which are underlying mortgage bonds within the meaning of the Consolidated Bond Resolution. Each series of Special Project Bonds is to be secured solely by a mortgage by the Port Authority, in favor of the holders of such bonds, of facility rental as set forth in a lease with respect to the project to be provided with the proceeds of such bonds, by a mortgage by the applicable lessee, in favor of the holders of such bonds, of the lessee's leasehold interests under the lease with respect to such project and by a security interest granted by the applicable lessee to the Port Authority and mortgaged by the Port Authority, in favor of the holders of such bonds, in certain items of the lessee's personalty to be located at such project, and such other security in addition to the foregoing as may be required by the Port Authority from time to time as appropriate to the particular project.

Special Project Bonds of any particular series may be issued only for the purpose of providing a single project for a lessee or for the purpose of refunding all or any part of a prior series of Special Project Bonds or a combination of such purposes. Each series of Special Project Bonds is to be issued under a separate resolution and may be issued in one or more installments as the Port Authority may determine.

There are currently no series of Special Project Bonds outstanding.

Versatile Structure Obligations

On June 11, 1992, the Port Authority established an issue of special obligations known as Port Authority Versatile Structure Obligations. The Port Authority's versatile structure obligations program, presently provides, as a result of the November 18, 1999 modification, for the sale of such obligations, from time to time, in one or more series. Each series of Versatile Structure Obligations is issued pursuant to the Port Authority Versatile Structure Obligations Resolution.

The payment of the principal of and interest on Versatile Structure Obligations shall be a special obligation of the Port Authority payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes or from net revenues as defined for purposes of Versatile Structure Obligations, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Versatile Structure Obligations, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Versatile Structure Obligations is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Versatile Structure Obligations, and the interest thereon, are not secured by or payable from the General Reserve Fund.

Proceeds of Versatile Structure Obligations are authorized, subject to allocation to some but not all of the following purposes, to be used (a) for purposes of, or with respect to the financing of, capital expenditures in connection with any one or more of the facilities of the Port Authority, provided, that subject to agreements with the holders of obligations of the Port Authority, all or any portion of the unspent proceeds of a series of Versatile Structure Obligations may be allocated to any purpose for which at the time of issuance of such series the Port Authority is authorized by law to issue its obligations, including for purposes of, or with respect to the financing of, capital expenditures in connection with additional facilities of the Port Authority certified or to be certified after issuance of such series, (b) for purposes of refunding, directly, by offers to exchange, or otherwise, all or any part of any bonds, notes or other obligations of the

Port Authority, and (c) for certain incidental purposes, including certain costs of, and relating to, such Versatile Structure Obligations.

The Port Authority shall not issue new Versatile Structure Obligations, for purposes other than to refund outstanding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), if at the time of issuance of such new Versatile Structure Obligations, either: (a) the total principal amount of all bonds, notes or other obligations of the Port Authority outstanding as of such time of issuance, including the new Versatile Structure Obligations and excluding Consolidated Bonds, Special Project Bonds, Commercial Paper Obligations and Port Authority Equipment Notes, exceeds twenty-five percent (25%) of the total principal amount of all bonds, notes and other obligations of the Port Authority outstanding as of such time of issuance, including the new Versatile Structure Obligations and excluding Special Project Bonds, Commercial Paper Obligations and Port Authority Equipment Notes; or (b) net revenues (computed as hereinafter set forth) of the Port Authority for any period of twelve (12) consecutive months during the thirty-six (36) month period preceding such time of issuance shall not have amounted to at least one and fifteen one-hundredths (1.15) times the prospective debt service (computed as hereinafter set forth) for the calendar year after such time of issuance, for which the combined debt service (so computed) upon all obligations outstanding as of such time of issuance which are secured by or payable from net revenues, including the new Versatile Structure Obligations and excluding Commercial Paper Obligations, would be at a maximum. In calculating such prospective debt service there may, at the Port Authority's option, be substituted for the actual prospective interest payable on any of such obligations secured by or payable from net revenues of the Port Authority, including the new Versatile Structure Obligations, prospective interest on any of such obligations, as follows: in the event that any of such obligations (i) bears interest at a fixed interest rate and has a remaining term to maturity of less than three (3) years from such time of issuance, then the interest rate on such obligation shall be deemed to be the higher of the interest rate on such obligation as of such time of issuance and the interest rate on the most recent series of Port Authority obligations with a term to maturity of at least thirty (30) years, or (ii) bears interest on the basis of an interest payment schedule providing for payments less frequently than annually, then the interest rate on such obligation shall be deemed to be the interest rate equal to the yield to maturity of such obligation as of such time of issuance, or (iii) bears interest at a variable interest rate, then the interest rate on such obligation shall be deemed to be the higher of the rate as published in the Revenue Bond Index of *The Bond Buyer* in effect as of such time of issuance (and in the event such Revenue Bond Index is not published as of such time of issuance, then such rate determined on the basis of a comparable index selected in the sole discretion of the Committee on Finance of the Board of Commissioners) and the average interest rate on such obligation for the twelve (12) calendar months preceding such time of issuance (and in the event such obligation has not been outstanding for a full twelve (12) calendar months preceding such time of issuance, then such average interest rate determined on the basis of the period of time during which such obligation has been outstanding), or (iv) is associated with an interest rate exchange contract, then the interest rate on such obligation shall be deemed to be the effective interest rate for such obligation determined by reference to such interest rate exchange contract, or (v) is convertible from one interest rate mode to another, then the interest rate on such obligation shall be deemed to be the interest rate in effect as of such time of issuance. In addition, in calculating such prospective debt service, in the event that any of such obligations secured by or payable from net revenues of the Port Authority, including the new Versatile Structure Obligations, has (i) a term to maturity from such time of issuance of less than three (3) years or (ii) no stated periodic repayment schedule, there may at the Port Authority's option be substituted for the actual prospective debt service upon any of such obligations, the debt service which would be payable if such obligation was forthwith refunded by a series of Versatile Structure Obligations having the following characteristics: maturity — thirty (30) years from the time of issuance of the new Versatile Structure Obligations; interest — at the rate of interest determined in accordance with the provisions of the immediately preceding sentence and payable semiannually beginning six (6) months from such time of issuance; amortization — in such annual amounts as would be required to retire the principal amount of such obligation by the thirtieth anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if the annual debt service thereon would be equal for all years thereafter until the thirtieth anniversary of such time of issuance.

Net revenues (as defined in the Consolidated Bond Resolution) for purposes of the above calculation may include in the case of fare and tolls increases adopted by the Port Authority which have not yet been put into effect or have not been in effect for a full year, the additional net revenues estimated by the Port Authority to be derived annually from such increases.

Additionally, net revenues (as defined in the Consolidated Bond Resolution) for purposes of the above calculation may also include, in the case of facilities (including additions or improvements to facilities) which have not been in operation, in each case during the entire period of the twelve (12) consecutive months selected for the purposes of such calculation (including facilities under construction as of such time of issuance of the new Versatile Structure Obligations or which are to be acquired, established or constructed by the Port Authority), the average annual net revenues which the Port Authority estimates will be derived from each of such facilities during the first thirty-six (36) months of operation thereof after such time of issuance; provided, however, that debt service on all additional obligations estimated to be issued to complete such facilities prior to the date any such facilities (including the addition or improvement thereto) become fully operational, is included in calculation of prospective debt service; and provided, further that the amount of any net revenues attributable to estimates described in this paragraph shall in no event exceed twenty-five percent (25%) of the net revenues of the Port Authority including any net revenues attributable to estimates of fare and tolls increases as aforesaid.

In the event that the new Versatile Structure Obligations are issued solely for the purpose of refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), then no calculations shall be required. In the event that the new Versatile Structure Obligations are issued in part for purposes of refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes), then no calculations shall be required to include the principal amount of such new Versatile Structure Obligations allocated to refunding bonds, notes or other obligations of the Port Authority (other than Commercial Paper Obligations and Variable Rate Master Notes) or the prospective debt service associated therewith.

Commercial Paper Obligations

On September 9, 1982, the Port Authority established an issue of special obligations now known as Port Authority Commercial Paper Obligations. The Port Authority's commercial paper program presently provides for Commercial Paper Obligations to be issued in three separate series known as Series A, Series B and Series C. Port Authority Commercial Paper Obligations are currently issued under the resolution of the Board of Commissioners adopted on October 29, 2020, which authorizes their issuance through December 31, 2025.

Under the October 29, 2020 resolution, the total aggregate principal amount of all Port Authority Commercial Paper Obligations outstanding at any one time may not exceed $750,000,000, with the total aggregate principal amount of each series that may be outstanding at any one time not to exceed $250,000,000. Pursuant to the resolution adopted on November 17, 2022 pertaining to the Special Obligation Institutional Loan Program, the Port Authority established a limit on the total amount of obligations that may be outstanding at any one time under the Special Obligations Institutional Loan Program, taking into account the amount of Commercial Paper Obligations outstanding at the time of calculation (see "Special Obligation Institutional Loan Program", below).

Proceeds of Commercial Paper Obligations of each series are authorized to be allocated to capital projects in connection with certain facilities of the Port Authority and for purposes of refunding certain obligations of the Port Authority.

The payment of the principal of and interest on Commercial Paper Obligations shall be a special obligation of the Port Authority payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes or from net revenues as defined for purposes of Commercial Paper Obligations, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Commercial Paper Obligations, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Commercial Paper Obligations is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Commercial Paper Obligations, and the interest thereon, are not secured by or payable from the General Reserve Fund. Commercial Paper Obligations, and the interest thereon, are payable from the Consolidated Bond Reserve Fund. To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amount of Series A Notes, Series B Notes and Series C Notes, and the interest due at maturity, the Port Authority has entered into liquidity facilities for each of Series A, Series B and Series C, respectively.

Special Obligation Institutional Loan Program

On November 17, 2022, the Board of Commissioners adopted a resolution establishing the Special Obligation Institutional Loan Program, which provides for the issuance of alternative debt instruments to borrow funds from financial institutions (including banks) (a) when and so long as a line of credit or revolving credit facility (together with any loan deemed to have been entered into in the event of the failure to repay any drawing thereunder, a "Bank Line") is determined by the Treasurer to be more efficient and cost effective than the Port Authority's Commercial Paper Program in providing liquidity support for the Port Authority's capital program and (b) when and so long as a term loan ("Bank Loan"), is determined by the Treasurer to be more efficient and cost effective than issuing a like amount of Consolidated Bonds. Any Bank Line would be limited to five years. No Bank Loan would have a term in excess of fifteen years and could bear interest at a fixed or variable rate (or either, from time to time, during the term.)

Under the November 17, 2022 resolution, the total maximum amount that may be outstanding at any time under the Special Obligation Institutional Loan Program is limited to $1,250,000,000, calculated by adding the following items in existence at the time of calculation (without duplication): (i) the principal amount of outstanding Commercial Paper Notes; *plus* (ii) outstanding amounts under liquidity facilities pertaining to Commercial Paper Notes; *plus* (iii) outstanding amounts drawn under Bank Lines; *plus* (iv) the outstanding principal amount of any Bank Loans.

On January 20, 2023, the Port Authority entered into two separate Revolving Credit Agreements, each establishing a Bank Line, for a combined total of $750,000,000 available to draw thereunder, and used $501 million on January 24, 2023, to refund the principal and interest of all outstanding Commercial Paper Obligations as of such date. The proceeds of any borrowing under the Special Obligation Institutional Loan Program are authorized to be allocated to the payment of expenses for, or investment in, facilities of the Port Authority or for purpose of refunding other obligations of the Port Authority.

The payment of the principal of and interest on any Bank Lines or Bank Loans (collectively, "Institutional Loans") entered into under the Special Obligation Institutional Loan Program, and any fees, costs or expenses or other obligations due pursuant to an Institutional Loan shall be a special obligation of the Port Authority, and shall be payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes, or from net revenues as defined for purposes of the Special Obligation Institutional Loan Program deposited to the Consolidated Bond Reserve Fund, and in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. Such amounts shall not be payable from the General Reserve Fund, and the payment of such amounts shall be subject in all respects to (1) payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and (2) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. For purposes of the Special Obligation Institutional Loan Program, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (x) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (y) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (z) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution. An Institutional Loan shall be secured through a pledge of assets of the Port Authority only to the extent permitted under the Consolidated Bond Resolution and applicable law.

Variable Rate Master Notes

On July 14, 1988, the Port Authority established an issue of special obligations now known as Port Authority Variable Rate Master Notes. The Port Authority's variable rate master notes program presently provides, as a result of the November 18, 1999 modification, for the issuance of Variable Rate Master Notes under agreements to be entered into with selected banks, trust companies and financial institutions, in an aggregate principal amount, at any one time outstanding not in excess of $400,000,000. Each series of Variable Rate Master Notes is issued pursuant to the Port Authority Variable Rate Master Note Resolution. The principal amount of each series of Variable Rate Master Notes presently outstanding is subject to prepayment at the option of the Port Authority or upon demand of the holders of the notes of such series.

The payment of the principal of and interest on Variable Rate Master Notes shall be a special obligation of the Port Authority payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds issued in whole or in part for such purposes or from net revenues as defined for purposes of Variable Rate Master Notes, deposited to the Consolidated Bond Reserve Fund, and, in the event such proceeds or net revenues are insufficient therefor, from other moneys of the Port Authority legally available for such payments when due. For purposes of Variable Rate Master Notes, "net revenues" are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution and remaining after (i) payment or provision for payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution; (ii) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and (iii) applications to purposes authorized in accordance with Section 7 of the Consolidated Bond Resolution.

Payment of the principal of and interest on Variable Rate Master Notes is subject in all respects to the payment of debt service on Consolidated Bonds as required by the applicable provisions of the Consolidated Bond Resolution and to the payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes. Variable Rate Master Notes, and the interest thereon, are not secured by or payable from the General Reserve Fund.

Proceeds of Variable Rate Master Notes are authorized, subject to allocation to some but not all of the following purposes, to be used (a) for purposes of, or with respect to the financing of, capital expenditures in connection with any one or more of the facilities of the Port Authority, provided, that subject to agreements with the holders of obligations of the Port Authority, all or any portion of the unspent proceeds of any note may be allocated to any purpose for which at the time of issuance of such note the Port Authority is authorized by law to issue its obligations, including for purposes of, or with respect to the financing of, capital expenditures in connection with facilities of the Port Authority certified or to be certified after issuance of such note, (b) for purposes of refunding, directly, by offers to exchange, or otherwise all or any part of any issue of bonds, notes or other obligations of the Port Authority, and (c) for incidental purposes, including certain costs of, and relating to, such Variable Rate Master Notes.

General and Refunding, Air Terminal and Marine Terminal Bonds

At the time of the adoption of the Consolidated Bond Resolution in 1952, the Port Authority had outstanding certain General and Refunding, Air Terminal and Marine Terminal Bonds. The Port Authority has fully satisfied, when due, as scheduled, all debt service requirements on all such prior lien bonds.

By the Consolidated Bond Resolution, the Port Authority covenanted that no additional General and Refunding, Air Terminal or Marine Terminal Bonds would be issued. It is the present intention of the Port Authority that Consolidated Bonds will be the only bonds secured by a pledge of the General Reserve Fund that will be used as a medium of financing the balance of its capital requirements or long-term refunding of outstanding Consolidated Bonds or of Consolidated Bonds hereafter issued.

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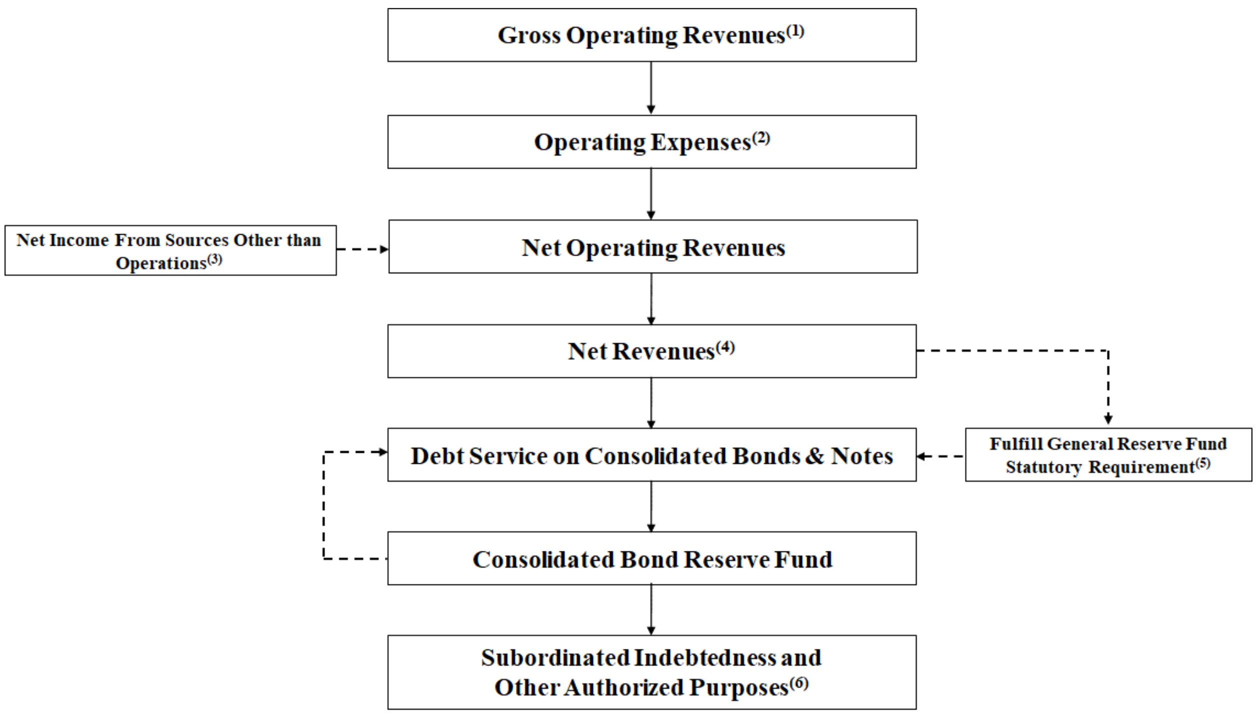
Flow of Funds Chart

The following is a simplified graphic illustration of the flow of funds for the payment of Consolidated Bonds and other Port Authority obligations, as set forth in the Consolidated Bond Resolution of 1952. This chart, and the presentation of the information provided herein, is qualified in all respects by reference to the Consolidated Bond Resolution.

Flow of Funds



(1) Examples include but are not limited to tolls and fares, rentals, aviation fees, parking fees, flight fees, etc.

(2) Examples include but are not limited to employee compensation (including benefits), contract services, materials and equipment, rents and payments-in-lieu-of taxes (PILOTs), utility costs.

(3) Examples include but are not limited to financial income (including interest on investments) and certain money collected by the Port Authority, such as grants and Passenger Facility Charges ("PFCs"). See Section 1 of the Consolidated Bond Resolution – definition of "Income from Sources Other than Operation" for more detail.

(4) Defined in the Consolidated Bond Resolution, as used with reference to any facility or group of facilities, as the "net operating revenues thereof, together with all net income pertaining thereto derived from sources other than operation which may be pledged or applied to the payment of debt service upon bonds issued for purposes in connection with such facility or group of facilities."

(5) Maintain the General Reserve Fund in an amount equal to ten percent (10%) of the par value of all such outstanding bonds legal for investment, as so defined.

(6) The Consolidated Bond Reserve Fund may be used for the purposes set forth in Section 7 of the Consolidated Bond Resolution.

Resolution Establishing General Reserve Fund

(Adopted March 9, 1931, as amended May 5, 1932)

WHEREAS, by Chapter 48 of the Laws of New York of 1931 and Chapter 5 of the Laws of New Jersey of 1931, The Port of New York Authority is directed to pool all surplus revenues, as defined in said statutes, received by it from certain terminal and/or transportation facilities, and to apply such surplus revenues to the establishment and maintenance of a general reserve fund in an amount equal to one-tenth (1/10th) of the par value of all outstanding bonds of the Port Authority, legal for investment, as defined and limited in said statutes, and

WHEREAS, by the aforesaid statutes, The Port of New York Authority is authorized to pledge the moneys in said general reserve fund as security for the repayment with interest of any moneys heretofore or hereafter raised by it upon its bonds, legal for investment, as defined and limited in said statutes, and to apply said moneys to the fulfillment of any other undertakings heretofore or hereafter assumed to or for the benefit of the holders of any such bonds,

Now, THEREFORE, after due consideration had, it is

RESOLVED, that the General Manager be and he hereby is authorized and directed to establish and maintain the general reserve fund prescribed by Chapter 48 of the Laws of New York of 1931 and Chapter 5 of the Laws of New Jersey of 1931, and to do so as promptly as may be practicable, and it is further

RESOLVED, that The Port of New York Authority hereby irrevocably pledges the said general reserve fund and all moneys which may be or become part thereof as security for the repayment with interest of moneys heretofore or hereafter raised by it upon bonds, legal for investment as defined and limited in said statutes, and as security for the fulfillment of any other undertakings heretofore or hereafter assumed by it to or for the benefit of the holders of such bonds, and it is further

RESOLVED, that the aforesaid pledge of the said general reserve fund and the moneys therein is made and shall be deemed to be made by The Port of New York Authority to induce investors and others to purchase its bonds, whether such bonds have heretofore been issued or shall be hereafter issued, and whether such bonds be purchased from The Port of New York Authority or from prior purchasers thereof, and it is further

RESOLVED, that the aforesaid pledge is made and shall be deemed to be subject to the right, which The Port of New York Authority hereby reserves to itself, to use the said general reserve fund or any part thereof, at any time, in its sole discretion, to meet, pay or otherwise fulfill any of its obligations under or in connection with the aforesaid bonds, or any of said bonds, including its obligations to pay interest and principal when due, and to make payments into sinking funds, and it is further

RESOLVED, that the said pledge is made and shall be deemed to be subject to the right, which The Port of New York Authority hereby reserves to itself, to pledge the said general reserve fund or any part thereof in its sole discretion, as security for the fulfillment of any obligations heretofore or hereafter assumed by it under or in connection with any other of its bonds whatsoever, by which is meant bonds other than those described, specified or mentioned in said Chapter 48 of the Laws of New York of 1931 and said Chapter 5 of the Laws of New Jersey of 1931 and to apply the said general reserve fund or any part thereof to the fulfillment of such obligations, the intent thereof being to reserve the right to use the said general reserve fund to support such other and additional bonds or types of bonds as the States of New York and New Jersey may hereafter determine or authorize, provided, that the right hereby reserved to pledge the said general reserve fund as security for such other bonds, not described, specified or mentioned in said statutes, and to apply the moneys therein to the fulfillment of obligations under or in connection with such bonds shall be exercised only if and to the extent that the said two States may hereafter authorize its exercise, and *provided*, *further*, that no greater rights in or to the said general reserve fund shall be granted to or conferred upon the holders of any other bonds of The Port of New York Authority than are hereby or are hereafter granted to or conferred upon holders of the bonds in support of which said general reserve fund is hereby pledged, and it is further

RESOLVED, that until otherwise directed by The Port of New York Authority, the moneys in said General Reserve Fund, shall be invested in such bonds, securities or other obligations of the States of New York and New Jersey, of New York and New Jersey municipalities, of the United States of America, and of The Port of New York Authority, as may be approved for investment by the Port Authority or a majority of the members of its Committee on Finance.

(NOTE: By resolution adopted September 22, 1932, it was provided that the resolution establishing the General Reserve Fund should be ineffective and inapplicable with respect to bonds or other obligations thereafter authorized or issued, unless thereafter especially made applicable to such new bonds or other obligations. By resolution adopted October 9, 1952, the foregoing resolution of March 9, 1931, as amended May 5, 1932, was further amended to conform to the provisions of Section 6 of the resolution of October 9, 1952 and the General Reserve Fund Resolution was made applicable to all Consolidated Bonds (see Section 6 (General Reserve Fund) of "*Consolidated Bond Resolution*" in Section III hereof)).

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Consolidated Bond Resolution

(Adopted October 9, 1952)

WHEREAS, by Chapter 48 of the Laws of New York of 1931, as amended, and Chapter 5 of the Laws of New Jersey of 1931, as amended, The Port of New York Authority (hereinafter called the Authority) has been authorized and empowered to establish and maintain a certain General Reserve Fund, and to pledge said fund as security for certain of its bonds or other securities or obligations, and

WHEREAS, there are now outstanding several issues of bonds of the Authority, which although secured by said General Reserve Fund, nevertheless differ as to form, security, terms and conditions, and

WHEREAS, the Authority has determined to authorize and establish an issue of Consolidated Bonds, and to use such Bonds (and the proceeds derived from the sale thereof) from time to time for the purpose of refunding bonds heretofore or hereafter issued and to serve as a unified medium for financing for any and all purposes for which the Authority is or shall be authorized to issue bonds secured by a pledge of the General Reserve Fund, to the exclusion of bonds of prior issues,

NOW, THEREFORE, after due consideration had, be it resolved by The Port of New York Authority:

SECTION 1. **Interpretation**.

As used in this resolution, the following words and phrases shall have the meanings hereinafter set forth unless the context shall clearly indicate that another meaning is intended:

The term "additional facilities" shall mean facilities other than the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers.

The term "bond" shall include a bond, a note and any other evidence of indebtedness.

The terms "bonds of prior issues" and "prior issues of bonds" shall mean General and Refunding Bonds issued pursuant to the Authority's Basic Resolution adopted March 18, 1935, as amended; Air Terminal Bonds issued pursuant to its Air Terminal Bond Resolution adopted June 18, 1948; Marine Terminal Bonds issued pursuant to its Marine Terminal Bond Resolution adopted November 23, 1948; General Reserve Fund Notes, Series X, issued pursuant to its resolution adopted November 8, 1951; General Reserve Fund Notes issued pursuant to its resolution adopted October 9, 1952; and Marine Terminal Notes issued pursuant to its resolution adopted August 14, 1952.

The term "Consolidated Bond Resolution" shall mean this resolution.

The term "Consolidated Bonds" shall mean bonds of the issue established by this resolution.

The term "debt reserve funds" shall mean the Consolidated Bond Reserve Fund established by Section 7 of this resolution, the General Reserve Fund and all other funds which the Authority is obligated to establish or maintain as security for or for the benefit of any of its bonds secured by a pledge of the General Reserve Fund, the moneys in which are available for the payment of debt service upon such bonds.

The term "debt service," as used with reference to bonds, shall mean the interest payable thereon and the amounts which the Authority is obligated by agreements with the holders of such bonds to pay or set aside for the amortization and/or retirement thereof.

The term "facility" shall mean one or more improvements, structures, projects, works, buildings or properties owned, leased or operated, or to be owned, leased or operated by the Authority, including such appliances, appurtenances and equipment as the Authority may deem necessary or desirable for the proper operation or maintenance thereof, except that the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers shall each be deemed to be a separate facility.

The term "General Reserve Fund" shall mean the General Reserve Fund of the Authority authorized by Chapter 5 of the Laws of New Jersey of 1931 and Chapter 48 of the Laws of New York of 1931, as amended; and said statutes are hereinafter called the "General Reserve Fund Statutes."

The term "income from sources other than operation" shall include but not be limited to interest on investments, capital gains and any moneys collected by the Authority (or paid by others to meet its expenses, including debt service on its bonds, or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute.

The term "net operating revenues," as used with reference to any facility or group of facilities, shall mean the amount remaining after deducting the following amounts from the gross operating revenues thereof:

i. All expenses incurred for the operation, maintenance, repair and administration thereof (including renewals and replacements of and expenditures for equipment, and minor capital expenditures deemed necessary by the Authority for the proper and economical operation or maintenance thereof, and an appropriate allowance for depreciation of ancillary equipment, and debt service upon underlying mortgage bonds, and payments into reserves for operating or maintenance contingencies, all as computed in accordance with sound accounting practice), and

ii. In the case of a facility under operation by the Authority, a proper proportion of the general expenses of the Authority;

without allowance for depreciation other than of ancillary equipment, and without including any income from sources other than operation; *provided*, *however*, that in computing the aggregate amount of the aforesaid expenses for the purpose of this definition, there shall be excluded the amount of any such expenses which are paid (or reimbursed to the Authority) out of income from sources other than operation in case such income is not included in the net revenues of such facility or group of facilities.

The term "net revenues," as used with reference to any facility or group of facilities, shall mean the net operating revenues thereof, together with all net income pertaining thereto derived from sources other than operation which may be pledged or applied to the payment of debt service upon bonds issued for purposes in connection with such facility or group of facilities.

The term "outstanding," as used with reference to bonds of the Authority, shall include bonds held in any capacity by the Authority (as well as those held by others), and shall include bonds which the Authority may be obligated to issue and sell pursuant to a contract for the purchase thereof by and the sale thereof to the other party to such contract, but shall not include any past due bonds not presented for payment or any bonds called for redemption but not presented for redemption if the moneys for such payment or redemption shall have been duly provided; provided, however, that in the event the Authority shall enter into a contract with the holders of any of its bonds (hereinafter in this definition called "convertible bonds") to issue other bonds (hereinafter in this definition called "exchange bonds") and to exchange such convertible bonds for such exchange bonds upon the happening of specified events, then the convertible bonds shall be deemed outstanding until but not beyond the time at which such events shall have happened, and the exchange bonds shall be deemed outstanding beginning with but not prior to such time.

The term "refunding," as used with reference to bonds, shall mean the retirement and cancellation thereof, after their acquisition by the Authority (before, at or after maturity) either in exchange for other bonds or by payment, purchase or redemption with the proceeds of the sale of other bonds; and the term "refunded," as used with reference to bonds, shall mean the refunding thereof accomplished.

The term "short-term bonds" shall mean bonds which mature no more than three years from their date and which do not form part of a series of bonds which includes bonds which mature more than three years from their date.

The term "surplus revenues," as used with reference to any facility, shall mean the surplus revenues thereof as defined in the General Reserve Fund statutes.

The term "underlying mortgage bonds" in respect of a facility shall mean bonds secured by mortgage on or pledge of all or any part of the property constituting such facility.

SECTION 2. **Establishment and Issuance**.

An issue of bonds of the Authority to be known as "Consolidated Bonds" is hereby authorized and established. The bonds of said issue shall be direct and general obligations of the Authority and the full faith and credit of the Authority are hereby pledged for the prompt payment of the debt service thereon and for the fulfillment of all other undertakings of the Authority assumed by it to or for the benefit of the holders thereof. This resolution shall constitute a contract with the holders of such bonds.

Said Consolidated Bonds shall be issued only for purposes for which at the time of issuance the Authority is authorized by law to issue bonds secured by a pledge of the General Reserve Fund and only in such amounts as are permitted by Section 3 of this resolution. Said Consolidated Bonds shall be secured by revenues of the facilities of the Authority in the manner and to the extent provided in Sections 4 and 5 of this resolution and by the General Reserve Fund of the Authority in the manner and to the extent provided in Section 6 of this resolution and by the Consolidated Bond Reserve Fund in the manner and to the extent provided in Section 7 of this resolution.

Said Consolidated Bonds may be issued from time to time in such series as the Authority may hereafter determine. The bonds of each series may be issued in one or more installments as the Authority may hereafter determine.

All Consolidated Bonds constituting a particular series shall be uniform in respect of (a) dates of payment of interest, (b) place or places of payment of principal and interest, (c) medium of payment, (d) whether issuable as coupon bonds, or as registered bonds without coupons, or both, (e) provisions, if any, in respect of their exchangeability for bonds of different denominations, and of the interchangeability of coupon bonds and registered bonds without coupons, and (f) provisions, if any, for redemption and the terms and conditions thereof, *provided*, *however*, that bonds constituting a particular series may be made redeemable either in the direct or the inverse order of their maturities if such bonds have differing dates of maturity or by lot. All bonds constituting the whole or a part of a particular series and maturing on the same date shall be uniform in respect of interest rate or rates. All bonds of a series consisting only of bonds having the same date of maturity shall be uniform in respect of provisions, if any, in respect of amortization and retirement of bonds of such series.

Any resolution establishing a series or authorizing the issue of an installment of bonds of a series may contain terms and provisions not inconsistent with this resolution.

SECTION 3. **Limitations on Amount**.

The Authority shall not issue new Consolidated Bonds at any time unless one or another of the following four conditions shall exist, either (Condition 1) Unless the new Consolidated Bonds are to be issued (a) for the acquisition, rehabilitation or improvement of an additional facility or group of additional facilities which is or are in operation at the time of issuance of such bonds and/or (b) for the purpose of refunding bonds which constitute or are secured by a lien or charge upon the revenues of such additional facility or group of additional facilities and/or which constitute underlying mortgage bonds in respect of such additional facility or group of additional facilities; and unless the net revenues (computed as hereinafter set forth in this Section 3) derived from such additional facility or group of additional facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds, and

ii. All Consolidated Bonds outstanding at such time of issuance which shall have been issued for purposes in connection with such additional facility or group of additional facilities not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, *provided*, *however*, that if any of the bonds otherwise included under this subdivision ii shall have been issued for several purposes including but not restricted to purposes in connection with such additional facility or group of additional facilities (hereinafter in this paragraph called "multi-purpose bonds"), then only such proportion of such multi-purpose bonds shall be included under this subdivision ii in computing the aforesaid maximum prospective debt service as is equal to the ratio between (a) the principal amount of those multi-purpose bonds the proceeds of which the Authority shall determine have been expended for purposes in connection with the additional facility or group of additional facilities, plus those the proceeds of which the Authority shall estimate will be expended for purposes in connection with the additional facility or group of additional facilities and (b) the principal amount of all of such multi-purpose bonds;

or, in the alternate,

(Condition 2) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions, i, ii, iii and iv (computed as hereinafter set forth in this Section 3) of all facilities upon the net revenues of which all Consolidated Bonds shall constitute a first lien and charge after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance, — the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance, — the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds), — the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided*, *however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds, and *provided*, further, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement, — the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 2; *provided*, *however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 2 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided*, further, that the amounts of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 2, shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds,

ii. All Consolidated Bonds outstanding at such time of issuance not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional Consolidated Bonds having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the computation of the sum of the net revenues under this Condition 2 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional Consolidated Bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 3) Unless at the time of issuance of such new Consolidated Bonds the sum of the net revenues specified in the following subdivisions i, ii, iii and iv (computed as hereinafter set forth in this Section 3) in the case of all facilities the surplus revenues of which shall be payable into the General Reserve Fund after the fulfillment of the purposes for which the new Consolidated Bonds are to be issued, to wit:

i. In the case of facilities which have been in operation during the entire period of thirty-six months next preceding such time of issuance, — the combined net revenues derived from all such facilities during any period of twelve consecutive months selected by the Authority out of the thirty-six months next preceding such time of issuance, plus

ii. In the case of facilities which have been in operation during the entire period of twelve months but not during the entire period of thirty-six months next preceding such time of issuance, — the net revenues derived from each such facility during any period of twelve consecutive months (which need not necessarily be the same for each such facility) selected by the Authority out of such period of operation, plus

iii. In the case of facilities which have not been in operation during the entire period of twelve months next preceding such time of issuance (including facilities under construction at such time or which are to be acquired, established or constructed with the proceeds of the sale of the new Consolidated Bonds), — the average annual net revenues which the Authority estimates will be derived from each of such facilities during the first thirty-six months after such time of issuance, but if in the opinion of the Authority any such facility will not be placed in operation until after such time of issuance, then as to each such facility, the average annual net revenues which the Authority estimates will be derived during the first thirty-six months of operation thereof after such time of issuance; *provided*, *however*, that no revenues estimated under this subdivision iii shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided*, further, that the amounts of any revenues estimated under this subdivision iii plus the amounts of any revenues estimated under the next following subdivision iv shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3, plus

iv. In the case of each capital improvement to any of such facilities if such capital improvement is either under construction at such time of issuance or has been completed less than twelve months prior to such time or, in case it has not yet been commenced, if the Authority has either issued bonds or has entered into a contract for the issuance of bonds or has authorized the issuance of the new Consolidated Bonds for the financing of all or part of such capital improvement, — the average annual amount which the Authority estimates that the net revenues of the facility to which such improvement appertains will be increased during the first thirty-six months after the completion of such improvement, over and above the amount of net revenues included for such facility in the foregoing subdivisions i, ii or iii of this Condition 3; *provided*, *however*, that no revenues estimated under this subdivision iv shall be included in the sum of all net revenues computed under this Condition 3 unless at the time of issuance of the new Consolidated Bonds there shall be in or available for payment into the General Reserve Fund an amount equal to the full amount prescribed in the General Reserve Fund statutes, calculated without the new Consolidated Bonds; and *provided*, further, that the amount of any revenues estimated under this subdivision iv plus the amounts of any revenues estimated under the next preceding subdivision iii shall in no event exceed twenty-five per centum of the sum of all net revenues computed under the preceding subdivisions i and ii of this Condition 3,

shall have amounted to at least one and three-tenths times the prospective debt service (computed on the assumptions hereinafter set forth in this Section 3) for the calendar year after such time of issuance for which the combined debt service (so computed) upon the following bonds would be at a maximum, to wit:

i. The new Consolidated Bonds,

ii. All bonds outstanding at such time of issuance which are secured by a pledge of the General Reserve Fund, not including, however, any bonds which the resolution authorizing the issuance of the new Consolidated Bonds shall specifically designate are to be refunded by the new Consolidated Bonds, and

iii. Additional bonds secured by a pledge of the General Reserve Fund and having annual debt service in amounts estimated by the Authority, if estimated revenues and/or estimated revenue increases in connection with any facility or capital improvement have been included under the next preceding subdivisions iii and/or iv in the computation of the sum of the net revenues under this Condition 3 in connection with the particular new Consolidated Bonds to be issued and if the Authority is of the opinion at the time of issuance of such new Consolidated Bonds that such additional bonds will be issued in connection with such facility or improvement and will be outstanding during the thirty-six months for which the revenues and/or revenue increases have been estimated under said subdivisions iii and/or iv;

or, in the alternate,

(Condition 4) Unless such new Consolidated Bonds are to be issued for the purpose of refunding other Consolidated Bonds and/or bonds of prior issues.

The time of issuance of new Consolidated Bonds, as used in this Section 3, shall mean the time at which such bonds are delivered upon original issue to the initial purchaser thereof, *provided*, *however*, that if a contract is entered into by the Authority, prior to the delivery of such bonds, for their sale to and purchase by the other party to such contract upon original issue, in such event the time of issuance of such bonds, as used in this Section 3, shall mean the time at which such contract is entered into; and *provided*, further, that in the event the Authority is required by statute or contract to exchange any bonds for the new Consolidated Bonds upon the happening of specified events, then the time of issuance of the new Consolidated Bonds so to be exchanged, as used in this Section 3, shall mean the time at which such events shall have happened. The exchanges designated in the next preceding proviso clause shall not include exchanges of interim certificates or temporary bonds for definitive bonds evidencing the same debt and shall not include exchanges of bonds for bonds of other denominations evidencing the same debt. Nothing herein contained shall be construed to limit the right of the Authority to issue and deliver Consolidated Bonds at any time if any one of the above four numbered conditions in this Section 3 exists at the time of issuance as above defined notwithstanding that none of such conditions may exist at the time of delivery of such bonds if such time of delivery is subsequent to such time of issuance.

Whenever, in connection with the issuance of any new Consolidated Bonds, it is necessary for the purposes of this Section 3 to compute or estimate the amount of the net revenues of any facility or group of facilities, such net revenues shall be computed or estimated

(a) without deducting from the gross operating revenues any taxes, assessments or other governmental charges, or any other charges, which may have been paid in connection with such facility or group of facilities prior to their acquisition by the Authority, but which, in the opinion of the Authority or its General Counsel, the Authority would not have been required to pay had it been the owner or operator of such facility or facilities during the time for which such charges were levied or made;

(b) without deducting from gross operating revenues debt service upon underlying mortgage bonds which are to be refunded by the new Consolidated Bonds, and in the case of other underlying mortgage bonds without deducting the actual debt service thereon, but with the deduction (in substitution for such actual debt service) of the debt service (whether it be more or less than such actual debt service) which would have been payable or which would be payable upon such underlying mortgage bonds if they had the following characteristics: date — the first day of the period for which the computation or estimate of net revenues is to be made; maturity — thirty years from the assumed date; interest — at the same rate as borne by such underlying mortgage bonds and payable semi-annually beginning six months from their assumed date; amortization — in such annual amounts as would be required to retire the principal amount of the underlying mortgage bonds outstanding at the time of issuance of the new Consolidated Bonds or, in the case of estimated net revenues, to retire the maximum principal amount of the underlying mortgage bonds to be outstanding during the period for which the estimate of net revenues is to be made, by the thirtieth anniversary of such assumed date if such annual retirement were effected at par at each anniversary of such assumed date and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; and

(c) without including in net income from sources other than operation any moneys collected or to be collected by the Authority (or paid or to be paid by others to meet its expenses or to reimburse it for its payment of such expenses) pursuant to rights created or vested in the Authority by contract and/or statute in excess of the average annual amount prescribed by such contract and/or statute to be so collected or paid during the fifteen years next succeeding the time of issuance of said new Consolidated Bonds in case such contract and/or statute prescribes a limitation on the annual amounts so to be collected or paid; but in case such contract and/or statute prescribes such a limitation in terms of percentages of annual deficits or expenses or valuations or other quantities, then said net revenues shall be computed or estimated without including in net income from sources other than operation any such moneys so collected or paid or to be collected or paid in excess of the sum derived by multiplying the average of the annual limiting percentages during such fifteen years by the amount of such deficits, expenses, valuations or other quantities during the twelve months for which such computation is to be made (or by the average annual amount of such quantities estimated for the thirty-six months for which such estimate is to be made).

In computing the aforesaid maximum prospective debt service upon any short-term bonds under any of the above Conditions 1, 2 or 3 of this Section 3, there may at the Authority's option be substituted for the actual prospective debt service upon such short-term bonds the debt service which would be payable if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity — thirty years from the time of issuance of the aforesaid new Consolidated Bonds; interest — at one and one-half times the rate upon such short-term bonds and payable semi-annually beginning six months from such time of issuance; amortization — in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time of issuance (or, in the case of the new Consolidated Bonds if they are short-term bonds, the principal amount thereof to be issued) by the thirtieth anniversary of such time of issuance if such annual retirement were effected at par at each anniversary of such time of issuance and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary; *provided*, *however*, that if the new Consolidated Bonds are short-term bonds such substitution for their actual debt service shall not be made with respect to such portion thereof (designated by the Authority) the principal amount of which when added to the principal amount of all short-term bonds outstanding at the time of issuance of the new Consolidated Bonds and secured by a pledge of the General Reserve Fund (including any remaining portion of the new Consolidated Bonds but not including bonds to be refunded by the new Consolidated Bonds) shall result in an aggregate principal amount exceeding five per centum of the principal amount of all bonds outstanding at such time which are secured by a pledge of the General Reserve Fund (including all the new Consolidated Bonds and all other short-term bonds of the Authority so secured but not including any bonds to be refunded by the new Consolidated Bonds).

Prospective debt service upon any bonds shall be computed for the purpose of determining the calendar year for which such debt service will be at a maximum and the amount of such debt service for such year, within the meaning of this Section 3, upon the assumptions that the principal amount of such bonds will not be paid prior to maturity except in fulfillment of contractual obligations by the Authority to the holders thereof for the redemption thereof prior to maturity, and that in those cases such redemption will be effected at the latest date permitted by such agreement.

SECTION 4. **Pledge of Revenues**.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be secured equally and ratably by the net revenues of the Authority from each of the following:

i. The Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (also known as the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal, La Guardia Airport, New York International Airport, Newark Airport, Teterboro Airport, the Port Authority Grain Terminal, Port Newark and the Hoboken-Port Authority Piers, and

ii. Any additional facilities, the establishment, acquisition, effectuation, construction, rehabilitation or improvement of which is financed or refinanced in whole or in part by the issuance of Consolidated Bonds;

and, except as otherwise provided herein, the net revenues of each of said facilities are hereby irrevocably pledged to the payment of the debt service upon all Consolidated Bonds as the same may fall due, and shall be applied as provided in Section 5 hereof, and all Consolidated Bonds shall constitute a lien and charge thereon.

The foregoing pledge and lien are, however, subject to and shall be subordinate to (but only to) the following prior pledges and liens:

(a) In the case of the revenues of the Holland Tunnel, the Lincoln Tunnel, the George Washington Bridge, the Bayonne Bridge, the Goethals Bridge, the Outerbridge Crossing, Port Authority Inland Terminal No. 1 (the Port Authority Building), the New York Union Motor Truck Terminal, the Newark Union Motor Truck Terminal, the Port Authority Bus Terminal and the Port Authority Grain Terminal, — to pledges heretofore made and liens heretofore created in favor of the aforesaid General and Refunding Bonds;

(b) In the case of the revenues of La Guardia Airport, New York International Airport, Newark Airport and Teterboro Airport, — to pledges heretofore made and liens heretofore created in favor of the aforesaid Air Terminal Bonds;

(c) In the case of the revenues of Port Newark, — to pledges heretofore made and liens heretofore created in favor of the aforesaid Marine Terminal Bonds.

Consolidated Bonds shall not be issued for any purpose in connection with any facility unless after the accomplishment of such purpose the debt service upon all Consolidated Bonds shall constitute a first lien and charge upon the net revenues of the Authority from such facility subject, however, to (but only to) the prior liens recited in the preceding paragraph.

SECTION 5. **Application of Revenues**.

Subject to the prior pledges and liens described in Section 4 of this resolution, all net revenues pledged as security for Consolidated Bonds shall be applied to the following purposes in the following order:

(a) To the payment of debt service upon all Consolidated Bonds;

(b) All remaining balances of net revenues pledged as security for Consolidated Bonds shall be paid into the Consolidated Bond Reserve Fund established by Section 7 of this resolution, except such amounts as may be necessary to maintain the General Reserve Fund in the amount prescribed by the General Reserve Fund statutes.

The pledge of net revenues made in Section 4 of this resolution (and the lien and charge of Consolidated Bonds upon such net revenues) shall be subject to the right of the Authority to make payments into the General Reserve Fund to the extent above provided in this Section 5, and to that extent only.

SECTION 6. **General Reserve Fund**.

The payment of the debt service upon all Consolidated Bonds, regardless of the series or installment of which they form a part, and regardless of the dates of their issuance or maturity or the purposes for which issued, shall be further secured equally and ratably by the General Reserve Fund; and the pledge thereof and of the moneys which may be or become part thereof, contained in the resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby expressly extended to and made applicable to (and for such purpose the General Reserve Fund is hereby irrevocably pledged as security for) all Consolidated Bonds for the benefit of the holders thereof, in the manner and to the extent set forth in the aforesaid resolution of March 9, 1931, as amended May 5, 1932, *pari passu* with bonds heretofore issued by the Authority and with the holders of such bonds; *provided*, that nothing herein shall be construed to grant or confer greater rights in or to said General Reserve Fund upon the holders of Consolidated Bonds than are now granted or conferred upon the holders of the bonds of prior issues.

The foregoing pledge is subject to (but only to) the following separate rights which the Authority hereby reserves to itself:

(a) The right to pledge said General Reserve Fund as security for any bonds whatsoever hereafter issued by the Authority as security for which it may at the time be authorized by law to pledge the General Reserve Fund; and

(b) The right to use the moneys in said General Reserve Fund to meet, pay or otherwise fulfill any of the undertakings which it has assumed, does now assume by this resolution or shall hereafter assume to or for the benefit of the holders of any bonds as security for which said General Reserve Fund has heretofore been or is now pledged, or for which said General Reserve Fund may hereafter be pledged as above provided;

provided, that no greater rights in or to the General Reserve Fund shall hereafter be granted to or conferred upon the holders of any bonds now outstanding or any bonds hereafter issued than are granted to and conferred upon the holders of all Consolidated Bonds.

Except as provided in the next sentence of this paragraph, the moneys in the General Reserve Fund shall not be used for any purpose at any time if there are any other moneys of the Authority available for that purpose at such time, and shall not be used for the payment of debt service prior to the time when the interest, sinking fund payments, redemption prices, principal amounts and other items constituting such debt service shall be required to be paid or set aside by the Authority; and the moneys in said General Reserve Fund shall be deposited in such depositories as the Authority may designate or invested in obligations of or guaranteed by the United States. If, however, there shall at any time be in or available for payment into all debt reserve funds of the Authority an aggregate amount of moneys in excess of an amount equal to two years' debt service upon all those bonds of the Authority which are secured by a pledge of the General Reserve Fund and which are outstanding at that time, to the extent that such moneys in or available for payment into such debt reserve funds will be available to pay debt service upon such bonds during the ensuing twenty-four calendar months, then and in any such event such excess moneys may be used at such time for any purpose for which said moneys may be used under the General Reserve Fund statutes, whether or not there are other moneys available for that purpose; and such excess moneys may be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of or guaranteed by the United States, the State of New York or the State of New Jersey, and any bonds of the Authority theretofore actually issued and negotiated and secured by a pledge of the General Reserve Fund. Two years' debt service, when used in this paragraph with respect to bonds outstanding at any time shall mean the amounts which the Authority is obligated by contract with the holders of such bonds to pay as debt service upon such bonds during the ensuing twenty-four calendar months; *provided*, *however*, that in computing such two years' debt service on any such outstanding bonds which are short-term bonds there shall be substituted for the actual debt service on such short-term bonds during said ensuing twenty-four calendar months the debt service which would be payable during said twenty-four calendar months if such short-term bonds were forthwith refunded by bonds having the following characteristics: maturity — thirty years from such time; interest — at the same rate as upon the short-term bonds and payable semi-annually beginning six months from such time; amortization — in such annual amounts as would be required to retire the principal amount of the short-term bonds outstanding at such time by the thirtieth anniversary of such time if such annual retirement were effected at par at each anniversary of such time and if the annual debt service thereon would be equal for all years thereafter until such thirtieth anniversary.

The resolution of the Authority, adopted March 9, 1931, establishing said General Reserve Fund, as amended May 5, 1932, is hereby further amended to conform to the provisions of this Section 6; *provided*, *however*, that nothing contained in this Section 6 shall be construed to limit, curtail or impair any pledge of the General Reserve Fund or regarding its administration, investment and use made in favor of or for the benefit of the holders of any bonds of prior issues or to prevent the Authority from doing any act or thing required to be done in the fulfillment of any such pledge.

SECTION 7. **Consolidated Bond Reserve Fund**.

There is hereby established a special fund (herein called the Consolidated Bond Reserve Fund) the moneys in which are hereby pledged as additional security for all Consolidated Bonds, into which shall be paid all balances of net revenues pledged as security for Consolidated Bonds, remaining after deducting the amounts for which provision is made in subdivisions (a) and (b) of Section 5 of this resolution. The moneys in the Consolidated Bond Reserve Fund shall be accumulated or in the discretion of the Authority shall be applied to any of the following purposes and to such purposes only:

(a) To the payment of Consolidated Bonds at maturity, but in case a sinking fund has been established for the retirement of bonds of the series of which such bonds form a part only if the available moneys in such sinking fund are insufficient for such purpose, and in the case of other Consolidated Bonds, only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

(b) To the payment of debt service upon Consolidated Bonds then outstanding (other than the payment of such bonds at maturity), but only if the net revenues pledged as security for Consolidated Bonds for the calendar year in which such payment shall be due and which are available for such payment are insufficient for such purpose.

(c) To the purchase for retirement of Consolidated Bonds of any series as determined by the Authority at such prices as the Authority may determine to be reasonable; *provided*, *however*, that in case all of the bonds of such series are subject to redemption six months or less from the date on which the bonds are to be purchased for retirement, then such prices shall not exceed the highest price at which all of the bonds of such series might be redeemed at or prior to the expiration of said six months. Such purchases may be made at the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to other holders of Consolidated Bonds, and bonds theretofore issued and negotiated and then held by the Authority for investment may be purchased, as well as bonds held by others. In ascertaining whether the purchase price of any bond comes within the maximum above specified, brokerage commissions and similar items shall not be taken into consideration. The bonds so purchased shall be forthwith cancelled.

(d) To the redemption of Consolidated Bonds of any one or more series as may be determined by the Authority, if such bonds are subject to redemption. The bonds so redeemed shall be forthwith cancelled.

(e) To the payment of expenses incurred for the operation, maintenance, repair and administration of any facility the net revenues of which are pledged as security for Consolidated Bonds (including the expenses specified in the definition of net operating revenues in Section 1 of this resolution), but only to the extent that the gross operating revenues of such facility for the calendar year in which such payment shall be due, are insufficient or unavailable for such purpose.

(f) To the payment of debt service upon bonds other than Consolidated Bonds which are described in the last paragraph of this Section 7.

(g) To any other or additional purposes for which the Authority is now or may hereafter be authorized by law to expend the revenues of its facilities.

The pledge hereinbefore made of net revenues as security for Consolidated Bonds (and the lien and charge of Consolidated Bonds thereon) shall be subject to the right of the Authority to make payments into the Consolidated Bond Reserve Fund to the extent above provided in this Section 7, and said pledge and the aforesaid pledge of the moneys in the Consolidated Bond Reserve Fund shall be subject to the right of the Authority to apply said moneys as above provided in this Section 7 and to issue bonds other than Consolidated Bonds which are secured by a pledge of or lien or charge upon the Consolidated Bond Reserve Fund which is prior or equal to the pledge, lien and charge in favor of Consolidated Bonds, but only if such other bonds are issued solely to fulfill obligations undertaken by the Authority to or for the benefit of the holders of Consolidated Bonds and if such other bonds are also secured by a pledge of the General Reserve Fund.

SECTION 8. **Amortization and Retirement**.

The resolution establishing each series of Consolidated Bonds which includes bonds which at the time of their issuance are issuable only under Condition 4 of Section 3 of this resolution, shall provide, and resolutions establishing other series of Consolidated Bonds may provide, a schedule of mandatory periodic retirement of bonds of such series. Such schedule shall specify the total principal amount of bonds of such series which shall be retired at any time before or during each calendar year, and on or before a stated date during such calendar year, beginning, in the case of series which include bonds issuable as aforesaid only under said Condition 4, not later than the first calendar year following the calendar year in which occurs the tenth anniversary of the date of bonds of such series, and beginning, in the case of other series, at any time prior to maturity designated by the Authority in the resolution establishing such series.

The Authority's obligation to retire bonds as aforesaid in the principal amount specified in any such schedule on or before the stated date during each calendar year shall be separate and distinct from and in addition to its obligation to retire bonds in the total principal amounts specified in such schedule on or before the stated dates during other calendar years. Any resolution establishing a series which provides such a schedule of retirement shall either prescribe that such retirement shall be accomplished by periodic serial maturities specified therein or it shall provide that such retirement may be accomplished in the discretion of the Authority by either or both of the following methods, to wit: by the redemption of bonds in the manner, upon the notice and at the prices set forth in said resolutions, or by the purchase of bonds at such prices as the Authority may deem reasonable and proper (which said prices may, in the discretion of the Authority, be specified in such resolution), which said purchases may in the discretion of the Authority be made at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and bonds theretofore issued and negotiated and then held by the Authority may be purchased as well as bonds held by others.

The said schedule of retirement provided with respect to any series which includes bonds issuable as aforesaid only under said Condition 4 shall specify mandatory periodic retirements of bonds of such series as aforesaid at such times and in such amounts that the prospective debt service upon bonds of such series (computed with the substitutions and upon the assumptions provided in the last two paragraphs of Section 3 of this resolution) shall be such that either (a) the debt service, so computed, upon bonds of such series for any one calendar year shall not be more than 10% greater than the debt service so computed upon bonds of such series for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (b) the combined debt service, so computed, upon all Consolidated Bonds outstanding at the time such series is established (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, upon all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series, or (c) the combined debt service, so computed, on all bonds outstanding at the time such series is established which are secured by a pledge of the General Reserve Fund (not including, however, any bonds to be refunded by the bonds of such series) and upon the bonds of such series themselves for any one calendar year shall not be more than 10% greater than the debt service, so computed, on all such bonds for any other calendar year beginning with the first calendar year on account of which said schedule of retirement shall specify any principal amount of bonds of such series to be retired and ending with the calendar year in which shall occur the latest maturity date of bonds of such series.

With respect to series of Consolidated Bonds other than those which include bonds issuable as aforesaid only under said Condition 4, the Authority in its discretion may or may not provide for amortization and retirement before maturity, and if it does so provide, it may in its discretion select a sinking fund of any type or any other method to effect such amortization and retirement; but nothing herein contained shall in any way be deemed to eliminate the requirement that one or another of the four numbered conditions in Section 3 must exist in connection with any new Consolidated Bonds to be issued.

SECTION 9. **Form and Execution**.

Consolidated Bonds may be issued in such form (not inconsistent with this resolution) and executed in such manner as the Authority may determine.

Pending the execution and delivery of definitive bonds there may be executed and delivered (to the purchaser or purchasers of any Consolidated Bonds) interim receipts or temporary bonds in such form as the Authority may prescribe, which shall be exchangeable for definitive bonds in accordance with their terms. Until such interim receipts or temporary bonds are so exchanged, the rights of the holders thereof shall be the same as though they held the definitive bonds for which they are exchangeable.

SECTION 10. **Investments**.

The moneys in the Consolidated Bond Reserve Fund shall from time to time be deposited in such depositories as the Authority may designate or invested in bonds, notes or other obligations of (or fully guaranteed by) the United States, the State of New York or the State of New Jersey, and in bonds of the Authority itself, theretofore actually issued and negotiated, if secured by a pledge of the General Reserve Fund (including Consolidated Bonds).

The moneys derived from the sale of Consolidated Bonds shall from time to time be deposited in such depositories as the Authority may designate or invested in obligations of (or fully guaranteed by) the United States, *provided*, that such obligations shall mature not later than the date upon which the Authority intends to apply the proceeds so invested for the purpose for which such Consolidated Bonds were issued.

The moneys in each of the several sinking funds which may be established for the retirement of bonds of the various series of Consolidated Bonds, shall be deposited in such depositories as the Authority may designate or invested only in direct obligations of the United States, *provided*, that such obligations shall mature (or shall be redeemable at the option of the holder) at least five days prior to any date upon which such moneys must be applied to the retirement of Consolidated Bonds as provided in the resolutions establishing such series.

The net revenues pledged as security for Consolidated Bonds shall be deposited in such depositories as the Authority may designate or invested as provided in the next preceding paragraph for sinking fund moneys, *provided*, that any excess over debt service on all bonds secured by a pledge of such revenues for the year during which such revenues are derived may be invested as provided for Consolidated Bond Reserve Fund moneys.

Except as otherwise provided in Section 16 of this resolution, Consolidated Bonds held by the Authority shall have the same rights as though purchased or held by others.

SECTION 11. **Sinking Funds and Special Reserve Funds of Bonds of Prior Issues**.

Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of any particular series of any prior issue of bonds, any remaining balances of any sinking fund established for such particular series shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof. Upon the cancellation, at or prior to maturity, of all of the then outstanding bonds of each of the prior issues of bonds, any remaining balances of any special reserve fund established for the benefit of the bonds of such particular prior issue of bonds shall be paid into the Consolidated Bond Reserve Fund subject to the pledge thereof in favor of the holders of Consolidated Bonds, to be accumulated or applied as provided in Section 7 hereof.

SECTION 12. **Miscellaneous Covenants**.

The Authority covenants and agrees with the holders of Consolidated Bonds, and with each such holder, as follows:

(a) Fully and faithfully to perform all duties required by the Constitutions and Statutes of the United States and of the States of New York and New Jersey, and by the Compact of April 30, 1921, between said two States, with reference to all facilities the net revenues of which are pledged as security for Consolidated Bonds, — those hereafter established, constructed or acquired by it, as well as those presently owned, leased or operated by it.

(b) Not to issue any more General and Refunding Bonds of the issue established March 18, 1935, Air Terminal Bonds of the issue established June 18, 1948 or Marine Terminal Bonds of the issue established November 23, 1948 in addition to the bonds of those issues outstanding at the adoption of this resolution. This covenant and agreement shall not only be with and for the benefit of holders of Consolidated Bonds but shall also be with and for the benefit of holders of outstanding bonds of prior issues and shall not be subject to modification except in accordance with the provisions of the resolutions establishing such prior issues in addition to the provisions of Section 16 of this resolution.

(c) To proceed promptly and in an economical and efficient manner with the effectuation, establishment, acquisition, construction, rehabilitation or improvement of all facilities, the effectuation, establishment, acquisition, construction, rehabilitation or improvement whereof is financed with Consolidated Bonds.

(d) To maintain in good condition all facilities the surplus revenues of which are payable into the General Reserve Fund, and to operate them in an efficient and economical manner, making all such renewals and replacements and acquiring and using all such equipment as the Authority shall determine to be necessary or desirable for the proper and economical maintenance and operation thereof.

(e) To make such improvements as part of or in connection with facilities the surplus revenues of which are payable into the General Reserve Fund as the Authority shall determine to be necessary or desirable as incidental to or in connection with the operation of said facilities.

(f) To establish and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the net revenues of which are pledged as security for Consolidated Bonds, to the end that at least sufficient net revenues may be produced therefrom at all times to provide for the debt service upon all Consolidated Bonds.

(g) In the event the net revenues pledged as security for Consolidated Bonds are insufficient to provide for the debt service upon any or all Consolidated Bonds, to make good any deficiency out of the General Reserve Fund or other available revenues, moneys or funds; and for that purpose to establish, maintain and collect flight fees, wharfage, dockage, rents, tolls and other charges in connection with facilities the surplus revenues of which are payable into the General Reserve Fund (including facilities the net revenues of which are not pledged as security for Consolidated Bonds), to the end that combined surplus revenues may be produced therefrom at least sufficient to make good (through the medium of the General Reserve Fund) any deficiency in the debt service upon Consolidated Bonds, *provided*, *however*, that nothing herein contained shall be deemed to constitute an agreement or covenant by the Authority to make any payments into the General Reserve Fund in excess of the payments required to be made pursuant to the General Reserve Fund statutes.

(h) To keep all facilities the surplus revenues of which are payable into the General Reserve Fund (and all structures, equipment and properties forming part thereof) insured, if such insurance is obtainable at reasonable rates and upon reasonable conditions, against such risks, in such amounts and with such deductibles as the Authority shall deem necessary for the protection of the holders of Consolidated Bonds.

(i) Duly and punctually to pay or cause to be paid the debt service upon all underlying mortgage bonds outstanding in connection with all or any part of any facility the surplus revenues of which are payable into the General Reserve Fund, in strict conformity with the terms of such bonds.

(j) To make all such expenditures as the Authority shall determine are necessary or desirable for, in connection with or incidental to the fulfillment of any of the covenants or other undertakings assumed by the Authority to or for the benefit of the holders of any Consolidated Bonds in this Section 12 or in any other section of this resolution or in any other resolution relating to Consolidated Bonds.

(k) In case any facility or any real property constituting a portion of a facility, the net revenues of which are pledged as security for Consolidated Bonds, is sold by the Authority or is condemned pursuant to the power of eminent domain, to apply the net proceeds of such sale or condemnation to capital expenditures upon facilities the net revenues of which are pledged as security for Consolidated Bonds, or to the retirement of Consolidated Bonds or bonds of prior issues after satisfying any prior obligations in respect of such facilities or in respect of the disposition of such proceeds; provided, however, that nothing herein contained shall be construed to prevent the Authority from applying the award in any condemnation proceeding in accordance with the Agreement with respect to the Newark Marine and Air Terminals between the City of Newark and the Authority, dated October 22, 1947, or the Agreement with respect to Municipal Air Terminals between the City of New York and the Authority, dated April 17, 1947, or any lease or other agreement for the use of real property heretofore or hereafter entered into by the Authority whether as landlord, tenant, licensor, licensee or otherwise.

SECTION 13. **Registrars and Paying Agents**.

The Authority shall designate one or more Registrars and Paying Agents to act as such for and in connection with each series of Consolidated Bonds, and may in its discretion, from time to time, terminate such appointments or designations, designate new, substitute or additional Registrars and Paying Agents, designate separate and different Registrars and Paying Agents in connection with different series or installments of Consolidated Bonds, and designate itself to act as Registrar or Paying Agent; provided, that if the Authority shall provide for the authentication of the bonds of any series by the Registrar thereof, it shall not designate itself to act as such Registrar.

SECTION 14. **Evidence of Ownership**.

Any notice to the contrary notwithstanding, the Authority and its Registrars and Paying Agents may, at the option of the Authority, treat the following persons as the absolute owners of Consolidated Bonds or coupons for the purpose of paying principal or interest and for all other purposes whatsoever:

(a) In the case of bonds not registered as to principal, — the person or persons in possession of such bonds.

(b) In the case of the coupons of any bonds not registered as to interest, — the person or persons in possession of such coupons.

(c) In the case of bonds registered as to both principal and interest in accordance with the provisions established by the Authority for such registration, — the person or persons in whose name such bonds are registered.

(d) In the case of bonds registered as to principal only in accordance with the provisions established by the Authority for such registration, — the person or persons in whose name such bonds are registered, except for the purpose of paying interest represented by outstanding coupons.

SECTION 15. **Liability**.

No Commissioner, officer, agent, representative, employee, Registrar or Paying Agent of the Authority shall be held personally liable to any purchaser or holder of any Consolidated Bond under or upon such bond, or under or upon this resolution or any resolution hereafter adopted relating to Consolidated Bonds, or because of the issuance or attempted issuance of any Consolidated Bonds, or because of any act or omission in connection with the construction, acquisition, effectuation, operation or maintenance of any facility of the Authority, or because of any act or omission in connection with the investment or management of the revenues, funds or moneys of the Authority, or otherwise in connection with the management of its affairs, excepting solely for things willfully done with an intent to defraud or willfully omitted to be done with an intent to defraud.

SECTION 16. **Modifications**.

(a) The Authority may from time to time and at any time, without authorization, consent or other action by any of the holders of Consolidated Bonds, modify or amend this resolution, or any other resolution relating to Consolidated Bonds, but only for the purpose of curing any ambiguity or of curing or correcting any defective or inconsistent provision, or for any other purpose not inconsistent with this resolution or with any other resolution relating to Consolidated Bonds; *provided*, that no such amendment made pursuant to this sub-section (a) shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, or shall alter or impair the security of any bond, or otherwise alter or impair any rights of any bondholder.

(b) In addition to the power given in sub-section (a) of this Section 16, any of the terms or provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution) may be amended, repealed or modified in the manner hereinafter set forth in this Section 16, for the purpose of modifying or amending in any particular any of the terms or provisions (including, without limiting the generality of the foregoing, any provisions regarding amortization and retirement) of any of the Consolidated Bonds or of any of the coupons pertaining thereto; *provided*, that no such amendment, repeal or modification shall alter or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal and interest of any Consolidated Bond at the time and place and at the rate or amount and in the medium of payment prescribed therein, without the express consent of the holder of such bond.

i. Whenever the Authority shall desire any such amendment, repeal or modification of any of the provisions of this resolution (or of any resolution amendatory of or supplemental to this resolution), it shall call a meeting of the holders of Consolidated Bonds (or if the amendment, repeal or modification proposed shall affect the rights of the holders of such bonds of only one or more particular series or installments, then of the holders of all Consolidated Bonds of each such series or installment so to be affected) for the purpose of considering and acting upon any such proposed amendment, repeal or modification. A notice specifying the purpose, place, date and hour of such meeting shall be published by the Authority in a daily newspaper of general circulation in the City of New York, State of New York, and also in one or more daily newspapers of general circulation in one or more of the following cities: the City of Boston, Commonwealth of Massachusetts; the City of Philadelphia, Commonwealth of Pennsylvania; the City of Chicago, State of Illinois; and the City of San Francisco, State of California. Such notice shall be published once a week for four consecutive weeks, the first publication to be not less than thirty days nor more than ninety days prior to the date fixed for the meeting. Such notice shall briefly set forth the nature of the proposed amendment, repeal or modification, and shall give notice that a copy thereof is on file with the Authority for inspection by the holders of the bonds. On or before the date of the first publication of the notice, a similar written or printed notice shall be mailed by the Authority, postage prepaid, to the holders of such bonds registered either as to principal or as to both principal and interest, at the addresses appearing on the registry books of the Authority, and who are to be affected by the proposed amendment, repeal or modification. The actual receipt by any bondholder of notice of such meeting shall not be essential to the validity of such meeting, and a certificate by the Authority, duly executed by its Chairman or Vice-Chairman, that the meeting has been called and notice thereof given as herein provided, shall be conclusive as against all parties, and it shall not be open to any bondholder to show that he failed to receive notice of such meeting or to object to the form of such notice, *provided*, that such notice shall conform substantially to the provisions of this subdivision i of this sub-section (b) of this Section 16.

ii. No person shall be entitled to vote at such meeting unless he shall be a holder of a Consolidated Bond or shall hold a proxy duly executed by such a bondholder, and (1) he shall present at the meeting his Consolidated Bond or Bonds (or in the case of the holder of a proxy, the Consolidated Bond or Bonds of his principal), or (2) he shall present at the meeting a certificate of the character herein described in subdivision iii of this sub-section (b) of this Section 16, or (3) his name (or, in the case of the holder of a proxy, the name of his principal) shall appear as a registered bondholder on the list prepared and presented to the meeting by the Registrar as provided in subdivision iii of this sub-section (b) of this Section 16.

iii. Any holder of Consolidated Bonds may, prior to any such meeting, deliver his Consolidated Bond or Bonds, at his own expense, to any Registrar of Consolidated Bonds, or to such bank, banking firm or trust company as shall be satisfactory to the Authority, and thereupon shall be entitled to receive an appropriate receipt for the bonds so deposited, calling for the re-delivery of such bonds at any time after the meeting. A certificate signed by any such Registrar, or by any such bank, banking firm or trust company that the bonds have been so deposited, and giving the amount, denomination, series and numbers thereof, shall be sufficient evidence to permit the holder of any such certificate, including the holder of a proxy who shall produce such certificate, to be present and to vote at any meeting. The Registrar or Registrars of Consolidated Bonds shall prepare and deliver to the Authority at the time of the convening of the meeting, a list of the names and addresses of the registered holders of the bonds proposed to be affected by said amendment, repeal or modification, as of the close of business on the day before the date set for the meeting, or the date to which such meeting shall have been adjourned, together with a statement of the denominations, series and numbers of the bonds registered in the name of each such registered holder.

iv. The Authority shall present to the meeting at the convening thereof, a statement in writing duly executed by its Chairman or Vice-Chairman or by the Chairman or Vice-Chairman of its Committee on Finance, listing the denominations, series and numbers of all bonds of all series proposed to be affected by said amendment, repeal or modification, owned by it or held for its account directly or indirectly, including any bond registered in the name of the Authority or held for the account of any debt reserve fund of the Authority, and no person shall be permitted at the meeting to cast any vote or give any consent because of any bonds listed on such statement, and no such bonds (hereinafter referred to as Authority-owned bonds) shall be counted in determining any vote at such meeting, including the determination of whether or not a quorum is present.

v. A representation of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of Authority-owned bonds) or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then 60% in aggregate principal amount of the bonds outstanding (exclusive of Authority-owned bonds) of each such series or installment so to be affected, shall be necessary to constitute a quorum at any such meeting of bondholders; but less than a quorum may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice, whether such adjournment shall have been held by a quorum or by less than a quorum. The Authority shall designate a Commissioner or officer of the Authority to preside as temporary chairman, and such temporary chairman shall immediately call for nominations for a permanent chairman for such meeting. Such permanent chairman shall be some person who shall be a bondholder, or the holder of a proxy, entitled to vote at the meeting. At such meeting each person shall be entitled to one vote for each $1,000 principal amount of such bonds held or represented by him as provided in subdivision ii of this sub-section (b) of this Section 16, and such vote shall be cast by ballot. Except as herein provided, the meeting may adopt its own rules of procedure.

vi. At any such meeting held as aforesaid, the Authority shall submit for consideration and action of the holders of Consolidated Bonds or, if the amendment, repeal or modification proposed shall only affect the rights of the holders of one or more particular series or installments of Consolidated Bonds, then of the bondholders of each such series or installments to be affected, a proposed resolution embodying the amendment, repeal or modification to be considered by the meeting. If such proposed resolution shall be consented to and approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the bonds to be affected thereby outstanding at the time (exclusive of Authority-owned bonds), then, and in such case, the Authority shall thereby be authorized and empowered to adopt such resolution, and any such resolution so adopted by the Authority shall be binding upon all bondholders, whether or not present at such meeting in person or by proxy, *provided* that no such amendment, repeal or modification shall affect the rights of the holders of one or more series or installments of Consolidated Bonds in a manner or to an extent differing from that in or to which the rights of holders of any other series or installments of Consolidated Bonds are affected unless such resolution shall be approved (either in person or by proxy) by the holders of at least 60% in aggregate principal amount of the Consolidated Bonds then outstanding (exclusive of Authority-owned bonds) of each such series or installment so affected; and no bondholder shall have any right or cause to object to the adoption of any such resolution by the Authority or to object to any of the terms or provisions therein contained or the exercise thereof or of the authorizations contained therein, or in any manner to question the propriety of the adoption thereof or to enjoin or restrain the Authority from executing the same or from taking any action pursuant to the provisions thereof.

vii. Upon the adoption by the Authority of any resolution pursuant to the provisions of this Section 16, this resolution (and any resolution supplemental to or amendatory of this resolution) shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the Authority and all holders of outstanding bonds shall be thereafter determined, exercised and enforced subject, in all respects, to such modifications and amendments.

viii. Minutes of all resolutions adopted and proceedings had at every such meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Authority, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, shall be prima facie evidence of the matters therein stated, and until the contrary is proved, every such meeting in respect of the proceedings of which minutes shall have been so made and signed shall be deemed to have been duly held and conveyed, and all resolutions passed thereat or proceedings had thereat shall be deemed to have been duly passed and had.

As used above in this Section 16, the terms "bond" and "Consolidated Bond" shall include any interim receipt therefor; and the terms "bondholder" and "holder" of a "Consolidated Bond" shall include the holder of such an interim receipt.

SECTION 17. **Determinations**.

Whenever in this resolution it is provided that any selection, designation, determination or estimate shall or may be made by the Authority or that any action may be taken or withheld by the Authority or that any action shall or may be taken or withheld at the option of or dependent upon the opinion, discretion or judgment of the Authority, then the Authority's such selection, designation, determination, estimate, action, option, opinion, discretion or judgment expressed by its Board of Commissioners or by a committee or officer or other person duly authorized shall be conclusive for the purposes of this resolution.

SECTION IV—PERTINENT STATUTES AND GENERAL RESOLUTIONS

General

An important function of the Port Authority is the effectuation of the Comprehensive Plan for the development of the Port District, which was adopted by the two States in 1922 and supplemented from time to time thereafter.

By legislation adopted in 1931, the two States declared that the vehicular traffic moving across interstate waters within the Port District constitutes a general movement of traffic which follows the most accessible and practicable routes, and that the users of each such vehicular bridge or tunnel across these waters benefit by the existence of every vehicular bridge or tunnel, since all of the bridges or tunnels relieve congestion and facilitate the movement of traffic. Accordingly, the two States provided that the construction and operation of such bridges and tunnels authorized by State law should be unified under the Port Authority. The legislation referred to leaves the Congress of the United States free to exercise its powers with respect to interstate crossings.

In 1947, the two States adopted legislation authorizing municipalities in the Port District to cooperate with the Port Authority in the development of marine terminals and empowered them to consent to the use by the Port Authority of any municipally owned marine terminal development, including the right to convey, lease or otherwise transfer such marine terminal development to the Port Authority. The Port Authority may also acquire privately owned marine terminal properties under the original Compact.

The two States also adopted legislation in 1947 declaring that the problem of furnishing proper and adequate air terminal facilities within the Port District is a regional and interstate problem and that it should be the policy of the two States to encourage the integration of air terminals so far as practicable in a unified system. In furtherance of said policy and in partial effectuation of the Comprehensive Plan, the Port Authority was authorized to proceed with air terminal development within the Port District. These statutes were amended during 1971-1973 to authorize the Port Authority to provide mass transportation facilities connecting with JFK Airport and Newark Airport. These statutes, and the marine terminal statutes noted above, were amended in 1978 to authorize the Port Authority to participate in the effectuation of legislatively designated highway projects in the vicinity of an air or marine terminal providing improved access to such air or marine terminal and in 1980 to authorize the Port Authority to participate in the effectuation of certain port-related railroad freight projects related or of benefit to Port Authority marine or air terminals or to the protection or promotion of the commerce of the Port District.

In 1962, the two States authorized the Port Authority to proceed with the acquisition, rehabilitation and operation of the Hudson Tubes, consisting of the properties formerly operated by the Hudson & Manhattan Railroad Company, and certain extensions to the Hudson Tubes; also the States authorized a new facility of commerce known as the World Trade Center. Additionally, the Port Authority was authorized to cooperate with other agencies of government in the rehabilitation and redevelopment of the Hudson Tubes-World Trade Center areas, in part for the purpose of the renewal and improvement of such areas, as part of this port development project. These statutes were amended during 1972-1974 to authorize the Port Authority to effectuate an extension of the Hudson Tubes from the City of Newark to the vicinity of the City of Plainfield in New Jersey and to undertake a series of New Jersey rail improvements with respect to direct Erie-Lackawanna Railroad service into Pennsylvania Station in New York City. The amendments also provided for the repeal of the provisions of the statutory covenant with the holders of affected bonds of the Port Authority contained in the 1962 legislation which limited the Port Authority's financial participation in additional deficit passenger railroad facilities. The Supreme Court of the United States determined that the retroactive application of the repeal to affected bonds issued prior to May 10, 1973, was invalid as a violation of the United States Constitution. The last series of Consolidated Bonds to which this statutory covenant applied was redeemed on September 1, 2001.

In 1967, the State of New York adopted legislation, and in 2007, the State of New Jersey adopted concurrent legislation, which authorized the Port Authority to acquire and operate one air terminal in New York and one air terminal in New Jersey, located outside the Port District, with the site of each such air terminal subject to the approval of the Governor thereof.

In 1978, the two States adopted legislation declaring that to prevent further deterioration of the economy of the Port District and to promote, preserve and protect trade and commerce in and through the Port District, it is the policy of the two States actively to promote, attract, encourage and develop economically sound commerce and industry through governmental action. In furtherance of said policy and in partial effectuation of the Comprehensive Plan, the Port Authority was authorized to proceed with the development of industrial development projects, including resource recovery and industrial pollution control facilities.

In 1979, the two States adopted legislation which, as amended in 1982, authorized the Port Authority to acquire, develop, finance and transfer, subject to appropriate certifications, up to $440,000,000 of buses and ancillary bus facilities in the States of New York and New Jersey, with up to $220,000,000 allocated in each State, for the purpose of leasing, selling, transferring or otherwise disposing of such buses and ancillary bus facilities to either State or to any public authority, agency, commission, city or county thereof. The legislatures determined that the economic viability of the existing facilities operated by the Port Authority is dependent upon the effective and efficient functioning of the transportation network of the northern New Jersey-New York metropolitan area and that access to and proper utilization of such Port Authority facilities would be adversely affected if users of bus transportation were to find such transportation unavailable or significantly curtailed.

In 1984, the Port Authority was authorized to participate in effectuating certain mixed-use waterfront development projects in each of the States. The legislatures determined that the Port Authority, in view of its extensive experience both in waterfront construction and administration of waterfront projects, is a proper agency to act on behalf of either State in the redevelopment of specific waterfront areas in the Port District which are no longer utilized in the movement of cargo or which are related to the movement of passengers and their vehicles or to the operation or development of any other Port Authority project or facility.

Statutes

Chapter 154 of the Laws of New York of 1921, as amended by Chapter 419 of the Laws of New York of 1930, by Chapter 531 of the Laws of New York of 1972 and by Chapter 275 of the Laws of New York of 1992 (McK. Unconsol. Laws §§ 6401-6423), and Chapter 151 of the Laws of New Jersey of 1921, as amended by Chapter 244 of the Laws of New Jersey of 1930, by Chapter 69 of the Laws of New Jersey of 1972 and by Chapter 395 of the Laws of New Jersey of 1991 (N.J.S.A. 32:1-1 to 24), containing the Compact between the two States creating the Port Authority, and S.J. Res. 88, 67th Cong., 42 Stat. 174 (1921) [Public Resolution No. 17], consenting thereto.

Chapter 9 of the Laws of New Jersey of 1922 (N.J.S.A. 32:1-25 to 35), and Chapter 43 of the Laws of New York of 1922 (McK. Unconsol. Laws §§ 6451-6461), adopting a Comprehensive Plan for the development of the Port District, and H.R.J. Res. 337, 67th Cong., 42 Stat. 822 (1922) [Public Resolution No. 66], consenting thereto.

Chapter 333 of the Laws of New Jersey of 1927, as amended by Chapter 20 of the Laws of New Jersey of 1972 (N.J.S.A. 32:2-6 to 9), and Chapter 700 of the Laws of New York of 1927, as amended by Chapter 215 of the Laws of New York of 1956 and Chapter 602 of the Laws of New York of 1972 (McK. Unconsol. Laws §§ 7151-7154), relating to the time period for gubernatorial action with respect to minutes of the Board of Commissioners.

Chapter 114 of the Laws of New Jersey of 1930 (N.J.S.A. 32:2-24), and Chapter 486 of the Laws of New York of 1928, and Chapter 46 of the Laws of New York of 1931, as amended by Chapter 635 of the Laws of New York of 1951 (McK. Unconsol. Laws § 312), making certain inland and marine terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 4 of the Laws of New Jersey of 1931 (N.J.S.A. 32:1-118 to 140), and Chapter 47 of the Laws of New York of 1931 (McK. Unconsol. Laws §§ 6501-6525), relating to the construction, operation and financing of interstate vehicular bridges and tunnels, as amended by Chapter 11 of the Laws of New Jersey of 1954, and Chapter 180 of the Laws of New York of 1954, relating to the third tube of the Lincoln Tunnel, as further amended by Chapter 156 of the Laws of New Jersey of 1956, and Chapter 807 of the Laws of New York of 1955, relating to the second deck of the George Washington Bridge.

Chapter 5 of the Laws of New Jersey of 1931, as amended by Chapter 197 of the Laws of New Jersey of 1945 (N.J.S.A. 32:1-141 to 143), and Chapter 48 of the Laws of New York of 1931, as amended by Chapter 163 of the Laws of New York of 1945 (McK. Unconsol. Laws §§ 7001-7003), relating to the use of Port Authority revenues.

Sections 98, 105 and 106 of the New York State Finance Law, relating to the investment of state funds in bonds of the Port Authority, and authorizing Port Authority bonds as security for deposit of moneys by state officers and by certain others.

Chapter 24 of the Laws of New York of 1937, as amended by Chapter 141 of the Laws of New York of 1953 (McK. Unconsol. Laws § 313), and Chapter 83 of the Laws of New Jersey of 1937, as amended by Chapter 81 of the Laws of New Jersey of 1953 (N.J.S.A. 32:2-24.1), making General and Refunding Bonds and Consolidated Bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 410 of the Laws of New York of 1944, as amended by Chapter 899 of the Laws of New York of 1945 and by Chapter 432 of the Laws of New York of 1949, relating to the Port Authority Grain Terminal.

Chapter 163 of the Laws of New York of 1945 (McK. Unconsol. Laws § 6731), relating to motor truck terminals and making motor truck terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

Chapter 197 of the Laws of New Jersey of 1945 (N.J.S.A. 32:1-141.1), relating to motor truck terminals and making motor truck terminal bonds and grain terminal bonds legal for investment* and eligible for deposit as security with certain public officers and agencies.

* *I.e.* securities in which public officers, banks and savings banks, insurance companies, trustees and other fiduciaries may legally invest funds.

Chapter 95 of the Laws of New Jersey of 1946 (N.J.S.A. 32:2-23.1 to 23.5), and Chapter 443 of the Laws of New York of 1946 (McK. Unconsol. Laws §§ 6701-6706), relating to the financing and effectuation of a motor bus terminal.

Chapter 43 of the Laws of New Jersey of 1947, as amended by Chapter 214 of the Laws of New Jersey of 1948, by Chapter 245 of the Laws of New Jersey of 1971, by Chapter 207 of the Laws of New Jersey of 1972, by Chapter 365 of the Laws of New Jersey of 1977, by Chapter 157 of the Laws of New Jersey of 1980 and by Chapter 75 of the Laws of New Jersey of 2007 (N.J.S.A. 32:1-35.1 to 35.27f) and by Chapter 75 of the Laws of New Jersey of 2007 (N.J.S.A. 32:1-35.27e to 1-35.27f), and Chapter 802 of the Laws of New York of 1947, as amended by Chapter 785 of the Laws of New York of 1948, by Chapter 717 of the Laws of New York of 1967 (McK. Unconsol. Laws § 6631), by Chapters 474 and 475 of the Laws of New York of 1971, by Chapter 317 of the Laws of New York of 1973, by Chapter 792 of the Laws of New York of 1978 and by Chapter 470 of the Laws of New York of 1980 (McK. Unconsol. Laws §§ 6631-6647), relating to the financing and effectuation of air terminals.

Chapter 44 of the Laws of New Jersey of 1947, as amended by Chapter 212 of the Laws of New Jersey of 1948, by Chapter 365 of the Laws of New Jersey of 1977 and by Chapter 157 of the Laws of New Jersey of 1980 (N.J.S.A. 32:1-35.25 to 35.36), and Chapter 631 of the Laws of New York of 1947, as amended by Chapter 784 of the Laws of New York of 1948, by Chapter 792 of the Laws of New York of 1978 and by Chapter 470 of the Laws of New York of 1980 (McK. Unconsol. Laws §§ 6671-6678), relating to marine terminals. This legislation was further amended by Chapter 9 of the Laws of New Jersey of 1983 (N.J.S.A. 32:1-35.36c to 35.36k) and Chapters 676 and 677 of the Laws of New York of 1984, respectively, relating to the acquisition, development and financing of waterfront development projects.

Chapter 301 of the Laws of New York of 1950, as amended by Chapter 938 of the Laws of New York of 1974 (McK. Unconsol. Laws §§ 7101-7112), Chapter 143 of the Laws of New York of 1953 (McK. Unconsol. Laws §§ 7131-7136) and Chapter 599 of the Laws of New York of 1977 (McK. Unconsol. Laws §§ 7141-7142); and Chapter 204 of the Laws of New Jersey of 1951 (N.J.S.A. 32:1-157 to 168), Chapter 172 of the Laws of New Jersey of 1953 (N.J.S.A. 32:1-169 to 174), and Chapter 363 of the Laws of New Jersey of 1977 (N.J.S.A. 32:1-175, 176), relating to suits against the Port Authority.

Chapter 51 of the Laws of New Jersey of 1955 (N.J.S.A. 32:119.2), and Chapter 810 of the Laws of New York of 1955 (McK. Unconsol. Laws § 6504), relating to the construction of a peripheral automobile parking lot as an improvement to any bridge or tunnel.

Chapter 16 of the Laws of New Jersey of 1956 (N.J.S.A. 32:2-34 to 36), and Chapter 444 of the Laws of New York of 1956 (McK. Unconsol. Laws §§ 6751-6754), authorizing the Port Authority to contribute to the cost of certain extensions to the New Jersey Turnpike.

Chapter 8 of the Laws of New Jersey of 1962, as amended by Chapter 208 of the Laws of New Jersey of 1972 and by Chapter 25 of the Laws of New Jersey of 1974 (N.J.S.A. 32:1-35.50 to 35.68), and Chapter 209 of the Laws of New York of 1962, as amended by Chapter 1003 of the Laws of New York of 1972, by Chapter 318 of the Laws of New York of 1973 and by Chapter 993 of the Laws of New York of 1974 (McK. Unconsol. Laws §§ 6601-6618), relating to the World Trade Center, the Hudson Tubes and the Hudson Tubes extensions, and the use of Port Authority revenues.

Chapter 110 of the Laws of New Jersey of 1978 (N.J.S.A. 32:1-35.72 to 35.93) and Chapter 651 of the Laws of New York of 1978 (McK. Unconsol. Laws §§ 7171-7192), relating to the effectuation of industrial development projects and facilities and the use of Port Authority revenues, and Public Law No. 96-163, 96th Congress, First Session (93 Stat. 1242), consenting thereto.

Chapter 33 of the Laws of New Jersey of 1979, as amended by Chapter 407 of the Laws of New Jersey of 1981 (N.J.S.A. 32:2-23.27 to 23.42) and Chapter 12 of the Laws of New York of 1979, as amended by Chapter 314 of the Laws of New York of 1981 (McK. Unconsol. Laws §§ 7201-7217), relating to the acquisition, development, financing and transfer of buses and ancillary bus facilities.

Certain Other Relevant Federal Statutes

Act of March 23, 1906 (commonly known as the Bridge Act of 1906), Pub. L. No. 65, 34 Stat. 84 (1906), *as amended by* the Federal-Aid Highway Act of 1987, Pub. L. No. 100-17 § 135, 101 Stat. 132, 174 (1987) (codified in pertinent part at 33 U.S.C. § 508), relating to the establishment of tolls for passage or transit over bridges constructed under the authority of the Bridge Act of 1906.

Act of Oct. 17, 1978, Pub. L. No. 95-473, 92 Stat. 1337, 1360 (1978*), as amended by and restated in* the ICC Termination Act of 1995, Pub. L. No. 104-88 § 102(a), 109 Stat. 807 (1995) (codified in pertinent part at 49 U.S.C. § 10501(c)), relating to the exclusion, with certain limited exceptions, for mass transportation provided by local government authorities from the jurisdiction of the Surface Transportation Board.

Airport and Airway Improvement Act of 1982, Pub. L. No. 97-248, 96 Stat. 324 (1982), *as amended by and restated in* the Federal Aviation Reauthorization Act of 1996, Pub. L. No. 104-264, 110 Stat. 3213 (1996) (codified in pertinent part at 49 U.S.C. § 47133(b)), relating to the ability of certain airport owners and operators to use the revenues generated by an airport that is the subject of federal assistance for general debt obligations or other facilities of the owner or operator of such airport.

Air Transportation Safety and System Stabilization Act, Pub. L. No. 107-42 § 408, 115 Stat. 230 (2001), *as amended by* the Aviation and Transportation Security Act, Pub. L. No. 107-71 § 201(b), 115 Stat. 597 (2001), relating to the limitation on liability for claims arising from the terrorist attacks of September 11, 2001.

Aviation and Transportation Security Act, Pub. L. No. 107-71 § 101(a), 115 Stat. 597 (2001), *as amended by* the Homeland Security Act of 2002, Pub. L. No. 107-296, 116 Stat. 2135 (2002), relating to the creation of the Transportation Security Administration.

Pub. L. No. 107-230, 116 Stat. 1469 (2002), providing in pertinent part for a temporary waiver from certain transportation conformity requirements and metropolitan transportation planning requirements under the Clean Air Act of 1990 for certain areas in New York where the planning offices and resources have been destroyed by acts of terrorism.

National Construction Safety Team Act, Pub. L. No. 107-231, 116 Stat. 1471 (2002) (codified in pertinent part at 15 U.S.C. § 7311), relating to the establishment of teams to investigate certain building disasters.

Maritime Transportation Security Act of 2002, Pub. L. No. 107-295, 116 Stat. 2064 (2002), relating to security of port facilities.

Intelligence Authorization Act for Fiscal Year 2003, Pub. L. No. 107-306, 116 Stat. 2408, relating to the establishment of the National Commission on Terrorist Attacks Upon the United States.

National Historic Preservation Act of 1966, as amended, 16 U.S.C.A. § 470 *et seq*.

Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. § 9601 *et seq*.

National Environmental Policy Act of 1969 Pub. L. No. 91-190, § 102, 42 U.S.C. § 4332 (1994).

Terrorism Risk Insurance Program Reauthorization Act of 2019, Pub. L. No. 116-94, 133 Stat. 2534 (2019).

Resolutions

Resolution of March 9, 1931, as amended May 5, 1932, as further amended by the Resolution of October 9, 1952, establishing issue of Consolidated Bonds, and Resolution of September 22, 1932, relating to the General Reserve Fund.

Basic Resolution adopted March 18, 1935, as amended March 25, 1935, September 16, 1943, March 6, 1947, and October 23, 1947, establishing issue of General and Refunding Bonds.

Resolution of November 13, 1947, and Resolution of October 9, 1952, relating to the administration of the General Reserve Fund.

Resolution of June 18, 1948, establishing issue of Air Terminal Bonds.

Resolution of November 23, 1948, establishing issue of Marine Terminal Bonds.

Resolution of October 9, 1952, establishing issue of Consolidated Bonds.

Resolution of November 13, 1958, relating to the effect of the application of Consolidated Bonds, Twelfth Series, to the acquisition of the Erie Basin-Port Authority Marine Terminal.

Resolution of June 14, 1962, relating to the certification of the Hudson Tubes as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds or Consolidated Notes for purposes of capital expenditures in connection with that facility.

Resolution of September 9, 1965, relating to the certification of the World Trade Center as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of March 8, 1979, relating to the certification of the Port Authority Bus Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility; and resolution of May 13, 1982, relating to the certification of the extension of the Port Authority Bus Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of April 29, 1981, relating to the certification of the Oak Point Rail Freight Link as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 28, 1981, relating to the certification of the Bathgate Industrial Development Project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of September 9, 1982, as amended and supplemented by Resolutions of June 9, 1983, October 13, 1983, July 11, 1985, November 14, 1985, January 7, 1988, October 11, 1990, November 9, 1995, June 29, 2000, May 26, 2005, June 22, 2010, July 23, 2015, and October 29, 2020 with respect to the establishment and authorization of issuance of Port Authority Commercial Paper Obligations.

Resolution of June 9, 1983, relating to the certification of the Teleport as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of June 9, 1983, establishing issue of Special Project Bonds.

Resolution of June 14, 1984, relating to the certification of the Elizabeth Industrial Park as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Pre-development Site Acquisition Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Newark Legal and Communications Center as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of October 11, 1984, relating to the certification of the Greenville Yard-Port Authority Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of May 9, 1985, as amended November 14, 1985, relating to the certification of the Essex County Resource Recovery Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of June 13, 1985, relating to the certification of the Howland Hook Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of December 11, 1986 (a portion of which appears in the Official Minutes of January 22, 1987), relating to the certification of an Imported Automobile Marine Terminal as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of May 14, 1987, relating to the certification of the Newark South Ward Industrial Park as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 10, 1987, relating to the certification of the Regional Development Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of July 14, 1988, March 8, 1989, May 11, 1989 (of the Committee on Finance of the Board of Commissioners of the Port Authority), November 14, 1991, April 9, 1992 (of the Committee on Finance of the Board of Commissioners of the Port Authority), October 13, 1994 and December 12, 1996, as modified by Resolution of November 18, 1999, relating to Port Authority Variable Rate Master Notes.

Resolutions of July 14, 1988, December 10, 1992 and April 27, 2005, as modified by Resolution of March 30, 2006, with respect to Interest Rate Exchange Contracts.

Resolution of September 14, 1989, relating to the certification of the New Jersey Marine Development Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of September 14, 1989 and July 11, 1991, relating to the certification of the Regional Economic Development Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 14, 1989, relating to the certification of the Trans-Hudson Ferry Service as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of November 14, 1991, establishing Consolidated Bonds, Eighty-fifth Series, Due 2029, and authorizing the issue and sale thereof; as a result of action taken at the time of sale of such Series, it is now known as "Consolidated Bonds, Eighty-fifth Series."

Resolution of June 11, 1992, as modified by Resolutions of October 13, 1994, December 12, 1996 and November 18, 1999, with respect to the establishment and authorization of issuance of Port Authority Versatile Structure Obligations.

Resolution of June 11, 1992 (and procedures and subject matter exceptions of August 13, 1992, as modified by Resolution of December 14, 2006), relating to public attendance at meetings of the Board of Commissioners of the Port Authority and its committees.

Resolutions of June 10, 1993, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, Ninety-third Series (as amended March 10, 1994 solely with respect to Consolidated Bonds, Ninety-third Series), and authorizing the sale thereof.

Resolutions of June 10, 1993, October 13, 1994 and December 12, 1996, as modified by Resolution of November 18, 1999, with respect to the establishment and authorization of issuance of Port Authority Equipment Notes.

Resolution of December 15, 1994, relating to the authority of the Committee on Operations of the Board of Commissioners of the Port Authority to take actions on behalf of the Board of Commissioners of the Port Authority.

Resolution of September 25, 1997, relating to the certification of the Hoboken South Waterfront Development project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 25, 1997, relating to the certification of the Queens West Waterfront Development project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the Regional Rail Freight Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the New York Transportation, Economic Development and Infrastructure Renewal Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the Regional Transportation Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of November 21, 2002, relating to the certification of the Hudson-Raritan Estuary Resources Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility; and resolution of April 23, 2014, relating to the certification of the Hudson-Raritan Estuary Resources Program II as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of February 23, 2006, relating to the certification of the Meadowlands Passenger Rail Facility as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of July 26, 2007, relating to the certification of Stewart International Airport as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of July 26, 2007, May 22, 2008, July 28, 2011, March 29, 2012, June 28, 2012, August 1, 2012, and September 20, 2012 relating to the By-Laws of the Port Authority.

Resolutions of November 15, 2007, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Fiftieth Series and Consolidated Bonds, One Hundred Fifty-third Series through Consolidated Bonds, One Hundred Sixty-first Series and authorizing the sale thereof (as amended pursuant to the resolution of January 22, 2009, solely with respect to the sale of Consolidated Bonds, One Hundred Fifty-fourth Series through Consolidated Bonds, One Hundred Sixty-first Series).

Resolution of June 30, 2008, relating to the certification of the Access to the Region's Core Project as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolutions of November 19, 2009, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Sixty-second Series through Consolidated Bonds, One Hundred Seventy-third Series and authorizing the sale thereof (as amended pursuant to the resolution of May 25, 2011, solely with respect to the sale of Consolidated Bonds, One Hundred Sixty-eighth Series through Consolidated Bonds, One Hundred Seventy-third Series).

Resolutions of August 1, 2012, in pertinent part establishing and authorizing the issuance of Consolidated Bonds, One Hundred Seventy-fourth Series through Consolidated Bonds, One Hundred Ninety-first Series and authorizing the sale thereof (as amended pursuant to the resolution of October 16, 2013, solely with respect to the sale of Consolidated Bonds, One Hundred Seventy-eighth Series through Consolidated Bonds, One Hundred Ninety-first Series).

Resolution of February 19, 2015, endorsing the recommendations of the bi-state Special Panel on the Future of the Port Authority.

Resolution of March 19, 2015, establishing a Whistleblower Protection Policy for Port Authority employees.

Resolution of March 19, 2015, relating to the designation of the Port Authority’s offices at 4 World Trade Center, 150 Greenwich Street, New York, New York 10007 as the location for service of process in the State of New York.

Resolutions of July 23, 2015, establishing and authorizing the issuance of Consolidated Bonds, One Hundred Ninety-second Series through Consolidated Bonds, Two Hundred Eleventh Series and authorizing the sale thereof.

Resolutions of April 28, 2016, relating to the enhanced transparency and efficiency of Port Authority public records access policy and access to personal information policy, as amended by the Resolution of December 7, 2017, relating to the Port Authority public records access policy.

Resolution of February 16, 2017, relating to the adoption of the 2017-2026 Capital Plan for the Port Authority.

Resolution of February 16, 2017, relating to further measures to improve Port Authority governance-oaths, conflicts of interest, and affirmative cooperation with investigations.

Resolution of February 16, 2017, relating to the certification of the Moynihan Station Transportation Program as an additional facility of the Port Authority and authorizing the issuance of Consolidated Bonds for purposes of capital expenditures in connection with that facility.

Resolution of September 28, 2017, relating to implementation of a comprehensive integrity program.

Resolution of October 26, 2017, relating to a Code of Ethics for the Commissioners of the Port Authority.

Resolutions of July 26, 2018, establishing and authorizing the issuance of Certain Series of Consolidated Bonds Commencing with the Two Hundred Twelfth Series and authorizing the sale thereof.

Resolution of July 26, 2018, recognizing the continued issuance, within the scope of existing authorizations, of Versatile Structure Obligations, Variable Rate Master Notes, Equipment Notes, and Commercial Paper Obligations.

Resolution of September 26, 2019, relating to changes in the tolls schedule for vehicular interstate crossings and other fees.

Resolution of September 26, 2019, relating to the reassessment and changes to the 2017-2026 Capital Plan.

Resolution of October 29, 2020, relating to the access fee for for-hire vehicles and taxis – adjustment of implementation date.

Resolutions of March 17, 2022, establishing and authorizing the issuance of Certain Series of Consolidated Bonds in 2022 and authorizing the sale thereof.

Resolution of November 17, 2022, establishing and authorizing the Special Obligation Institutional Loan Program.

Resolution of December 15, 2022, relating to the Port Authority Plan of Finance and Public Approval Process for Plan of AMT Debt Issuance.

Resolutions of December 15, 2022, establishing and authorizing the issuance of Certain Series of Consolidated Bonds in 2023 and authorizing the sale thereof.

Resolution of December 14, 2023, relating to the approval and adoption of the Port Authority's Budget for 2024 with respect to capital and operating expenses.

Resolution of December 14, 2023, relating to the Port Authority Authorization for Consolidated Bonds and Notes and Public Approval Process for Plan of Financing for Plan of AMT Debt Issuance.

Resolutions of December 14, 2023, establishing and authorizing the issuance of Certain Series of Consolidated Bonds in 2024 and authorizing the sale thereof.

Resolutions of December 14, 2023, establishing and authorizing the issuance of Certain Series of Consolidated Notes in 2024 and authorizing the sale thereof.

SECTION V—SCHEDULES OF OUTSTANDING DEBT

The following schedule sets forth, on an accrual basis, as of the date of this Official Statement, the debt service on the outstanding Consolidated Bonds. Amounts shown for the year 2024 have not been adjusted to reflect payments made in 2024 other than to reflect the refundings of series of Consolidated Bonds that occurred in 2024 prior to the date of this schedule. "Total All Issues" includes (i) the Bonds and (ii) $100,000,000 Consolidated Bonds, Ninety-Third Series with interest included in each of the years 2024 through 2069, and with principal and interest included on a cumulative basis during the period 2070 through 2094. Not included are: (i) the Institutional Loans and (ii) Variable Rate Master Notes.

Consolidated Bonds (as of September 25, 2024) (in thousands)	**TOTAL ALL ISSUES**		
	Total Principal Amount $26,063,300		
Year	**Total**	**Interest**	**Amortization**
2024	$1,666,618	$1,151,073	$515,545
2025	1,774,580	1,175,185	599,395
2026	1,760,003	1,146,938	613,065
2027	1,759,692	1,119,202	640,490
2028	1,753,795	1,090,165	663,630
2029	1,708,090	1,061,605	646,485
2030	1,767,488	1,022,333	745,155
2031	1,766,959	987,914	779,045
2032	1,766,811	951,296	815,515
2033	1,766,811	911,926	854,885
2034	1,756,765	871,215	885,550
2035	1,717,596	829,416	888,180
2036	1,700,250	785,350	914,900
2037	1,619,290	741,385	877,905
2038	1,537,384	700,424	836,960
2039	1,550,163	658,208	891,955
2040	1,416,758	618,068	798,690
2041	1,367,668	579,708	787,960
2042	1,369,495	544,360	825,135
2043	1,343,667	506,247	837,420
2044	1,270,944	470,319	800,625
2045	1,257,797	430,377	827,420
2046	1,110,025	395,225	714,800
2047	1,116,669	362,599	754,070
2048	1,082,916	327,016	755,900
2049	957,559	292,924	664,635
2050	858,039	262,004	596,035
2051	856,505	233,085	623,420
2052	613,641	206,556	407,085
2053	712,337	186,787	525,550
2054	598,754	163,904	434,850
2055	532,325	144,825	387,500
2056	506,230	127,190	379,040
2057	576,235	108,500	467,735
2058	483,834	89,974	393,860
2059	474,815	73,835	400,980
2060	455,970	57,495	398,475
2061	304,985	43,465	261,520
2062	264,717	32,462	232,255
2063	58,012	24,287	33,725
2064	57,996	22,731	35,265
2065	131,856	20,076	111,780
2066	100,360	16,195	84,165
2067	100,323	13,378	86,945
2068	93,055	10,510	82,545
2069	93,015	7,760	85,255
2070-2094	224,746	124,746	100,000
TOTAL	**$47,763,546**	**$21,700,246**	**$26,063,300**

Principal Amounts of Certain Port Authority Obligations Outstanding (as of September 25, 2024)*

Consolidated Bonds:	Par Value
Eighty-fifth Series, 5.2%-5.375%, Serial/Term, due 2022-2028	$29,400,000
Ninety-third Series, 6.125%, Term, due 2094	100,000,000
One Hundred Fifty-eighth Series, 5.859%, Term, due 2024 (A)	250,000,000
One Hundred Fifty-ninth Series, 6.04%, Term, due 2029 (A)	350,000,000
One Hundred Sixty-fourth Series, 5.647%, Term, due 2040 (A)	425,000,000
One Hundred Sixty-fifth Series, 5.647%, Term, due 2040 (A)	425,000,000
One Hundred Sixty-eighth Series, 4.926%, Term, due 2051 (A)	1,000,000,000
One Hundred Seventy-fourth Series, 4.458%, Term, due 2062 (A)	2,000,000,000
One Hundred Seventy-fifth Series, 3%-5%, Serial/Term, due 2022-2042	323,255,000
One Hundred Seventy-seventh Series, 3%-5%, Serial/Term, due 2022-2043 (C)	288,175,000
One Hundred Eighty-first Series, 4.96%, Term, due 2046 (A)	500,000,000
One Hundred Eighty-second Series, 5.31%, Term, due 2046 (A)	500,000,000
One Hundred Eighty-third Series, 3%-5%, Serial/Term, due 2025-2044	400,000,000
One Hundred Eighty-fourth Series, 4%-5%, Serial/Term, due 2022-2039 **	344,835,000
One Hundred Eighty-fifth Series, 4%-5%, Serial, due 2022-2034 (C) ***	282,490,000
One Hundred Eighty-sixth Series, 5%, Serial/Term, due 2022-2044 (C) ***	215,010,000
One Hundred Eighty-seventh Series, 2.529%-4.426%, Serial/Term, due 2022-2034 (A)	184,905,000
One Hundred Eighty-eighth Series, 5%, Serial, due 2022-2035 (C)	21,140,000
One Hundred Eighty-ninth Series, 3%-5%, Serial/Term, due 2022-2045	348,895,000
One Hundred Ninety-first Series, 4.823%, Term, due 2045 (A)	250,000,000
One Hundred Ninety-second Series, 4.81%, Term, due 2065 (A)	500,000,000
One Hundred Ninety-third Series, 5%, Serial, due 2022-2035 (C)	215,015,000
One Hundred Ninety-fourth Series, 4%-5.25%, Serial/Term, due 2022-2055	1,091,590,000
One Hundred Ninety-fifth Series, 1.45%-5%, Serial/Term, due 2022-2036 (C)	147,495,000
One Hundred Ninety-seventh Series, 5%, Serial/Term, due 2022-2041 (C)	144,880,000
One Hundred Ninety-eighth Series, 5%-5.25%, Serial/Term, due 2027-2056	350,000,000
One Hundred Ninety-ninth Series, 1.58%-3.05%, Serial, due 2022-2031 (C)	182,895,000
Two Hundredth Series, 5%-5.25%, Serial/Term, due 2027-2057	250,000,000
Two Hundred First Series, 4.229%, Term, due 2057 (A)	300,000,000
Two Hundred Second Series, 4.875%-5.0%, Serial, due 2022-2037 (C)	153,960,000
Two Hundred Third Series, 3.0%, Term, due 2032 (C)	50,000,000
Two Hundred Fourth Series, 1.91%-5.0%, Serial, due 2023-2028 (C)	116,410,000
Two Hundred Fifth Series, 5%-5.25%, Serial/Term, due 2022-2057	659,170,000
Two Hundred Sixth Series, 5%, Serial/Term, due 2028-2047 (C)	100,000,000
Two Hundred Seventh Series, 4%-5%, Serial/Term, due 2022-2048 (C)	563,475,000
Two Hundred Ninth Series, 5%, Serial, due 2022-2038	377,020,000
Two Hundred Tenth Series, 4.031%, Term, due 2048 (A)	300,000,000
Two Hundred Eleventh Series, 4%-5%, Serial/Term, due 2029-2048	400,000,000
Two Hundred Twelfth Series,4%-5%, Serial, due 2022-2039	260,880,000
Two Hundred Thirteenth Series, 5%, Serial, due 2022-2039	295,835,000
Two Hundred Fourteenth Series, 4%-5%, Serial/Term, due 2030-2043 (C)	200,000,000
Two Hundred Fifteenth Series, 3.287%, Term, due 2069 (A)	400,000,000
Two Hundred Sixteenth Series, 4%, Term, due 2045-2049	100,000,000
Two Hundred Seventeenth Series, 4%-5%, Serial/Term, due 2030-2049	400,000,000
Two Hundred Eighteenth Series, 4%-5%, Serial/Term, due 2030-2049 (C)	525,000,000
Two Hundred Nineteenth Series, 3.5%, Term, due 2060-2061 (C)	50,000,000
Two Hundred Twentieth Series, 4%, Term, due 2050-2059 (C)	125,000,000
Two Hundred Twenty First Series, 4%-5%, Serial/Term, due 2022-2060 (C)	645,315,000
Two Hundred Twenty Second Series, 4%-5%, Serial, due 2022-2040	435,265,000
Two Hundred Twenty Third Series, 4%-5%, Serial/Term, due 2022-2061 (C)	428,130,000
Two Hundred Twenty Fourth Series, 4%-5%, Serial/Term, due 2030-2061	420,020,000
Two Hundred Twenty Fifth Series, 3.175%, Term, due 2057-2060 (A)	400,000,000
Two Hundred Twenty Sixth Series, 5%, Serial, due 2022-2041 (C)	181,205,000
Two Hundred Twenty Seventh Series, 2%-3% Serial, due 2027-2034 (C)	186,920,000

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Two Hundred Twenty Eighth Series A, 2.25%, Serial, due 2041 (B)	$70,000,000
Two Hundred Twenty Eighth Series B, 3%, Serial, due 2042 (B)	175,000,000
Two Hundred Twenty Eighth Series C, 4%, Serial, due 2043 (B)	160,000,000
Two Hundred Twenty Eighth Series D, 2.75%, Term, due 2040-2044 (B)	233,805,000
Two Hundred Twenty Ninth Series, 0.767%-3.139%, Serial/Term, due 2023-2051 (A)	415,840,000
Two Hundred Thirtieth Series, 3%-5.25%, Serial/Term, due 2022-2052	305,705,000
Two Hundred Thirty-First Series, 5%-5.5%, Serial/Term, due 2022-2052 (C)	478,945,000
Two Hundred Thirty-Second Series, 4.625%, Term, due 2052 (C)	50,000,000
Two Hundred Thirty-Third Series, 4.5%-5.25%, Serial/Term, due 2033-2052	150,000,000
Two Hundred Thirty-Fourth Series, 5%-5.5%, Serial/Term, due 2038-2052 (C)	250,000,000
Two Hundred Thirty-Fifth Series, 4.805%-5.055%, Serial, due 2033-2037 (A)	50,000,000
Two Hundred Thirty-Sixth Series, 5.000%, Serial/Term, due 2033-2052 (C)	300,000,000
Two Hundred Thirty-Seventh Series, 5.000%, Serial/Term, due 2033-2052	100,000,000
Two Hundred Thirty-Eighth Series, 5.000%, Serial, due 2034-2040 (C)	248,300,000
Two Hundred Thirty-Ninth Series, 5.072%, Term, due 2053 (A)	463,445,000
Two Hundred Fortieth Series, 5.000%, Serial/Term, due 2040-2053	200,000,000
Two Hundred Forty-First Series, 5.000%, Serial/Term, due 2040-2053	179,925,000
Two Hundred Forty-Second Series, 5.000%, Serial/Term, due 2024-2053 (C)	535,215,000
Two Hundred Forty-Third Series, 5.000%, Serial, due 2024-2043	550,365,000
Two Hundred Forty-Fourth Series, 5.000%, Serial/Term, due 2030-2054	747,960,000
Two Hundred Forty-Fifth Series, 5.000%, Serial/Term, due 2025-2054 *	602,785,000
Two Hundred Forty-Sixth Series, 5.000%, Serial, due 2025-2044 *	458,595,000
Total	$25,919,470,000

Equipment Notes	$ —
Versatile Structure Obligations	$ —
Commercial Paper Obligations	$ —
Institutional Loans	$408,200,552
Variable Rate Master Notes	$44,600,000

(A) Subject to federal taxation.
(B) The entire series was acquired by the New York Liberty Development Corporation in connection with its issuance of the New York Liberty Development Corporation Liberty Revenue Refunding Bonds, Series 1WTC-2021 (Secured by Port Authority Consolidated Bonds).
(C) The obligations noted with a "(C)", as well as certain of the Equipment Notes, Commercial Paper Obligations and Variable Rate Master Notes, on original issuance were subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.
* This schedule has been adjusted to reflect the issuance of the Bonds.
** The Port Authority anticipates applying a portion of the proceeds of the Two Hundred Forty-Fifth Series Bonds towards the refunding of Consolidated Bonds, One Hundred Eighty-Fourth Series on or about November 1, 2024.
***The Port Authority anticipates applying a portion of the proceeds of the Two Hundred Forty-Sixth Series Bonds towards the refunding of Consolidated Bonds, One Hundred Eighty-Fifth Series and Consolidated Bonds, One Hundred Eighty-Sixth Series on or about November 1, 2024.

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SECTION VI—BOND RESOLUTIONS AND LEGAL OPINION

Resolution Establishing and Authorizing the Issuance of Certain Series of Consolidated Bonds – 2024

(Adopted December 14, 2023)

This resolution constitutes a contract with the holders in whose names the Bonds are registered on the books and records of the Registrar. During the period in which a book-entry system is applicable to the Bonds, the Depository or its nominee shall be the sole registered holder of the Bonds.

WHEREAS, heretofore and on the 9th day of October, 1952, The Port Authority of New York and New Jersey (formerly known as The Port of New York Authority and hereinafter called the "Authority") adopted a resolution (hereinafter called the "Consolidated Bond Resolution"), constituting a contract with the holders of the obligations issued thereunder, providing for the issuance of certain direct and general obligations of the Authority (hereinafter called "Consolidated Bonds"), from time to time, in conformity with the Consolidated Bond Resolution for the purposes therein set forth; and

WHEREAS, the Consolidated Bond Resolution provides that Consolidated Bonds shall be issued in such series as the Authority may determine, and that the characteristics of each such series shall be determined by the Authority by and in the resolution establishing such series, and that the resolution establishing such series may contain other terms and provisions not inconsistent with the Consolidated Bond Resolution; and

WHEREAS, the Authority has heretofore established various series of Consolidated Bonds and has now determined that it is appropriate to establish certain additional series of Consolidated Bonds which shall be sold on or after January 1, 2024 through December 31, 2024, without prejudice to its right hereafter to establish and issue further series of Consolidated Bonds.

NOW, THEREFORE, be it resolved by the Authority:

SECTION 1. As used in this resolution, any words or phrases specifically defined in the Consolidated Bond Resolution shall be read and construed in accordance with such specific definitions. As used in this resolution, the term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice- Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

SECTION 2. To the extent the authority to spend additional funds under the resolutions dated December 15, 2022 entitled "*Establishment and Issuance of Certain Series of Consolidated Bonds - 2023*" and "*Sale of Certain Series of Consolidated Bonds - 2023"* has not been used by December 31, 2023, such authority is deemed extinguished as of December 31, 2023. Each series of Consolidated Bonds issued pursuant to this resolution, which shall have one or more distinguishing feature(s) at the discretion of the Authority including but not limited to interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder, is established as a separate series of Consolidated Bonds and the issuance of each such series with a term to maturity not in excess of 50 years is authorized; *provided, however*, that the total aggregate principal amount of Consolidated Bonds issued pursuant to this resolution as may be amended from time to time, Port Authority Consolidated Notes issued pursuant to the resolution entitled "*Establishment and Issuance of Certain Series of Consolidated Notes - 2024*" dated the date hereof as may be amended from time to time, when added to the principal amount of Port Authority Versatile Structure Obligations sold on or after January 1, 2024 through December 31, 2024 pursuant to the "*Port Authority Versatile Structure Obligations Resolution- Modification*" dated November 18, 1999 as may be amended from time to time, shall not exceed $4.8 billion. It is anticipated that the Board may amend the cap on such total aggregate principal amount on an annual basis, or more frequently as necessary. Each of such series of Consolidated Bonds shall be issued in conformity with the Consolidated Bond Resolution for the purposes specified in this resolution. This resolution shall apply with equal force and effect to each of such series on an individual basis (each of such series hereinafter called the "Bonds"). This resolution shall constitute a contract with the registered holders of the Bonds and with each such registered holder.

SECTION 3. The Committee on Finance of the Authority (hereinafter called the "Committee on Finance") is authorized to establish, fix and determine the terms of the Bonds and, in connection therewith, to make such changes and adjustments to the provisions set forth in the third paragraph of this Section 3 and in Sections 4, 5, 6, 9 and 10 of this resolution as in the opinion of the Committee on Finance will effectuate the issuance of the Bonds, and to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

The proceeds of the Bonds may be used for any purpose for which at the time of issuance of the Bonds the Authority is authorized by law to issue its obligations. The Committee on Finance may allocate the proceeds of the Bonds, from time to time, to certain of the authorized purposes, including the specific designation of any obligations to be refunded with the proceeds of the Bonds.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America; principal of the Bonds shall be payable upon presentation and surrender thereof by the registered holders, at the office or offices, designated by the Authority, of the Paying Agent (or Paying Agents) appointed for the purpose by the Authority, in a county which is in whole or in part in the Port of New York District; and interest on the Bonds shall be payable when due to the registered holders thereof by check or draft drawn on the Paying Agent (or Paying Agents) appointed for the purpose by the Authority and mailed to said registered holders at their last known addresses as appearing upon the Authority's Registry Books for the Bonds.

SECTION 4. The Bonds shall be issued only in registered form, registered as to both principal and interest and not as to either alone, in authorized denominations.

The Authority will keep or cause to be kept at the offices, designated by the Authority, of a Registrar appointed for that purpose, in a county which is in whole or in part in the Port of New York District, proper and sufficient Registry Books for the registration of the Bonds. The Bonds shall be transferable only upon such Registry Books by the registered holder thereof or by such registered holder's attorney duly authorized in accordance with the provisions of this resolution. Upon the written request of the registered holder or registered holders thereof and upon surrender thereof, a bond or bonds may be exchanged for a bond or bonds of like tenor, registered as designated in such request, of any other authorized denominations. All requests for registration, transfer, exchange and delivery pertaining to the Bonds as above provided shall be filed with the Registrar of the Authority; all bonds to be surrendered pursuant to such requests shall be surrendered to the Registrar; and all bonds delivered in exchange as aforesaid shall be delivered by the Registrar. All bonds surrendered to the Registrar in exchange for other bonds or for transfer as above provided shall be cancelled by the Registrar upon such surrender. The Authority shall bear the cost incurred by the Authority in connection with the registration, authentication (if any), transfer, cancellation, exchange and delivery of bonds, including such fees as may be imposed by the Registrar for such services performed by the Registrar as provided in this resolution.

SECTION 5. The Bonds shall be redeemable at the option of the Authority, on prior notice, in whole, or, from time to time, in part, at such redemption price and on such date set forth in the applicable notice to redeem the Bonds.

If less than all of the Bonds then outstanding are to be called for redemption at the option of the Authority, and if the Bonds then outstanding include bonds of any serial maturities, the bonds so to be called shall be in inverse order of maturity, and if bonds constituting a particular maturity are to be called for redemption, but not all bonds constituting such maturity are to be called for redemption, the bonds so to be called shall be determined by lot by the Registrar.

If bonds are to be called for redemption to meet the schedule of mandatory periodic retirement for the Bonds, the bonds so to be called shall be determined by lot by the Registrar.

Notice to redeem any of the Bonds shall be given by the Registrar not less than 30 nor more than 45 days prior to the date fixed for redemption, to the registered holders of the bonds to be called for redemption, by deposit of a copy of such notice, postage prepaid by certified or registered mail, in a United States Post Office, addressed to such registered holders at their last known addresses as appearing upon the Authority's Registry Books for the Bonds.

On or before the date fixed for redemption specified in the notice to redeem any of the Bonds, the Authority will pay or cause to be paid to the Paying Agent (or Paying Agents) an amount in cash in the aggregate sufficient to redeem all of the bonds which are to be redeemed, at the respective redemption price thereof, which, in each case, shall include the accrued interest until the date fixed for redemption and the premium (if any), such principal amount and premium (if any), to be held by the Paying Agent (or Paying Agents) in trust for the account of the registered holders of the bonds so called for redemption and to be paid to them respectively upon presentation and surrender of such bonds with accrued interest included in such redemption price to be paid to the registered holders in accordance with the provisions of this resolution. On and after the date fixed for redemption, the notice to redeem having been completed as above provided, the bonds so called shall become due and payable at the office of the Paying Agent (or Paying Agents) designated by the Authority, and if funds sufficient for payment of the redemption price shall have been deposited with the Paying Agent (or Paying Agents) in trust as aforesaid and if such funds shall be available for redemption of such bonds on the date fixed for redemption, then and in any such event, interest shall cease to accrue on the bonds so called on and after the date fixed for their redemption, and such bonds shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution, but shall rely solely upon the funds so deposited.

In the case of bonds of denominations greater than the minimum authorized denomination, for all purposes in connection with redemption, each unit of face value representing the minimum authorized denomination shall be treated as though it were a separate bond of the minimum authorized denomination, and the word "bond" as used in the foregoing provisions of this Section 5 shall be deemed to refer to such unit of face value representing the minimum authorized denomination. If it is determined as above provided that one or more but not all of the units of face value representing the minimum authorized denomination of any bond are to be called for redemption, then upon notice to redeem such unit or units, the registered holder of such bond shall forthwith present such bond to the Registrar who shall issue a new bond or bonds of like tenor of smaller authorized denominations but of the same aggregate principal amount in exchange therefor, pursuant to Section 4 of this resolution, including a new bond or bonds with the aggregate principal amount of the unit or units of face value called for redemption; and such new bond or bonds shall be deemed to be duly called for redemption without further notice to the registered holder thereof. If the registered holder of such bond of a denomination greater than the minimum authorized denomination shall fail to present such bond to the Registrar for the issuance of new bonds of smaller denominations in exchange therefor, as aforesaid, such bond shall nevertheless become due and payable on the date fixed for redemption to the extent of the unit or units of face value called for redemption (and to that extent only); and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent (or Paying Agents), as aforesaid, and being available as aforesaid on the date fixed for redemption) interest shall cease to accrue on the portion of the principal amount of such bond represented by such unit or units of face value on and after the date fixed for redemption, and such bond shall not be entitled to the benefit or security of this resolution or the Consolidated Bond Resolution to the extent of the portion of its principal amount (and accrued interest thereon until the date fixed for redemption and premium, if any) represented by such unit or units of face value, but to that extent shall rely solely upon the funds so deposited.

SECTION 6. The Bonds shall be retired at or prior to maturity, by purchase, call or payment, by the dates and in at least the cumulative principal amounts set forth on the schedule of mandatory periodic retirement for the Bonds.

If, at least 45 days prior to the mandatory periodic retirement date in each year (except the year of maturity) set forth in the schedule of mandatory periodic retirement for the Bonds, the Authority shall not have purchased or redeemed (at any prior time or times during such year or at any time or times during any prior years) a principal amount of the Bonds at least equal to the principal amount of the Bonds to be retired on such mandatory periodic retirement date, then the Authority shall call a principal amount of the Bonds equal to such deficiency, at the respective redemption price thereof, in the manner and upon the notice set forth in Section 5 of this resolution. Any of the Bonds purchased by the Authority as aforesaid may be purchased at such prices as the Authority may deem reasonable and proper and, in the discretion of the Authority, at public or private sale, with or without advertisement and with or without notice to any person other than the seller, and such of the Bonds as are theretofore issued and negotiated and then held by the Authority may be purchased for such purpose as well as bonds held by others.

Nothing herein contained shall be construed in any way to prevent the Authority from retiring the Bonds more rapidly than is set forth in the schedule of mandatory periodic retirement for the Bonds.

SECTION 7. The Authority shall not apply any moneys in the Consolidated Bond Reserve Fund except for the payment of bonds secured by a pledge of the General Reserve Fund in whole or in part, the payment of debt service upon bonds so secured, the purchase for retirement of bonds so secured or the redemption of bonds so secured, or for the payment of expenses incurred for the establishment, acquisition, construction or effectuation, or for the operation, maintenance, repair or administration of any facility financed or refinanced in whole or in part by bonds secured by a pledge of the General Reserve Fund in whole or in part, or otherwise for the fulfillment of any undertakings which the Authority has assumed or may or shall hereafter assume to or for the benefit of the holders of bonds secured by a pledge of the General Reserve Fund in whole or in part; *provided, however*, that nothing herein contained shall be construed to permit the application by the Authority of moneys in the Consolidated Bond Reserve Fund except for purposes and upon conditions which are authorized by the Consolidated Bond Resolution.

Consolidated Bonds proposed to be issued for purposes in connection with an additional facility or a group of additional facilities in connection with which the Authority has not theretofore issued bonds which have been secured by a pledge of the General Reserve Fund in whole or in part, may be issued, and bonds other than Consolidated Bonds proposed to be issued for purposes in connection with such an additional facility or group of additional facilities may be secured by a pledge of the General Reserve Fund in whole or in part, in each case if and only if the Authority shall certify at the time of issuance (as defined in Section 3 of the Consolidated Bond Resolution) its opinion that the issuance of such Consolidated Bonds or that such pledge of the General Reserve Fund as security for such bonds other than Consolidated Bonds will not, during the ensuing 10 years or during the longest term of any of such bonds proposed to be issued (whether or not Consolidated Bonds), whichever shall be longer, in the light of its estimated expenditures in connection with such additional facility or such group of additional facilities, materially impair the sound credit standing of the Authority or the investment status of Consolidated Bonds or the ability of the Authority to fulfill its commitments, whether statutory or contractual or reasonably incidental thereto, including its undertakings to the holders of Consolidated Bonds; and the Authority may apply moneys in the General Reserve Fund for purposes in connection with those of its bonds and only those of its bonds which it has theretofore secured by a pledge of the General Reserve Fund in whole or in part. Expenditures in connection with an additional facility or group of additional facilities shall mean the amount of the excess, if any, of the sum of all items of expense to be considered in determining the net revenues of the additional facility or group of additional facilities plus the debt service upon the bonds proposed to be issued and upon any additional bonds which in the Authority's opinion would be required to be issued to place and maintain such facility or group of facilities upon a sound operating basis, over and above the sum of all items of revenue and income to be considered in determining such net revenues.

SECTION 8. The Authority shall appoint a bank or trust company as trustee for and in connection with the Bonds (hereinafter called the "Trustee"). The Trustee is authorized to (i) institute any action or proceeding on behalf of the registered holders of the Bonds against the Authority or others, or (ii) intervene in any pending action or proceeding, or (iii) take any other action which it shall in its sole discretion determine to be necessary or advisable in order to protect the rights of the registered holders of the Bonds. The rights of the Trustee in this respect and in all other respects shall be in addition to and not in substitution of any and all rights which would otherwise inure to the registered holder or registered holders of the Bonds. It is understood that the Trustee in its sole discretion may, but shall be under no obligation to, review the activities or operations of the Authority or any of the contracts or agreements of the Authority or exercise any of the rights or powers vested in it by this Section 8 whether on the Trustee's initiative or at the request or direction of any of the registered holders of the Bonds.

The Trustee (which shall include any successor Trustee) appointed under the provisions of this Section 8 shall be a bank or trust company organized under the laws of the State of New York or the State of New Jersey or a national banking association doing business and having its principal office in the Port of New York District and having a total capital (including capital stock, surplus, undivided profits and capital notes, if any) aggregating at least $25 million, which is willing and able to accept the office on reasonable and customary terms and is authorized by law to perform all the duties imposed upon it by this resolution.

The Trustee shall not be liable for any action taken or suffered upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may or may not be counsel to the Authority, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under this resolution in good faith and in accordance therewith. The Trustee shall not be liable in connection with the performance or nonperformance of its duties except for its own willful misconduct, negligence or bad faith.

If the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under this resolution, such matter (unless other evidence in respect thereof be specifically prescribed) may be deemed to be conclusively proved and established by a certificate of an Authorized Officer, and such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this resolution upon the faith thereof; but in its discretion the Trustee may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

The Authority shall annually, within 120 days after the close of each calendar year make available to the Trustee its financial statement(s) for such year accompanied by an opinion signed by an independent public accountant or firm of public accountants of recognized standing selected by the Authority and satisfactory to the Trustee.

The Authority shall annually, after the close of each calendar year, make available to the Trustee a copy of its annual report when such annual report is published.

The Authority shall make available to the Trustee a copy of any Official Statement hereafter issued by the Authority in connection with the issuance of bonds by the Authority.

The Authority shall hereafter make available to the Trustee a copy of the minutes of every meeting of the Authority and of its subsidiary corporations hereafter held, at the time said minutes are transmitted to the Governor of New York and the Governor of New Jersey.

The Authority shall not be required to make available to the Trustee (except when requested to do so by the Trustee) and the Trustee shall not be required to review any document, instrument, report or paper other than those which the Authority is expressly required hereunder to make available to the Trustee. The Trustee shall not be bound to make any investigation into the facts or matters stated in any document, instrument, report or paper supplied to it, but the Trustee in its sole discretion may make such further inquiry or investigation into such facts or matters as the Trustee may deem advisable, and, if the Trustee shall determine to make such further inquiry or investigation, the Trustee is authorized to examine such books and records of and properties owned or operated by the Authority as the Trustee may deem advisable, personally or by agent or attorney.

The Authority agrees (i) to pay to the Trustee from time to time reasonable compensation for all services rendered by it hereunder, (ii) to reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in connection with the exercise or performance of any of its powers or duties hereunder (including the reasonable compensation and the expenses and disbursements of its agents and counsel), and (iii) to indemnify the Trustee for, and hold it harmless against, any loss, liability or expense incurred without willful misconduct, negligence or bad faith on its part, arising out of or in connection with the exercise or performance of the Trustee's powers and duties hereunder, including the costs and expenses of defending itself against any claim or liability in connection with such exercise or performance.

The Trustee may become the owner or holder of any bonds of the Authority with the same rights as it would have were it not a Trustee. To the extent permitted by law, the Trustee may act as depositary for the Authority, act as Paying Agent and Registrar of bonds of the Authority and act itself and permit any of its officers or directors to act in any other capacity with respect to the Authority, the bonds of the Authority and the holders of bonds of the Authority as it or its officers or directors would be able to act were it not a Trustee.

The Trustee may at any time resign and be discharged of the duties and obligations created by this resolution by giving not less than 60 days' written notice to the Authority and publishing notice thereof, specifying the date when such resignation shall take effect, once in each week for two successive calendar weeks in a newspaper of general circulation in the City of New York, State of New York, and such resignation shall take effect upon the date specified in such notice unless previously a successor shall have been appointed by the Authority in which event such resignation shall take effect immediately on the appointment of such successor.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee, and signed and acknowledged by the registered holders of a majority in principal amount of the Bonds then outstanding or by their attorneys duly authorized, excluding the principal amount of any of the Bonds held by or for the account of the Authority. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, a successor may be appointed by the holders of a majority in principal amount of the Bonds then outstanding, excluding the principal amount of any of the Bonds held by or for the account of the Authority, by an instrument or concurrent instruments in writing signed and acknowledged by such registered holders of the Bonds or by their attorneys duly authorized and delivered to such successor Trustee, notification thereof being given to the Authority and the predecessor Trustee; *provided, however*, nevertheless, the Authority shall forthwith appoint a Trustee to fill such vacancy until a successor Trustee shall be appointed by the registered holders of the Bonds as authorized in this Section 8. The Authority shall publish notice of any such appointment made by it once in each week for two consecutive calendar weeks, in a newspaper of general circulation in the City of New York, State of New York, the first publication to be made within 20 days after such appointment. Any successor Trustee appointed by the Authority shall, immediately and without further act, be superseded by a Trustee appointed by the registered holders of the Bonds.

Any company into which any Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Trustee may sell or transfer all or substantially all of its corporate trust business (*provided, however*, such company shall be a bank or trust company located in the Port of New York District and shall be authorized by law to perform all the duties imposed upon it by this resolution), shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act.

The failure of the Authority to take any action required by this Section 8 shall not invalidate any bond or bonds issued pursuant to this resolution or hereafter issued by the Authority, or affect any other actions of the Authority. The Authority shall in no way be restricted by this Section 8 from entering any defense to an action or proceeding instituted by the Trustee or by the registered holder or registered holders of the Bonds.

SECTION 9. The form of the bond, including provisions with respect to assignment, for the Bonds shall be determined by the Committee on Finance or by an Authorized Officer. The bonds shall have the official seal of the Authority, or a facsimile thereof, affixed thereto or printed or impressed thereon, and shall be manually signed by an Authorized Officer. In case any Authorized Officer who shall have signed any of the bonds shall cease to be an Authorized Officer before such bonds shall have been actually issued, such bonds may nevertheless be issued as though such Authorized Officer who signed such bonds had not ceased to be an Authorized Officer.

SECTION 10. In case any bond shall at any time become mutilated or be lost or destroyed, the Authority, in its discretion, may execute and deliver a new bond of like tenor in exchange or substitution for and upon cancellation of such mutilated bond or in lieu of or in substitution for such destroyed or lost bond; or if such bond shall have matured, instead of issuing a substitute bond the Authority may pay the same without surrender thereof. In case of destruction or loss, the applicant for a substitute bond shall furnish to the Authority evidence satisfactory to the Authority of the destruction or loss of such bond and of the ownership thereof and also such security and indemnity as may be required by the Authority. The Authority may execute and deliver any such substitute bond or make any such payment; or any Paying Agent may make any such payment upon the written request or authorization of the Authority. Upon the issuance of any substitute bond, the Authority, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or other governmental charge or other reasonable expense connected therewith and also a further sum not exceeding the cost of preparation of each new bond so issued in substitution. Any bond issued under the provisions of this Section 10 in lieu of any bond alleged to have been destroyed or lost shall constitute an original contractual obligation on the part of the Authority, whether or not the bond so alleged to have been destroyed or lost be at any time enforceable by anyone, and shall be equally and proportionately entitled to the security of this resolution and of the Consolidated Bond Resolution with all other bonds, notes and coupons (if any) issued hereunder or thereunder.

SECTION 11. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance).*

SECTION 12. This resolution is intended to be annually amended upon approval from the Board or at such other time, by an Authorized Officer with approval from the Board.

* See footnote (*) at the end of "Resolution Authorizing the Sale of Certain Series of Consolidated Bonds – 2024" in this Section VI.

Resolution Authorizing the Sale of Certain Series of Consolidated Bonds – 2024

(Adopted December 14, 2023)

SECTION 1. To the extent the authority to spend additional funds under the resolutions dated December 15, 2022 entitled "*Establishment and Issuance of Certain Series of Consolidated Bonds - 2023*" and "*Sale of Certain Series of Consolidated Bonds - 2023"* has not been used by December 31, 2023, such authority is deemed extinguished as of December 31, 2023. This resolution shall apply with equal force and effect to each series of Consolidated Bonds sold on or after January 1, 2024 through December 31, 2024 pursuant to this resolution, on an individual basis, which shall have one or more distinguishing feature(s) at the discretion of the Authority, including but not limited to, interest payment dates, redemption provisions if any, issuance date and/or federal tax treatment under the Internal Revenue Code of 1986 and the regulations thereunder (each such series hereinafter called the "Bonds").

SECTION 2. The Committee on Finance of the Authority (hereinafter called the "Committee on Finance") is authorized, in the name of and on behalf of the Authority, to sell the Bonds at a true interest cost to the Authority not in excess of eight percent, with a term to maturity not in excess of 50 years, at public or private sale, with or without advertisement, at one or more times, and to apply the proceeds of such sale or sales as provided in the resolution authorizing the establishment and issuance of the Bonds; *provided, however*, that the total aggregate principal amount of the Bonds sold pursuant to this resolution as may be amended from time to time, Port Authority Consolidated Notes sold pursuant to the resolution entitled "*Sale of Certain Series of Consolidated Notes - 2024*" dated the date hereof as may be amended from time to time, when added to the principal amount of Port Authority Versatile Structure Obligations sold on or after January 1, 2024 through December 31, 2024, pursuant to the "*Port Authority Versatile Structure Obligations Resolution- Modification*" dated November 18, 1999 as may be amended from time to time, shall not exceed $4.8 billion.

SECTION 3. The Committee on Finance is authorized, in the name of and on behalf of the Authority, in connection with the Bonds, to fix the time or times of sale of the Bonds, to determine the terms and conditions upon which such sales shall be made and to accept or reject offers in connection with such sales.

SECTION 4. The Committee on Finance is authorized, in the name of and on behalf of the Authority, in connection with the Bonds, to enter into any contracts or agreements pertaining to the Bonds; to fix the time or times and determine the terms and conditions of delivery of the Bonds; to appoint one or more Paying Agents and a Registrar and a Trustee, and to designate the office or offices of any such Paying Agent (or Paying Agents) at which payments shall be made and the office or offices of any such Registrar at which the Authority's Registry Books for the Bonds shall be kept; to make any selection, designation, determination or estimate and to take or withhold any action and to formulate and express any opinions and to exercise any discretion or judgment which may be or is required to be made, taken, withheld, formulated, expressed or exercised in connection with the Bonds, the Authority adopting all such selections, designations, determinations, estimates, actions, withholdings of action, formulations and expressions of opinions and exercises of discretion or judgment, including those pursuant to Section 3 of the Consolidated Bond Resolution, or otherwise, as its own; and to authorize any of the foregoing and generally to take such other action as in the opinion of the Committee on Finance will best serve the public interest.

SECTION 5. The Committee on Finance is authorized to arrange, from time to time (i) for the preparation and distribution of disclosure documents, including official statements, offering statements or other offering materials in connection with the Bonds, and (ii) for the preparation and distribution of such other documents giving pertinent data with respect to the Authority and its finances as it deems appropriate, in each case, in the name of and on behalf of the Authority.

SECTION 6. An Authorized Officer is authorized to take any and all action that the Committee on Finance is authorized to take under this resolution (without further action by the Committee on Finance).*

SECTION 7. The Committee on Finance or any Authorized Officer is authorized, in connection with the issuance of the Bonds on the basis that the Bonds are to be in conformity with, and that the interest on the Bonds is not to be includible for federal income tax purposes in the gross income of the recipients thereof under, Section 103(a) of the Internal Revenue Code of 1986, or successor provisions of law, and the regulations thereunder, to take any action which may be appropriate to assure that the Bonds are issued, and during their term are outstanding, on such basis, and any such actions taken in connection therewith are ratified. Any Authorized Officer is authorized to certify on behalf of the Authority as to the need for the issuance of the Bonds, as to the status of the projects for which the proceeds of the Bonds are to be used, as to the Authority's intentions with respect to the application and investment of the proceeds of the Bonds, and as to such other matters as such Authorized Officer deems appropriate.

SECTION 8. As used in this resolution, the term "Authorized Officer" shall mean any of the officers or employees of the Authority designated as such from time to time by the Chairman; Vice-Chairman; Chairman of the Committee on Finance; Executive Director; Chief Financial Officer; or Treasurer of the Authority, or their respective successors in office or duties.

SECTION 9. This resolution is intended to be annually amended upon approval from the Board or at such other time, by an Authorized Officer with approval from the Board.

* In connection with the acceptance by an Authorized Officer of an offer to purchase the Bonds represented by the Bond Purchase Agreement (see "*Underwriting*" in Section I hereof), the terms of the Bonds have been established, fixed and determined, and the provisions of this resolution have been changed and adjusted, to the extent required, to conform the terms of the Bonds to the summary description of the Bonds as set forth in and pursuant to the Bond Purchase Agreement; such description is reflected at "*Description of the Bonds*," and at "*Additional Information Pertaining to the Bonds*" in Section I hereof.

Form of Legal Opinion of Bond Counsel

In connection with the delivery upon original issuance of the Bonds by the Port Authority, Bond Counsel will render a legal opinion on such date of delivery relating to the Bonds substantially in the following form.

[Letterhead of Bond Counsel]

(Date of delivery upon original issuance)

The Port Authority of New York and New Jersey
4 World Trade Center
150 Greenwich Street, 23rd Floor
New York, New York 10007

The Port Authority of New York and New Jersey
Consolidated Bonds, Two Hundred Forty-Fifth Series and
Consolidated Bonds, Two Hundred Forty-Sixth Series

Ladies and Gentlemen:

We have acted as bond counsel to The Port Authority of New York and New Jersey (the "Issuer") in connection with issuance of $602,785,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Forty-Fifth Series (the "Series 245 Bonds") and $458,595,000 aggregate principal amount of The Port Authority of New York and New Jersey Consolidated Bonds, Two Hundred Forty-Sixth Series (the "Series 246 Bonds" and, collectively with the Series 245 Bonds, the "Bonds"), issued pursuant to resolutions of the Issuer dated as of October 9, 1952, establishing the issue of Consolidated Bonds, and of December 14, 2023, pertaining to the establishment and the authorization of the issuance of, and the authorization of the sale of, the Bonds (collectively, the "Resolutions"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolutions.

In such connection, we have reviewed the Resolutions, an opinion of counsel to the Issuer, certificates of the Issuer and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinion referred to in the paragraph above. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolutions. We call attention to the fact that the rights and obligations under the Bonds and the Resolutions and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Resolutions or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding obligations of the Issuer.

2. The Resolutions have been duly adopted and delivered by, and constitute the valid and binding obligations of, the Issuer. The Resolutions create a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Net Revenues and any other amounts held in any fund or account established pursuant to the Resolutions, subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

3. Interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), except that no opinion is expressed as to the status of interest on any Series 246 Bonds for any period of time that such Series 246 Bond is held by a "substantial user" of the facilities financed or refinanced by the Series 246 Bonds or by a "related person" within the meaning of Section 147(a) of the Code and the regulations thereunder. Interest on the Series 245 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Series 245 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Series 246 Bonds is a specific preference item for purposes of the federal individual alternative minimum tax, and interest on the Series 246 Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax.

The Bonds and the interest thereon are exempt under the Compact of April 30, 1921 and supplementary legislation, from any and all taxation (except estate, inheritance and gift taxes) now or hereafter imposed directly thereon by or under authority of the States of New York and New Jersey or by any political subdivision thereof. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds arising under the Code.

Very truly yours,

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APPENDIX A

Financial Statements as of and for the Years Ended December 31, 2023 and December 31, 2022 and Appended Notes

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PORT AUTHORITY NY NJ

AIR LAND RAIL SEA

2023 FINANCIAL STATEMENTS & APPENDED NOTES

For the Year Ended December 31, 2023

Comptroller's Department

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CERTIFICATE WITH RESPECT TO
2023 FINANCIAL STATEMENTS

We, the undersigned officers of The Port Authority of New York and New Jersey, hereby certify, in connection with the release of the financial statements of The Port Authority of New York and New Jersey (the "Authority") and its component units for the years ended December 31, 2023 and December 31, 2022 (the "Financial Statements") that ***(a)*** to the best of our knowledge and belief, the financial and other information, including the summary of significant accounting policies described in the Financial Statements are accurate in all material respects and reported in a manner designed to present fairly the Authority's enterprise fund and fiduciary fund Net position, Changes in Net position, and Cash flows, in conformity with United States of America generally accepted accounting principles ("U.S. GAAP"); and ***(b)*** on the basis that the cost of internal controls should not outweigh their benefits, the Authority has established a comprehensive framework of internal controls to protect its assets from loss, theft, or misuse, and to provide reasonable (rather than absolute) assurance regarding the reliability of financial reporting and the preparation of the Financial Statements in conformity with U.S. GAAP.

Dated: New York, New York
March 6, 2024

R. Cotton
Richard Cotton
Executive Director

Elizabeth M. McCarthy
Chief Financial Officer

Daniel G. McCarron
Daniel G. McCarron
Comptroller

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KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

Board of Commissioners
The Port Authority of New York and New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of The Port Authority of New York and New Jersey (the Port Authority), as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Port Authority's basic financial statements for the years then ended as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Port Authority, as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the Trust), which represents 100% of the fiduciary activities as of and for the years ended December 31, 2023 and 2022. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as they relate to the amounts included for the Trust, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under the heading Required Supplementary Information within the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits for the years ended December 31, 2023 and 2022 were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Port Authority's basic financial statements. The supplementary information included in Schedules D-1, D-2, D-3, E and F, as listed in the table of contents, for the years ended December 31, 2023 and 2022 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information included in Schedules D-1, D-2, D-3, E and F is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the years ended December 31, 2023 and 2022.

We also previously audited, in accordance with GAAS, the basic financial statements of the Port Authority as of and for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014 (not presented herein), and have issued our reports thereon dated March 2, 2022, March 3, 2021, March 4, 2020, March 6, 2019, March 20, 2018, March 1, 2017, March 7, 2016, and March 13, 2015, respectively, which contained unmodified opinions on the respective basic financial statements. The supplementary information included in Schedules D-1, D-2, and D-3, as listed in the table of contents, for the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, basic financial statements, as applicable. The information was subjected to the audit procedures applied in the audit of the 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information included in Schedules D-1, D-2, and D-3, related to the years ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended December 31, 2021, 2020, 2019, 2018, 2017, 2016, 2015, and 2014, as applicable.

Other Information

Our audits were conducted for purposes of forming opinions on the basic financial statements as a whole. The supplementary information included in Schedule G, as listed in the table of contents, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or any form of assurance thereon.

Report on the Audit of Schedules A, B, and C Prepared in Accordance with Port Authority Bond Resolutions

Opinion

We have audited the accompanying Schedules A, B, and C of the Port Authority, which present the assets and liabilities as of December 31, 2023 and revenues and reserves for the year then ended, of the Port Authority prepared in accordance with the requirements of the Port Authority's bond resolution.

In our opinion, the accompanying Schedules A, B, and C referred to above present fairly, in all material respects, the assets and liabilities of the Port Authority as of December 31, 2023, and its revenues and reserves for the year then ended in accordance with the requirements of the Port Authority's bond resolutions.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors'

Responsibilities for the Audit of Schedules A, B, and C section of our report. We are required to be independent of the Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to Note A.4 of the basic financial statements, which describes the basis of accounting. As described in Note A.4 to the basic financial statements, Schedules A, B, and C are prepared by the Port Authority based on the requirements present in its bond resolutions, which is a basis of accounting other than U.S. generally accepted accounting principles. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for Schedules A, B, and C

Management is responsible for the preparation and fair presentation of Schedules A, B, and C in accordance with the requirements of the Port Authority’s bond resolutions. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibilities for the Audit of Schedules A, B, and C

Our objectives are to obtain reasonable assurance about whether Schedules A, B, and C as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Port Authority’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG

Report on Summarized Comparative Information

We have previously audited the Port Authority's December 31, 2022 Schedules A, B, and C prepared in accordance with the requirements of the Port Authority's bond resolutions, and we expressed an unmodified audit opinion on those audited Schedules A, B, and C in our report dated March 20, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited Schedules A, B, and C from which they have been derived.

Restriction on Use

Our report on Schedules A, B, and C is intended solely for the information and use of the Port Authority and those who are a party to the Port Authority's bond resolutions, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 6, 2024

Introduction

The following discussion and analysis of business-type and fiduciary activities of The Port Authority of New York and New Jersey (the "Port Authority") and its component units described herein (see *Note A.1 – Nature of the Organization and Summary of Significant Accounting Policies*) is intended to provide an introduction to and understanding of the enterprise fund and fiduciary fund financial statements ("the financial statements") of the Port Authority for the year ended December 31, 2023, with selected comparative information for the years ended December 31, 2022 and December 31, 2021. This section has been prepared by management of the Port Authority and should be read in conjunction with the financial statements and appended note disclosures that follow the Management's Discussion and Analysis section of this report.

Impacts from the COVID-19 Pandemic

Activity Volume

Beginning in March 2020, Port Authority facilities experienced a significant reduction in use in response to perceived safety concerns and state and local regulation of transportation facilities to attempt to limit the spread of the disease. Since the nadir of activity volumes in April 2020, the Port Authority has seen activity volumes rising across its facilities. With the exception of the Port Authority Trans-Hudson Corporation ("PATH") transit system, activity volumes at the airports, bridges and tunnels, and marine ports have now exceeded 2019 volumes, with the airports reaching new activity records in 2023. Activity levels on the PATH transit system continue to recover more slowly and were 61% of 2019 passenger activity levels. Due to work from home trends exacerbated during the COVID-19 pandemic, the Port Authority now believes that PATH passenger activity is likely to recover to 2019 levels much more gradually. The table below provides a comparison of the total use of its airports, its bridges and tunnels, its PATH transit system, and its cargo shipping activity for the years of 2023, 2022 and 2019.

Unaudited Annual Activity Volumes					
(In thousands)	**2023***	**2022**	**2019**	**2023 Volumes as % of 2022 Volumes**	**2023 Volumes as % of 2019 Volumes**
Total Passengers, Aviation	144,188	128,245	140,498	112.4%	102.6%
Total Vehicles, Bridges and Tunnels	122,628	120,717	122,228	101.6%	100.3%
Total Passengers, PATH	50,468	42,582	82,220	118.5%	61.4%
Total Cargo Containers (TEU), Marine Terminals	7,810	9,494	7,471	82.3%	104.5%

* 2023 facility activity information contains estimated data based on available information and is subject to revision.

The Port Authority also posts other activity volume information, including monthly data, in press releases on its public website which can be found at: https://www.panynj.gov/port-authority/en/press-room/press- release-archives.html.

Financial Position

Revenues

The Port Authority experienced a reduction in Gross Operating Revenue and Passenger Facility Charge ("PFC") collections compared to pre-COVID-19 pandemic projections of $3 billion for the twenty-four month period of March 2020 through March 2022, matching revised projections first developed in mid-2020. Gross Operating Revenues for the year ended December 31, 2023 of $6.6 billion are higher than in 2019 due to the activity recovery noted above as well as increased toll and fare rates and new leasing rentals related to airport redevelopment, but remain impacted by the slow recovery of PATH passenger activity.

Capital Program

During the COVID-19 pandemic, the Port Authority conducted an evaluation of the extent to which and how the 2017-2026 Capital Plan should be modified to guide future capital spending given the adverse impacts of the COVID-19 pandemic on the agency's cash flow and capital capacity and is continuing to do so. Revenues lost during the COVID-19 pandemic cannot be recouped even after activity volume has recovered to pre-COVID-19 pandemic levels. Therefore, this effort is ongoing and includes an intensive reevaluation of the elements of the overall Capital Plan, and of individual projects and the timing thereof.

For the three-year period covering 2021 - 2023, annual capital spending totaled approximately $1.9 billion in 2023 and 2022 and, $2.0 billion in 2021, which is well below what the agency was forecasting for that period prior to the onset of the COVID-19 pandemic.

Federal Support

The Port Authority's airports were provided approximately $433 million to be utilized over a four-year period under the airport funding provision contained in the America Rescue Plan Act ("ARPA") allocated to eligible U.S. airports in March 2021 for eligible operating and development costs, in addition to approximately $60 million attributable to financial relief to airport concessionaires. As of December 31, 2023, the Port Authority has drawn down approximately $317 million of its $433 million allocation, of which approximately $99 million was credited to airlines operating under cost recovery agreements. The remaining funds are expected to be drawn down through 2024.

The Port Authority of New York and New Jersey Enterprise Fund Financial Statements Comparison for the Years Ended December 31, 2023, December 31, 2022 and December 31, 2021

The Port Authority of New York and New Jersey Enterprise Fund Statements of Net Position

The Statements of Net Position present the financial position of the Port Authority at the end of the fiscal year and include all Port Authority's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as applicable. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. A summarized comparison of the Port Authority's enterprise fund Statements of Net Position follows:

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
ASSETS			
Current assets[1]	**$ 3,380,465**	$ 3,443,302	$ 2,589,251
Noncurrent assets:			
Facilities, net	**40,444,205**	40,276,773	40,168,584
LaGuardia Terminal B landlord leasehold investment	**1,147,922**	1,135,986	1,034,390
Other noncurrent assets[1,2]	**17,474,322**	16,686,194	16,597,868
Total assets	**62,446,914**	61,542,255	60,390,093
DEFERRED OUTFLOWS OF RESOURCES			
Loss on debt refundings	**51,578**	49,769	57,497
Pension related amounts	**517,098**	774,172	1,059,884
OPEB related amounts	**975,122**	844,222	139,346
Total deferred outflows of resources	**1,543,798**	1,668,163	1,256,727
LIABILITIES			
Current liabilities[1,2]	**2,580,205**	4,081,460	3,041,087
Noncurrent liabilities:			
Bonds and other asset financing obligations	**27,573,527**	26,311,943	26,647,422
Other noncurrent liabilities[1,2]	**11,451,698**	10,417,713	9,404,464
Total liabilities	**41,605,430**	40,811,116	39,092,973
DEFERRED INFLOWS OF RESOURCES			
Gain on debt refundings	**195,067**	118,757	103,875
Pension related amounts	**70,838**	870,614	996,876
OPEB related amounts	**110,034**	197,735	477,044
Leases, as lessor[1]	**5,347,802**	5,158,110	5,354,698
Total deferred inflows of resources	**5,723,741**	6,345,216	6,932,493
NET POSITION			
Net investment in capital assets	**15,128,051**	14,942,315	15,406,620
Restricted	**719,624**	851,723	606,816
Unrestricted[1,2]	**813,866**	260,048	(392,082)
Net position, December 31st	**$ 16,661,541**	$ 16,054,086	$ 15,621,354

1 In accordance with GASB Statement No. 87 "*Leases*" ("GASB Statement No. 87"), as described in Note A.3.p, "*Nature of the Organization and Summary of Significant Accounting Policies*", the cumulative impact of adopting GASB Statement No. 87 has been incorporated as a restatement to the Port Authority's 2021 Statement of Net Position.

2 In accordance with GASB Statement No. 96 "*Subscription-Based Information Technology Arrangements*" ("GASB Statement No. 96"), as described in Note A.3.q, "*Nature of the Organization and Summary of Significant Accounting Policies*", the cumulative impact of adopting GASB Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Net Position.

2023 vs. 2022

Port Authority assets totaled $62.4 billion at December 31, 2023, an increase of $905 million from December 31, 2022. This overall increase was primarily a result of:

Facilities, net of $40.4 billion increased $167 million from December 31, 2022 due to continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation and the write off of previously capitalized planning and design costs related to certain capital projects that will not be constructed as originally planned. For additional information related to capital investment by facility and business segment, see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts (excluding lease receivables) of $1.5 billion increased $120 million from December 31, 2022 primarily due to: ***a.)*** an increase in percentage rents due from tenants at John F. Kennedy International ("JFK") Airport; ***b.)*** an increase in flight fees due the Port Authority due to timing differences related to the receipt of aviation fees due from the airlines; and, ***c.)*** an increase in E-ZPass® tolls due from other tolling agencies. These increases were partially offset by: ***d.)*** the recovery of previously deferred 2020 aviation fees as a result of COVID-19; and, ***e.)*** the receipt of Federal Transit Administration ("FTA") funding for PATH Superstorm Sandy restoration and resiliency capital projects.

Lease assets, (as lessee) of $6.9 billion related to lease financings containing fixed rents payable by the Port Authority and subject to GASB Statement No. 87 decreased $162 million primarily due to the continued amortization of long-term leases with the Cities of New York and Newark for the leasing of municipal air and marine terminals. Lease assets are amortized on a straight-line basis over the term of the lease agreement. For additional information related to lease assets, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Lease receivables, (as lessor) of $4.8 billion related to lease financings containing fixed rent payments due the Port Authority and subject to GASB Statement No. 87 increased $266 million from December 31, 2022, primarily due to the execution of new and amended unregulated leases at One World Trade Center ("WTC"), Newark Liberty International ("EWR") and JFK Airports. These increases were partially offset by the application of amortization from rent payments received from tenants at One WTC and the WTC Tower 3 and 4 net lessees. For additional information related to lease receivables, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Cash and Investment balances of $5.4 billion increased $480 million from December 31, 2022, primarily due to increased cash generated from net operating revenues activities, partially offset by a decrease in consolidated bond proceeds available for construction and unapplied PFCs.

Cash flows from operations of $2.9 billion increased $114 million when compared to the same twelve-month period of 2022 primarily due to increases in tolls and fares, activity-based rentals, aviation fees and public parking at aviation facilities, partially offset by the resumption of funding current year benefit payments for other postemployment benefits ("OPEB") from available operating funds in January 2023 and increased payments to third-party suppliers for operational and maintenance support services.

Port Authority liabilities totaled $41.6 billion at December 31, 2023, an increase of $794 million from December 31, 2022. This increase was primarily due to:

Bonds and other asset financing obligations of $29.4 billion, including amounts payable associated with Tower 4 Liberty Bonds decreased $301 million from December 31, 2022, primarily due to the scheduled retirement and refunding of outstanding Consolidated Bonds and Consolidated Notes of $2.5 billion. Partially offsetting this decrease were increases related to the issuance of $478 million of Consolidated Bonds for purposes of funding capital expenditures and $1.7 billion of Consolidated Bonds for purposes of refunding certain callable bonds to lower future debt service payments and the retirement of Consolidated Notes.

Lease liabilities (as lessee) of $6.4 billion for lease financings containing fixed rent payables to third-parties and subject to GASB Statement No. 87 decreased $73 million from December 31, 2022, primarily due to the application of amortization from rent payments paid to the Cities of New York and Newark for the leasing of municipal air and marine terminals. For additional information related to lease liabilities, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Accrued pension and other postemployment benefits ("OPEB") of $3.5 billion increased $1.1 billion primarily due to an increase in the Port Authority's actuarially determined net OPEB liability due to changes in certain actuarial assumptions and an increase in the Port Authority's proportionate share of the actuarially determined New York State and Local Retirement System ("NYSLRS") Net Pension Liability ("NPL") resulting from losses on NYSLRS plan investments in excess of their expected rate of return, measured at March 31, 2023.

Accounts payable of $930 million increased $16 million from December 31, 2022 primarily due to higher capital construction accruals related to aviation capital construction projects and third-party operations and maintenance support contracts at Port Authority facilities.

Accrued payroll and other employee benefits of $203 million decreased $52 million from December 31, 2022 primarily due to the payment of retro-active wage increases to represented Port Authority and PATH employees stipulated under amended labor agreements.

Accrued interest and other current liabilities of $804 million increased $79 million from December 31, 2022 primarily due to the timing of payables for: ***a.)*** insurance premium payments; ***b.)*** percentage rent payments due to the cities of New York and Newark; ***c.)*** payments due aviation concessionaires for rent relief authorized under the Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSSA") federal funding; and, ***d.)*** electronic tolls due other tolling agencies.

Deferred outflows of resources totaled $1.5 billion at December 31, 2023, a decrease of $124 million from December 31, 2022. This net decrease was primarily due to the amortization of previously recognized deferred outflows resulting from changes in actuarial assumptions used in the actuarial valuation of the Port Authority's proportionate share of the NYSLRS NPL. These decreases were partially offset by an increase in 2023 deferred outflows resulting from changes in actuarial assumptions utilized in the actuarial valuation of the Port Authority's net OPEB liability. Deferred outflows of resources related to pensions and OPEB are amortized on a straight-line basis as an increase to pension and OPEB expense over a closed period of time.

Deferred inflows of resources totaled $5.7 billion at December 31, 2023, a net decrease of $621 million from December 31, 2022. This net decrease resulted from the amortization of previously recognized deferrals related to gains on NYSLRS and OPEB plan investments in excess of their expected rate of return and the scheduled amortization of lease financings containing fixed rents due the Port Authority, as lessor and subject to GASB Statement No. 87.

Deferred inflows of resources related to pensions and OPEB are amortized on a straight-line basis as a reduction to pension and OPEB expense over a closed period of time. Deferred inflows of resources related to lease financings are amortized as a component of rental income on a straight-line basis over the term of the lease agreement.

2022 vs. 2021

Port Authority assets totaled $61.5 billion at December 31, 2022, an increase of $1.2 billion from December 31, 2021. This overall increase was primarily a result of:

Facilities, net of $40.3 billion increased $108 million from December 31, 2021 due to the continued capital investment in Port Authority facilities as outlined in the 2017-2026 ten-year capital plan, less annual depreciation. For additional information related to capital investment by facility and business segment, see *Schedule F - Information on Capital Investment in Port Authority Facilities* contained in this report.

Receivables, including restricted amounts (excluding lease receivables) of $1.4 billion increased $78 million from December 31, 2021 primarily due to: ***a.)*** an increase in FTA Superstorm Sandy restoration and resiliency capital contributions at PATH; ***b.)*** an increase in amounts due from the Tower 4 WTC net lessee due to timing of debt service payments; and, ***c.)*** an increase in PFC amounts due to timing differences related to the receipt of payments from airlines. These increases were partially offset by; ***d.)*** a decrease in amounts due for ARPA federal funding due to higher cash receipts; and, ***e.)*** a decrease for the continued recovery of aviation fees that were deferred in 2020.

Lease assets, (as lessee), of $7.1 billion related to lease financings containing fixed rents payable by the Port Authority and are subject to GASB Statement No. 87 decreased $158 million primarily due to the amortization of long-term leases with the Cities of New York and Newark for the leasing of municipal Air and Marine Terminals. Lease assets are amortized on a straight-line basis over the term of the lease agreement. For additional information related to lease assets, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Lease receivables, (as lessor) of $4.6 billion related to lease financings containing fixed rent payments due the Port Authority and are subject to GASB Statement No. 87 decreased $124 million from December 31, 2021, primarily due to the amortization of fixed rents received from tenants, primarily at the WTC. For additional information related to lease receivables, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Cash and Investment balances of $4.9 billion increased $1.1 billion from December 31, 2021, primarily due to the investment of available consolidated bond funds in short term U.S. securities that are available to fund future capital investment in Port Authority facilities.

Cash flows from operations of $2.8 billion increased $788 million when compared to the same twelve-month period of 2021 primarily due to increases in activity-based rentals, the commencement of certain aviation terminal rents, aviation fees, airport parking, bridge and tunnel tolls and PATH fares as activity levels at Port Authority facilities continue to recover from the COVID-19 pandemic.

Port Authority liabilities totaled **$40.8 billion** at December 31, 2022, an increase of $1.7 billion from December 31, 2021. This increase was primarily due to:

Bonds and other asset financing obligations of $29.7 billion, including amounts payable associated with Tower 4 Liberty Bonds, increased $703 million from December 31, 2021, primarily due to the issuance of $1.8 billion of Consolidated Bonds for purposes of funding capital construction activities at Port Authority facilities and the refunding of certain outstanding Consolidated Bonds series and Commercial Paper notes. Partially offsetting this increase was a $977 million decrease related to the refunding and scheduled retirement of certain outstanding Consolidated Bonds series and a $75 million decrease related to retirement of certain Commercial Paper notes.

Lease liabilities (as lessee) of $6.5 billion for lease financings containing fixed rent payables to third-parties and are subject to GASB Statement No. 87 decreased $79 million from December 31, 2021, due to the scheduled payment of fixed rents to the Cities of New York and Newark for the leasing of municipal Air and Marine Terminals. For additional information related to lease liabilities, see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

Accrued pension and other postemployment benefits ("OPEB") of $2.4 billion increased $1.1 billion primarily due to an increase in the Port Authority's actuarially determined OPEB net liability due to losses on plan investments in excess of their calculated expected rate of return measured at December 31, 2022 and changes in actuarial assumptions. These increases were partially offset by a decrease in the Port Authority's proportionate share of the NYSLRS NPL due to gains on plan investments in excess of their actuarially calculated expected rate of return measured at March 31, 2022.

Accounts payable of $913 million decreased $9 million primarily due to the timing of third-party contractor payments related to capital construction projects at Aviation facilities.

Accrued payroll and other employee benefits of $255 million decreased $72 million primarily due to the payment of retro-active wage increases paid to represented PATH employees under collective bargaining agreements that have been settled and the release of previously recognized reserves for expected wage increase related to PATH collective bargaining agreements that are now settled.

Accrued interest and other current liabilities of $725 million increased $116 million from December 2021 primarily due to an increase in advanced rental payments received from tenants and flight fees, and the timing of scheduled debt service payments on outstanding Consolidated Bonds.

Deferred outflows of resources totaled $1.7 billion at December 31, 2022, an increase of $411 million from December 31, 2021. This net increase was primarily due to losses on OPEB plan investments in excess of their expected rate of return measured at December 31, 2022 and changes in actuarial assumptions utilized in the actuarial valuation of the Port Authority's net OPEB liability. Deferred outflows of resources related to OPEB are amortized on a straight-line basis as an increase to OPEB expense over a closed period of time.

Deferred inflows of resources totaled $6.3 billion at December 31, 2022, a net decrease of $587 million from December 31, 2021. This net decrease resulted from the amortization of: ***a.)*** lease financings containing fixed rents due the Port Authority, as lessor under GASB Statement No. 87; and, ***b.)*** previously recognized gains on NYSLRS and OPEB plan investments in excess of their expected rate of return. Amortization of deferred inflows of resources related to pensions and OPEB are amortized on a straight-line basis as a reduction to pension and OPEB expense over a closed period of time. Amortization of deferred inflows of resources related to lease receivables are recognized as a component of rental income on a straight-line basis over the remaining term of the lease agreement.

The Port Authority of New York and New Jersey Enterprise Fund Statements of Revenues, Expenses and Changes in Net Position

The year-to-year change in net position is an indicator of whether the overall fiscal condition of an organization has improved or worsened during the year.

2023 financial results were strong and resulted in an increase in net position of $607 million, which is a substantial improvement over the change in net position in 2022 and 2021 as the agency continues to recover from the impacts of COVID-19 on the activity levels at its facilities. These strong results are primarily driven by:

Gross Operating Revenues of $6.6 billion were $586 million or 10% higher than 2022 levels primarily as a result of higher activity, cost recovery fees and terminal rental revenues at aviation facilities and higher toll revenues as a result of higher toll rates and activity.

Operating Expenses of $3.7 billion were $614 million higher than 2022 levels, with more than half of the increase, ($321 million) attributable to increased actuarially determined non-cash pension and OPEB expenses as detailed below.

2023 financial results also benefited from a $271 million non-cash increase in the market value of investments.

The following is a summary of the Statements of Revenues, Expenses and Changes in Net Position:

(In thousands)	**2023**	2022 (Restated)	2021 (Restated)
Gross operating revenues[1]	**$ 6,563,287**	$ 5,977,356	$ 5,095,242
Operating expenses[1,2]	**(3,735,087)**	(3,120,919)	(2,769,308)
Depreciation and amortization[1]	**(1,917,543)**	(1,908,692)	(1,796,485)
Income from operations	**910,657**	947,745	529,449
Non-operating revenues/(expenses), net			
Grants, in connection with operating activities and pass-through grant program payments	**99,730**	160,290	253,996
Financial income/(loss), including changes in fair value of investments	**269,373**	(83,167)	(13,544)
Interest expense in connection with bonds and other asset financings, net[2,3]	**(1,148,038)**	(1,077,365)	(1,086,163)
Interest income, as lessor[1]	**155,290**	140,978	140,611
Interest expense, as lessee[1]	**(213,973)**	(220,654)	(214,019)
Loss on disposition of assets, including lease terminations	**(2,281)**	—	(4,623)
Capital contributions and PFCs	**536,697**	564,905	433,033
Increase in net position[1,2]	**607,455**	432,732	38,740
Net position, January 1st	**16,054,086**	15,621,354	15,908,110
Cumulative effect of a change in accounting principle, January 1st	—	—	(325,496)
Net position, December 31st	**$ 16,661,541**	$ 16,054,086	$ 15,621,354

1 In accordance with GASB Statement No. 87, as described in Note A.3.p, "*Nature of the Organization and Summary of Significant Accounting Policies,*" 2021 change in net position has been restated.

2 In accordance with GASB Statement No. 96, as described in Note A.3.q, "*Nature of the Organization and Summary of Significant Accounting Policies,*" 2022 change in net position has been restated.

3 Includes $32.5 million, $32.5 million and $66.7 million in 2023, 2022 and 2021, respectively, related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.

Financial results of an individual facility and business segment for 2023 can be found in *Schedule E – Information on Port Authority Operations* located in the Statistical and Other Supplemental Information section of this report.

Gross Operating Revenues

A summary of gross operating revenues by source and business segment follows:

		2023		2022		2021 (Restated)
				(In thousands)		
Bridge and tunnel tolls	**$**	**1,936,355**	$	1,829,220	$	1,759,244
Rentals*		**2,187,837**		1,978,706		1,565,609
Aviation fees		**1,606,056**		1,395,424		1,213,743
Parking and other		**549,780**		478,337		353,261
Utilities		**148,952**		182,163		125,937
PATH fares		**134,307**		113,506		77,448
Total	**$**	**6,563,287**	$	5,977,356	$	5,095,242

* Includes the amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor recognized under GASB Statement No. 87.

		2023***		2022 ***		2021 (Restated)***
				(In thousands)		
Aviation	**$**	**3,653,830**	$	3,223,841	$	2,507,776
Tunnels, Bridges & Terminals		**1,987,504**		1,879,336		1,796,696
Port Department		**371,279**		396,977		386,622
World Trade Center		**380,593**		331,699		299,533
PATH*		**147,947**		124,003		85,998
Other**		**22,134**		21,500		18,617
Total	**$**	**6,563,287**	$	5,977,356	$	5,095,242

* PATH includes WTC Transportation Hub.
** Other includes Development Facilities and Ferry Transportation.
*** Includes the amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor recognized under GASB Statement No. 87.

2023 vs. 2022

Gross operating revenues, excluding PFCs totaled $6.6 billion in 2023, an increase of $586 million, or 10% as compared to 2022.

Bridge and Tunnel Tolls of $1.9 billion increased $107 million or 6% as compared to 2022 primarily due to a Consumer Price Index ("CPI") toll rate increase of $1.00, effective in January 2023 and a 2% increase in vehicular activity at the Port Authority's six vehicular crossings, partially offset by an increase in toll violations.

Rentals, including the straight-line amortization of deferred inflows of resources related to lease financings containing fixed rents due the Port Authority, as lessor and subject to GASB Statement No. 87 totaled $2.2 billion in 2023, an increase of $209 million or 11% as compared to 2022 primarily due to: ***a.)*** an increase in activity-based rental income at Aviation facilities due to increased passenger activity in 2023 compared to 2022; ***b.)*** an increase in fixed rents at JFK Airport New Terminal One ("NTO") and Terminals 6 and 7 that commenced in June 2022 and December 2022, respectively; ***c.)*** increased fixed rents at EWR Airport Terminal A, commencing in January 2023; and, ***d.)*** an increase in fixed rent at Aviation facilities due to scheduled rent increases. These increases were partially offset by a decrease in activity-based rentals at Port Authority Marine Terminals due to decreased container activity in 2023 compared to 2022 as a result of macro-economic trends.

Aviation fees of $1.6 billion increased $211 million, or 15% as compared to 2022 primarily due to: ***a.)*** an increase in recoverable operating and maintenance expenses, security costs and capital investment placed into service in 2023 when compared to 2022; ***b.)*** an increase in for-hire-vehicle ("FHV") airport access fees due to increased activity; ***c.)*** an increase in AirTrain fare revenues due to increased passenger activity and a fare increase effective in March 2022; and, ***d.)*** an increase in fees for the usage of the federal inspection facility at EWR Airport, Terminal B due to increased international passenger activity.

Parking and other fees of $550 million increased $71 million, or 15% as compared to 2022 primarily due to: ***a.)*** increased public parking activity at Aviation facilities due to increased aviation passenger activity levels, increased parking rates and longer average stays when compared to 2022; ***b.)*** the recovery of WTC site insurance premiums procured by the Port Authority from the WTC retail premise operator for the years covering 2016 through 2023; ***c.)*** increased recovery of operating expenses at the cogeneration facility at JFK Airport from the operator; and, ***d.)*** an increase in recoverable tenant service charges at One WTC due to higher occupancy and activity. Partially offsetting these increases is a decrease in Port Authority Marine Terminal Cargo Facility Charges ("CFCs") due to a decrease in cargo container activity in 2023 when compared to 2022 as a result of macro-economic trends.

PATH fares of $134.3 million increased $21 million or 18.3% compared to 2022, primarily due to a 18.5% increase in PATH passenger ridership as compared to ridership levels in 2022. PATH ridership for 2023 was 61% of pre-COVID-19 passenger levels.

2022 vs. 2021

Gross operating revenues, excluding PFCs totaled $6.0 billion in 2022, an increase of $882 million, or 17% as compared to 2021.

Bridge and Tunnel Tolls of $1.8 billion increased $70 million or 4% as compared to 2021 primarily due to a 4% increase in vehicular activity at the Port Authority's six vehicular crossings.

Rentals, including the amortization of deferred inflows of resources related to lease financings containing fixed rents and that are subject to GASB Statement No. 87 of $2.0 billion increased $413 million, or 26% as compared to 2021 primarily due to: ***a.)*** an increase in activity-based rental income at Aviation facilities due to increased passenger activity in 2022 compared to 2021; ***b.)*** the commencement of the NTO and Terminal 6 lease agreements in June 2022 and December 2022, respectively, at JFK Airport; ***c.)*** a non-recurring receipt of $32 million for unused construction contingencies at LaGuardia ("LGA") Airport's Terminal B; and, ***d.)*** the non-recurring receipt of a $25 million reserve that is no longer required following the refinancing of certain John F. Kennedy International Air Terminal ("JFKIAT") Terminal 4 debt obligations.

Aviation fees of $1.4 billion increased $182 million, or 15% as compared to 2021 primarily due to: ***a.)*** increased FHV airport access fees which commenced in April 2021 and increased FHV vehicular activity; ***b.)*** an increase in AirTrain fares at JFK and EWR Airports due to an increase in passenger activity and a fare increase in March 2022; ***c.)*** an increase in rental car contributions due to increased activity; and ***d.)*** an increase in fees for the usage of federal inspection facilities at EWR Airport, Terminal B due to increased passenger activity and a rate increase implemented during 2021.

Parking and other fees of $478 million increased $125 million, or 35% as compared to 2021 primarily due to: ***a.)*** an increase in public parking activity at Aviation facilities due to increased passenger activity and increased parking rates; ***b.)*** an increase in recoverable tenant service charges at One WTC; and ***c.)*** an increase in Port Authority Marine Terminal CFCs due to increased cargo container activity levels.

PATH fares of $114 million increased $36 million or 47% compared to 2021, primarily due to a 46% increase in PATH passenger ridership as compared to ridership levels of 2021. PATH ridership in 2022 was 52% of pre-COVID-19 levels.

Operating Expenditures

A summary of operating expenditures by type and business segment follows:

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
Employee compensation, including benefits	**$ 1,801,019**	$ 1,438,403	$ 1,296,724
Contract services	**1,200,165**	1,054,605	938,408
Rents and payments in-lieu-of taxes ("PILOT")*	**84,878**	47,434	59,715
Materials, equipment and other	**446,055**	336,727	289,810
Utilities	**202,970**	243,750	184,651
Total	**$ 3,735,087**	$ 3,120,919	$ 2,769,308

* Amounts exclude the amortization of lease assets recognized under GASB Statement No. 87.

	2023***	2022 (Restated)***	2021 (Restated)***
		(In thousands)	
Aviation	**$ 1,995,247**	$ 1,603,391	$ 1,345,891
Tunnels, Bridges & Terminals	**668,427**	568,085	524,422
PATH*	**552,255**	481,163	466,844
World Trade Center	**360,917**	295,907	275,268
Port Department	**176,769**	160,737	145,723
Other**	**(18,528)**	11,636	11,160
Total	**$ 3,735,087**	$ 3,120,919	$ 2,769,308

* PATH includes WTC Transportation Hub.
** Other includes Development Facilities Access to the Regions Core, Ferry Transportation, Gateway Early Work Program and Moynihan Station Transportation Program. Operating Expenses include GASB Statement No. 87 unallocated contra rent expense amounts related to leases entered into for the purposes of providing centralized support services to Port Authority facilities.
*** Amounts exclude the amortization of lease assets recognized under GASB Statement No. 87.

2023 vs. 2022

Operating expenses totaled $3.7 billion in 2023, an increase of $614 million or 20% from 2022.

Employee compensation of $1.8 billion increased approximately $363 million from 2022 primarily due to: ***a.)*** $321 million increase in the actuarially determined pension expense resulting from losses on NYSLRS plan investments measured at March 31, 2023 and actuarially determined OPEB expense related to retirement healthcare costs resulting from changes in certain actuarial assumptions measured at

December 31, 2023; ***b.)*** additional headcount to address vacancies; ***c.)*** general wage increases; and, ***d.)*** the hiring and training of additional police officers to address attrition.

Contract services of $1.2 billion increased $146 million, or 14% as compared to 2022 primarily due to increased payments to third-party contractors for operational, contract security and maintenance services at Port Authority facilities resulting from increased activity levels and scheduled billing rate increases, increased costs related to EWR AirTrain state of good repair work and increased repair work at the cogeneration facility at JFK Airport. These increases were partially offset by a decrease in contracted snow and ice removal activities due to milder weather conditions in the first quarter of 2023.

Rents and payments in-lieu-of-taxes ("PILOT"), excluding the straight-line amortization of lease assets recognized under GASB Statement No. 87, of $85 million increased $37 million when compared to 2022 primarily due to an increase in 2023 percentage rent payable to the City of Newark and the City of New York for the leasing of marine and air terminals resulting from increased airport revenues and an increase in PILOT payments to the City of New York for the WTC Campus as a result of higher assessed property values.

Materials, equipment and other of $446 million increased $109 million from 2022 primarily due to: ***a.)*** the write off of certain previously capitalized planning and design costs related to capital projects that will not be constructed; ***b.)*** an increase in public liability self-insured loss reserves and increased property damage and public liability insurance premiums; and, ***c.)*** an increase in materials and supplies for mechanical, structural and electrical repair work at Port Authority's facilities. These increases were partially offset by a decrease in environmental pollution remediation expense provisions at Port Authority facilities.

Utilities of $203 million decreased $41 million, or 17% as compared to 2022 primarily due to a decrease in billing rates and usage at Port Authority Aviation facilities and decreased billing rates at PATH.

2022 vs. 2021

Operating expenses totaled $3.1 billion in 2022, an increase of $352 million or 13% from 2021.

Employee compensation of $1.4 billion increased approximately $142 million, or 11% from 2021 primarily due to: ***a.)*** an increase in actuarially determined OPEB expense due to losses on plan investment measured at December 31, 2022 and changes in actuarial assumptions; ***b.)*** an increase in operational and public safety support services at Port Authority facilities due to increased activity levels; ***c.)*** contractually scheduled salary increases; and, ***d.)*** the hiring and training of additional police officers to address attrition. These increases were partially offset by: ***e.)*** lower actuarially determined NYSLRS pension expense due to investment gains on plan investments measured at March 31, 2022; ***f.)*** the settlement of various collective bargaining agreements; and, ***g.)*** decreased snow and ice removal activities due to milder weather conditions.

Contract services of $1.1 billion increased $116 million or 12% as compared to 2021 primarily due to increased payments to third-party contractors for operational, contract security and maintenance services at Port Authority facilities, resulting from increased activity levels and scheduled billing rate increases. These increases were partially offset by decreased snow and ice removal activities due to milder weather conditions.

Rents and payments in-lieu-of-taxes ("PILOT") of $47 million decreased $12 million when compared to 2021 primarily due to a decrease in PILOT payments to the City of New York for the WTC Campus as a result of lower assessed property values.

Materials, equipment and other of $337 million increased $47 million, or 16% from 2021 primarily due to; ***a.)*** increased purchases of electrical and mechanical equipment supplies; ***b.)*** recognition of environmental remediation expense provisions at Port Authority facilities; and, ***c.)*** increased insurance premiums and self-insurance loss reserves for public liability and workers compensation claims.

Utilities of $244 million increased $59 million, or 32% as compared to 2021 primarily due to increased utility rates and usage at Port Authority facilities.

Amortization of Lease Financings, (Port Authority as lessee)

In 2022, the Port Authority adopted GASB Statement No. 87. Under this statement, a lessee is required to recognize a lease asset, measured at the present value of expected fixed rent payments to be made to lessors. Lease assets are amortized on a straight-line basis over the lease term, as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*. For additional information related to lease liabilities see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

2023 vs. 2022

Amortization of leases (as lessee) of approximately $177 million increased $4 million from 2022 due to the extension of lease agreements for corporate office space in Jersey City and Hoboken.

2022 vs. 2021

Amortization of lease (as lessee) of approximately $173 million increased $6 million from 2021 due to an increase in the scheduled amortization of lease assets related to lease agreements with the cities of New York and Newark for the leasing of air and marine terminals.

A summary of amortization of lease assets related to lease financings containing fixed rents payable by the Port Authority as lessee and subject to GASB Statement No. 87 by business segment follows:

	2023	2022	2021 (Restated)
		(In thousands)	
Aviation	**$ 155,058**	$ 155,704	$ 151,200
Other*	**13,101**	8,340	7,418
Port Authority Marine Terminals	**8,434**	8,434	8,434
Tunnels, Bridges & Terminals	**162**	137	137
PATH	**—**	161	207
Total	**$ 176,755**	$ 172,776	$ 167,396

* Other includes Development, Regional Facilities and Ferry Transportation.

Depreciation and Amortization

A summary of depreciation and amortization of capital infrastructure assets by business segment follows:

	2023	2022	2021
		(In thousands)	
Aviation*	**$ 696,143**	$ 696,130	$ 595,609
World Trade Center	**376,779**	373,944	356,659
Tunnels, Bridges & Terminals	**315,240**	307,961	302,754
PATH**	**239,007**	228,069	227,911
Port Department	**84,781**	88,697	96,523
Other***	**28,838**	41,115	49,633
Total	**$ 1,740,788**	$ 1,735,916	$ 1,629,089

* Includes LGA Terminal B landlord leasehold depreciation of $62 million in 2023, $63 million in 2022, and $47 million in 2021.

** PATH includes WTC Transportation Hub.

*** Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Ferry Transportation, Gateway Early Work Program and Moynihan Station Transportation Program.

2023 vs. 2022

Depreciation and amortization of $1.7 billion related to capital infrastructure investments increased $5 million, as compared to 2022 primarily due to a year over year decrease related to a 2022 non-recurring accelerated depreciation charge for the scheduled retirement of certain legacy LGA Airport Central Terminal Building ("CTB") capital assets that have been taken out of service and now replaced under the LGA Airport Redevelopment Program. This decrease was partially offset by the completion of approximately $5.4 billion of capital construction projects in 2022 and 2023. These capital infrastructure assets have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: ***a.)*** EWR Airport Redevelopment Program; ***b.)*** PATH rail car fleet expansion and overhaul program; and ***c.)*** the LGA Airport Redevelopment Program.

2022 vs. 2021

Depreciation and amortization of $1.7 billion related to capital infrastructure investments increased $107 million, or 7%, as compared to 2021 due to the scheduled completion of approximately $4.0 billion of capital construction projects in 2021 and 2022. These capital infrastructure assets have been placed into operational service and are now being depreciated over their estimated useful lives, including elements of the: ***a.)*** LGA Airport Redevelopment Program; ***b.)*** EWR Airport runways and taxiway rehabilitation; ***c.)*** EWR Airport Redevelopment Program; and ***d.)*** the scheduled retirement of certain LGA Airport CTB related capital assets that have been replaced under the LGA Airport Redevelopment Program.

Additional information related to capital investment in Port Authority facilities can be found in *Note B – Facilities, net, Schedule D-3 – Selected Statistical Financial Data by Business Segment* and *Schedule F – Information on Capital Investment in Port Authority Facilities* located in this report.

Income/(Loss) from Operations

Income/(Loss) from operations is comprised of gross operating revenues, less the sum of: ***a.)*** operating expenses; and, ***b.)*** depreciation and amortization.

A summary of income/(loss) from operations by business segment follows:

		2023		2022 (Restated)[4]		2021 (Restated)[5]
				(In thousands)		
Tunnels, Bridges & Terminals	**$**	**1,003,675**	$	1,003,153	$	969,383
Aviation[1]		**807,382**		768,616		415,076
Port Department		**101,295**		139,109		135,942
Other[2]		**(1,277)**		(39,591)		(49,594)
World Trade Center		**(357,103)**		(338,152)		(332,394)
PATH[3]		**(643,315)**		(585,390)		(608,964)
Income	**$**	**910,657**	$	947,745	$	529,449

1 Includes LGA Terminal B landlord leasehold depreciation of $62 million in 2023, $63 million in 2022, and $47 million in 2021.

2 Other includes Regional Facilities and Programs, Development Facilities, Access to the Regions Core, Moynihan Station Transportation Program, Ferry Transportation and Gateway Early Work Program.

3 PATH includes WTC Transportation Hub.

4 In accordance with GASB Statement No. 96 as described in Note A.3.q, *Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Revenues, Expenses and Changes in Net Position.

5 In accordance with GASB Statement No. 87 as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*, the cumulative impact of adopting GASB Statement No. 87 has been incorporated as a restatement to the Port Authority's 2021 Statement of Revenues, Expenses and Changes in Net Position.

2023 Income from operations of $911 million decreased $37 million from 2022 primarily due to a $321 million year over year increase in the actuarially determined pension and OPEB expenses. Partially offsetting these decreases were revenue increases related to increased activity volumes across most Port Authority facilities, toll rate increases effective in January 2023, and additional rentals and aviation fees at aviation facilities.

2022 Income from operations of $948 million increased $418 million from 2021 primarily as a result of increased activity levels at Port Authority facilities due to the continued recovery from COVID-19; and the receipt of rents from certain terminal leases at JFK Airport that commenced in 2022.

Non-Operating Revenues and Expenses

A summary of non-operating revenues and expenses follows:

	2023	2022 (Restated)	2021 (Restated)
		(In thousands)	
Financial income	**$ 136,290**	$ 55,000	$ 54,223
Net (decrease)/increase in fair value of investments	**133,083**	(138,167)	(67,767)
Interest expense in connection with bonds and other asset financings, net[1,3]	**(1,148,038)**	(1,077,365)	(1,086,163)
Interest income, as lessor[2]	**155,290**	140,978	140,611
Interest expense, as lessee[2]	**(213,973)**	(220,654)	(214,019)
Loss on disposition of assets, including lease terminations	**(2,281)**	—	(4,623)
Pass-through grant program payments	**(12,156)**	—	(2,613)
Grants, in connection with operating activities	**111,886**	160,290	256,609
Non-operating expenses, net	**$ (839,899)**	$ (1,079,918)	$ (923,742)

1 Includes amounts related to Tower 4 Liberty Bonds debt service payments due the Port Authority from the WTC Tower 4 net lessee.
2 In accordance with GASB Statement No. 87 as described in Note A.3.p, *Nature of the Organization and Summary of Significant Accounting Policies*, 2021 Non-Operating Revenue and Expenses have been restated for comparison purposes.
3 In accordance with GASB Statement No. 96 as described in Note A.3.q, *Nature of the Organization and Summary of Significant Accounting Policies*, 2022 Non-Operating Revenue and Expenses have been restated for comparison purposes.

2023 vs. 2022

Financial income, comprised of interest income and the net change in fair value of investments totaled $269 million in 2023, an increase of $353 million when compared to 2022. This increase was primarily due to the recognition of unrealized gains related to increases in the fair value of United States securities held in Port Authority investment accounts in 2023 due to the fluctuation of interest rates and increased earnings from securities due to higher realized rates of return.

Interest expense in connection with bonds and other asset financings, net of $1.2 billion, increased $71 million from 2022 primarily due to increased interest payments resulting from the issuance of additional consolidated bonds for purposes of funding capital construction at higher interest rates. These increases were partially offset by decreased interest payments resulting from the refunding of certain consolidated bonds for purposes of achieving debt service savings.

Interest income (as lessor) related to lease financings containing fixed rents due the Port Authority as lessor and subject to GASB Statement No. 87 totaled $155 million in 2023, an increase of $14 million when compared to 2022. This year over year increase was primarily due to new and modified non-regulated space leases at One WTC and EWR and JFK airports.

Interest expense (as lessee) primarily related to lease financings that are subject to GASB Statement No. 87, of $214 million remained constant when compared to 2022.

Grants, in connection with operating activities of $112 million decreased $48 million from 2022 primarily due to a decrease in ARPA COVID-19 federal funding as a result of a decrease in eligible aviation operating expenses.

Pass-through grant program payments to sub-grantees of $12 million increased $12 million when compared to 2022 due to an increase in funding for Airport Coronavirus Response Grant Program ("ACRGP") concessions funding for eligible airport concessionaires.

Pass-through grant program payments are offset in their entirety by either a ***Contribution in aid of construction*** or a ***Grant, in connection with an operating activity***.

2022 vs. 2021

Financial income, comprised of interest income and the net change in fair value of investments totaled $(83) million in 2022, a decrease of $70 million when compared to 2021. This decrease was primarily due to the recognition of unrealized losses for the change in the fair value of United States securities held in Port Authority investment accounts, as a result of increasing interest rates in 2022.

Interest expense in connection with bonds and other asset financings, net in connection with bonds and other asset financings of $1.1 billion decreased $9 million from 2021 primarily due to debt service savings achieved through the refunding of certain outstanding consolidated bond series, partially offset by higher interest rates on commercial paper.

Interest income (as lessor) related to lease financings containing fixed rents due the Port Authority at the WTC, that are subject to GASB Statement No. 87, of $141 million remained constant when compared to 2021.

Interest expense (as lessee) primarily related to lease financings containing fixed rents due the cities of New York and Newark for the leasing of air and marine terminals, that are subject to GASB Statement No. 87, of $221 million increased $7 million when compared to 2021 due to the execution of new space leases.

Grants, in connection with operating activities of $160 million decreased $96 million from 2021 primarily due to an approximately $111 million decrease in ARPA and CRRSAA COVID-19 federal funding of aviation operating expenses. Partially offsetting these amounts was an approximately $6 million increase from the Department of the Army (Army Corps of Engineers) for maintenance dredging at the Port facilities and a $4 million increase in TSA funding for baggage screening at LGA Airport.

Capital Contributions and Passenger Facility Charges

A summary of Capital Contributions and PFCs follows:

	2023	2022	2021
		(In thousands)	
Contributions in aid of construction	**$ 227,574**	$ 290,491	$ 273,179
PFCs	**309,123**	274,414	159,854
Total	**$ 536,697**	$ 564,905	$ 433,033

2023 vs. 2022

Contributions in aid of construction of $228 million decreased $63 million from 2022 primarily due to lower capital spending on capital projects eligible for federal funding, including: ***a.)*** decreased expenses in FTA PATH Superstorm Sandy restoration and resiliency capital projects; and, ***b.)*** a decrease in capital contributions from terminal operators and developers related to the redevelopment of JFK Airport. These decreases were partially offset by increases in Airport Improvement Program ("AIP") funding related to the reconstruction of certain runways at JFK and FTA funding related to flood mitigation and resiliency improvements at WTC.

PFCs of $309 million increased $35 million from 2022 due to a 13% increase in passenger activity compared to 2022. PFCs collections, in 2023 were 106% of pre-COVID-19 levels.

2022 vs. 2021

Contributions in aid of construction of $290 million increased $17 million from 2021 primarily due to the receipt of approximately $78 million in capital contributions related to the redevelopment of JFK Airport NTO which reached financial close in June 2022; partially offset by a decrease in FTA funding for PATH Superstorm Sandy restoration and resiliency capital projects.

PFCs of $274 million increased $115 million from 2021 due to a 70% increase in passenger activity compared to 2021. PFCs collections, in 2022 are 94% of pre-COVID-19 levels.

Capital Construction Activities

Port Authority capital investment, including capital investment funded with third-party capital contributions, accrued amounts related to capital construction activities and landlord leasehold improvements in LGA Terminal B totaled $1.9 billion in 2023, $1.9 billion in 2022 and $2.0 billion in 2021.

A summary of capital investment by business segment follows:

	2023	2022	2021
		(In millions)	
Aviation*	**$ 883**	$ 1,251	$ 1,148
Tunnels, Bridges & Terminals	**510**	298	393
PATH	**361**	252	313
WTC (including WTC Transportation Hub)	**89**	92	123
Port Department	**52**	30	38
Other**	**19**	5	3
Total	**$ 1,914**	$ 1,928	$ 2,018

* Includes LGA Terminal B landlord leasehold capital investment of $74 million in 2023, $164 million in 2022, and $95 million in 2021.

**Other includes Regional Facilities and Programs, Development Facilities, Moynihan Station Transportation Program, Gateway Early Work Program, and Ferry Transportation.

Capital Funding Sources 2023*

	(In thousands)	
Consolidated bonds**	$ 963,223	50%
Port Authority Consolidated Bond Reserve Funds**	523,470	27%
Other contributions in aid of construction	269,799	14%
Passenger Facility Charges	149,887	8%
WTC Tower 3 net lessee capital contributions	1,893	<1%
Total	**$ 1,908,272**	

* Capital funding sources exclude accrued amounts in connection with capital construction activities.
**Includes funding for LGA Terminal B landlord leasehold capital investment.

Additional information related to capital investment in Port Authority facilities can be found in ***Note B*** *– Facilities, net,* ***Schedule D-3*** *– Selected Statistical Financial Data by Business Segment,* and ***Schedule F*** *– Information on Capital Investment in Port Authority Facilities.*

Capital Financing and Debt Management

As of December 31, 2023, bonds and other asset financing obligations of the Port Authority, including the receipt of $1.2 billion associated with Tower 4 Liberty Bonds for which the Port Authority is a co-borrower/ obligor totaled $27.5 billion. For additional information related to bonds and other asset financing obligations of the Port Authority see *Note D- Outstanding Financing Obligations*.

During 2023, the Port Authority issued approximately $2.3 billion of Consolidated Bonds, including $143 million in issuance premiums. Of this amount, $478 million was allocated for purposes of funding capital construction projects at Port Authority facilities, $904 million was utilized to refund outstanding Consolidated Bonds to achieve savings on future debt service payments and $930 million was used to retire Consolidated Notes Series AAA which matured on July 1, 2023.

During 2023, the Port Authority drew approximately $539 million from its revolving lines of credit authorized under the *Special Obligation Institutional Loan Program*. The proceeds were used to refund principal and interest on all outstanding commercial paper obligations as of January 24, 2023.

Credit Ratings

Listed below is a summary of credit ratings assigned to outstanding debt obligations of the Port Authority as of December 31, 2023.

DEBT OBLIGATION	S&P	Fitch Ratings	Moody's Investors Service
Consolidated Bonds	AA-	AA-	Aa3

Note: No revisions were made to Port Authority credit ratings in 2023.

Each rating reflects only the view of the ratings service issuing such rating and is not a recommendation by such ratings service to purchase, sell, or hold any maturity of Port Authority obligations or as to market price or suitability of any maturity of the obligations for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on market price. Additional information on Port Authority debt obligations can be found in *Note D- Outstanding Financing Obligations*.

Other Activities

Toll & Fare Increases

On September 26, 2019, the Port Authority's Board of Commissioners authorized certain adjustments to the schedule of tolls, fares, and other fees at Port Authority facilities ("Revised Schedule"). The Revised Schedule incorporates the previously authorized CPI inflation adjustment for bridge and tolls, as well as changes to PATH's fare structure, increases to AirTrain fares, and new airport ground transportation access fees. The Revised Schedule also provides for a series of periodic increases to bus tolls through January 2026 and for bus tolls to thereafter be determined by the CPI inflation adjustment. On November 17, 2022, the Port Authority announced that the CPI adjustment formula had been triggered a.) for the Port Authority bridges and tunnels tolls, resulting in a $1.00 toll increase at such facilities which began in January 2023, and, b.) for AirTrain fares at JFK and EWR Airports resulting in a $0.25 increase in such fares which began in March 2023. As cashless toll collection has now commenced at all of the Port Authority vehicular crossings, pursuant to the Revised Schedule, Toll by Mail and E-ZPass® toll rates across vehicle classes will be adjusted annually by the CPI inflation adjustment beginning in 2024. As a result, on January 6, 2024 Toll by Mail and E-ZPass® toll rates were increased $0.63. For additional information related to tolling rates, E-ZPass® discounts and designated user programs, please refer to the following link: http://www.panynj.gov/bridges-tunnels/tolls.html.

PATH fares are indexed to inflation, based on CPI, with increases occurring when the cumulative increase in CPI, as measured from 2022, would, when applied to the single ride fares, result in an adjustment of at least $0.25. Due to the timing of the implementation of PATH's new fare collection system, PATH fares remained unchanged in 2024. For additional information related to PATH fares please refer to the following link: http://www.panynj.gov/path/fares.html.

Cashless Tolling

Cashless toll collection is in effect at all of the Agency's bridges and tunnels. Implementation of cashless tolling reduces travel times, enhances safety, improves traffic flow and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. Over time, implementation of cashless tolling may impact toll revenues previously collected in cash, by, among other things, shifting customers to E-ZPass® tags (which provide for toll discounts), and requiring additional collection efforts for customers that are billed by mail. The Port Authority is committed to increasing delinquent toll collection, together with related fees, and will closely monitor any changes in overall toll recovery at facilities with cashless tolling but does not expect the implementation of cashless tolling to have a material impact on Port Authority revenues.

Manhattan Congestion Pricing Initiative

Pursuant to a law enacted in 2019, New York State expects to assess a new toll on drivers entering Manhattan's "central business district" in an effort to reduce vehicular congestion and raise funds for future mass transit improvements ("Congestion Pricing Program"). The program will be administered by the Triborough Bridge and Tunnel Authority ("TBTA"). Under the National Environmental Protection Act ("NEPA"), the Federal Transit Administration made an environmental assessment of the Congestion Pricing Program and made a "Finding of No Significant Impact" ("FONSI") arising from its implementation. The

State of New Jersey and other affected parties have raised legal claims as to the sufficiency of the NEPA process and the inadequacy of the FONSI.

Following issuance of the FONSI, an independent board made a recommendation on toll structure to the TBTA which included a basic rate and credits and exemptions for certain drivers under the Congestion Pricing Program. A public comment period on the proposed toll structure is currently underway and is expected to be completed in mid-March 2024. Following the public review period, the Metropolitan Transportation Authority ("MTA") Board has indicated it will consider the input received and then schedule a vote to adopt the Congestion Pricing Program as is or with modifications. Toll collection is anticipated by the MTA to commence in late Spring 2024.

The Port Authority anticipates that imposition of a new toll like the Congestion Pricing Program will put downward pressure on the number of vehicles using its Hudson River crossings. The analysis performed by an independent expert retained by the Port Authority estimated that the proposed charging scheme currently under review by TBTA could result in a reduction in 2024 Gross Operating Revenues , annualized for a full year using the current toll rates, in the range of 0.6% to 1.3%.

As the details of the Congestion Pricing Program are clarified, including the outcome of the litigation, the Port Authority will ask its expert consultant to update its estimates.

Airport User Fees

The Port Authority recovers its costs to build, operate and maintain its three major commercial airports through various fees imposed upon the airlines which use the airports. These fees include some or all of the following: flight fees, which are imposed upon each departing aircraft for the use of Port Authority airport infrastructure, fuel fees which are charged for each gallon of fuel delivered into aircraft and ground access charges, including costs of the airtrains at JFK and Newark Airports. Charges are either assessed under formulations and methodologies embodied in contracts entered into by certain airlines ("Flight Fee Agreements") or under a rates and charges tariff promulgated by the Port Authority at each airport for the non-signatory airlines. A series of Flight Fee Agreements and the corresponding tariff expired on December 31, 2023.

The Port Authority has now promulgated new Flight Fee Agreements and a new corresponding tariff to remain in effect through 2034. The new fee arrangements include revised formulations and methodologies that are estimated to provide for higher cost recovery (and therefore higher annual revenues) to the Port Authority than the fees and charges in effect through December 31, 2023. These lower 2023 fees and charges were included in the 2024 budget approved by the Board because the new higher amounts were not promulgated until after the 2024 budget was adopted by the Board. Because the cost recovery is now expected to be higher, actual full year 2024 Gross Operating Revenues are expected to exceed the amounts included in the 2024 budget in an amount in the range of 1% of the total budgeted 2024 Gross Operating Revenues.

2024 Budget

On December 14, 2023, the Board of Commissioners approved a 2024 budget that provides for capital and operating expenditures during calendar year 2024 totaling $9.3 billion. To obtain a copy of the 2024 budget, please refer to the following link: https://www.panynj.gov/corporate/en/financial-information/budget.html.

The Port Authority of New York and New Jersey Retiree Health Benefit Trust Fiduciary Fund Financial Statements Comparison for the Years Ended December 31, 2023 and December 31, 2022

The year-to-year change in fiduciary net position is an indicator of whether the overall financial condition of The Port Authority of New York and New Jersey Retiree Health Benefit Trust ("the Trust") has improved or worsened during the year. A comparison of the Port Authority's Fiduciary Net Position follows:

	2023	2022	2021
		(In thousands)	
Financial position			
Total assets	**$ 1,673,451**	$ 1,508,099	$ 1,987,015
Total liabilities	**13,621**	40,221	19,329
Net position, December 31	**$ 1,659,830**	$ 1,467,878	$ 1,967,686

A comparison of the Port Authority's Fiduciary Fund Statements of Changes in Fiduciary Net Position follows:

	2023	2022	2021
		(In thousands)	
Total contributions*	**$ 200,832**	$ —	$ —
Total net investment income/(loss)	**211,782**	(310,021)	235,963
Total deductions**	**(220,662)**	(189,787)	(174,038)
Increase/(decrease) in net position	**191,952**	(499,808)	61,925
Net position – January 1	**1,467,878**	1,967,686	1,905,761
Net position – December 31	**$ 1,659,830**	$ 1,467,878	$ 1,967,686

* The Port Authority did not make advanced funding contributions to the Trust in 2021 - 2023. 2023 contributions are comprised of OPEB benefit payments totaling $200.8 million made from available Port Authority operating funds.

**2023 amounts include OPEB benefit payments totaling $200.8 million paid from available Port Authority operating funds. 2021 and 2022 OPEB benefits payments were paid in their entirety out of Trust funds.

2023 vs. 2022

Net position of the Trust totaled approximately $1.7 billion at December 31, 2023, an increase of approximately $192 million when compared to December 31, 2022. This year-to-year increase in the Trust's fiduciary net position was comprised of approximately $212 million in investment gains on Trust investments measured at December 31, 2023.

Trust assets totaled approximately $1.7 billion at December 31, 2023, an increase of approximately $165 million from December 31, 2022. This increase in Trust assets is primarily due to a $275 million increase in the fair value of Trust investments, partially offset by a $110 million decrease in cash and receivables.

Trust liabilities totaled approximately $14 million on December 31, 2023, a decrease of approximately $27 million from December 31, 2022. This decrease in Trust liabilities is due to decreased payables to brokers for investment purchases.

Net investment income totaled approximately $212 million in 2023, an increase of approximately $522 million from 2022, primarily due to gains on Trust investments. The money-weighted rate of return on the Trust investments was a gain of 14.52% in 2023 and a loss of (16.59)% in 2022.

2022 vs. 2021

Net position of the Trust totaled approximately $1.5 billion at December 31, 2022, a decrease of approximately $500 million when compared to December 31, 2021. This year-to-year decrease in the Trust's fiduciary net position was comprised of approximately $310 million in investment losses on Trust investments measured at December 31, 2022 and approximately $190 million in OPEB benefit payments paid from Trust funds.

Trust assets totaled approximately $1.5 billion at December 31, 2022, a decrease of approximately $479 million from December 31, 2021. This decrease in Trust assets is primarily due to a $514 million decrease in the fair value of Trust investments, partially offset by an approximate $18 million increase in cash and cash equivalents and an approximate $17 million increase in receivables.

Trust liabilities totaled approximately $40 million at December 31, 2022, an increase of approximately $21 million from December 31, 2021. This increase in Trust liabilities is due to increased payables to brokers for investment purchases.

Net investment (loss) income totaled approximately $(310) million in 2022, a decrease of approximately $546 million from 2021, primarily due to losses on Trust investments. The money-weighted rate of return on the Trust investments was a loss of (16.59)% in 2022 and a gain of 13.00% in 2021.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
(Enterprise Fund)

Statements of Net Position		December 31, 2023		December 31, 2022 (Restated)
		(In thousands)		
ASSETS				
Current assets:				
Cash	$	**170,410**	$	229,235
Restricted cash		**105,843**		107,454
Investments		**1,335,243**		1,475,688
Restricted investments - PAICE		**8,356**		11,219
Restricted investments - PFC		**5,315**		187,109
Lease receivables, as lessor		**213,573**		178,076
Current receivables, net		**1,251,921**		1,050,894
Other current assets		**170,063**		146,504
Restricted receivables and other assets		**119,741**		57,123
Total current assets		**3,380,465**		3,443,302
Noncurrent assets:				
Restricted cash		**4,452**		4,560
Investments		**3,636,589**		2,804,280
Restricted investments - PAICE		**119,603**		86,683
Lease receivables, as lessor		**4,625,190**		4,394,657
Other amounts receivable, net		**164,748**		260,863
Other noncurrent assets		**734,847**		775,373
Restricted noncurrent assets - PAICE		**4,785**		4,795
Amounts receivable - Tower 4 Liberty Bonds		**1,232,505**		1,234,705
Lease assets		**6,943,174**		7,105,371
Unamortized costs for regional programs		**8,429**		14,907
Landlord leasehold investment-LGA Terminal B		**1,147,922**		1,135,986
Facilities, net		**40,444,205**		40,276,773
Total noncurrent assets		**59,066,449**		58,098,953
Total assets		**62,446,914**		61,542,255
DEFERRED OUTFLOWS OF RESOURCES				
Loss on debt refundings		**51,578**		49,769
Pension related amounts		**517,098**		774,172
OPEB related amounts		**975,122**		844,222
Total deferred outflows of resources		**1,543,798**		1,668,163
LIABILITIES				
Current liabilities:				
Accounts payable		**929,749**		913,469
Accrued interest and other current liabilities		**803,950**		724,959
Restricted other liabilities - PAICE		**7,620**		386
Accrued payroll and other employee benefits		**203,106**		255,089
Lease liabilities, as lessee		**69,794**		61,019
Current portion bonds and other asset financing obligations		**565,986**		2,126,538
Total current liabilities		**2,580,205**		4,081,460
Noncurrent liabilities:				
Accrued pension and other postemployment benefits		**3,534,546**		2,404,193
Other noncurrent liabilities		**304,918**		314,971
Restricted other noncurrent liabilities - PAICE		**24,780**		27,051
Amounts payable - Tower 4 Liberty Bonds		**1,232,505**		1,234,705
Lease liabilities, as lessee		**6,354,949**		6,436,793
Bonds and other asset financing obligations		**27,573,527**		26,311,943
Total noncurrent liabilities		**39,025,225**		36,729,656
Total liabilities		**41,605,430**		40,811,116
DEFERRED INFLOWS OF RESOURCES				
Gain on debt refundings		**195,067**		118,757
Pension related amounts		**70,838**		870,614
OPEB related amounts		**110,034**		197,735
Leases, as lessor		**5,347,802**		5,158,110
Total deferred inflows of resources		**5,723,741**		6,345,216
NET POSITION	$	**16,661,541**	$	16,054,086
Net position is comprised of:				
Net investment in capital assets	$	**15,128,051**	$	14,942,315
Restricted:				
Passenger Facility Charges		**52,446**		224,308
Port Authority Insurance Captive Entity, LLC		**572,511**		528,388
Minority Interest in Tower 1 Joint Venture		**94,667**		99,027
Unrestricted		**813,866**		260,048
NET POSITION	$	**16,661,541**	$	16,054,086

See Notes to Financial Statements.

Statements of Revenues, Expenses and Changes in Net Position	Year ended December 31, 2023	2022 (Restated)
	(In thousands)	
Gross operating revenues:		
Tolls and fares	**$ 2,070,662**	$ 1,942,726
Rentals	**2,187,837**	1,978,706
Aviation fees	**1,606,056**	1,395,424
Parking and other	**549,780**	478,337
Utilities	**148,952**	182,163
Total gross operating revenues	**6,563,287**	5,977,356
Operating expenses:		
Employee compensation, including benefits	**1,801,019**	1,438,403
Contract services	**1,200,165**	1,054,605
Rents and payments in-lieu-of taxes ("PILOT")	**84,878**	47,434
Materials, equipment and other	**446,055**	336,727
Utilities	**202,970**	243,750
Total operating expenses before depreciation, amortization and other operating expenses	**3,735,087**	3,120,919
Depreciation of facilities and landlord leasehold investment	**(1,734,310)**	(1,717,977)
Amortization of lease assets, as lessee	**(176,755)**	(172,776)
Amortization of costs for regional programs	**(6,478)**	(17,939)
Income from operations	**910,657**	947,745
Non-operating revenues and (expenses):		
Financial income	**136,290**	55,000
Net increase/(decrease) in fair value of investments	**133,083**	(138,167)
Interest expense in connection with bonds and other asset financing	**(1,180,570)**	(1,109,910)
Interest income, as lessor	**155,290**	140,978
Interest expense, as lessee	**(213,973)**	(220,654)
Loss on disposition of assets, including lease terminations	**(2,281)**	—
Pass-through grant program payments	**(12,156)**	—
4 WTC associated payments	**32,532**	32,545
Grants, in connection with operating activities	**111,886**	160,290
Non-operating expenses, net	**(839,899)**	(1,079,918)
Increase/(decrease) before capital contributions and passenger facility charges	**70,758**	(132,173)
Capital contributions and Passenger Facility Charges:		
Contributions in aid of construction	**227,574**	290,491
Passenger facility charges	**309,123**	274,414
Total capital contributions and passenger facility charges	**536,697**	564,905
Increase in net position	**607,455**	432,732
Net position, January 1	**16,054,086**	15,621,354
Net position, December 31	**$ 16,661,541**	$ 16,054,086

See Notes to Financial Statements.

Statements of Cash Flows	**Year ended December 31, 2023**	**2022 (Restated)**
	(In thousands)	
1. Cash flows from operating activities:		
Cash received from operations	**$ 6,120,138**	$ 5,589,919
Cash paid to or on behalf of employees	**(1,435,369)**	(1,279,653)
Cash paid to suppliers	**(1,727,765)**	(1,467,712)
Cash paid to municipalities	**(48,198)**	(47,721)
Net cash provided by operating activities	**2,908,806**	2,794,833
Cash flows from noncapital financing activities:		
Grants received in connection with operating activities	**105,038**	174,133
Pass-through grant payments	**(12,849)**	(1,543)
Net cash provided by noncapital financing activities	**92,189**	172,590
Cash flows from capital and related financing activities:		
Investment in facilities and construction of capital assets	**(2,025,969)**	(1,986,976)
Proceeds from capital obligations issued for refunding purposes (including commercial paper and Special Obligation Institutional Loan Program)	**2,317,790**	3,995,409
Principal paid through capital obligations refundings (including commercial paper and Special Obligation Institutional Loan Program)	**(2,317,790)**	(4,070,409)
Proceeds from sales of capital obligations allocated for construction	**532,544**	1,352,347
Principal paid on capital obligations	**(668,712)**	(463,214)
Interest paid on capital obligations	**(1,225,768)**	(1,133,001)
Amortization of lease financings, as lessee	**(87,627)**	(94,185)
Amortization of SBITA financings, as subscriber	**(11,277)**	(10,865)
Interest paid for lease financings	**(207,160)**	(220,992)
Interest paid for SBITA financings	**(215)**	(370)
Amortization of lease financings, as lessor	**241,481**	193,083
Interest received for lease financings	**102,075**	91,181
Payments for MOTBY obligation	**(5,000)**	(5,000)
Contributions in aid of construction	**245,198**	297,030
Proceeds from passenger facility charges	**294,495**	264,656
Proceeds from disposition of assets	**—**	11,924
Financial income allocated to capital projects	**7,342**	3,196
Net cash (used for) capital and related financing activities	**(2,808,593)**	(1,776,186)
Cash flows from investing activities:		
Purchase of investment securities	**(219,606,611)**	(23,728,477)
Proceeds from maturity and sale of investment securities	**219,212,852**	22,400,981
Interest received on investment securities	**112,514**	50,352
Other interest income	**28,299**	4,645
Net cash (used for) investing activities	**(252,946)**	(1,272,499)
Net (decrease) in cash	**(60,544)**	(81,262)
Cash at beginning of year	**341,249**	422,511
Cash at end of year	**$ 280,705**	$ 341,249

See Notes to Financial Statements.

Statements of Cash Flows (continued)	Year ended December 31, 2023	2022 (Restated)
	(In thousands)	
2. Reconciliation of income from operations to net cash provided by operating activities:		
Income from operations	**$ 910,657**	$ 947,745
Adjustments to reconcile income from operations to net cash provided by operating activities:		
Depreciation of facilities and landlord leasehold investment	**1,734,310**	1,717,977
Amortization of costs for regional programs	**6,478**	17,939
Amortization of other assets	**159,625**	76,828
Amortization of lease assets	**176,755**	172,776
Amortization of deferred inflows of resources related to leases	**(307,737)**	(266,108)
Change in operating assets and operating liabilities:		
Increase in receivables	**(209,306)**	(94,532)
Increase in deferred charges and other assets	**(35,437)**	(18,430)
(Decrease)/increase in payables	**3,234**	43,582
Increase in other liabilities	**104,578**	38,306
Increase in accrued payroll, pension and other employee benefits	**365,649**	158,750
Total adjustments	**1,998,149**	1,847,088
Net cash provided by operating activities	**$ 2,908,806**	$ 2,794,833

3. Capital obligations:

Consolidated bonds and notes, Commercial Paper, Special Obligation Institutional Loan Program, Variable Rate Master Notes, Marine Ocean Terminal at Bayonne Peninsula ("MOTBY") Obligation, World Trade Center ("WTC") Tower 4 Liberty Bonds and Goethals Bridge Replacement Developer Financing Agreement

4. Noncash investing, capital and financing activities:

Noncash activity includes the change in fair value of investments of $133 million in 2023 and $(138) million in 2022 and the amortization of discount and premium on outstanding debt obligations of $(92) million in 2023 and $(81) million in 2022.

Noncash leasing activities include additions of ***a.)*** lease receivables of $508 million and $70 million in 2023 and 2022, respectively; ***b.)*** deferred inflows of $497 million and $70 million in 2023 and 2022, respectively; and, ***c.)*** lease assets and lease liabilities of $15 million in both 2023 and 2022.

Noncash SBITA activities include additions of subscription assets and subscription liabilities of $0 in 2023 and $4 million in 2022.

Noncash capital financing did not include activities that required a change in fair value. The WTC Tower net lessee contributed $2 million towards construction of WTC Tower 3 in both 2023 and 2022.

Noncash capital asset write-offs totaled $90 million in 2023 and $3 million in 2022.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Fiduciary Net Position	December 31, 2023	December 31, 2022
	(In thousands)	
ASSETS		
Cash and cash equivalents	**$ 23,453**	$ 104,958
Receivables:		
Due from employer	**—**	19,728
Due from broker for investments sold	**844**	9,166
Investment income	**4,385**	4,184
Total receivables	**5,229**	33,078
Investments, at fair value		
Domestic equities	**597,312**	477,718
Fixed income	**580,004**	537,417
International equities	**368,473**	310,754
Real estate	**98,980**	44,174
Total investments	**1,644,769**	1,370,063
Total assets	**1,673,451**	1,508,099
LIABILITIES		
Payables:		
Due to broker for investments purchased	**13,621**	40,221
Total liabilities	**13,621**	40,221
Net position restricted for other postemployment benefits	**$ 1,659,830**	$ 1,467,878

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
RETIREE HEALTH BENEFITS TRUST
(Fiduciary Fund)

Statements of Changes in Fiduciary Net Position	Year ended December 31, 2023	2022
	(In thousands)	
Additions:		
Employer contributions*	**$ 200,832**	$ —
Investment income:		
Net increase/(decrease) in fair value of investments	**165,668**	(349,261)
Interest and dividends	**47,887**	41,285
(Less) investment expense	**(1,773)**	(2,045)
Net investment income/(loss)	**211,782**	(310,021)
Total additions/(deductions)	**412,614**	(310,021)
Deductions:		
Benefit payments**	**220,561**	189,699
Administrative expense	**101**	88
Total deductions	**220,662**	189,787
Net increase/(decrease) in net position	**191,952**	(499,808)
Net position restricted for other postemployment benefits:		
Beginning of year	**1,467,878**	1,967,686
End of year	**$ 1,659,830**	$ 1,467,878

* The Port Authority did not make advanced funding contributions to the Trust in 2023 and 2022. 2023 contributions are comprised of other postemployment benefits ("OPEB") benefit payments totaling $200.8 million made from available Port Authority operating funds.

** 2023 amounts include OPEB benefit payments totaling $200.8 million paid from available Port Authority operating funds. 2022 OPEB benefit payments were paid entirely out of Trust funds.

See Notes to Financial Statements.

Note A – Nature of the Organization and Summary of Significant Accounting Policies

1. Reporting Entity

a. The Port Authority of New York and New Jersey (the "Port Authority") was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction, or acquisition of its facilities and their operation generally upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges.

b. The Governor of each State, with the consent of the respective State Senate, appoints six of the twelve members of the governing Board of Commissioners. The Commissioners serve without remuneration for six-year overlapping terms. Meetings of the Commissioners of the Port Authority are open to the public in accordance with policies adopted by the Commissioners. The actions taken by the Commissioners at Port Authority meetings are subject to gubernatorial review and may be vetoed by the Governor of their respective State. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended, for financial reporting purposes, the Port Authority is a joint venture between the States of New York and New Jersey.

c. The Audit Committee, which consists of four members of the Board of Commissioners other than the Chairman and Vice Chairman of the Port Authority, provides oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems and the accounting, auditing, and financial reporting processes. The Audit Committee retains independent auditors and reviews their performance and independence. The independent auditors are required to provide written disclosure of, and discuss with the Committee, any significant relationships or issues that would have a bearing on their independence. The Audit Committee meets directly, on a regular basis, with the independent auditors, general counsel of the Port Authority, and management of the Port Authority. The Audit Committee retained KPMG, LLP to perform the independent audit of the Port Authority's financial statements and Mitchell Titus, LLP to perform the independent audit of the Port Authority of New York and New Jersey Retiree Health Benefits Trust financial statements for the year ending December 31, 2023.

d. Enterprise fund financial statements and schedules include the accounts of the Port Authority and its blended component units, including:

Port Authority Blended Component Units*	Establishment or Acquisition Date
Port Authority Trans-Hudson Corporation	May 10, 1962
Newark Legal and Communications Center Urban Renewal Corporation	May 12, 1988
New York and New Jersey Railroad Corporation (inactive)	April 30, 1998
WTC Retail LLC	November 20, 2003
Port District Capital Projects LLC, (inactive)	July 28, 2005
Tower 5 LLC (formerly known as 1 WTC LLC)	September 21, 2006
Port Authority Insurance Captive Entity, LLC	October 16, 2006
New York New Jersey Rail, LLC	September 18, 2008
Tower 1 Member LLC	April 19, 2011
Tower 1 Joint Venture LLC	April 19, 2011
Tower 1 Holdings LLC	April 19, 2011
WTC Tower 1 LLC	April 19, 2011
PA Retail Newco LLC	May 7, 2012
Tower 1 Rooftop Holdings LLC	June 8, 2012

* The blended component units listed are included as part of the Port Authority's reporting entity because: **a.)** the Port Authority's Board of Commissioners serves as the overall governing body of these related entities; and, **b.)** there is a fiscal dependency and a financial benefit or burden relationship between the Port Authority and the respective component unit listed.

e. *The Port Authority of New York and New Jersey Retiree Health Benefits Trust* ("the Trust") was established on December 14, 2006 by the Port Authority on behalf of itself and its component unit, Port Authority Trans-Hudson Corporation ("PATH") for the exclusive benefit of eligible retired employees of the Port Authority and PATH and eligible dependents of such retired employees to facilitate all or part of the required funding of certain postemployment benefits, including group healthcare, dental, vision, prescription and term life insurance that are provided through healthcare plans administered by the Port Authority. The Trust was created under the common law of the State of New York, and all income derived is excludable from gross income pursuant to Section 115 of the Internal Revenue Code of 1986, as amended. The Port Authority's Board of Commissioners serve as the board of directors of the Trust. In accordance with GASB Statement No. 84, *"Fiduciary Activities,"* and GASB Statement No. 97 *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,"* the Trust is a fiduciary component unit of the Port Authority.

Audited financial statements of the Trust for the year ended December 31, 2023 are available from the Comptroller's Department of The Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

2. Basis of Accounting

a. Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

b. Port Authority fiduciary activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position are accounted for in a fiduciary fund with investments reported at fair value, advance fundings reported when paid and contributions related to pay-as-you go benefit payments reported when benefit payments come due.

c. The Port Authority follows accounting principles generally accepted in the United States of America as prescribed by the GASB.

3. Significant Accounting Policies

a. *Facilities, net* are carried at cost. Generally, projects in excess of $100,000 for additions, asset replacements, and/or asset improvements that benefit future periods or are expected to prolong the service life of the asset are capitalized (see *Note B – Facilities, net*). *Facilities, net* does not include regional programs undertaken at the request of the Governor of the State of New Jersey or the Governor of the State of New York (see *Note H – Regional Facilities and Programs*).

Prior to 2021, the cost of facilities included interest incurred during the period that related to the construction or production of the capital asset. The amount of capitalized interest was calculated by offsetting interest expense incurred with financial income earned on invested debt proceeds, from the date of the borrowing until the project is ready for its intended use. In accordance with GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period,"* effective January 1, 2021 the Port Authority prospectively discontinued the capitalization of interest expense incurred during the construction period.

b. Depreciation of facilities is computed using the straight-line method during the estimated useful lives of the related assets (see *Note B – Facilities, net*). Estimated useful lives are reviewed periodically for each type of asset class. Asset lives used in the calculation of depreciation are generally as follows:

➢ Buildings, bridges, tunnels and other structures	25 to 100 years
➢ Machinery and equipment	5 to 35 years
➢ Runways, roadways and other paving	7 to 40 years
➢ Utility infrastructure	10 to 100 years

Assets at facilities leased by the Port Authority are depreciated over the lesser of: **i.)** the remaining lease term of the facility; or, **ii.)** the estimated useful life of the asset.

Costs of regional facilities and programs are amortized on a straight-line basis over the period benefited up to a maximum of 15 years (see *Note H – Regional Facilities and Programs*).

Costs related to the purchase of ancillary equipment, including: i.) operation and maintenance vehicles; and, ii.) corporate information technology software and hardware, each providing benefits for periods exceeding one-year are reported as a component of *Other noncurrent assets* and amortized over the period benefited, generally 3 to 15 years, depending on the useful life of the equipment or vehicle.

c. Cash consists of cash on hand and short-term cash equivalents. Cash equivalents are made up of negotiable order of withdrawal accounts, money market accounts and money market funds.

d. Restricted cash and investments are primarily comprised of Passenger Facility Charges ("PFCs"), cash restricted for use by the Port Authority Insurance Captive Entity, LLC ("PAICE"), and insurance proceeds that are restricted to business interruption and redevelopment expenditures.

e. Enterprise fund net position is comprised of:

- Net investment in capital assets, which consists of capital assets, net of accumulated depreciation, less the outstanding balances related to payables, bonds, notes, or other liabilities that are attributable to the acquisition, construction, or improvement of those assets.

- Restricted, which consists of net resources that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Port Authority's policy to use restricted resources first.

- Unrestricted, which consists of net resources that do not meet the definition of Restricted or Net investment in capital assets.

f. Statutorily mandated reserves held by PAICE are restricted for purposes of insuring certain Port Authority risk exposures.

g. Inventories are valued using an average cost method, which prices items on the basis of the average cost of all similar goods remaining in stock. Inventory is reported as a component of *Other noncurrent assets* on the Statements of Net Position.

h. Operating revenues are derived principally from rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at, Port Authority facilities. Operating expenses include those costs incurred for the operation, maintenance, and security of Port Authority facilities. All other revenues, including financial income, PFCs, contributions in aid of construction, grants in connection with operating activities, insurance proceeds and gains resulting from the disposition of assets, if any, are reported as non-operating revenues, and all other expenses, such as interest expense, losses resulting from the disposition of assets, and pass-through grant program payment costs are reported as non-operating expenses.

i. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for The Federal Aviation Administration ("FAA") approved airport-related projects. Revenues derived from the collection of PFCs, net of the air carriers' handling charges, are recognized as capital contributions when the passenger activity occurs and the fees are due from the air carriers. Capital investment funded by PFCs is reflected as a component of *Facilities, net* and *Landlord Leasehold Investment-LGA Terminal B.*

j. Required capital contributions due the Port Authority from the World Trade Center ("WTC") Tower 2, 3 and 4 net lessees related to the replacement of the net leased premises owned by the Port Authority that were destroyed on September 11, 2001 are recognized as a component of *Facilities, net* on the Statements of Net Position and a *Contributions in aid of construction* on the Statements of Revenues, Expenses and Changes in Net Position as the construction occurs. WTC Tower 4 and WTC Tower 3 were placed into service in November 2014 and June 2018, respectively, and are being depreciated over their estimated useful life.

k. All Port Authority investment values that are affected by interest rate changes have been reported at their fair value, using published market prices. The Port Authority uses a variety of financial instruments to assist in the management of its financing and investment objectives and may also employ hedging strategies to minimize interest rate risk. The Port Authority may enter into various derivative instruments, including options on United States Treasury securities, repurchase and reverse repurchase (yield maintenance) agreements and United States Treasury and municipal bond futures contracts (see *Note C – Cash and Investments*).

l. In accordance with GASB Statement No. 23, "*Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities,*" as amended, when issuing new debt for refunding purposes, the difference between the reacquisition price and the net carrying amount of the refunded debt is recognized as either a deferred outflow of resources or deferred inflow of resources and amortized on a straight-line basis as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

m. Bond premiums received or discounts provided at issuance are deferred and amortized on a straight-line basis as a component of interest expense over the term of the bond, as this approximates the effective interest of the bond issuance. Unamortized premiums received or discounts provided are classified as a reduction of (discounts) or an addition to (premiums) the par value of the *Bonds and other asset financing obligations* on the Statements of Net Position.

n. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

o. For presentation purposes, certain amounts in fiscal year 2022 financial statements have been reclassified to confirm to fiscal year 2023 financial statements, presented herein. These reclassifications have no impact on the overall change in net position or cash flows.

p. In 2022, the Port Authority adopted GASB Statement No. 87, "*Leases*" ("GASB Statement No. 87"). The objective of GASB Statement No. 87 is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments.

The adoption of GASB Statement No. 87 resulted in the Port Authority classifying certain lease agreements containing "fixed" lease payments as financing arrangements for the right to use a third party's asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset (herein referred to as lease asset) and a lessor is required to recognize a lease receivable and a deferred inflow of resources. Receivables and liabilities related to lease agreements subject to GASB Statement No. 87 are measured at the present value of fixed lease payments expected to be made or received during the lease term. For leases that were in place at adoption (January 1, 2021), fixed lease payments were measured over the remaining lease term. Discount rates utilized in the valuation of lease agreements subject to GASB Statement No. 87 are based on the Port Authority's incremental cost of borrowing at the time of valuation. Lease assets and deferred inflows of resources related to leases are amortized on a straight-line basis over the remaining lease term.

In accordance with GASB Statement No. 87, certain lease agreements are excluded from the measurement of the lease receivable or liability, including regulated lease agreements (lessor exclusion only) at Port Authority aviation and marine terminal facilities, lease agreements with variable lease payments that are activity based, lease agreements with lease terms of less than twelve months, lease agreements that contain aggregate rent payments expected to be paid or received during the lease term totaling less than $100,000 and leases that transfer ownership of the underlying asset. For additional information related to leasing activities see Note G - *Leasing Activities and Subscription-Based Technology Arrangements.*

q. In 2023, the Port Authority adopted GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"* ("SBITAs") ("GASB Statement No. 96"). The objective of GASB Statement No. 96 is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements.

The adoption of GASB Statement No. 96 resulted in the Port Authority classifying certain subscription arrangements containing "fixed" payments as financing arrangements for the right to use a third party's technological asset. Under this statement, a user is required to recognize a subscription liability and an intangible right-to-use asset (herein referred to as subscription asset). Liabilities related to subscription arrangements subject to GASB Statement No. 96 are measured at the present value of fixed subscription payments expected to be made during the subscription term. For subscriptions in place at the time of adoption (January 1, 2022), fixed subscription payments were measured over the remaining lease term. Discount rates utilized in the valuation of lease agreements subject to GASB Statement No. 96 are based on the Port Authority's incremental cost of borrowing at the time of valuation. For additional information related to leasing activities see *Note G - Leasing Activities and Subscription-Based Information Technology Arrangements.*

In accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements with terms less than twelve months or contain aggregate payments that are de minimis are excluded from the measurement of the subscription liability.

The following tables display the impact of implementing GASB Statement No. 96, including the required restatement of previously reported 2022 amounts:

Statement of Net Position

	December 31, 2022 Published	December 31, 2022 Restated	Change
		(In thousands)	
ASSETS			
Noncurrent assets:			
Other noncurrent assets	$ 755,426	$ 775,373	$ 19,947
Total noncurrent assets	58,079,006	58,098,953	19,947
Total assets	61,522,308	61,542,255	19,947
LIABILITIES			
Noncurrent liabilities:			
Other noncurrent liabilities	(299,258)	(314,971)	(15,713)
Total noncurrent liabilities	(36,713,943)	(36,729,656)	(15,713)
Total liabilities	(40,795,403)	(40,811,116)	(15,713)
NET POSITION	$ 16,049,852	$ 16,054,086	$ 4,234
Net investment in capital assets	$ 14,938,081	$ 14,942,315	$ 4,234
NET POSITION	$ 16,049,852	$ 16,054,086	$ 4,234

Statement of Revenues, Expenses and Changes in Net Position

	December 31, 2022 Published	December 31, 2022 Restated	Change
		(In thousands)	
Operating expenses:			
Contract services	$ (1,059,209)	$ (1,054,605)	$ 4,604
Total operating expenses before depreciation, amortization and other operating expenses	(3,125,523)	(3,120,919)	4,604
Income from operations	943,141	947,745	4,604
Non-operating revenues and (expenses):			
Interest expense in connection with bonds and other asset financing	(1,109,540)	(1,109,910)	(370)
Non-operating expenses, net	(1,079,548)	(1,079,918)	(370)
Loss before capital contributions and passenger facility charges	(136,407)	(132,173)	4,234
Increase in net position	428,498	432,732	4,234
Less: Cumulative effect of a changes in accounting principle			
Restated impact on 2022 Statement of Net Position			$ 4,234

Statement of Cash Flows

	December 31, 2022 Published	December 31, 2022 Restated	Change
		(In thousands)	
Cash flows from operating activities:			
Cash paid to suppliers	$ (1,478,947)	$ (1,467,712)	$ 11,235
Net cash provided by operating activities	2,783,598	2,794,833	11,235
Cash flows from capital and related financing activities:			
Amortization of SBITA financings, as subscriber	—	(10,865)	(10,865)
Interest paid for SBITA financings	—	(370)	(370)
Net cash (used for) capital and related financing activities	$ (1,764,951)	$ (1,776,186)	$ (11,235)

	December 31, 2022 Published	December 31, 2022 Restated	Change
		(In thousands)	
Reconciliation of income from operations to net cash provided by operating activities:			
Income from operations	$ 943,141	$ 947,745	$ 4,604
Adjustments to reconcile income from operations to net cash provided by operating activities:			
Amortization of other assets	70,197	76,828	6,631
Total adjustments	1,840,457	1,847,088	6,631
Net cash provided by operating activities	$ 2,783,598	$ 2,794,833	$ 11,235

r. In April 2022, GASB issued Statement No. 99, *"Omnibus 2022"*. The statement includes clarification of Statement No. 87 *"Leases,"* and Statement No. 96, *"Subscription-Based Information Technology Arrangements."* The Port Authority implemented the provisions of this statement during its adoption of GASB Statements No. 87 and 96.

s. In June 2022, GASB issued Statement No. 100, *"Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62"*. The requirements of GASB Statement No. 100 are effective for financial statements periods beginning after June 15, 2023. The objective of GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections.

t. In June 2022, GASB issued Statement No. 101, *"Compensated Absences"*. The requirements of GASB Statement No. 101 are effective for financial statements periods beginning after December 15, 2023. The objective of GASB Statement No. 101 is to modify guidance on the accounting and financial reporting for compensated absences. The Port Authority is in the process of evaluating the impact, if any, of adopting GASB Statement No. 101.

4. Reconciliation of the Financial Statements Prepared in Accordance with Accounting Principles Generally Accepted in the United States of America to Schedules Prepared Pursuant to Port Authority Bond Resolutions

Schedules A, B, C and D-2 which follow the Required Supplementary Information section of this report, have been prepared in accordance with Port Authority bond resolutions, which differ in some respects from accounting principles that are generally accepted in the United States of America, as follows:

a. Revenues and expenses of facilities are accounted for in the operating fund. The financial resources received and expended for the construction or acquisition of certified Port Authority facilities or capital infrastructure improvements are accounted for in the capital fund. Transactions involving the application of net revenues are accounted for in the reserve funds.

b. Port Authority bond resolutions provide that net operating revenues shall not include an allowance for depreciation on facilities other than depreciation of ancillary equipment. Thus, depreciation is not a significant factor in determining the net revenues and reserves of the Port Authority or their application as provided for in the Port Authority's bond resolutions. Instead, capital expenditures are provided for through deductions from net revenues available for debt service in amounts equal to principal payments on debt outstanding or through the application of monies previously deposited in the Consolidated Bond Reserve Fund for the purposes of funding capital investment in facilities. These amounts are credited at par to *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities*.

c. Debt service in connection with operating asset obligations is paid from the same revenues and in the same manner as operating expenses of the Port Authority.

d. Capital costs for Regional Facilities and Programs are included in *Invested in facilities* in accordance with Port Authority bond resolutions.

e. Consolidated Bonds and Consolidated Notes are recorded as outstanding at their par value commencing on the date that the Port Authority is contractually obligated to issue and sell such obligations. Bond premiums received or discounts provided at issuance related to bonds issued for the purpose of funding capital construction or refunding existing capital debt obligations are recorded as either a reduction of (discount) or addition to (premium) *Net Position – Facility infrastructure investment* in the capital fund on *Schedule B – Assets and Liabilities* at the time of issuance.

f. To reflect the cumulative amount invested by the Port Authority since 1921 in connection with its facilities, the historical cost of capital assets removed from service due to retirement is not deducted from *Invested in facilities*. However, if a capital asset is sold, the proceeds received from the sale are deposited in the capital fund for purposes of funding future capital investment or retiring existing debt obligations and deducted from cumulative *Invested in facilities* on *Schedule B – Assets and Liabilities* at the time of the sale.

g. Contributed capital amounts resulting from non-exchange transactions, including contributions in aid of construction where the Port Authority does not receive a cash reimbursement for prior cash outlays, are included in *Invested in facilities*, and credited to *Net Position – Facility infrastructure investment* in the capital fund.

h. Amounts attributable to the collection and investment of PFCs are restricted and can only be used for FAA approved airport-related projects. Revenues derived from the collection and investment of PFCs, net of the air carriers' handling charges, are initially deferred as *Unapplied Passenger Facility Charges* on *Schedule B – Assets and Liabilities* and applied as revenue on *Schedule A – Revenues and Reserves* for the reimbursement of previous capital cash outlays by the Port Authority when the PFCs become available for application. Capital investment funded by PFCs is reflected as a component of *Invested in facilities* on *Schedule B – Assets and Liabilities.*

i. Amounts received in connection with the March 18, 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture to Westfield are recognized as revenue in their entirety when they are received and are recorded on that basis on *Schedule A – Revenues and Reserves.*

j. The cumulative impact of adopting GASB Statement No. 68, "*Pensions*" and GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*" was recognized as an increase or decrease to the operating fund's net position in the year of adoption and is being amortized as an application from the Consolidated Bond Reserve Fund over a closed 30- year period.

k. In accordance with Port Authority bond resolutions, operating expenses provide for contingencies related to the application of future operating and maintenance expenses.

l. Rental income received and rent paid related to leases, including leases that contain fixed-rent payments and subject to GASB Statement No. 87 are recognized in accordance with the rental terms contained in their respective lease agreements.

m. Rent payments paid or received in advance are deferred and reported in *Other current assets* or *Other current* or *Other non-current liabilities,* respectively. Advance payments are amortized on a straight-line basis over the term of the lease agreement.

n. Payments for SBITAs, including SBITAs that contain fixed-rent payments and subject to GASB Statement No. 96 are recognized in accordance with the subscription terms contained in their respective subscription agreements.

A reconciliation of the Statements of Net Position to Schedule B – Assets and Liabilities and the Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves follows:

Statements of Net Position to Schedule B – Assets and Liabilities

	Years ended December 31,	
	2023	2022 Restated
	(In thousands)	
Net position reported on Statements of Net Position (pursuant to U.S. GAAP)	**$ 16,661,541**	$ 16,054,086
Add: U.S. GAAP only liabilities and deferred inflows of resources		
Accumulated depreciation of facilities and landlord leasehold investment	**23,712,444**	22,127,348
GASB Statement No. 87 lease liabilities	**6,424,743**	6,497,812
GASB Statement No. 96 SBITA liabilities	**4,438**	15,713
GASB Statement No. 87 deferred inflows of resources, leases	**5,347,802**	5,158,110
Accumulated retirements and gains and losses on disposition of assets	**4,465,584**	4,316,370
Cumulative unamortized discount and premium	**1,950,793**	1,934,498
Cumulative amortization of costs for regional programs	**1,527,930**	1,521,452
GASB Statement No. 87 lease interest payable	**22,252**	29,063
Less: U.S. GAAP only assets		
GASB Statement No. 87 lease assets	**(6,943,174)**	(7,105,371)
GASB Statement No. 96 SBITA assets	**(12,188)**	(19,947)
GASB Statement No. 87 lease receivables	**(4,838,763)**	(4,572,733)
GASB Statement No. 87 lease interest receivable	**(165,281)**	(112,065)
Total U.S. GAAP adjustments	**31,496,580**	29,790,250
Add: Bond Resolution only assets		
Deferred rent payments and receivables	**1,043,632**	1,074,626
Application of WTC joint venture payments	**16,968**	—
Less: Bond Resolution only liabilities		
Deferred income PFCs	**(52,446)**	(224,308)
Operating and maintenance contingencies	**(50,000)**	(50,000)
Total Bond Resolution adjustments	**958,154**	800,318
Total	**$ 49,116,275**	$ 46,644,654
Net position reported on Schedule B - Assets and Liabilities (pursuant to Port Authority bond resolutions)	**$ 49,116,275**	$ 46,644,654

* In accordance with GASB Statement No. 96, as described in Note A.3.q, *Nature of the Organization and Summary of Significant Policies*, the cumulative impact of adopting Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Net Position.

Statements of Revenues, Expenses and Changes in Net Position to Schedule A – Revenues and Reserves

	Years ended December 31, 2023	2022 Restated
	(In thousands)	
Increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position (pursuant to U.S. GAAP)	**$ 607,455**	$ 432,732
Less: U.S. GAAP only revenues		
PFC Collections and interest income/fair value adjustment	**(309,319)**	(274,449)
GASB Statement No. 87 amortization of leases, as lessor	**(307,737)**	(266,108)
GASB Statement No. 87 interest income, as lessor	**(155,290)**	(140,978)
Amortization of discount and premium	**(91,834)**	(81,340)
4 WTC Liberty Bond interest payments	**(32,532)**	(32,545)
WTC 2,3,4 Net Lessee capital contributions	**(1,893)**	(1,799)
Add: U.S. GAAP only expenses		
Depreciation of facilities and landlord leasehold investment	**1,734,310**	1,717,977
GASB Statement No. 87 amortization of leases, as lessee	**176,755**	172,776
GASB Statement No. 96 amortization of SBITAs*	**7,759**	6,631
GASB Statement No. 87 interest expense, as lessee	**213,973**	220,654
GASB Statement No. 96, SBITA interest expense*	**215**	370
Amortization of costs for regional programs	**6,478**	17,939
Loss on disposition of assets, including leases	**2,281**	—
Total U.S. GAAP adjustments	**1,243,166**	1,339,128
Add: Bond Resolution only increases in reserves		
Fixed rentals received from lessees**	**369,509**	322,582
Application of PFCs	**488,053**	63,664
4 WTC Liberty Bond principal and interest payments	**34,732**	34,745
Application of WTC retail joint venture payments	**—**	16,968
Less: Bond Resolution only decreases in reserves		
Direct investment in facilities	**(943,156)**	(867,790)
Fixed lease payments paid to lessors**	**(360,750)**	(360,896)
SBITA payments**	**(11,492)**	(11,235)
Debt maturities and retirements	**(483,964)**	(467,966)
Change in accounting principle – Pensions / OPEB	**(24,086)**	(22,511)
Total Bond Resolution adjustments	**(931,154)**	(1,292,439)
Total	**$ 919,467**	$ 479,421
Increase in Reserves reported on Schedule A – Revenues and Reserves (pursuant to Port Authority bond resolutions)	**$ 919,467**	$ 479,421

* In accordance with GASB Statement No. 96, as described in Note A.3.q *Nature of the Organization and Summary of Significant Policies*, the cumulative impact of adopting Statement No. 96 has been incorporated as a restatement to the Port Authority's 2022 Statement of Revenues, Expenses and Changes in Net Position.

** Related to lease agreements that are subject to GASB Statement No. 87 and SBITAs that are subject to GASB Statement No. 96.

Note B - Facilities, net

	Facilities, net Dec. 31, 2022	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net Dec. 31, 2023
			(In thousands)			
Capital assets not being depreciated:						
Land	$ 1,542,429	$ —	$ 765	$ —	$ —	**$ 1,543,194**
Construction in progress*	5,203,504	1,840,084	(3,056,009)	—	—	**3,987,579**
Total capital assets not being depreciated	6,745,933	1,840,084	(3,055,244)	—	—	**5,530,773**
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	25,260,972	—	1,540,364	—	(19,953)	**26,781,383**
Machinery and equipment	13,361,972	—	849,302	—	(99,979)	**14,111,295**
Runways, roadways and other paving	8,228,625	—	193,758	—	(12,646)	**8,409,737**
Utility infrastructure	8,657,797	—	471,820	—	(16,635)	**9,112,982**
Total other capital assets being depreciated	55,509,366	—	3,055,244	—	(149,213)	**58,415,397**
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(7,279,902)	—	—	(607,728)	19,953	**(7,867,677)**
Machinery and equipment	(6,637,369)	—	—	(461,643)	99,979	**(6,999,033)**
Runways, roadways and other paving	(4,187,962)	—	—	(262,767)	12,646	**(4,438,083)**
Utility infrastructure	(3,873,293)	—	—	(340,514)	16,635	**(4,197,172)**
Total accumulated depreciation	(21,978,526)	—	—	(1,672,652)	149,213	**(23,501,965)**
Facilities, net	$ 40,276,773	$ 1,840,084	$ —	**$ (1,672,652)**	$ —	**$ 40,444,205**

	Facilities, net Dec. 31, 2021	Additions	Transfers to Completed Construction	Depreciation**	Retirements/ Dispositions	Facilities, net Dec. 31, 2022
			(In thousands)			
Capital assets not being depreciated:						
Land	$ 1,481,610	$ —	$ 60,819	$ —	$ —	$ 1,542,429
Construction in progress*	5,461,660	1,763,311	(2,021,467)	—	—	5,203,504
Total capital assets not being depreciated	6,943,270	1,763,311	(1,960,648)	—	—	6,745,933
Depreciable capital assets:						
Buildings, bridges, tunnels, other structures	24,306,861	—	1,125,199	—	(171,088)	25,260,972
Machinery and equipment	13,113,530	—	346,784	—	(98,342)	13,361,972
Runways, roadways and other paving	8,508,822	—	157,548	—	(437,745)	8,228,625
Utility infrastructure	8,404,855	—	331,117	—	(78,175)	8,657,797
Total other capital assets being depreciated	54,334,068	—	1,960,648	—	(785,350)	55,509,366
Accumulated depreciation:						
Buildings, bridges, tunnels, other structures	(6,854,067)	—	—	(596,923)	171,088	(7,279,902)
Machinery and equipment	(6,303,813)	—	—	(431,898)	98,342	(6,637,369)
Runways, roadways and other paving	(4,335,793)	—	—	(289,914)	437,745	(4,187,962)
Utility infrastructure	(3,615,081)	—	—	(336,387)	78,175	(3,873,293)
Total accumulated depreciation	(21,108,754)	—	—	(1,655,122)	785,350	(21,978,526)
Facilities, net	$ 40,168,584	$ 1,763,311	$ —	$ (1,655,122)	$ —	$ 40,276,773

* Additions to construction in progress include deductions related to capital write-offs totaling $90 million in 2023 and $2.6 million in 2022.
** Excludes depreciation related to LaGuardia Terminal B landlord leasehold investment of $61.7 million in 2023 and $62.9 million in 2022.

Notes:
1. Projects that have been suspended pending determination of their continued viability totaled $137.4 million in 2023 and $131.1 million in 2022.
2. Depreciation includes accelerated depreciation of $268 thousand in 2023 and $86.1 million in 2022 related to capital assets that were retired and taken out of service.
3. Retirements/Dispositions include the book value, if any, related to capital assets that have been sold or otherwise disposed.

Note C – Cash and Investments

The components of Port Authority and PAICE cash and investments are:

Cash	December 31, 2023			2022
	Port Authority	PAICE	Total	Total
	(In thousands)			
Cash	$ 166,261	$ 19,685	$ 185,946	$ 188,122
Cash equivalents	39,196	55,563	94,759	153,127
Total cash	205,457	75,248	280,705	341,249
Less restricted cash	35,047	75,248	110,295	112,014
Unrestricted cash	$ 170,410	$ —	$ 170,410	$ 229,235

Investments, at fair value*		December 31, 2023			2022
	Fair Value Hierarchy Levels**	Port Authority ✧	PAICE	Total	Total
		(In thousands)			
United States Treasury notes	Level 1	$ 3,881,685	$ 60,141	$3,941,826	$3,059,228
United States Treasury obligations held pursuant to repurchase agreements***	—	910,565	—	910,565	747,747
United States Treasury bills	Level 1	86,042	—	86,042	587,010
United States government agency obligations	Level 2	69,960	—	69,960	109,785
Municipal bonds	Level 2	4,698	25,248	29,946	4,502
Corporate bonds	Level 2	—	18,609	18,609	25,606
Mortgage-backed securities	Level 2	—	17,601	17,601	11,748
Asset-backed securities	Level 2	—	5,393	5,393	5,662
Accrued interest receivable		24,197	967	25,164	13,691
Total investments		4,977,147	127,959	5,105,106	4,564,979
Less current investments		1,340,558	8,356	1,348,914	1,674,016
Noncurrent investments		$ 3,636,589	$ 119,603	$3,756,192	$2,890,963

* Cash and investments of approximately $1.7 billion and $1.5 billion held in The Port Authority of NY and NJ Retiree Health Benefits Trust are not included in the Port Authority's Enterprise Fund Statements of Net Position as of December 31, 2023 and 2022, respectively.

** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to- principal markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Level 3 inputs are unobservable inputs for the asset; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Port Authority investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

*** Investments are valued at unamortized cost.

✧ Port Authority investments includes PFC restricted investments of $5.3 million and $187.1 million in 2023 and 2022, respectively.

Port Authority cash equivalents, excluding PAICE, at December 31, 2023 and 2022 of $39.2 million and $106.7 million, respectively, consist of negotiable order of withdrawal accounts.

PAICE cash equivalents at December 31, 2023 and 2022 of $55.6 million and $46.5 million, respectively, consist of money market accounts of $48.9 million and $40.8 million, respectively, and money market funds of $6.7 million and $5.7 million, respectively. The money market funds have ratings of AAAm and Aaa-mf by S&P and Moody's, respectively.

Port Authority Investment Policies

Port Authority policy provides for cash funds of the Port Authority to be deposited in banks with offices located in the Port District, provided that the total funds on deposit in any bank do not exceed 50% of the bank's combined capital and permanent surplus. These funds must be fully secured by deposit of collateral having a minimum fair value of 110% of actual daily balances in excess of that part of the deposits secured through the Federal Deposit Insurance Corporation ("FDIC") and the New Jersey Governmental Unit Deposit Protection Act ("GUDPA"). The collateral must consist of obligations of the United States of America, the Port Authority, the State of New York or the State of New Jersey held in custodial bank accounts in banks in the Port District having combined capital and surplus in excess of $1 million.

Total actual bank balances, excluding amounts held by third party trustees, were $201.7 million at December 31, 2023. Of that amount, $1.7 million was secured through the basic FDIC deposit insurance and/or pursuant to the GUDPA. The balance of $200.0 million was fully collateralized with collateral held by a third-party custodian acting as the Port Authority's agent and held by such custodian in the Port Authority's name.

The investment policies of the Port Authority are established in conformity with its agreements with the holders of its obligations, generally through resolutions of the Board of Commissioners or its Committee on Finance. For the Port Authority, but not necessarily its component units, individual investment transactions are executed with recognized and established securities dealers and commercial banks. Investment securities are maintained, in the Port Authority's name, by a third-party financial institution acting as the Port Authority's agent. Securities transactions are conducted in the open market at competitive prices. Transactions are completed when the Port Authority's securities custodian, in the Port Authority's name, makes or receives payment upon receipt of confirmation that the securities have been transferred at the Federal Reserve Bank of New York or other repository in accordance with the Port Authority's instructions. The notable exception is the execution of Tri-Party Repurchase Agreements. These transactions are completed when the Tri-Party custodian posts collateral to the Port Authority's account in exchange for investment funds.

Proceeds received in connection with Consolidated Bonds and other asset financing obligation issuances may be invested, on an interim basis, in conformance with applicable federal laws and regulations, in obligations of (or fully guaranteed by) the United States of America (including such securities held pursuant to repurchase agreements) and collateralized time deposit accounts.

Consolidated Bond Reserve Fund and General Reserve Fund amounts may be invested in obligations of (or fully guaranteed by) the United States of America. Additionally, amounts in the Consolidated Bond Reserve Fund and the General Reserve Fund (subject to certain limitations) may be invested in obligations of the State of New York or the State of New Jersey, collateralized time accounts, and Port Authority bonds actually issued and secured by a pledge of the General Reserve Fund.

Operating funds may be invested in various items including: **a.)** direct obligations of the United States of America, obligations of United States government agencies, and sponsored enterprises that have the highest short-term ratings by two nationally recognized firms; **b.)** investment grade negotiable certificates of deposit and negotiable Bankers' Acceptances with banks having AA or better long-term debt rating, and with issues actively traded in secondary markets; **c.)** commercial paper obligations having only the highest short-term ratings separately issued by two nationally recognized rating agencies; **d.)** United States Treasury and municipal bond futures contracts; **e.)** certain interest rate exchange contracts with banks and investment firms; and, **f.)** certain interest rate options contracts that are limited to $50 million of underlying securities with a maturity of no greater than five years with primary dealers in United States Treasury securities. The Board of Commissioners has from time-to-time authorized other investments of operating funds.

It is the general policy of the Port Authority to limit exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to less than two years. Extending the weighted average maturity beyond two years requires explicit written approval of the Chief Financial Officer of the Port Authority. Committee on Finance authorization is required to extend the weighted average maturity beyond five years.

The fair value and weighted average maturity of investments held by the Port Authority, excluding PAICE, at December 31, 2023 and 2022, follows:

	2023		2022	
Port Authority Investment Type	**Fair Value**	**Weighted Average Maturity**	Fair Value	Weighted Average Maturity
	(In thousands)	(In days)	(In thousands)	(In days)
United States Treasury notes	**$ 3,881,685**	**636**	$ 3,004,803	644
United States Treasury obligations held pursuant to repurchase agreements	**910,565**	**2**	747,747	3
United States Treasury bills	**86,042**	**3**	587,010	14
United States government agency obligations	**69,960**	**2**	109,785	16
Municipal bonds	**4,698**	**805**	4,502	1,170
Total fair value of investments*	**$ 4,952,950**		$ 4,453,847	
Investment weighted average maturity		**499**		438

* Excludes accrued interest receivable amounts of $24.2 million in 2023 and $13.2 million in 2022.

The Port Authority has, from time to time, entered into reverse repurchase (yield maintenance) agreements under which the Port Authority contracted to sell a specified United States Treasury security to a counterparty and simultaneously agreed to purchase it back from that party at a predetermined price and future date. All reverse repurchase agreements sold are matched to repurchase agreements ("REPO") bought, thereby minimizing market risk. The credit risk is managed by a daily evaluation of the fair value of the underlying securities and periodic cash adjustments, as necessary, in accordance with the terms of the repurchase agreements. There were no investments in reverse repurchase agreements at December 31, 2023 and 2022, respectively.

PAICE Investment Policies

The investment policies of PAICE have been established and approved by the PAICE Board of Directors, which is comprised of Port Authority executive staff. Consistent with the Port Authority Board of Commissioners' authorization with respect to the establishment of PAICE as a wholly owned entity of the Port Authority, PAICE provides the Port Authority Board of Commissioners' Committee on Finance with periodic updates on PAICE's investment activities.

PAICE's investment policies consists of a three-tier set of investment accounts. First, PAICE is required to set aside assets equal to the actuarial loss reserve estimates in a "Minimum Reserve Account." Once this is satisfied, PAICE may establish a "Reserve Account" equal to the balance of all possible losses, less amounts invested in the Minimum Reserve Account. Finally, any excess funds that remain after both the Minimum Reserve Account and Reserve Account requirements are satisfied may be used to establish a "Reserve Surplus Account."

Allowable investments in the Minimum Reserve Account may consist of: **a.)** United States Treasury notes and United States Federal Agency debt; **b.)** repurchase agreements collateralized by United States Government securities or; **c.)** money market funds investing in United States Treasuries or United States Government Agency securities. The maximum maturity of any single investment is limited to 10 years from the date of purchase, and the duration of the Minimum Reserve Account is limited to 1 to 5 years.

Reserve Account allowable investments are the allowable investments in the Minimum Reserve Account, plus the following types of investments: **a.)** United States dollar-denominated issues of sovereigns, supranationals, and foreign government sponsored agencies; **b.)** money market instruments; **c.)** investment grade corporate obligations issued by United States domestic issuers and United States dollar-denominated issues of foreign issuers; **d.)** municipal notes and bonds; **e.)** agency mortgage backed securities and agency collateralized mortgage obligations; and, **f.)** AAA rated asset-backed securities ("ABS"). The maximum permissible maturity of any single investment in the Reserve Account is 30 years at time of purchase and the duration of the Reserve Account is limited to 1 to 8 years. The average credit rating of the Reserve Account investments may not fall below AA-.

Under conditions outlined above, PAICE may establish a Reserve Surplus Account comprised of all of the allowable investments in the Minimum Reserve Account and the Reserve Account, plus passive equity index investments that are traded on major exchanges.

In December 2018, the PAICE Board of Directors authorized PAICE to make intercompany loans as a permitted investment for the purpose of efficiently allocating capital resources among the Port Authority and its component units. As of December 31, 2023 and 2022, PAICE had $360 million in intercompany loans due from the Port Authority.

The fair value and weighted average maturity of investments held by PAICE at December 31, 2023 and 2022, follows:

PAICE Investment Type	2023 Fair Value	2023 Weighted Average Maturity	2022 Fair Value	2022 Weighted Average Maturity
	(In thousands)	(In days)	(In thousands)	(In days)
United States Treasury notes	**$ 60,141**	**953**	$ 54,425	1,117
Municipal Bonds	**25,248**	**1,003**	—	—
Corporate bonds	**18,609**	**474**	25,606	746
Mortgage-backed securities	**17,601**	**435**	11,748	404
Asset-backed securities	**5,393**	**28**	5,662	39
Total fair value of investments*	**$ 126,992**		$ 97,441	
Investment weighted average maturity		**2,894**		2,306

* Excludes accrued interest receivable amounts of $967 thousand and $461 thousand in 2023 and 2022, respectively, and $360 million in intercompany loans due from the Port Authority in both 2023 and 2022.

As of December 31, 2023, PAICE's investments had the following credit ratings from Standard and Poor's:

Ratings*	Municipal bonds	Corporate bonds	Mortgage-backed securities**	Asset-backed securities	Total
			(In thousands)		
AAA	$ 4,195	$ —	$ —	$ 3,103	$ 7,298
AA+/AA/AA-	15,054	2,565	17,601	—	35,220
A+/A/A-	5,434	6,608	—	—	12,042
BBB+/BBB/BBB-	—	9,436	—	—	9,436
N/A***	565	—	—	2,290	2,855
Total	$ 25,248	$ 18,609	$ 17,601	$ 5,393	$ 66,851

* Excludes guaranteed U.S. Treasury notes totaling $60 million.
** Investments in mortgage-backed securities include fixed maturity investments from the Federal National Mortgage Association.
*** N/A represents securities that were not rated.

As of December 31, 2022, PAICE's investments had the following credit ratings from Standard and Poor's:

Ratings*	Corporate bonds	Mortgage-backed securities**	Asset-backed securities	Total
	(In thousands)			
AAA	$ —	$ 11,748	$ 5,662	$ 17,410
AA+/AA/AA-	1,319	—	—	1,319
A+/A/A-	13,952	—	—	13,952
BBB+/BBB/BBB-	10,335	—	—	10,335
Total	$ 25,606	$ 11,748	$ 5,662	$ 43,016

* Excludes guaranteed U.S. Treasury notes totaling $54 million.
** Investments in mortgage-backed securities include fixed maturity investments from the Federal National Mortgage Association.

The Port Authority of New York and New Jersey Retiree Health Benefits Trust

Investment Policies

The Port Authority, acting through or by authority of its Board of Commissioners, establishes investment guidelines consistent with the purpose of The Port Authority of New York and New Jersey Retiree Health Benefits Trust ("the Trust"). Such investment guidelines are written and may be changed from time to time only by means of a written document adopted by the Port Authority, acting through or by the authority of its Board of Commissioners.

An Investment Committee was established to provide oversight and management of the policies and procedures of the Trust. The Investment Committee is comprised of the: **a.)** Chief Financial Officer; **b.)** Chief, Human Capital; **c.)** Comptroller; and, **d.)** Treasurer of the Port Authority. Periodic updates on the portfolio structure, rate of return performance as compared to the benchmark indexes, and any changes to investment strategy are provided to the Committee on Finance of the Port Authority's Board of Commissioners.

The Trust's investment policy statement, approved by the Executive Director of the Port Authority, permits the Trust to invest in equities, fixed income assets, real estate investment trusts ("REITs") and cash equivalents. The main investment objective of the Trust is to achieve long-term growth of Trust assets by maximizing the long-term rate of return on investments and minimizing risk of loss to fulfill the long-term Other Postemployment Benefits ("OPEB") obligations of the Port Authority and PATH. The investment objectives are based on a 15-year investment horizon so interim fluctuations should be viewed with appropriate perspective. Investments are managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Trust's investment objectives. Investments are diversified with the intent to minimize the risk of investment losses.

Rate of Return

The annual money-weighted rate of return on Trust investments, net of investment expense, was a gain of 14.52% in 2023 and a loss of (16.59%) in 2022, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Diversification

The Trust's investment policy requires that Trust assets be invested using the following diversification percentages for each fund classification:

	Range
Cash and cash equivalents	0% - 20%
Fixed income securities	25% - 65%
Mutual fund asset classes	
Equity mutual funds:	
Domestic equity	23% - 43%
International equity	11% - 31%
Real estate investment trusts	0% - 12%

Market Risk

The Trust's investment policy is currently targeted to 60% equity and 40% fixed-income asset weighting. The equity portion of the investments is in four funds focused on the international equity market, the broad domestic equity market, and publicly traded REITs. The primary risk associated with this portion of the portfolio is volatility within the equity financial markets. However, dollar cost averaging provides a measure of risk mitigation by limiting the amount of investment on any one day at any particular valuation level.

Investment Type, at fair value	Fair Value Hierarchy Levels*	December 31, 2023	2022
		(In thousands)	
Cash and cash equivalents	**Level 1**	**$ 23,453**	$ 104,958
Investments at fair value			
Fixed-income securities			
Corporate bonds	**Level 2**	**126,542**	126,795
Foreign bonds	**Level 2**	**23,211**	21,467
U.S Treasury securities	**Level 1**	**154,056**	120,542
Municipal bonds	**Level 2**	**35,168**	38,655
Mortgage and asset-backed securities	**Level 2**	**230,098**	219,917
Bond mutual funds	**Level 1**	**10,929**	10,041
Equity and real estate mutual funds			
Equity mutual funds			
Domestic mutual funds	**Level 1**	**597,312**	477,718
International mutual funds	**Level 1**	**368,473**	310,754
Real estate mutual fund	**Level 1**	**98,980**	44,174
Total investments		**$ 1,644,769**	$ 1,370,063
Total cash, cash equivalents and investments		**$ 1,668,222**	$ 1,475,021

* Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.
Level 3 inputs are unobservable inputs for the asset and should be used only when relevant Level 1 and Level 2 inputs are unavailable. The Trust investments are valued at the closing price on the last business day of the fiscal year or last trade reported on the major market exchange on which the individual securities are traded.

** December 31, 2023 and December 31, 2022 includes U.S. Government agency securities totaling $156 million and $149 million, respectively.

Credit Risk

The Trust's investment policy statement generally requires the overall rating of fixed-income assets to have an average credit quality rating of at least 'A', and was in compliance with the investment policy in 2023 and 2022.

The fixed-income portion of the portfolio is managed by a number of investment managers who have advised that the average credit quality rating associated with their investment accounts for the Trust have an average credit quality rating of 'AA'.

As of December 31, 2023, fixed-income investment types had the following credit ratings (in thousands):

Ratings**	Corporate bonds	Foreign bonds	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
AAA	$ 388	$ —	$ 3,564	$ 18,107	$ —	$ 22,059
AA+/AA/AA-	4,416	214	22,177	3,449	—	30,256
A+/A/A-	41,220	1,785	8,159	7,482	—	58,646
BBB+/BBB/BBB-	64,830	4,326	—	6,532	—	75,688
BB+/BB/BB-	8,980	345	—	2,955	—	12,280
B+/B/B-	3,955	592	—	217	—	4,764
CC/CCC+/CCC/CCC-	—	14	—	3,549	—	3,563
N/A*	2,753	15,935	1,268	31,977	10,929	62,862
Total	$ 126,542	$ 23,211	$ 35,168	$ 74,268	$ 10,929	$ 270,118

* N/A represents securities that were not rated.

** Fixed-income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling $154 million and $156 million, respectively.

As of December 31, 2022, fixed-income investment types had the following credit ratings (in thousands):

Ratings**	Corporate bonds	Foreign bonds	Municipal bonds	Mortgage and Asset-backed securities	Bonds funds	Total
AAA	$ 654	$ —	$ 3,090	$ 14,437	$ —	$ 18,181
AA+/AA/AA-	3,596	157	24,962	5,579	—	34,294
A+/A/A-	50,485	4,448	8,136	8,629	—	71,698
BBB+/BBB/BBB-	55,853	10,833	369	8,038	—	75,093
BB+/BB/BB-	9,394	588	—	2,792	—	12,774
B+/B/B-	3,220	1,093	—	534	—	4,847
CC/CCC+/CCC/CCC-	170	18	—	3,991	—	4,179
N/A*	3,423	4,330	2,098	27,266	10,041	47,158
Total	$ 126,795	$ 21,467	$ 38,655	$ 71,266	$ 10,041	$ 268,224

* N/A represents securities that were not rated.

** Fixed-income investments exclude guaranteed U.S. Treasury and U.S. Government agency securities totaling $121 million and $149 million, respectively.

Cash and cash equivalents held in the Trust, at December 31, 2023 of $23 million consist of $12 million of short-term U.S. Government Treasury securities and $11 million of commercial paper. Cash and cash equivalents held in the Trust, at December 31, 2022 of $105 million consist of $89 million of short-term U.S. Government Treasury securities and $16 million of commercial paper. The commercial paper has credit ratings ranging from A- to BBB, A3 to Baa2, and A- to BBB+, by Standard & Poor's, Moody's, and Fitch respectively.

Concentration of Credit Risk

Investments of Trust funds are diversified in accordance with the Trust's investment policy statement that defines guidelines for the portfolio, including holding no individual company stock that exceeds 5% of the portfolio weighting, holding no more than 2% of the outstanding shares of an individual stock, and holding no more than 25% of the portfolio in any one industry. As of December 31, 2023, the Trust had no investments of more than 5% of its fiduciary net position with a single organization.

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of a counterparty, the Trust will not be able to recover the value of its investments or collateral securities. Investment securities are exposed to custodial credit risk if the securities are uninsured and are not registered in the name of the Trust. The Trust manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high-quality securities be held by the Trustee in the name of the Trust.

Interest Rate Risk

Interest rate risk associated with the Trust is confined to the fixed-income portion of the portfolio. The fixed-income component of the portfolio is subject to interest rate risk due to the nature of the underlying securities. To mitigate fair value losses associated with the fluctuation of interest rates, the duration of the fixed-income fund positions of the portfolio are monitored and adjusted accordingly.

The following is a listing of the Trust's fixed-income investments and related maturity schedule as of December 31, 2023:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate bonds	$ 1,181	$ 29,677	$ 64,295	$ 31,389	$ 126,542
Foreign bonds	—	6,841	10,922	5,448	23,211
U.S. Treasury securities	4,232	28,589	78,528	42,707	154,056
Municipal bonds	—	3,691	7,071	24,406	35,168
Asset-backed securities	—	9,450	13,238	207,410	230,098
Bonds funds	—	—	—	10,929	10,929
Total	$ 5,413	$ 78,248	$ 174,054	$ 322,289	$ 580,004

The following is a listing of the Trust's fixed-income investments and related maturity schedule as of December 31, 2022:

Investment Type	<1 Year	1 to 5 Yrs	5 to 10 Yrs	10+ Yrs	Total
			(In thousands)		
Corporate bonds	$ 333	$ 28,256	$ 65,895	$ 32,311	$ 126,795
Foreign bonds	403	6,924	8,980	5,160	21,467
U.S. Treasury securities	3,262	33,483	42,466	41,331	120,542
Municipal bonds	—	2,652	8,734	27,269	38,655
Asset-backed securities	—	6,980	12,384	200,553	219,917
Bonds funds	—	—	—	10,041	10,041
Total	$ 3,998	$ 78,295	$ 138,459	$ 316,665	$ 537,417

Note D - Outstanding Financing Obligations

Outstanding bonds and other asset financing obligations

	December 31, 2023		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds	$ 515,545	$ 25,981,469	**$ 26,497,014**
B. Special Obligation Institutional Loan Program	—	539,455	**539,455**
C. Variable Rate Master Notes	44,600	—	**44,600**
D. Port Authority Equipment Notes	—	—	**—**
E. MOTBY Obligation	2,997	35,147	**38,144**
F. Tower 4 Liberty Bonds	—	1,232,505	**1,232,505**
G. Goethals Bridge Replacement Developer Financing Arrangement	2,844	1,017,456	**1,020,300**
	$ 565,986	$ 28,806,032	**$ 29,372,018**

	December 31, 2022		
	Current	Noncurrent	Total
		(In thousands)	
A. Consolidated Bonds and Consolidated Notes	$ 1,578,055	$ 25,253,499	$ 26,831,554
B. Commercial Paper Obligations	499,060	—	499,060
C. Variable Rate Master Notes	44,600	—	44,600
D. Port Authority Equipment Notes	—	—	—
E. MOTBY Obligation	2,848	38,144	40,992
F. Tower 4 Liberty Bonds	—	1,234,705	1,234,705
G. Goethals Bridge Replacement Developer Financing Arrangement	1,975	1,020,300	1,022,275
	$ 2,126,538	$ 27,546,648	$ 29,673,186

A. Consolidated Bonds and Consolidated Notes

	Dec. 31, 2022	Issued	Refunded/ Retired	Dec. 31, 2023
		(In thousands)		
Consolidated Bonds and Consolidated Notes - par value	$ 24,971,430	$ 2,177,250	$ 2,494,720	**$ 24,653,960**
Add unamortized premium and (discount)	1,860,124	143,106	160,176	**1,843,054**
Consolidated Bonds and Consolidated Notes - at cost	$ 26,831,554	$ 2,320,356	$ 2,654,896	**$ 26,497,014**

	Dec. 31, 2021	Issued	Refunded/ Retired	Dec. 31, 2022
		(In thousands)		
Consolidated Bonds and Consolidated Notes - par value	$ 24,189,474	$ 1,759,200	$ 977,244	$ 24,971,430
Add unamortized premium and (discount)	1,858,532	107,116	105,524	1,860,124
Consolidated Bonds and Consolidated Notes - at cost	$ 26,048,006	$ 1,866,316	$ 1,082,768	$ 26,831,554

Consolidated Bond Series *One Hundred Ninety-Ninth, Two Hundred Fourth,* and *Two Hundred Twenty-Eighth (A, B, C, D)* were direct placements with unrelated parties.

For information related to the payment of Consolidated Bonds and Consolidated Notes, *see Note E- General and Consolidated Bond Reserve Fund (pursuant to Port Authority bond resolutions).*

Debt service requirements to maturity for Consolidated Bonds and Consolidated Notes outstanding at December 31, 2023 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2024	$ 515,545	$ 1,130,375	**$ 1,645,920**
2025	530,580	1,102,387	**1,632,967**
2026	553,100	1,077,434	**1,630,534**
2027	577,555	1,052,745	**1,630,300**
2028	597,660	1,026,906	**1,624,566**
2029-2033	3,635,870	4,649,115	**8,284,985**
2034-2038	4,181,230	3,702,871	**7,884,101**
2039-2043	3,926,365	2,748,905	**6,675,270**
2044-2048	3,650,185	1,880,874	**5,531,059**
2049-2053	2,565,755	1,134,693	**3,700,448**
2054-2058	2,007,205	632,746	**2,639,951**
2059-2063	1,326,955	231,544	**1,558,499**
2064-2068	400,700	82,890	**483,590**
2069-2073	85,255	32,260	**117,515**
2074-2094	100,000	100,246	**200,246**
	$24,653,960	$20,585,991	**$ 45,239,951**

The most recent information, as of the date of this report, related to a specific consolidated bond series can be found in *Section V. Schedules of Outstanding Debt* in the Port Authority's Official Statement for Consolidated Bonds, Two Hundred Forty Second – Two Hundred Forty-Third Series dated September 07, 2023, which can be located in the corporate information section on the Port Authority's website at: https://www.panynj.gov/corporate/en/financial-information/consolidated-bonds-and-notes.html.

During 2023, the Port Authority used proceeds and investment earnings from the sale of Consolidated Bonds, to refund $916.7 million of outstanding Consolidated Bonds. As a result of these refundings, the Port Authority decreased its aggregate debt service payments by approximately $116.1 million over the life of the refunded Consolidated Bonds. The economic gain resulting from the 2023 debt refundings (the difference between the present value of the cash flows required to service the old debt and the present value of the cash flows required to service the new debt) totaled approximately $76.1 million in net present value savings, or 8.3% of the refunded par amount.

On March 17, 2022, the Board of Commissioners approved a plan of finance for the April 1, 2022 through December 31, 2022 period to issue series of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed $3 billion (including any issuance of indebtedness under the Port Authority's Versatile Structure Obligations authorization). The March 17, 2022 plan of finance provided that as of its date, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous July 26, 2018 authorization was deemed extinguished.

On December 15, 2022, the Board of Commissioners approved a plan of finance for Consolidated Bonds and Consolidated Notes sold during the period beginning January 1, 2023 through December 31, 2023. The plan of finance for 2023 authorized the issuance of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed $4.8 billion (including any issuance of indebtedness sold in 2023 under the Port Authority's Versatile Structure Obligations resolution). The December 15, 2022 plan of finance for 2023 provided that as of December 31, 2022, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous March 17, 2022 authorization was deemed extinguished.

On December 14, 2023, the Board of Commissioners approved a plan of finance for Consolidated Bonds and Consolidated Notes sold during the period beginning January 1, 2024 through December 31, 2024 (the "2024 Consolidated Bonds Authorization"). The 2024 Consolidated Bonds Authorization authorizes the issuance of Consolidated Bonds and Consolidated Notes in a total aggregate principal amount not to exceed $4.8 billion (including any issuance of indebtedness sold in 2024 under the Port Authority's Versatile Structure Obligations resolution). The 2024 Consolidated Bonds Authorization provided that as of December 31, 2023, any authority to issue and sell Consolidated Bonds and Consolidated Notes under the previous December 15, 2022 authorization was deemed extinguished.

B. Special Obligation Institutional Loan Program and Commercial Paper Obligations

Special Obligation Institutional Loan Program

On November 17, 2022, the Board of Commissioners adopted a resolution establishing the Special Obligation Institutional Loan Program, which provides for the issuance of alternative debt instruments to borrow funds from financial institutions (including banks) (a) when and so long as a line of credit or revolving credit facility (together with any loan deemed to have been entered into in the event of the failure to repay any drawing thereunder, a "Bank Line") is determined by the Treasurer to be more efficient and cost effective than the Port Authority's commercial paper program in providing liquidity support for the Port Authority's capital program and (b) when and so long as a term loan ("Bank Loan"), is determined by the Treasurer to be more efficient and cost effective than issuing a like amount of Consolidated Bonds. Any Bank Line would be limited to five years. No Bank Loan would have a term in excess of fifteen years and could bear interest at a fixed or variable rate (or either, from time to time, during the term.)

Under the November 17, 2022 resolution, the total maximum amount that may be outstanding at any time under the Special Obligation Institutional Loan Program is limited to $1.25 billion, calculated by adding the following items in existence at the time of calculation (without duplication): (i) the principal amount of outstanding commercial paper notes; plus (ii) outstanding amount under liquidity facilities pertaining to commercial paper notes; plus (iii) outstanding amounts drawn under Bank Lines; plus (iv) the outstanding principal amount of any Bank Loans.

On January 20, 2023, the Port Authority entered into two separate revolving credit agreements, each establishing a Bank Line, for a combined total of $750 million to draw thereunder. As of December 31, 2023 there was $201.5 million available to draw upon. The revolving credit agreements expire January 31, 2025 and February 2, 2026.

	Dec. 31, 2022	Issued	Repaid	Dec. 31, 2023
		(In thousands)		
Obligation outstanding	$ —	$ 539,455	$ —	$ 539,455

In 2023, interest rates for revolving lines of credit ranged from 3.67% to 5.78%.

Commercial Paper Obligations

Commercial paper obligations are special obligations of the Port Authority generally issued to provide interim financing for authorized capital projects. Port Authority commercial paper obligations were issued under the resolution of the Board of Commissioners adopted on October 29, 2020, which authorized their issuance through December 31, 2025. Under the commercial paper program, the maximum aggregate principal amount that may be outstanding at any one time is $250 million for series A, $250 million for series B, and $250 million for series C. For additional information related to the payment of special obligations of the Port Authority, see Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions).

To increase the availability of sufficient liquidity for the Port Authority to pay the maturing principal amounts and the interest due at maturity, the Port Authority entered into liquidity facilities for each of Series A, Series B, and Series C. The liquidity facilities expired in January 2023.

	Dec. 31, 2022	Issued	Repaid	Dec. 31, 2023
		(In thousands)		
Series A*	$ 162,245	$ 649	$ 162,894	$ —
Series B	165,855	673	166,528	—
Series C**	170,960	821	171,781	—
	$ 499,060	$ 2,143	$ 501,203	$ —

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.
**Obligations are subject to federal taxation.

	Dec. 31, 2021	Issued	Repaid	Dec. 31, 2022
		(In thousands)		
Series A*	$ 164,315	$ 1,068,850	$ 1,070,920	$ 162,245
Series B	188,600	1,170,505	1,193,250	165,855
Series C**	221,085	1,167,075	1,217,200	170,960
	$ 574,000	$ 3,406,430	$ 3,481,370	$ 499,060

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.
**Obligations are subject to federal taxation.

On January 24, 2023, the Port Authority drew $501 million from its revolving lines of credit authorized under the Special Obligation Institutional Loan Program and used the proceeds to refund the principal and interest of all outstanding commercial paper obligations as of such date. Interest rates for all commercial paper obligations outstanding on such date ranged from 3.65% to 4.38%.

C. Variable Rate Master Notes

Variable Rate Master Notes are direct placements and special obligations of the Port Authority and may be issued in aggregate principal amounts outstanding at any one time not to exceed $400 million (see *Note E –*

General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions) for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2022	Issued	Refunded/ Repaid	Dec. 31, 2023
		(In thousands)		
Agreements 1989 -1995*	$ 19,900	$ —	$ —	**$ 19,900**
Agreements 1989 -1998	24,700	—	—	**24,700**
	$ 44,600	$ —	$ —	**$ 44,600**

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

	Dec. 31, 2021	Issued	Refunded/ Repaid	Dec. 31, 2022
		(In thousands)		
Agreements 1989 -1995*	$ 19,900	$ —	$ —	$ 19,900
Agreements 1989 -1998	24,700	—	—	24,700
	$ 44,600	$ —	$ —	$ 44,600

* Obligations are subject to the alternative minimum tax imposed under the Internal Revenue Code of 1986, as amended with respect to individuals and corporations.

Interest rates are determined weekly, based upon a spread added to a specific industry index (the Securities Industry and Financial Markets Association rate) as stated in each master note agreement, and ranged from 1.71% to 4.60% in 2023.

Annual debt service requirements on outstanding Variable Rate Master Notes, determined for presentation purposes at the rate in effect at December 31, 2023, would be as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2024	$ —	$ 1,759	**$ 1,759**
2025	19,900	1,532	**21,432**
2026	—	968	**968**
2027	24,700	48	**24,748**
	$ 44,600	$ 4,307	**$ 48,907**

Variable Rate Master Notes are subject to prepayment at the option of the Port Authority or upon demand of the holders.

D. Port Authority Equipment Notes

Port Authority Equipment Notes may be issued in aggregate principal amounts outstanding at any one time not to exceed $250 million. Equipment Notes are special obligations to the Port Authority and are payable in the same manner and from the same sources as operating expenses. For additional information related to the payment of obligations of the Port Authority, see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)*.

There were no outstanding Port Authority Equipment Notes as of December 31, 2023 and December 31, 2022.

E. Marine Ocean Terminal at Bayonne Peninsula ("MOTBY") Obligation

On August 3, 2010, the Port Authority acquired approximately 131 acres of the former MOTBY from the Bayonne Local Redevelopment Authority ("BLRA") for $235 million. The acquired property is comprised of three parcels on the southern side of the peninsula and has been incorporated into the Port Jersey – Port Authority Marine Terminal for future marine terminal purposes. The $235 million total purchase price is payable to the BLRA in twenty-four annual installment payments through 2033.

The total purchase price of $235 million was discounted to a present value of $178.4 million at an implicit interest rate of 5.25% per annum and recognized as a special obligation of the Port Authority in 2010 (see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions),* for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2022	Accretion	Amortization	Dec. 31, 2023
		(In thousands)		
Obligation Outstanding	$ 40,992	$ —	$ 2,848	**$ 38,144**

	Dec. 31, 2021	Accretion	Amortization	Dec. 31, 2022
		(In thousands)		
Obligation Outstanding	$ 43,697	$ —	$ 2,705	$ 40,992

Payment requirements for the MOTBY obligation outstanding at December 31, 2023 are as follows:

Year ending December 31:	Amortization	Implicit Interest	Total
		(In thousands)	
2024	$ 2,997	$ 2,003	**$ 5,000**
2025	3,155	1,845	**5,000**
2026	3,320	1,680	**5,000**
2027	3,495	1,505	**5,000**
2028	3,678	1,322	**5,000**
2029-2033	21,499	3,501	**25,000**
	$ 38,144	$ 11,856	**$ 50,000**

F. Tower 4 Liberty Bonds

The Port Authority is a co-borrower/obligor with respect to the New York Liberty Development Corporation, Liberty Revenue Bonds, Series 2011 (4 World Trade Center Project) issued by the New York Liberty Development Corporation on November 15, 2011 in the aggregate principal amount of approximately $1.2 billion. In connection with the issuance of such Tower 4 Liberty Bonds by the New York Liberty Development Corporation, the Port Authority entered into a Tower 4 Bond Payment Agreement with the Tower 4 bond trustee to make certain debt service payments of principal and interest on the bonds (net of fixed rent paid or payable under the City of New York's Tower 4 space lease, which has been assigned by the Tower 4 Silverstein net lessee directly to the Tower 4 bond trustee for the payment of a portion of the debt service on the Tower 4 Liberty Bonds).

On September 14, 2021, the New York Liberty Development Corporation issued $1.2 billion Tax-Exempt Liberty Revenue Refunding Bonds Series 2021A (4 World Trade Center Project) (Green Bonds) and $11.4 million Taxable Liberty Revenue Refunding Bonds Series 2021B (4 World Trade Center Project) (Green Bonds) to redeem all of the outstanding Liberty Bonds issued in 2011 and to pay certain issuance costs. The material terms of the original November 2011 Tower 4 financing remain unchanged, including, the Port Authority remaining co-borrower/obligor for the refunding bonds. The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority to the trustee from May 11, 2012, through November 15, 2051. (see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions),* for additional information related to the payment of special obligations of the Port Authority).

Port Authority debt service payments related to Tower 4 Liberty Bonds in whole or in part are reimbursable to the Port Authority from Tower 4 cash flow and to the extent Tower 4 cash flow is not sufficient, would accrue interest until reimbursed or paid with an overall term for such reimbursement or payment not in excess of 40 years from the issuance date of the original Tower 4 Liberty Bond financing (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus* for additional information related to the redevelopment of WTC Tower 4).

	Dec. 31, 2022	Issued	Repaid/ Amortized	Dec. 31, 2023
		(In thousands)		
Series 2021A	$ 1,223,320	$ —	$ —	**$ 1,223,320**
Series 2021B	11,385	—	2,200	**9,185**
Total Tower 4 Liberty Bonds	$ 1,234,705	$ —	$ 2,200	**$ 1,232,505**

	Dec. 31, 2021	Issued	Repaid/ Amortized	Dec. 31, 2022
		(In thousands)		
Series 2021A	$ 1,225,520	$ —	$ —	$ 1,223,320
Series 2021B	11,385	—	2,200	11,385
Total Tower 4 Liberty Bonds	$ 1,236,905	$ —	$ 2,200	$ 1,234,705

Annual debt service payment requirements on outstanding Tower 4 Liberty Bonds at December 31, 2023 are as follows:

Year ending December 31:	Principal	Interest	Debt Service
		(In thousands)	
2024	$ 2,200	$ 32,520	**$ 34,720**
2025	2,200	32,499	**34,699**
2026	2,585	32,474	**35,059**
2027	25,370	32,437	**57,807**
2028	26,635	32,196	**58,831**
2029-2033	154,560	154,413	**308,973**
2034-2038	197,495	135,695	**333,190**
2039-2043	252,455	106,318	**358,773**
2044-2048	325,535	66,415	**391,950**
2049-2051	243,470	14,882	**258,352**
Total	$ 1,232,505	$ 639,849	**$ 1,872,354**

G. Goethals Bridge Replacement Developer Financing Arrangement

On August 30, 2013, the Port Authority and a private developer entered into an agreement ("the Project Agreement") for the design, construction, financing, and maintenance of a replacement Goethals Bridge ("the Replacement Bridge"). Substantial completion of the Replacement Bridge was achieved on June 30, 2018 ("Substantial Completion") and project completion, including the demolition of the existing bridge, occurred on December 31, 2018. Pursuant to the Project Agreement, which has a scheduled expiration date of June 30, 2053, the thirty-fifth anniversary of Substantial Completion, the private developer performs certain operation and maintenance work relating to the Replacement Bridge, and the Port Authority retains control over the toll collection system, including its operation and maintenance, and receives toll revenues. The Port Authority controls all tolling activities, including the determination and approval of toll rates.

Pursuant to the Goethals Bridge Replacement Developer Financing Arrangement ("DFA") contained within the Project Agreement, upon Substantial Completion of the Replacement Bridge the private developer became entitled to receive from the Port Authority, fixed payments in the principal amount of approximately $1.02 billion, subject to certain adjustments, to be paid in monthly payments of principal and interest (DFA payments) over the term of the Project Agreement. The Port Authority's obligation to make DFA payments is memorialized as an interest-bearing loan from the private developer to the Port Authority. Monthly DFA payments commenced in July 2018. DFA payments are subject to certain deductions for non-compliance and/or lane unavailability by the private developer pursuant to the terms of the Project Agreement. DFA payments are a special obligation of the Port Authority, payable over a thirty-five-year term (see *Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)*, for additional information related to the payment of special obligations of the Port Authority).

	Dec. 31, 2022	Accretion	Amortization	Dec. 31, 2023
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	$ 1,022,275	$ —	$ 1,975	**$ 1,020,300**

	Dec. 31, 2021	Accretion	Amortization	Dec. 31, 2022
		(In thousands)		
Goethals Bridge Replacement Developer Financing Arrangement	$ 1,023,286	$ —	$ 1,011	$ 1,022,275

In accordance with the Project Agreement, DFA payments to the private developer commenced in July 2018. Annual DFA payments required to be made to the private developer are as follows:

Year ending December 31:	Amortization	Implicit Interest*	Total DFA Payments
		(In thousands)	
2024	$ 2,844	$ 58,454	$ **61,298**
2025	4,106	58,111	**62,217**
2026	5,290	57,860	**63,150**
2027	6,558	57,540	**64,098**
2028	7,752	57,307	**65,059**
2029-2033	63,149	277,079	**340,228**
2034-2038	113,610	252,912	**366,522**
2039-2043	182,819	212,030	**394,849**
2044-2048	276,993	148,372	**425,365**
2049-2053	357,179	53,509	**410,688**
Total	$ 1,020,300	$ 1,233,174	**$ 2,253,474**

* DFA loan implicit interest rate equals 5.64% per annum.

Note E – General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)

The Port Authority has no power to levy taxes or assessments. Port Authority bonds, notes and other debt obligations are not obligations of the States of New York and New Jersey or of either of them and are not guaranteed by said States or by either of them.

Consolidated Bonds and Consolidated Notes

Consolidated Bonds and Consolidated Notes are direct and general obligations of the Port Authority and the full faith and credit of the Port Authority are pledged to the payment of debt service thereon. Consolidated Bonds and Consolidated Notes are secured equally and ratably with all other Consolidated Bonds and Consolidated Notes heretofore or hereafter issued by a pledge of: **a.)** the net revenues (as defined in the Consolidated Bond Resolution of 1952 ("Consolidated Bond Resolution") of all existing facilities of the Port Authority and any additional facilities which may hereafter be financed or refinanced in whole or in part through the medium of Consolidated Bonds and Consolidated Notes; **b.)** the General Reserve Fund of the Port Authority equally with other obligations of the Port Authority secured by the General Reserve Fund; and, **c.)** the Consolidated Bond Reserve Fund established by the Consolidated Bond Resolution.

The General Reserve Fund is pledged in support of Consolidated Bonds and Consolidated Notes. Statutes, which require the Port Authority to create and maintain the General Reserve Fund ("General Reserve Fund Statutes"), established the principle of pooling revenues from all facilities and require the Port Authority to apply surplus revenues from all of its existing facilities to maintain the General Reserve Fund in an amount equal to at least 10% of the par value of outstanding bonds legal for investment. At December 31, 2023, the General Reserve Fund balance was $2,523,802,000 and met the prescribed statutory amount (see *Schedule C – Analysis of Reserve Funds*).

The balance remaining of all net revenues (as defined in the Consolidated Bond Resolution) of the Port Authority's existing facilities after deducting payments for debt service upon all Consolidated Bonds and Consolidated Notes and the amount necessary to maintain the General Reserve Fund at its statutorily required amount is to be paid into the Consolidated Bond Reserve Fund, which is pledged as additional security for all outstanding Consolidated Bonds and Consolidated Notes. Consolidated Bonds and Consolidated Notes have a first lien upon the net revenues (as defined in the Consolidated Bond Resolution) of all existing facilities of the Port Authority and any additional facility financed by Consolidated Bonds and Consolidated Notes.

Amounts deposited into the General Reserve Fund may be accumulated or applied only to purposes set forth in the General Reserve Fund Statutes and agreements with the holders of such Port Authority bonds secured by a pledge of the General Reserve Fund. Amounts deposited into the Consolidated Bond Reserve Fund may be accumulated or applied only to the purposes stated in the Consolidated Bond Resolution. At December 31, 2023, the Port Authority met the requirements of the Consolidated Bond Resolution to maintain both reserve funds in cash and specified securities.

In addition, the Port Authority has a long-standing policy of maintaining the aggregate amount of both reserve funds in an amount equal to at least the next two years' bonded debt service on outstanding debt secured by a pledge of the General Reserve Fund.

Special Obligations

Commercial paper obligations, Variable Rate Master Notes, the MOTBY obligation, Tower 4 Liberty Bonds, the *Goethals Bridge Replacement DFA,* and *Special Obligation Institutional Loan Program* are special obligations of the Port Authority. The Port Authority is also a special limited co-obligor on the senior debt issued for WTC Tower 3, with a capped amount of debt service shortfalls payable as a special obligation of the Port Authority (see *Note L – Information with Respect to the Redevelopment of the World Trade Center Campus,* for additional information related to certain contingent obligations of the Port Authority with respect to the development of WTC Tower 3).

Special obligations of the Port Authority are payable from the proceeds of obligations of the Port Authority issued for such purposes, including Consolidated Bonds and Consolidated Notes issued in whole or in part for such purposes, or from net revenues (as defined below) deposited into the Consolidated Bond Reserve Fund, and in the event such net revenues are insufficient therefore, from other moneys of the Port Authority legally available for such payments when due.

Net revenues for purposes of special obligations of the Port Authority are defined, with respect to any date of calculation, as the revenues of the Port Authority pledged under the Consolidated Bond Resolution, and remaining after: i.) payment or provision for payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution; ii.) payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes; and, iii.) applications to the authorized purposes under Section 7 of the Consolidated Bond Resolution.

Special obligations of the Port Authority are subject in all respects to payment of debt service on Consolidated Bonds and Consolidated Notes as required by the applicable provisions of the Consolidated Bond Resolution and payment into the General Reserve Fund of the amount necessary to maintain the General Reserve Fund at the amount specified in the General Reserve Fund Statutes.

Special obligations of the Port Authority are not secured by or payable from the General Reserve Fund. Additionally, special obligations of the Port Authority do not create any lien on, pledge of or security interest in any revenues, reserve funds or other property of the Port Authority.

Equipment Notes and the *Fund buy-out obligation* are special obligations to the Port Authority, payable in the same manner and from the same sources as operating expenses.

Note F – Grants and Contributions in Aid of Construction

During 2023 and 2022 the Port Authority received reimbursements related to certain policing activities as well as federal, state, and local funding for operating and capital construction activities:

Policing programs

Amounts received in connection with the Port Authority Police Department providing services to a third-party are exchange transactions and recognized as operating revenues on the Statements of Revenues, Expenses and Changes in Net Position.

K-9 Program – The FAA and the Transportation Security Administration ("TSA") provided limited funding for operating costs associated with the training and care of explosive detection dogs. Amounts received in connection with this program were approximately $1.5 million in 2023 and $1.0 million in 2022.

U.S. Department of State ("USDOS") – In 2023 and 2022, the Port Authority recognized $1.0 million and $1.7 million from the USDOS to fund costs incurred by Port Authority police personnel for the United Nations General Assembly.

Grants, in connection with operating activities

Security Programs – In 2023 and 2022, the Port Authority recognized approximately $21.1 million and $7.0 million, respectively, from the Department of Homeland Security for security-related Urban Area Security Initiatives programs.

Federal Emergency Management Agency ("FEMA") – In 2023 and 2022, the Port Authority recognized approximately $6.7 million and $12.5 million, respectively, primarily from COVID-19 relief funding.

Airport Improvement Program ("AIP") – In 2023, the Port Authority recognized approximately $466 thousand in AIP discretionary funding at Aviation facilities.

Superstorm Sandy – In 2023 and 2022, the Port Authority recognized approximately $1.4 million and $834 thousand, respectively, from FEMA and the Federal Transit Administration ("FTA") for Superstorm Sandy immediate repair efforts.

Airport Coronavirus Response Grant Program ("ACRGP") concessions – In 2023, the Port Authority recognized $3.4 million in ACRGP federal funding related to relief from rent and minimum annual guarantees ("MAG") obligations provided to eligible airport concession.

America Rescue Plan Act ("ARPA") – In 2023 and 2022, the Port Authority recognized approximately $59.5 million and $124.3 million, respectively, in ARPA federal funding related to Port Authority aviation operating expenditures.

Department of the Army (U.S. Army Corps of Engineers) – In 2023 and 2022, the Port Authority recognized approximately $6.7 million and $6.0 million, respectively, in contributions due from the Department of the Army for funding related to federal channel maintenance dredging at Port facilities.

Coronavirus Response and Relief Supplemental Appropriations Act ("CRRSAA") – In 2022, the Port Authority recognized approximately $2.5 million in CRRSAA federal funding related to Port Authority aviation operating expenditures.

LaGuardia Gateway Partners, LLC ("LGP") – In 2022, the Port Authority recognized approximately $3.7 million from LGP related to baggage screening at LaGuardia ("LGA") Airport.

Contributions in Aid of Capital Construction

Superstorm Sandy – In 2023 and 2022, the Port Authority recognized approximately $119.7 million and approximately $186.0 million, respectively, in FTA and FEMA funding related to Superstorm Sandy permanent repairs and resiliency capital projects, primarily at PATH.

AIP – In 2023 and 2022, the Port Authority recognized approximately $15.7 million and $16.9 million, respectively, in AIP funding primarily related to rehabilitation of taxiways and runways at Port Authority Aviation facilities.

WTC Tower 3 – In 2023 and 2022, the Port Authority recognized approximately $1.9 million and $1.8 million, respectively, in required capital contributions due from the WTC Tower 3 net lessee for the construction of WTC Tower 3.

Federal Highway Administration ("FHWA") – In 2023 and 2022, the Port Authority recognized approximately $3.5 million and $344 thousand, respectively, in FHWA funding for the Cross Harbor Freight Movement Program at Greenville Yard, Port Authority Marine Terminal.

JFK New Terminal One ("NTO") – In 2023 and 2022, the Port Authority recognized approximately $62.7 million and $77.5 million, respectively, from the JFK NTO net lessee for the construction of JFK Terminal One.

JFK Millennium Partners ("JMP") – The Port Authority recognized approximately $15 million in 2023 from JMP for the construction of JFK Terminal Six.

United States Economic Development Administration ("EDA") – In 2023 and 2022, the Port Authority recognized $2.7 million and $3.7 million, respectively, from the EDA for the stabilization and repairs at MOTBY.

State of New Jersey Department of Transportation ("NJDOT") – The Port Authority recognized approximately $244 thousand in 2023 in NJDOT funding for the Rail Freight Assistance Program planning phase of the Express Rail Southbound Connector at Port Authority Marine Terminal.

Note G - Leasing Activities and Subscription-Based Information Technology Arrangements

Property leased to third-parties (Port Authority as lessor)

The Port Authority enters into lease arrangements with lessees for use of space at Port Authority facilities, including the World Trade Center, George Washington Bus Station, Air Terminals, Marine Terminals, Waterfront Development facilities, Industrial Development facilities, Journal Square Transportation Center and Port Authority Bus Terminal.

Lease Receivable and Deferred Inflow of Resources

In accordance with GASB Statement No. 87, the Port Authority, as lessor, recognizes a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for excluded leases. The lease receivable is measured at the present value of "fixed" lease payments, including escalations and minimum guarantees that are fixed in substance and expected to be received during the lease term. Rent escalations are defined in the respective lease agreements and are generally based on a fixed rate or referenced indexes, including the Consumer Price Index ("CPI"). Lease terms range from 1 to 78 years. Discount rates applied to expected fixed lease payments are based on the Port Authority's incremental cost of borrowing at the commencement of the lease term. Discount rates applied to expected fixed lease payments for purposes of present valuing lease receivables for all unexpired leases in effect during 2023 and 2022 valuations ranged from 0.33% to 5.23%. Renewal and termination options are included in the lease valuation if the option is reasonably certain of being exercised. Deferred inflows of resources are measured at the amount of the initial measurement of the lease receivable, plus any payments received at or before the commencement of the lease term that relate to future periods and are amortized on a straight-line basis over the lease term as a component of *Rentals*. The Port Authority continually monitors changes in circumstances that would require the remeasurement of a lease agreement.

A summary of the change in the lease receivables follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
	(In thousands)		
$4,572,733	$507,511	$241,481	**$4,838,763**

Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
	(In thousands)		
$4,696,296	$69,520	$193,083	$4,572,733

* Lease receivables has been reduced by $768 million and $783 million of payables related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

A summary of the change in the deferred inflows of resources follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
	(In thousands)		
$5,158,110	$497,429	$307,737	**$5,347,802**

Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
	(In thousands)		
$5,354,698	$69,520	$266,108	$5,158,110

* Deferred inflows of resources have been reduced by $716 million and $748 million of lease assets related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Fixed lease payments expected to be received by the Port Authority included in the measurement of the lease receivable are as follows:

Year ending December 31:	Amortization	Interest	Total
		(In thousands)	
2024	$ 230,377	$ 125,032	**$ 355,409**
2025	240,541	122,635	**363,176**
2026	232,347	117,929	**350,276**
2027	221,965	114,364	**336,329**
2028	187,464	111,199	**298,663**
2029-2033	693,512	539,534	**1,233,046**
2034-2038	543,980	511,183	**1,055,163**
2039-2043	168,216	507,291	**675,507**
2044-2048	57,006	538,025	**595,031**
2049-2053	86,710	562,239	**648,949**
2054-2058	107,805	515,644	**623,449**
2059-2063	64,234	577,560	**641,794**
2064-2068	82,483	621,931	**704,414**
2069-2073	65,615	1,072,323	**1,137,938**
2074-2078	54,774	1,199,276	**1,254,050**
2079-2083	65,960	1,346,892	**1,412,852**
2084-2088	95,777	1,501,803	**1,597,580**
2089-2093	126,115	1,683,334	**1,809,449**
2094-2098	1,588,798	465,508	**2,054,306**
2099-2103	676,733	22,485	**699,218**
2104-2108	10,990	1,926	**12,916**
2109-2113	4,902	192	**5,094**
Total	$ 5,606,304	$ 12,258,305	**$ 17,864,609**

Note: Amortization has not been reduced by $768 million of payables related to the Port Authority's leaseback of space in WTC Tower 4 (discussed further below), which are netted against receivables due from the WTC Tower 4 net lessee.

Lease-Leaseback Transactions

In accordance with GASB Statement No. 87, lease-leaseback transactions are accounted for as a "net" transaction. Under the terms of the December 2010 World Trade Center Amended and Restated Master Development Agreement ("MDA"), Silverstein Properties, Inc (Silverstein net lessee) is the WTC Tower 4 net lessee. In December 2010, the Port Authority, as tenant, entered into a space lease with the WTC Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive and corporate offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. For additional information related to the redevelopment of the WTC see Note L – *Information with Respect to the Redevelopment of the World Trade Center Campus.*

Fixed lease payments expected to be received and paid by the Port Authority for lease-leaseback transactions, included in the measurement of the lease receivable are as follows:

Year ending Dec. 31:	WTC Tower 4 net-lease		WTC Tower 4 Port Authority office space leaseback		Net Receivable	
	Amortization	Interest	Amortization	Interest	Amortization	Interest
			(In thousands)			
2024	$ —	$ 34,076	$ 16,803	$ 21,175	**$ (16,803)**	**$ 12,901**
2025	—	34,885	20,617	20,643	**(20,617)**	**14,242**
2026	—	35,718	21,201	20,059	**(21,201)**	**15,659**
2027	—	36,576	21,801	19,458	**(21,801)**	**17,118**
2028	—	37,460	22,419	18,840	**(22,419)**	**18,620**
2029-2033	—	217,479	140,065	83,262	**(140,065)**	**134,217**
2034-2038	—	251,165	185,038	60,619	**(185,038)**	**190,546**
2039-2043	—	292,715	239,159	31,069	**(239,159)**	**261,646**
2044-2048	—	341,400	100,438	2,535	**(100,438)**	**338,865**
2049-2053	—	382,573	—	—	**—**	**382,573**
2054-2058	—	358,304	—	—	**—**	**358,304**
2059-2063	—	433,837	—	—	**—**	**433,837**
2064-2068	—	488,662	—	—	**—**	**488,662**
2069-2073	—	950,615	—	—	**—**	**950,615**
2074-2078	—	1,083,971	—	—	**—**	**1,083,971**
2079-2083	—	1,238,924	—	—	**—**	**1,238,924**
2084-2088	—	1,418,916	—	—	**—**	**1,418,916**
2089-2093	—	1,627,935	—	—	**—**	**1,627,935**
2094-2098	1,431,148	439,456	—	—	**1,431,148**	**439,456**
2099-2100	624,272	18,699	—	—	**624,272**	**18,699**
Total	$ 2,055,420	$9,723,366	$ 767,541	$ 277,660	**$ 1,287,879**	**$ 9,445,706**

A summary of the lease-leaseback transaction for the WTC Tower 4 net lease for 2023 and 2022 follows:

	2023			2022		
	WTC Tower 4 net-lease	**WTC Tower 4 PA office space leaseback**	**Net**	WTC Tower 4 PA office space lease	WTC Tower 4 leaseback	Net
	(In thousands)					
Lease receivable/ (liability)	**$ 2,055,420**	**$ (767,541)**	**$ 1,287,879**	$ 2,055,420	$ (783,424)	$ 1,271,996
(Deferred inflows of resources, leases)/lease asset	**(1,980,348)**	**715,730**	**(1,264,618)**	(2,006,220)	748,449	(1,257,771)
Lease amortization (revenue)/expense	**(25,873)**	**32,719**	**6,846**	(25,873)	32,719	6,846
Interest (income)/ expense	**(79,218)**	**21,626**	**(57,592)**	(77,516)	22,064	(55,452)

Regulated Lease Agreements

In accordance with GASB Statement No. 87, *regulated leases* are lease agreements regulated by a governmental entity and subject to external laws, regulations or legal rulings. Lease agreements with third parties at Port Authority Aviation facilities regulated by the FAA and are aeronautical in nature, including terminals are excluded from the measurement of the lease receivable. Lease agreements with third parties at Port Authority Marine terminals regulated by the Federal Maritime Committee ("FMC") and are connected with the movement of cargo through the leasing of terminal, wharf, dock and warehouse space are excluded from the measurement of the lease receivable. Lease payments received in connection with regulated lease agreements are recognized as *Rentals* based on the rental terms contained in their respective lease agreement.

The Port Authority was lessor to approximately 300 regulated lease agreements and recognized rental revenue of approximately:

2023		2022	
Fixed Rent Regulated Leases	**Variable Rent Regulated Leases**	Fixed Rent Regulated Leases	Variable Rent Regulated Leases
(In thousands)			
$1,031,945	**$419,531**	$872,072	$411,110

Future minimum lease payments related to "regulated" leases at Port Authority Aviation and Marine Terminal facilities are as follows:

Year ending December 31:		Total Regulated Lease Payments
		(In thousands)
2024	$	1,036,724
2025		964,726
2026		892,513
2027		891,487
2028		731,042
2029-2033		2,899,344
2034-2038		1,862,419
2039-2043		2,082,562
2044-2048		1,333,073
2049-2053		1,284,479
2054-2058		1,318,873
2059-2063		611,042
2064-2068		87,411
2069-2073		30,593
Total	$	16,026,288

Variable Rent Lease (excluding certain regulated leases)

In accordance with GASB Statement No. 87, lease agreements in which the lease payment paid by the lessee to the lessor is based on activity (excluding minimum guaranteed lease payments) are not included in the measurement of the lease receivable because they do not contain fixed lease payments. The Port Authority recognized rental revenue from non-fixed variable leases of $388 million and $428 million in 2023 and 2022, respectively.

Property leased by the Port Authority from third-parties (Port Authority as lessee)

The Port Authority enters into lease arrangements for land and office space with municipalities and other lessors in support of operating Port Authority facilities, including the Cities of New York and Newark for the leasing of the New York City Municipal Air Terminals and Newark Municipal Air and Marine Terminals.

Lease Liability and Lease Asset

In accordance with GASB Statement No. 87, the Port Authority, as lessee, recognizes a lease liability and lease asset at the commencement of the lease term. The lease liability is measured at the present value of "fixed" rent payments, including escalations based on fixed rates, indexes and minimum guarantees that are fixed in substance and expected to be paid during the lease term. Discount rates applied to these expected fixed lease payments are based on the Port Authority's incremental cost of borrowing at the commencement of the lease term. Lease terms range from 1 to 77 years. Discount rates applied to expected fixed lease payments for purposes of present valuing lease liabilities for all unexpired leases in effect during 2023 ranged from 0.57% to 5.74%. Renewal and termination options are included in the lease valuation if the option is reasonably certain of being exercised. Lease assets are measured at the amount of the initial measurement of the lease liability, plus any payments made at or before the commencement of the lease term that relate to future periods and any ancillary costs to place the asset into service and are amortized on a straight-line basis over the lease term. The Port Authority continually monitors changes in circumstances that would require a remeasurement of a lease agreement.

A summary of changes in the lease liabilities follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023*
		(In thousands)	
$6,497,812	$14,558	$87,627	**$6,424,743**

Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022*
		(In thousands)	
$6,576,858	$15,139	$94,185	$6,497,812

* Lease liabilities do not include $768 million and $783 million of liabilities related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against lease receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

A summary of changes in the lease assets follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
$7,105,371	$14,558	$176,755	**$6,943,174**

Dec. 31, 2021	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
$7,263,008	$15,139	$172,776	$7,105,371

* Lease assets do not include $716 million and $748 million of lease assets related to the Port Authority's leaseback of space in WTC Tower 4 at December 31, 2023 and 2022, respectively, which are netted against deferred inflows of resources from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Future rent payments included in the measurement of the lease liabilities, including amortization follows:

Year ending December 31:	Amortization	Interest	Total
		(In thousands)	
2024	$ 69,794	$ 211,190	**$ 280,984**
2025	92,124	208,233	**300,357**
2026	94,100	205,215	**299,315**
2027	95,670	202,127	**297,797**
2028	97,542	199,026	**296,568**
2029-2033	526,257	945,140	**1,471,397**
2034-2038	585,195	853,312	**1,438,507**
2039-2043	635,386	754,366	**1,389,752**
2044-2048	740,294	641,969	**1,382,263**
2049-2053	834,071	512,270	**1,346,341**
2054-2058	963,677	365,770	**1,329,447**
2059-2063	633,740	218,441	**852,181**
2064-2068	388,965	148,066	**537,031**
2069-2073	460,646	76,043	**536,689**
2074-2077	207,282	7,356	**214,638**
Total	$ 6,424,743	$ 5,548,524	**$ 11,973,267**

Note: Amortization has been reduced by $768 million of payables related to the Port Authority's leaseback of space in WTC Tower 4 which are netted against receivables due from the WTC Tower 4 net lessee, Silverstein Properties, Inc.

Subscription Based Information Technology Agreements ("SBITAs")

A SBITA is defined as a contractual agreement that conveys control of SBITA vendor's software technology alone or in combination with tangible information technology capital assets to a third party as specified in the contract for a minimum contractual period of greater than one year. The Port Authority, as a third party utilizes certain SBITA enterprise wide through cloud computing arrangements, including Software as a Service ("SaaS"), Platforms as a Service ("PaaS") and Infrastructure as a Service ("IaaS").

In accordance with GASB Statement No. 96, the Port Authority recognizes a subscription-based liability (subscription liability) and a corresponding subscription-based right to use asset (subscription asset) at the commencement of the subscription term. The subscription liability is measured at the present value of "fixed" subscription payments payable during the remaining subscription term. Discount rates applied to these expected fixed subscription payments are based on the Port Authority's incremental cost of borrowing at the commencement of the subscription term. Subscription terms range from 1 to 5 years. Discount rates applied to expected fixed subscription payments in the 2023 and 2022 subscription liability valuations ranged from 1.56% to 3.45%. Renewal and termination options are included in the subscription valuation if the option is reasonably certain of being exercised. Subscription assets are measured at the date the subscription asset is placed into service, plus subscription payments made at or before the commencement of the subscription term that relate to future periods and any implementation costs needed to place the asset into service and are amortized on a straight-line basis over the subscription term. The Port Authority continually monitors changes in circumstances in SBITAs that would require remeasurement if it could materially affect the amount of the subscription liability and related subscription asset to be recognized.

A summary of changes in the subscription liabilities follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
$ 15,713	$ —	$ 11,275	**$ 4,438**

Jan. 1, 2022	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
$ 22,156	$ 4,422	$ 10,865	$ 15,713

A summary of changes in the subscription assets follows:

Dec. 31, 2022	Additions	Amortization	Dec. 31, 2023
		(In thousands)	
$ 19,947	$ —	$ 7,758	**$ 12,189**

Jan. 1, 2022	Additions	Amortization	Dec. 31, 2022
		(In thousands)	
$ 22,156	$ 4,422	$ 6,631	$ 19,947

Future subscription payments included in the measurement of the subscription liabilities, including amortization follows:

Year ending December 31:	Amortization	Interest	Total
		(In thousands)	
2024	$ 4,438	$ 39	**$ 4,477**

Note H – Regional Facilities and Programs

At the request of the Governors of the States of New York and New Jersey, the Port Authority participates in certain programs that are deemed essential to the continued economic viability of the two states and the region. These programs, which are generally non-revenue producing to the Port Authority, are addressed by the Port Authority in its budget and business planning process in the context of the Port Authority's overall financial capacity. To the extent not otherwise associated with an existing Port Authority facility, these projects are effectuated through the certification of an additional Port Authority facility established solely for these purposes. The Port Authority does not expect to derive any revenues from regional development facilities and programs described below.

Regional Facilities

Regional Development Facility (certified in 1987) – This facility is a centralized program of certain economic development and infrastructure renewal projects. It was expected that $250 million of capital funds would be made available in connection with the Governors' Program of June 1983. As of December 31, 2023, approximately $248 million has been allocated under this program.

Regional Economic Development Program (certified in 1989) – This facility is comprised of up to $400 million for certain transportation, economic development and infrastructure renewal projects. Funds allocated under this program have been fully allocated.

New York Transportation, Economic Development and Infrastructure Renewal Program (certified in 2002) – This facility was established to provide up to $250 million for certain transportation, economic development and infrastructure renewal projects in the State of New York. All funds under this program have been fully allocated.

Regional Transportation Program (certified in 2002) – This facility was established in conjunction with a program to provide up to $500 million for regional transportation initiatives. All funds under this program have been fully allocated.

Hudson-Raritan Estuary Resources Programs (certified in 2002 and 2014) – These facilities were established to acquire certain real property in the Port District area of the Hudson-Raritan Estuary for environmental enhancement/ancillary economic development purposes, in support of the Port Authority's capital program. The cost of real property acquired under these programs are not to exceed $120 million. As of December 31, 2023, approximately $54 million has been allocated under these programs.

Regional Rail Freight Program (certified in 2002) – This facility provides for the Port Authority to participate, in consultation with other governmental entities in the States of New York and New Jersey, in the development of certain regional rail freight projects to provide for increased rail freight capacity. The Port Authority is authorized to provide up to $50 million. All funds under this program have been fully allocated.

Meadowlands Passenger Rail Facility (certified in 2006) – This facility, which links New Jersey Transit's ("NJT") Pascack Valley Rail Line to the Meadowlands Sports Complex, encourages greater use of PATH service since NJT runs shuttle bus service at peak times to Hoboken. The improved level of passenger rail service provided by the facility also serves to ease traffic congestion on the Port Authority's interstate tunnel and bridge crossings. The Port Authority is authorized to provide up to $150 million towards the project's capital costs. All funds under this program have been fully allocated.

Costs for these programs are deferred and amortized over the period benefited, up to a maximum of 15 years. The unamortized costs of the regional programs are as follows:

	Dec. 31, 2022	Project Expenditures	Amortization	Dec. 31, 2023
		(In thousands)		
Regional Development Facility	$ 114	$ —	$ 114	**$ —**
Regional Economic Development Program	759	—	128	**631**
New York Transportation, Economic Development and Infrastructure Renewal Program	2,375	—	483	**1,892**
Regional Transportation Program	3,359	—	2,001	**1,358**
Hudson-Raritan Estuary Resources Program	6,614	—	2,103	**4,511**
Regional Rail Freight Program	3	—	3	**—**
Meadowlands Passenger Rail Facility	1,683	—	1,646	**37**
Total unamortized costs of regional programs	$ 14,907	$ —	$ 6,478	**$ 8,429**

Interstate Transportation Network Programs

Moynihan Station Transportation Program (certified in 2017) – On September 26, 2016, the Board of Commissioners authorized the Executive Director, on behalf of the Port Authority to provide, at the request of the State of New York, a one-time financial contribution of $150 million to the State of New York to advance the Moynihan Station Transportation Program, a project to redevelop the James A. Farley United States Post Office Building together with its Western Annex into a new transportation facility serving the New York and New Jersey region, to be known as Moynihan Station. Funds under this program have been fully allocated. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Gateway Early Work Program (certified in 2018) – On February 15, 2018, the Board of Commissioners certified: i.) up to $35 million in funds authorized by the Board in March 2016; and, ii.) up to $44 million in funds authorized by the Board in February 2018, for a total of $79 million (collectively, the "Gateway Early Work Program"), as an additional facility of the Port Authority for purposes of funding capital expenditures in connection with the Gateway Early Work Program. As of December 31, 2023, approximately $75 million has been allocated under these program. See *Schedule F - Information on Capital Investment in Port Authority Facilities* for additional information on costs related to this program.

Note I - Pension Plans

Port Authority and PATH employees participate in different retirement plans, as described below.

Port Authority Employees

Generally, full-time employees of the Port Authority (but not its component units) are required to join one of two cost-sharing, multiple-employer defined benefit pension plans administered by the New York State Comptroller's Office, the New York State and Local Employees' Retirement System ("ERS") or the New York State and Local Police and Fire Retirement System ("PFRS"), collectively referred to as the New York State and Local Retirement System ("NYSLRS"). The New York State Constitution provides that membership in a pension plan or retirement system of the State or of a civil division thereof is a contractual relationship, the benefits of which may not be diminished or impaired.

NYSLRS Plan Benefits

Classes of employees covered under the NYSLRS range from Tiers 1–6. Date ranges determining tier membership follows:

	ERS Membership		PFRS Membership	
Tier	**On or After:**	**Before:**	**On or After:**	**Before:**
1	-	July 1, 1973	-	July 31, 1973
2	July 1, 1973	July 27, 1976	July 31, 1973	July 1, 2009
3	July 27, 1976	September 1, 1983	July 1, 2009	January 9, 2010
4	September 1, 1983	January 1, 2010	N/A	N/A
5	January 1, 2010	April 1, 2012	January 9, 2010	April 1, 2012
6	April 1, 2012	Present	April 1, 2012	Present

Members in Tiers 1–4 need five years of service to be 100% vested. In April 2022, new legislation was passed that reduced the number of years of service credit for Tier 5 and 6 members from ten years to five years. Therefore, all members are 100% vested when they reach five years of service credit.

Participating employers are required under the provisions of the New York State Retirement and Social Security Law ("RSSL") to contribute to the NYSLRS at an actuarially determined rate adopted annually by the State Comptroller of New York. The average contribution rate for ERS for the fiscal years ended March 31, 2023 and March 31, 2022 was approximately 11.6% and 16.2% of payroll. The average contribution rate for PFRS for the fiscal years ended March 31, 2023 and March 31, 2022 were approximately 27.0% and 28.3% of payroll, respectively.

Generally, Tiers 3, 4, and 5 members must contribute 3% of their salary to the respective NYSLRS plans. As a result of Article 19 of the RSSL, eligible Tiers 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with the NYSLRS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tiers 5 and 6 members are required to contribute for all years of service.

Benefits for each NYSLRS plan are established and may be amended under the provisions contained in the New York State RSSL.

Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62. Generally, the benefit for Tier 1 and Tier 2 members is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2% of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year used in the final average salary calculation is limited to no more than 20% greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20% greater than the average of the previous two years.

Tiers 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tiers 3, 4 and 5 is 62. Generally, the benefit for Tier 3, Tier 4 and Tier 5 members is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2% of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5% of final average salary is applied for each year of service over 30 years. Tiers 3, 4 and 5 members with five or more years of service can retire as early as age 55 with reduced benefits. Tiers 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. Final average salary is the average of the wages earned in the three highest consecutive years of employment. For ERS Tiers 3, 4 and 5 members, each year used in the final average salary calculation is limited to no more than 10% greater than the average of the previous two years. For PFRS

Tier 5 (there are no Port Authority members enrolled in PFRS Tiers 3 and 4), each year used in the final average salary calculation is limited to no more than 20% greater than the average of the previous two years.

Tier 6 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members and 62 for PFRS members. Generally, the benefit for Tier 6 members is 1.67% of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75% of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2% of final average salary is applied for each year of service over 20 years. Tier 6 members with ten or more years of service can retire as early as age 55 with reduced benefits. Final average salary is the average of the wages earned in the five highest consecutive years. For Tier 6 members, each year of final average salary is limited to no more than 10% of the average of the previous four years.

Certain Port Authority PFRS members belong to 25-Year Plans, which allow for retirement after 25 years of service with a benefit of one-half of final average salary or 20-Year Plans, which allow for retirement after 20 years of service with a benefit of one-half of final average salary.

Port Authority contributions due NYSLRS for the period covering April 1, 2023 through March 31, 2024 totaling $158.9 million, including $57.8 million to ERS and $101.1 million to PFRS, were paid on February 1, 2024.

Detailed information about the fiduciary net position and valuation methods related to ERS and PFRS can be found in the NYSLRS Annual Report as of and for the years ended March 31, 2023 and March 31, 2022, which is publicly available at the following web address: https://www.osc.state.ny.us/files/retirement/resources/pdf/financial-statements-2023.pdf.

NYSLRS – Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

NYSLRS Net Pension Liability - 2023 and 2022

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions,"* as amended, defines the Net Pension Liability/Asset ("NPL" "NPA") as the difference between the Total Pension Liability ("TPL") and the pension plan's fiduciary net position determined as of a measurement date established by the employer. For purposes of measuring the NPL/NPA, the plan's fiduciary net position has been determined on the same basis as it is reported for ERS and PFRS. Benefit payments are recognized when due and payable in accordance with the benefit terms and investments are measured at their fair value.

The Port Authority's proportionate share of the NYSLRS plans' NPL/NPAs totaled:

NPL/NPA	**December 31, 2023**	December 31, 2022
	(In thousands)	
ERS	**$ 299,457**	$ (118,530)
PFRS	**467,522**	50,218
Total Net Pension Liability/(Asset)	**$ 766,979**	$ (68,312)

The NPL/NPAs at December 31, 2023 and 2022 were measured as of March 31, 2023 and 2022, based on actuarial valuations as of April 1, 2022 and 2021, with update procedures used to roll forward the TPL to March 31, 2023 and 2022, respectively.

The Port Authority's proportion of the NYSLRS plans' NPL/NPA totaled:

	2023	2022
ERS	**1.4%**	1.4%
PFRS	**8.5%**	8.8%

The Port Authority's proportionate share of the ERS and PFRS NPL/NPAs were actuarially determined based on the projection of the Port Authority's long-term share of contributions to each respective plan relative to the projected long-term contributions of all participating employers of each plan.

NYSLRS Pension Expense - 2023 and 2022

The Port Authority's proportionate share of the NYSLRS plans' actuarially determined pension expense totaled:

Pension Expense	**2023**	2022
	(In thousands)	
ERS	**$ 117,343**	$ 13,298
PFRS	**152,349**	52,729
Total Pension Expense	**$ 269,692**	$ 66,027

NYSLRS Deferred Inflows/Outflows of Resources - 2023 and 2022

GASB Statement No. 68, as amended, requires certain changes in the NPL/NPA to be recognized as deferred outflows of resources or deferred inflows of resources. Deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows), to future years' pension expense, using a systematic and rational method over a closed period.

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2023:

Deferred Outflows of Resources	ERS	PFRS	Total
		December 31, 2023 (In thousands)	
Differences between expected and actual experience	$ 31,895	$ 45,696	**$ 77,591**
Changes in actuarial assumptions	145,436	227,822	**373,258**
Net difference between projected and actual earnings on pension plan investments	—	827	**827**
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	17,551	37,314	**54,865**
Subtotal - Deferred Outflows of Resources	194,882	311,659	**506,541**
Port Authority contributions subsequent to the measurement date*	—	—	**—**
Total Deferred Outflows of Resources	$ 194,882	$ 311,659	**$ 506,541**

* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pensions plan's NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPL for the fiscal year ending December 31, 2024. Port Authority contributions due NYSLRS for the period covering April 1, 2023 through March 31, 2024 totaling $158.9 million, including $57.8 million to ERS and $101.1 million to PFRS, were paid on February 1, 2024.

Deferred Inflows of Resources	ERS	PFRS	Total
		December 31, 2023 (In thousands)	
Differences between expected and actual experience	$ 8,410	$ —	**$ 8,410**
Changes in actuarial assumptions	1,607	—	**1,607**
Net difference between projected and actual earnings on pension plan investments	1,759	—	**1,759**
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	14,560	25,280	**39,840**
Total Deferred Inflows of Resources	$ 26,336	$ 25,280	**$ 51,616**

The difference between reported deferred outflows of resources, excluding contributions made by the Port Authority after the measurement date, and deferred inflows of resources will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense (benefit) as follows:

Year ended December 31:	ERS	PFRS	Total
		(In thousands)	
2024	$ 44,637	$ 57,202	**$ 101,839**
2025	(15,972)	(4,122)	**(20,094)**
2026	58,280	145,767	**204,047**
2027	81,601	80,062	**161,663**
2028	—	7,470	**7,470**
Total	$ 168,546	$ 286,379	**$ 454,925**

The Port Authority reported deferred outflows of resources and deferred inflows of resources related to NYSLRS from the following sources at December 31, 2022:

	December 31, 2022		
Deferred Outflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ 8,976	$ 27,073	$ 36,049
Changes in actuarial assumptions	197,814	300,568	498,382
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	25,272	50,227	75,499
Subtotal - Deferred Outflows of Resources	232,062	377,868	609,930
Port Authority contributions subsequent to the measurement date*	55,306	92,716	148,022
Total Deferred Outflows of Resources	$ 287,368	$ 470,584	$ 757,952

* Contributions made by the Port Authority to NYSLRS after the measurement date to satisfy the pension plan's NPA/NPL, but before the end of the financial statement period for the employer are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the Port Authority's ERS and PFRS NPA/NPL for the fiscal year ending December 31, 2023.

	December 31, 2022		
Deferred Inflows of Resources	**ERS**	**PFRS**	**Total**
		(In thousands)	
Differences between expected and actual experience	$ 11,643	$ —	$ 11,643
Changes in actuarial assumptions	3,338	—	3,338
Net difference between projected and actual earnings on pension plan investments	388,137	421,964	810,101
Changes in proportion and differences between Port Authority contributions and proportionate share of contributions	16,351	27,193	43,544
Total Deferred Inflows of Resources	$ 419,469	$ 449,157	$ 868,626

NYSLRS Actuarial Assumptions - 2023 and 2022

The TPL for each plan was determined using an actuarial valuation as of April 1, 2022 for fiscal year 2023 and April 1, 2021 for fiscal year 2022, with update procedures used to roll forward the TPL to the measurement dates of March 31, 2023 and March 31, 2022, respectively. These actuarial valuations used the following actuarial assumptions:

ERS	**2023**	2022
Investment rate of return	**5.9% compounded annually, net of investment expenses, including inflation**	5.9% compounded annually, net of investment expenses, including inflation
Salary scale	**4.4%, indexed by service**	4.4%, indexed by service
Inflation	**2.9%**	2.7%
Cost of living adjustment	**1.5%**	1.4%

PFRS	2023	2022
Investment rate of return	**5.9% compounded annually, net of investment expenses, including inflation**	5.9% compounded annually, net of investment expenses, including inflation
Salary scale	**6.2%, indexed by service**	6.2%, indexed by service
Inflation	**2.9%**	2.7%
Cost of living adjustment	**1.5%**	1.4%

Mortality rates for both fiscal years 2023 and 2022 actuarial valuation were based on the experience study for each plan for the period April 1, 2015, through March 31, 2020, with adjustments for mortality improvement based on the Society of Actuaries' Scale MP-2021.

The long-term expected rate of return on pension plan investments for each actuarial valuation for ERS and PFRS was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the determination of the investment rate of return for each actuarial valuation are summarized in the following table:

	2023*		2022*	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	**32%**	**4.30%**	32%	3.30%
International equity	**15%**	**6.85%**	15%	5.85%
Private equity	**10%**	**7.50%**	10%	6.50%
Real estate	**9%**	**4.60%**	9%	5.00%
Opportunistic/Absolute return strategies**	**3%**	**5.38%**	3%	4.10%
Credit	**4%**	**5.43%**	4%	3.78%
Real assets	**3%**	**5.84%**	3%	5.58%
Fixed Income	**23%**	**1.50%**	23%	0.00%
Cash	**1%**	**0.00%**	1%	(1.00)%
Inflation-indexed bonds	**0%**	**0.00%**	0%	0.00%
Total	**100%**		100%	

* The real rate of return is net of the long-term inflation assumption of 2.5% in 2023 and 2022.

** Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity, respectively.

NYSLRS Discount Rate Analysis - 2023 and 2022

The discount rate used to calculate the TPL for ERS and PFRS was 5.9% for 2023 and 2022. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rates and that employer contributions will be made at their contractually required rates, as actuarially determined.

Based upon these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for both ERS and PFRS. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL for each plan.

The following tables present the Port Authority's proportionate share of the NPL/NPA for ERS and PFRS calculated for 2023 and 2022 using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate actually used.

	1% Decrease (4.9%)	2023 Discount Rate (5.9%)	1% Increase (6.9%)
		(In thousands)	
ERS - Port Authority's proportionate share of the NPL/(NPA)	$ 723,660	$ 299,457	$ (55,013)
PFRS - Port Authority's proportionate share of the NPL/(NPA)	974,572	467,522	47,655
Total	$ 1,698,232	$ 766,979	$ (7,358)

	1% Decrease (4.9%)	2022 Discount Rate (5.9%)	1% Increase (6.9%)
		(In thousands)	
ERS - Port Authority's proportionate share of the (NPA)/NPL	$ 305,095	$ (118,530)	$ (472,872)
PFRS - Port Authority's proportionate share of the NPL/(NPA)	558,600	50,218	(370,587)
Total	$ 863,695	$ (68,312)	$ (843,459)

Additional information related to the Port Authority's proportionate share of the NPL for ERS and PFRS and the Port Authority's contributions to ERS and PFRS can be found in the Required Supplementary Information ("RSI") section of this report following the appended notes.

New York State Voluntary Defined Contribution Program ("VDC")

Non-represented New York State public employees hired on or after July 1, 2013 with annual wages of $75,000 or more are eligible to participate in the VDC by electing out of the ERS defined benefit pension plan. The VDC plan is administered by TIAA-CREF. System benefits and contribution requirements are established and may be amended under provisions of the RSSL.

An electing VDC employee contributes up to 6% of their annual gross wages with an additional employer contribution of 8% of the employee's annual gross wages.

As of December 31, 2023 and 2022, 395 and 357 employees, respectively, were enrolled in the VDC program. The following table shows employee and employer contributions (reported as pension expense):

		2023		2022
		(In thousands)		
Employer Contributions	$	**3,811**	$	3,293
Employee Contributions		**2,842**		2,449
Total	$	**6,653**	$	5,742

Port Authority Trans-Hudson Corporation ("PATH") Employees

Federal Railroad Retirement Program

PATH employees are not eligible to participate in NYSLRS. In accordance with Federal Railroad Retirement legislation enacted in 1935, and amended thereafter, PATH represented and non-represented employees are members of a two tiered Federal Railroad Retirement Program administered by the United States Railroad Retirement Board. The Federal Railroad Retirement Program is a cost-sharing defined benefit pension plan, providing benefits to employees of governmental and private sector railroad entities. Program benefits are established and may be amended by federal legislation. Under the Federal Railroad Retirement Program, employees are entitled to retirement benefits related to years of railroad service, age and salary. Survivor and disability benefits are also available to members based on program eligibility requirements. Vesting of benefits is determined after a set period of credited railroad service. Funding of the Federal Railroad Retirement Program is legislatively determined through the collection of employer and employee Railroad Retirement Taxes. In 2023 and 2022, 1,285 and 1,218 PATH employees, respectively, participated in the Federal Railroad Retirement Program.

Employer and employee contributions to the Federal Railroad Retirement Program were as follows:

Railroad Retirement Tier I	Employee Tax Rate		Employee Taxes	Employer Tax Rate		Employer Taxes		Total Taxes
				($ In thousands)				
2023	**7.65%**	**$**	**11,799**	**7.65%**	**$**	**11,799**	**$**	**23,598**
2022	7.65%	$	11,191	7.65%	$	11,191	$	22,382

Railroad Retirement Tier II	Employee Tax Rate		Employee Taxes	Employer Tax Rate		Employer Taxes		Total Taxes
				($ In thousands)				
2023	**4.9%**	**$**	**6,095**	**13.1%**	**$**	**16,294**	**$**	**22,389**
2022	4.9%	$	5,620	13.1%	$	15,025	$	20,645

Detailed information about the Federal Railroad Retirement Program can be found in the U.S. Railroad Retirement Board Performance and Accountability Report, which is publicly available at the following web address: https://www.rrb.gov/sites/default/files/2023-11/par2023.pdf.

PATH Employees Supplemental Pension Plans

In addition to pension benefits provided under the Federal Railroad Retirement Program, PATH employees are eligible to participate in certain supplemental pension plans, as described below.

PATH Represented Employees

For PATH employees covered under collective bargaining agreements, PATH makes defined contributions to supplemental pension plans administered exclusively by trustees comprised of and appointed by union members. Benefits are established and may be amended at the sole discretion of the trustees. PATH is not responsible for funding deficiencies or entitled to funding surpluses related to these supplemental pension plans. PATH's sole responsibility related to these supplemental pension plans are contributions that are defined in various collective bargaining agreements. Contributions by PATH to these supplemental pension plans totaled approximately $8.6 million in 2023 and $11.1 million in 2022.

PATH Non-Represented Employees

Employees of PATH who are not covered by collective bargaining agreements (PATH Exempt Employees) are members of the PATH Exempt Employees Supplemental Pension Plan, amended and restated as of January 1, 2011 ("the Plan"). The Plan is a non-contributory, unfunded, single-employer, defined benefit, qualified governmental pension plan administered by PATH. The Plan provides retirement benefits related to years of service as a PATH Exempt Employee and final average salary, death benefits for active PATH Exempt Employees, vesting of retirement benefits after a set period of credited service as a PATH Exempt Employee, and optional methods of retirement benefit payment. Depending upon the date of membership, retirement benefits differ as to the qualifying age or years of service requirement and the benefit formula used in calculating retirement benefits.

On August 22, 2013, the Port Authority established the PATH Exempt Employees Supplemental Pension Plan Trust with Wells Fargo Bank, N.A. as Trustee. As of December 31, 2023, no amounts have been deposited into the trust to fund future pension payments. In July 2019, Principal Financial Group ("Principal") acquired Wells Fargo's Institutional Retirement & Trust business. Migration of the Trust to Principal was completed on February 22, 2022.

PATH Exempt Employee Supplemental Pension Plan – Total Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

PATH Exempt Employee Supplemental Pension Plan Total Pension Liability - 2023 and 2022

GASB Statement No. 68, as amended, defines the NPL as the difference between the TPL and the pension plan's fiduciary net position. As the Plan is unfunded and has no plan assets, the TPL and NPL are of equal amounts. Changes in the TPL from the previous measurement date are as follows:

Total Pension Liability	2023*	2022**
	(In thousands)	
Beginning Balance	$ 121,653	$ 116,053
Changes recognized for the fiscal year:		
Service cost	6,239	5,709
Interest on the total pension liability	2,593	2,534
Differences between expected and actual experience	(754)	915
Changes in assumptions	(23,699)	937
Benefit payments	(4,074)	(4,495)
Net change in TPL	(19,695)	5,600
TPL recognized at December 31	$ 101,958	$ 121,653

* The Plan's TPL reported at December 31, 2023 was measured as of January 1, 2023 based on an actuarial valuation as of the same date.

**The Plan's TPL reported at December 31, 2022 was measured as of January 1, 2022 based on an actuarial valuation as of the same date.

PATH Exempt Employee Supplemental Pension Plan Pension Expense - 2023 and 2022

Pension expense related to the Plan totaled:

	2023	2022
	(In thousands)	
Pension Expense	$ 7,950	$ 11,949

PATH Exempt Employee Supplemental Pension Plan Deferred Outflows/Inflows of Resources - 2023 and 2022

GASB Statement No. 68, as amended, requires certain changes in the TPL to be recognized as deferred outflows of resources or deferred inflows of resources. These deferred outflows and deferred inflows of resources are amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense using a systematic and rational method over a closed period.

At December 31, 2023 and December 31, 2022, the Port Authority reported deferred outflows of resources totaling:

Deferred Outflows of Resources	2023	2022
	(In thousands)	
Differences between actual and expected experience	$ 1,175	$ 2,491
Changes in actuarial assumptions	4,634	9,655
Subtotal - Deferred Outflows of Resources	5,809	12,146
Contributions subsequent to the measurement date*	4,748	4,074
Total Deferred Outflows of Resources	$ 10,557	$ 16,220

* Contributions made by Port Authority to the Path Exempt Employee Supplemental Pension Plan after the measurement date to satisfy the pension plan's TPL, but before the end of the financial statement period for the employer, are recognized as deferred outflows of resources. These amounts will be recognized as a reduction to the TPL for the fiscal years ended December 31, 2023 and 2024, respectively.

At December 31, 2023 and December 31, 2022, the Port Authority reported deferred inflows of resources totaling:

Deferred Inflows of Resources	2023	2022
	(In thousands)	
Differences between actual and expected experience	$ 593	$ —
Changes in actuarial assumptions	18,629	1,988
Total Deferred Inflows of Resources	$ 19,222	$ 1,988

The difference between reported deferred outflows of resources, excluding contributions made by the Port Authority after the measurement date, and deferred inflows of resources as of December 31, 2023 will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future years' pension expense as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2024	$ (1,455)
2025	(3,485)
2026	(4,943)
2027	(3,530)
Total	$ (13,413)

PATH Exempt Employee Supplemental Pension Plan Actuarial Assumptions- 2023 and 2022

The TPL measured as of January 1, 2022 and January 1, 2021, based on an actuarial valuation as of the same date was determined using the following actuarial assumptions:

	2023	2022
Inflation	2.30%	2.20%
Salary increases	4.25%	4.25%
Investment rate of return	N/A	N/A

Actuarial assumptions used in the January 1, 2023 and 2022 valuations were based on the results of an actuarial experience study for the period of January 1, 2017 to January 1, 2022. Mortality rates used in the 2023 and 2022 valuations were based on Pub-2010 General Employees mortality table projected on a generational basis with Scale MP-2021 from 2010. Projections of benefits for financial reporting purposes are based on the terms of the Plan as described by PATH to participants and include the types of benefits provided at the time of each valuation.

As of the January 1, 2023 and January 1, 2022 valuation date, Plan participants comprised:

	2023	2022
Retired PATH Exempt Employees (or their beneficiaries)	**126**	118
Active PATH Exempt Employees	**97**	101
Terminated but vested employees who are not currently receiving benefits	**14**	16
Total participants	**237**	235

PATH Exempt Employee Supplemental Pension Plan Discount Rate Analysis- 2023 and 2022

As the Plan is unfunded, the discount rate used in the actuarial valuation is based on the 20-year municipal Bond Buyer Index for general obligations which equaled 3.72% as of the January 1, 2023 measurement date and 2.06% as of the January 1, 2022 measurement date.

The following tables present the 2023 and 2022 Plan's TPL calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the discount rate actually used.

		2023	
	1% Decrease (2.72%)	**Discount Rate (3.72%)**	**1% Increase (4.72%)**
		(In thousands)	
Total Pension Liability	**$ 115,320**	**$ 101,958**	**$ 90,854**

		2022	
	1% Decrease (1.06%)	Discount Rate (2.06%)	1% Increase (3.06%)
		(In thousands)	
Total Pension Liability	$ 139,514	$ 121,653	$ 107,009

Note J – Other Postemployment Benefits ("OPEB")

Plan Description and Organization

The Port Authority and PATH, pursuant to Board of Commissioners action or as contemplated thereby, administer a single-employer healthcare plan ("the Plan") that provides certain group health care, prescription, dental, vision and term life insurance benefits to eligible retired employees of the Port Authority and PATH (includes eligible dependents and survivors of retired employees). These benefits are often referred to as OPEB. Benefits are provided through a third-party insurer. Benefits are paid: **a.)** directly by the Port Authority or PATH from available operating funds; **b.)** by insurance companies on the basis of premiums paid by the Port Authority or PATH with or without employee contributions; or, **c.)** from a dedicated trust established for such purposes. The Port Authority and PATH also reimburse eligible retirees and dependents for the cost of certain Medicare premiums.

Participants in the Plan at January 1st consisted of the following:

	2023	2022
Retirees and surviving spouses currently receiving benefits	**8,518**	8,420
Covered spouses of retired employees receiving benefits	**4,632**	4,295
Active employees plan participants	**7,289**	7,487
Total plan members	**20,439**	20,202

Contributions toward OPEB costs are required of certain non-represented and represented participants. In 2019, certain Plan provisions relating to represented employees' contributions toward OPEB were changed due to the amendment of certain collective bargaining agreements. Retiree contributions are dependent on a number of factors including type of benefit, hire date, years of service, pension earnings and retirement date.

On December 14, 2006, the Port Authority on behalf of itself and its component unit, PATH, established The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the "Trust") for the exclusive benefit of eligible retired employees of the Port Authority and PATH and the eligible dependents of such retired employees to facilitate all or part of the funding for OPEB benefits, which are provided through the Plan.

Employer contributions in relation to the Trust include advance funding of the Trust as well as pay-as-you-go benefit payments that are made to or on behalf of OPEB plan members or their beneficiaries from available Port Authority operating funds. The Port Authority is not required by law to provide funding for its OPEB obligations, other than the pay-as-you-go amount necessary to provide current benefits to eligible retired employees and the eligible dependents of such retired employees. No advanced funding contributions were made to the Trust in 2023 or 2022. In 2023, $200.8 million of the year's benefits were paid from available Port Authority operating funds and $19.7 million were paid from Trust funds. In 2022, all of the year's benefits were paid out of available Trust funds.

Net OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,"* defines the Net OPEB Liability ("NOL") as the liability of employers and non-employer contributing entities to employees for benefits provided through a defined benefit OPEB plan that is administered through a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. For purposes of measuring the NOL, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net OPEB Liability – 2023 and 2022

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2022	$ 3,750,418	$ 1,467,878	**$ 2,282,540**
Changes Increase/(Decrease) for the year:			
Service cost	84,179	—	**84,179**
Interest cost on the total OPEB liability	245,921	—	**245,921**
Changes in benefit terms	(207)	—	**(207)**
Differences between expected and actual experience	123,420	—	**123,420**
Changes in assumptions	342,269	—	**342,269**
Benefit payments*	(220,561)	(220,561)	**—**
Contributions-employer	—	200,832	**(200,832)**
Net investment income	—	211,782	**(211,782)**
Administrative expenses	—	(101)	**101**
Increase	575,021	191,952	**383,069**
Balance at December 31, 2023	$ 4,325,439	$ 1,659,830	**$ 2,665,609**

* 2023 benefit payment includes $200.8 million from available Port Authority operating funds and $19.7 million paid from the Trust.

	Total OPEB Liability (a)	The Trust Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
		(In thousands)	
Balance at December 31, 2021	$ 3,028,876	$ 1,967,686	$ 1,061,190
Changes Increase/(Decrease) for the year:			
Service cost	35,107	—	35,107
Interest cost on the total OPEB liability	196,063	—	196,063
Changes in benefit terms	6,233	—	6,233
Differences between expected and actual experience	116,370	—	116,370
Changes in assumptions	557,468	—	557,468
Benefit payments*	(189,699)	(189,699)	—
Net investment income	—	(310,021)	310,021
Administrative expenses	—	(88)	88
Increase/(Decrease)	721,542	(499,808)	1,221,350
Balance at December 31, 2022	$ 3,750,418	$ 1,467,878	$ 2,282,540

* 2022 benefit payment includes $189.7 million paid from the Trust.

The discount rate used to measure the total OPEB liability as of December 31, 2023 and 2022 was 6.6%. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The assumed contributions are based on the Port Authority paying current year benefit payments outside of the trust starting in 2023 and by 2027, recommencing their advance funding of the trust at least equal to the minimum amount projected to ensure the trust can fully pay all future benefit payments. The Port Authority has started making current year benefit payments from its own operating funds for January and February 2023 and intends to continue making those payments. Further, the Port Authority continually evaluates the need to make additional contributions in order for the trust to be fully funded in the future.

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate for the year ending December 31:

	2023			2022		
	1% Decrease (5.6%)	**Discount Rate (6.6%)**	**1% Increase (7.6%)**	1% Decrease (5.6%)	Discount Rate (6.6%)	1% Increase (7.6%)
			(In thousands)			
Net OPEB Liability	**$3,277,939**	**$2,665,609**	**$2,167,333**	$2,807,919	$2,282,540	$1,854,091

The following presents the NOL of the Port Authority, as well as what the Port Authority's NOL would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the healthcare cost trend rates used in the January 1 actuarial valuation disclosed above:

	2023			2022		
	1% Decrease	**Healthcare Cost Trend Rate**	**1% Increase**	1% Decrease	Healthcare Cost Trend Rate	1% Increase
			(In thousands)			
Net OPEB Liability	**$2,157,190**	**$2,665,609**	**$3,301,719**	$1,850,232	$2,282,540	$2,822,657

OPEB Expense

OPEB expense related to the Plan totaled $365 million in 2023 and $244 million in 2022.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2023 and 2022, the Port Authority reported deferred outflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	**2023**	2022
	(In thousands)	
Changes in actuarial assumptions	**$ 649,556**	$ 457,920
Net difference between projected and actual earnings on OPEB plan investments	**101,553**	200,587
Differences between actual and expected experience	**224,013**	185,715
Total Deferred Outflows of Resources	**$ 975,122**	$ 844,222

At December 31, 2023 and 2022, the Port Authority reported deferred inflows of resources related to OPEB from the following sources:

Deferred Inflows of Resources	2023	2022
	(In thousands)	
Changes in actuarial assumptions	$ 110,034	$ 197,735
Total Deferred Inflows of Resources	**$ 110,034**	$ 197,735

The difference between reported deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized as either an increase (deferred outflows) or decrease (deferred inflows) to future year's OPEB expense over a closed period, as follows:

Year ended December 31,	Total Amortization
	(In thousands)
2024	$ 161,798
2025	214,793
2026	251,744
2027	118,593
2028	69,506
Thereafter	48,654
Total	**$ 865,088**

Actuarial Methods and Assumptions

The actuarially determined valuation of OPEB is reviewed annually for the purpose of estimating the present value of postemployment benefits earned by plan participants as of the valuation. Projections of benefits for financial reporting purposes are based on the benefit plans as described by the Port Authority and PATH to participants, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates and assumptions about the probability of occurrence of events far into the future, including future employment with a salary scale at a rate of 3% per year, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Port Authority's total OPEB liabilities were measured as of December 31, 2023 and 2022 based on actuarial valuations as of January 1, 2023 and 2022 with update procedures used to roll forward the total OPEB liability to the measurement date. The actuarial assumptions used in these valuations were based on the results of an actuarial experience study for the period January 1, 2017 to January 1, 2022. Mortality rates for the January 2023 and 2022 actuarial valuations were based on the PUB-2010 Safety Classification headcount-weighted table projected generationally with Scale MP- 2021 from the central year for Port Authority Police employees and PUB-2010 General Classification headcount-weighted table projected generationally with Scale MP-2021 from the central year for civilian employees, for years 2023 and 2022, respectively.

The entry age normal cost method based on a level percentage of pay was used in both actuarial valuations of the Port Authority and PATH OPEB obligation for all participants. The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

	2023	2022
Inflation	**2.30%**	2.40%
Salary increases	**4.47%**	4.47%
Discount rate *	**6.60%**	6.60%
Medical healthcare cost trend rates (Pre-65 year old participant)**	**6.75%**	5.75%
Medical healthcare cost trend rates (Post-65 year old participant)**	**5.75%**	5.25%
Pharmacy benefit cost trend rate***	**7.75%**	6.00%
Dental benefit cost trend rate	**3.00%**	3.00%
Employer Group Waiver Plan savings	**3.00%**	3.00%
Medicare Part B	**5.00%**	5.00%

* Represents the expected long-term rate of return on investments expected to be used for the payment of benefits

** Declining to an ultimate medical healthcare cost trend rate of 4.5% in 2032 (including inflation factors of 2.30% for 2023 and 2.4% for 2022).

*** Decreasing to 4.50% in 2032

The long-term expected rate of return on OPEB plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31 is summarized in the following table:

	Target Asset Allocation		**Long-Term Expected Real Rate of Return***	
Asset Class	**2023**	2022	**2023**	2022
Domestic Equity	**33%**	33%	**5.4%**	5.2%
International Equity	**21%**	21%	**5.2%**	4.9%
Real Estate Investment Trust	**6%**	6%	**4.3%**	4.2%
Fixed Income	**40%**	40%	**1.7%**	1.5%

* The long-term expected real rate of return is net of the long-term inflation assumption of 2.30%. in 2023 and 2.4% in 2022.

Note K– Commitments and Certain Charges to Operations

1. Approval of a budget by the Board of Commissioners does not in itself authorize any specific expenditures, which are authorized from time to time by or as contemplated by other actions by the Board of Commissioners of the Port Authority consistent with statutory, contractual and other commitments of the Port Authority, including agreements with the holders of its obligations.

2. At December 31, 2023, the Port Authority had entered into various construction contracts totaling approximately $2.3 billion, which are expected to be completed within the next three years.

3. Other amounts receivable, net recognized on the Statements of Net Position at December 31, 2023, is comprised of the following:

	Dec. 31, 2022	Additions	Deductions	Dec. 31, 2023
		(In thousands)		
Deferred amounts due from WTC Tower 4 and WTC Tower 3 net lessees	$ 94,200	$ 6,185	$ 53,647	**$ 46,738**
Long-term receivables from tenants	75,853	119,142	120,474	**74,521**
Amounts due – Goethals Bridge Replacement Bridge Developer	28,238	—	—	**28,238**
Tower 4 Liberty Bonds debt service	44,675	32,532	70,833	**6,374**
Other receivables	17,897	8,172	17,192	**8,877**
Total other amounts receivable, net	$ 260,863	$ 166,031	$ 262,146	**$ 164,748**

4. The 2023 balance of Other noncurrent liabilities consists of the following:

	Dec. 31, 2022	Additions	Deductions	Dec. 31, 2023
		(In thousands)		
Self-Insured Public Liability Claims	$ 70,270	$ 15,332	$ 16,790	**$ 68,812**
Self-Insured Worker's Compensation Claims	87,141	27,575	24,075	**90,641**
Other payables	75,428	750	55	**76,123**
Pollution remediation obligation	31,609	8,307	10,251	**29,665**
Asset forfeiture program	26,907	1,273	932	**27,248**
Reinsurance premium payable	—	32,502	24,520	**7,982**
Surety and security deposits	4,521	140	236	**4,425**
WTC Joint Venture Returns	16,130	—	—	**16,130**
Deferred Gain/Loss on NLCC	4,761	—	—	**4,761**
GASB Statement No. 96 SBITA liabilities	15,713	—	15,713	**—**
Total Liabilities	332,480	85,879	92,572	**325,787**
Less: Current worker's compensation liability	17,509	—	—	**20,869**
Total other non-current liabilities	$ 314,971			**$ 304,918**

5. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, an operating expense provision and corresponding liability measured at its current value using the expected cash flow method is recognized when an obligating event occurs. In 2023, the Port Authority recognized an additional $8.3 million in pollution remediation obligations, primarily related to asbestos abatement at certain Aviation facilities and Marine Terminals. Cumulative operating expense remediation provisions through December 31, 2023 totaled $128.6 million, net of $2.1 million in recoveries.

As of December 31, 2023, the outstanding pollution remediation liability totaled $29.7 million, primarily consisting of future remediation activities associated with asbestos removal, lead based paint abatement, ground water contamination, and soil contamination at Port Authority facilities.

Note L – Information with Respect to the Redevelopment of the World Trade Center Campus

Conceptual Framework for the Redevelopment of the Office, Retail and Other Components of the World Trade Center

The terms of the original July 2001 net leases established both an obligation and concomitant right for the net lessees, at their sole cost and expense, to restore their net leased premises following a casualty whether or not the damage is covered by insurance proceeds in accordance, to the extent feasible, prudent and commercially reasonable, with the plans and specifications as they existed before the casualty or as otherwise agreed to with the Port Authority.

The redevelopment of the WTC site has proceeded pursuant to The World Trade Center Memorial and Cultural General Project Plan adopted in 2004 and amended in 2007 and 2022 ("GPP") by Lower Manhattan Development Corporation ("LMDC") which provides for approximately 10 million square feet of above-grade office space with associated storage, mechanical, loading, below-grade parking, and other non-office space, and was planned to consist of up to five office towers (one of which may instead be a multi-use building, including residential space at a mix of market and affordable rents), space for retail businesses, the World Trade Center Transportation Hub, a memorial and interpretive museum, The St. Nicholas Greek Orthodox Church and National Shrine, The Performing Arts Center at the World Trade Center (now doing business as the "Perelman Performing Arts Center") and certain related infrastructure. A December 2010 World Trade Center Amended and MDA, among the Port Authority, PATH, 1 WTC LLC, WTC Retail LLC, and the Silverstein net lessees, sets forth the respective rights and obligations of the parties thereto with respect to construction on the WTC site, including the allocation of construction responsibilities and costs between the parties to the MDA.

One World Trade Center

On June 13, 2011, the Port Authority and The Durst Organization ("Durst") through entities formed by such parties entered into various agreements in connection with the establishment of a joint venture with respect to the construction, financing, leasing, management and operation of One World Trade Center. Pursuant to the 2011 joint venture agreement between the Port Authority and Durst, the parties have calculated that Durst's equity percentage interests in the joint venture is 14.97%, subject to a 10 basis point adjustment (up or down) in 2025, based on whether or not certain performance standards are met in 2024. This calculation is based on Durst's 2011 initial capital contribution of $100 million, other non-cash contributions, and the 2020 stabilized net operating income of the building. One World Trade Center contains 3.0 million square feet of space, comprised of commercial office space and an indoor observation deck. As of December 31, 2023, WTC Tower 1 LLC (the current net lessee of One World Trade Center) has leased, (i) approximately 2.8 million square feet of office space at One World Trade Center, representing approximately 94% of the leasable office space, (ii) certain portions of the One World Trade Center rooftop, together with ancillary space, for a broadcasting and communications facility, and (iii) the 100th through 102nd floors of One World Trade Center under a lease to Legends OWO, LLC for an observation deck, which opened to the public in 2015.

World Trade Center Tower 2

The MDA requires the Tower 2 Silverstein net lessee to complete subgrade and foundation work for Tower 2, which has been substantially completed by the Port Authority as part of the overall site improvements shared by all of the World Trade Center tenants. Upon closing of any future construction financing and commencement of above-grade construction of Tower 2, the Tower 2 Silverstein net lessee will be required to reimburse the Port Authority for the Tower 2 Silverstein net lessee's allocated costs for the subgrade and foundation work funded by the Port Authority at the site. Under the Tower 2 net lease, ground rent is payable by the Tower 2 Silverstein net lessee upon the earlier of (i) commencement of construction of Tower 2 and (ii) December 2022, whether or not construction is commenced. As of December 2022, construction of Tower 2 did not commence and the Port Authority asserts that ground rent is now due under the terms of the Tower 2 net lease, but Silverstein has not yet made payment thereof, and has requested additional time to arrange financing before beginning to pay ground rent. Ground rent for the site until the commencement of construction is approximately $2.5 million per month, reducing to approximately $1.3 million per month when construction begins.

World Trade Center Tower 3

To assist the Silverstein net lessee of Tower 3 in the construction of the Tower 3 office tower following satisfaction of certain private real estate and capital markets triggers, the Port Authority entered into a Tower 3 Tenant Support Agreement in 2010 (as subsequently amended in 2014, the "Tower 3 Tenant Support Agreement"). Under the Tower 3 Tenant Support Agreement, the Port Authority, together with New York State and New York City, was required to provide up to $600 million in overall support, comprised of: (x) $210 million for the construction of Tower 3 (paid for as a landlord capital improvement) and (y) backstop funding of $390 million for construction overruns and certain leasing cost overruns, operating expense deficits and certain leasing cost overruns (provided as a rent deferral under the Tower 3 net lease), and senior debt service shortfalls (which would be paid by the Port Authority if necessary in the future, as a special limited co-obligor on the senior debt issued for Tower 3), with such senior debt service shortfalls payable as a special obligation of the Port Authority, subject in each case to the overall limit of $390 million for the backstop (See *Note E- General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* for additional information related to the payment of special obligations of the Port Authority). The State of New York and the City of New York have each agreed to reimburse the Port Authority for up to $200 million of the $600 million provided under the Tower 3 Tenant Support Agreement for a combined reimbursement to the Port Authority from the State of New York and the City of New York of up to $400 million. To date, the Port Authority has applied $84.5 million of the $93.4 million received from the State of New York as a capital contribution for the partial reimbursement of the $210 million landlord capital improvement the Port Authority made in December 2014 towards the construction of Tower 3 and for Tower 3 backstop funding. In addition, under a Public Support Agreement with the City of New York, the Port Authority will receive $130 million plus accrued interest in WTC PILOT credits as reimbursement for the remaining share of the Port Authority's landlord capital improvement. WTC payments in lieu of taxes ("PILOT") credits from City of New York commenced in July 2019.

Under the Tower 3 Support Agreement, the Tower 3 Silverstein net lessee is responsible for the repayment of any outstanding balance of the $390 million backstop on a subordinated basis, without interest, from Tower 3 revenues, upon termination of the Tower 3 Support Agreement. All repayments of the Tower 3 backstop received by the Port Authority would be distributed among the Port Authority, the State of New York and the City of New York in accordance with their respective shares of the $390 million backstop payments. As security for such repayment, the Tower 3 Silverstein net lessee, the Port Authority and a third-party banking institution entered into an account control agreement directing revenues derived from the operation of Tower 3 to be deposited into a segregated lockbox account and administered and disbursed by the banking institution in accordance with the Tower 3 Support Agreement. To provide additional security to the Port Authority, the Tower 3 Silverstein net lessee assigned to the Port Authority various contracts in connection with the development and construction of Tower 3, together with all licenses, permits, approvals, easements and other rights of the Tower 3 Silverstein net lessee, granted a first priority pledge of all of the ownership interests in the Tower 3 Silverstein net lessee to the Port Authority and granted a subordinated mortgage on the leasehold interest created under the Tower 3 net lease. The Tower 3 net lessee exercised its right to defer certain Tower 3 net lease rent payments due the Port Authority effective November 2017.

As of December 31, 2023, deferred rent due from the Tower 3 net lessee totaled approximately $46.7 million. As of December 31, 2023, the Silverstein Tower 3 net lessee has repaid the approximately $9.0 million in senior debt service shortfalls previously provided under the WTC Tower 3 Tenant Support Agreement.

Tower 3 was substantially completed in March 2018, and officially opened on June 11, 2018. As of December 31, 2023, 87% of leasable office space has been leased to tenants.

World Trade Center Tower 4

In December 2010, the Port Authority, as tenant, entered into a lease with the Tower 4 Silverstein net lessee, as landlord, for approximately 600,000 square feet of office space for use as the Port Authority's executive offices with an initial term of 30 years and four 5-year renewal options. In November 2014, such space lease was amended to provide for the surrender by the Port Authority of two floors to the Tower 4 Silverstein net lessee. Tower 4 was substantially completed in October 2013. As of December 31, 2023, approximately 94% of the leasable office space has been leased to tenants.

Also, in December 2010, the Port Authority entered into certain agreements with the Silverstein net lessee of Tower 4, providing for the Port Authority's support for the construction of Tower 4 (the "Tower 4 Support Agreements") by participating in the November 15, 2011 financing for Tower 4 ("Debt Service Obligations") and providing additional rent deferrals and other concessions ("Tenant Support"). In particular, the Port Authority agreed to become a co-borrower/obligor for the Tower 4 Liberty Bonds which were issued on November 15, 2011, in the aggregate principal amount of approximately $1.2 billion, by the New York Liberty Development Corporation to finance construction and development of WTC Tower 4. On September 14, 2021, the New York Liberty Development Corporation issued Series 2021A bonds for approximately $1.2 billion and Series 2012B bonds for approximately $11.4 million to cover issuance costs, to refinance the original Tower 4 Liberty Bonds to achieve interest rate savings, with the material terms of the original November 2011 Tower 4 financing remaining unchanged, including the Port Authority remaining a co-borrower/obligor for the refunding bonds (the original November 2011 Tower 4 financing and the September 2021 refinancing are hereafter referred to herein, interchangeably, as the "Tower 4 Liberty Bonds").

The Port Authority's payment of debt service on the Tower 4 Liberty Bonds is a special obligation of the Port Authority, evidenced by a separate Tower 4 Bond Payment Agreement between the Port Authority and the Tower 4 Liberty Bond trustee (See *Note E - General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* for additional information related to the payment of special obligations of the Port Authority).

Originally, the Silverstein net lessee of Tower 4 had the right to defer payment of net lease rent payable to the Port Authority under the Tower 4 net lease, to provide cash flow to pay certain operating expense deficits, certain capital expenditures upon completion of Tower 4 and a limited amount of construction and leasing cost overruns. The Tower 4 net lessee exercised its right to defer certain Tower 4 net lease rent payments due the Port Authority effective November 2016. As of December 31, 2023, no deferred rent was due from the Tower 4 net lessee. The Debt Service Obligations are required to be reimbursed or paid to the Port Authority from Tower 4 cash flow, with interest at a rate of 7.5% annum until reimbursed or paid.

The Tower 4 Silverstein net lessee informed the Port Authority in 2022 that, in accordance with the Tower 4 Support Agreements, it had achieved the debt service coverage threshold which would allow it to terminate the Port Authority's Tenant Support obligations in return for terminating certain account control lockboxes for Tower 4. The termination, which has now been effectuated, resulted in the repayment $50.7 million of Tower 4 deferred rent plus accrued interest to the Port Authority. Surplus revenues held in a Tower 4 operating account for the benefit of the Port Authority were transferred to a similar account for Tower 3 to cover deferred amounts due to the Port Authority on account of its support for Tower 3. The termination of the Tenant Support obligations did not affect the Port Authority's Debt Service Obligations or the pledge of rents and the leasehold mortgage which serve as security therefor.

The World Trade Center Transportation Hub

On July 28, 2005, the Board of Commissioners of the Port Authority authorized the WTC Transportation Hub project for the construction of a transportation hub and permanent PATH terminal. Construction commenced on September 6, 2005. On October 18, 2012, the Board of Commissioners reauthorized the WTC Transportation Hub project at an estimated total project cost range of approximately $3.74 billion to $3.995 billion. The Port Authority reached the maximum funding amount of $2.872 billion from the FTA towards the construction of the WTC Transportation Hub in 2017. On March 3, 2016, the World Trade Center Transportation Hub Oculus and underground pedestrian connections to certain mass transit lines opened to the public and on August 16, 2016, the retail portions opened to the public.

World Trade Center Infrastructure Projects

In addition to the WTC Transportation Hub, the Port Authority continues to construct various WTC site infrastructure projects toward full build out of the WTC site. In 2014, certain portions of these infrastructure projects, including portions of the vehicular security center for cars and delivery vehicles to access subgrade loading facilities became operational to support commercial operations and development throughout the WTC site. Other WTC infrastructure projects include street configurations, utilities, a central chiller plant and related electrical distribution systems that support operations of the WTC site.

World Trade Center Retail

Through a series of transactions between the Port Authority and a single purpose entity formed by an affiliate of Westfield America, Inc., which was acquired by Unibail-Rodamco-Westfield SE (formerly Unibail-Rodamco SE) in June 2018 (such entity, together with its Westfield predecessor, ("URW")), the Port Authority has been involved in the planning and construction of the retail components of the World Trade Center. A URW entity has net leased the retail premises from the Port Authority for an upfront payment and a nominal annual amount. The Port Authority continues to be responsible for the construction of additional retail premises at other locations on the World Trade Center site and is obligated to fund the remaining project costs for their construction. Upon completion and lease up of such additional retail premises, the Port Authority expects to receive additional payments for the fair value of such additional retail space, to be determined according to the methodology specified in the agreement with URW, which is not expected to fully compensate the Port Authority for the cost of construction.

As of December 31, 2023, including Westfield's 2012 initial joint venture membership capital contribution of $100 million, the Port Authority has received $897 million for the transfer of its interests in the WTC retail joint venture to URW, which is recognized as a deferred inflow of resources related to leases.

WTC Memorial and Museum, The St. Nicholas Greek Orthodox Church and National Shrine, and The Perelman Performing Arts Center at the World Trade Center

The Port Authority does not have any responsibility for the operation and maintenance of the WTC Memorial and Museum, The St. Nicholas Greek Orthodox Church and National Shrine, or The Perelman Performing Arts Center at the World Trade Center. The WTC Memorial Plaza opened for public access on September 11, 2011and the Museum opened to the public on May 21, 2014. The St. Nicholas Greek Orthodox Church and National Shrine opened to the public in December 2022 and The Perelman Performing Arts Center at the World Trade Center, opened to the public in September 2023.

Note M – Risk Financing Activities

The Port Authority carries insurance or requires insurance to be carried (if available) on or in connection with its facilities and those under construction to protect against direct physical loss or damage and resulting loss of revenue and against liability in such amounts as it deems appropriate, considering deductibles, retentions, and exceptions or exclusions of portions of facilities and the scope of insurable hazards. A portion of the insurance under the programs described below is provided by the Port Authority's captive insurer, PAICE (see "Port Authority Insurance Captive Entity, LLC" in this Section). Most policies are renewed annually and therefore will expire during the calendar year.

Property Damage and Loss of Revenue Insurance Program

The property damage and loss of revenue insurance program on Port Authority facilities (which was renewed effective June 1, 2023 and expires on June 1, 2024) covers all Port Authority facilities, excluding the World Trade Center (except for the area of the PATH station inside the fare zone). Portions of the property damage and loss of revenue insurance program on the Port Authority facilities are insured through PAICE and partially reinsured through commercial reinsurers.

Property damage and loss of revenue insurance on the operating portions of the World Trade Center[1] and related infrastructure is provided in a separate program (which was renewed effective June 1, 2023 and expires on June 1, 2024). Portions of the property damage and loss of revenue insurance on the operating portions of the World Trade Center[1] are insured through PAICE and partially reinsured through commercial reinsurers.

The Port Authority also purchased property terrorism insurance with respect to all Port Authority facilities for a two-year term, effective June 1, 2023. The terrorism coverage is insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2019 ("TRIPRA")[2] and commercial reinsurers.

[1] The Port Authority's insurance programs do not provide coverage for World Trade Center Towers 2, 3, 4 (except for the Port Authority's Tower 4 leased space), Tower 5, the World Trade Center Memorial/Museum, the St. Nicholas Greek Orthodox Church and National Shrine, the Perelman Performing Arts Center at the World Trade Center and the net leased retail components (except for certain retail infrastructure) of the World Trade Center site. Coverage for these assets is the responsibility of the net lessees.

[2] Under TRIPRA, the formula provides that the federal government generally reinsures 80% of certified terrorism losses subject to aggregate industry insured losses of at least $200 million and a 20% insurance carrier/captive deductible, in an amount not to exceed an annual cap on all such losses payable under TRIPRA of $100 billion. In the event of a certified act of terrorism, the law allows the United States Treasury to recoup 140% of the amount of federal payments for insured losses during that calendar year.

Public Liability Insurance Programs

The Port Authority's public liability insurance programs (which were renewed effective October 27, 2023 and expires October 27, 2024) include general liability and worker's compensation coverage for Port Authority facilities and components of the World Trade Center and insurance for aviation war risk for aviation facilities.

Terrorism insurance with respect thereto is insured through PAICE and reinsured through TRIPRA and commercial reinsurers. The terrorism insurance policy was renewed effective October 27, 2023 and expires October 27, 2025.

The Port Authority also carries terrorism and/or malicious acts insurance for losses to property and liability resulting from nuclear, chemical, biological, or radiological material for all Port Authority facilities. The program is insured through a combination of PAICE, commercial reinsurers and TRIPRA and was renewed effective October 27, 2023 and expires October 27, 2025.

Construction Insurance Programs

The Port Authority maintains a rolling Owner Controlled or wrap-up insurance program for all Port Authority operated facilities under construction (excluding the World Trade Center), which was renewed effective June 1, 2023, and expires June 1, 2026, including builders' risk, general liability insurance, and statutory workers' compensation coverage. PAICE provides portions of the general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

The Port Authority began a standalone Owner Controlled insurance program on March 27, 2018, expiring March 27, 2024, for construction of Terminal A at Newark Liberty International ("EWR") Airport, which includes builders' risk, general liability insurance, and statutory workers' compensation insurance provided through commercial insurance. PAICE provides portions of the construction general liability insurance while statutory workers' compensation insurance is provided through commercial insurance.

Port Authority Insurance Captive Entity, LLC

In 2006, the Port Authority established a captive insurance company, known as the "Port Authority Insurance Captive Entity, LLC," for insuring certain risk exposures of the Port Authority and its related entities. Under its current Certificate of Authority issued by the District of Columbia, PAICE is authorized to transact insurance business in connection with workers' compensation, general liability, builders' risk, property and terrorism insurance coverages for the Port Authority and its related entities. With the passage of TRIPRA, PAICE assumed coverage for acts of terrorism under the Port Authority's public liability and property damage and loss of revenue insurance programs.

Effective June 1, 2023, PAICE retains the first $500,000 in general liability coverage of the Port Authority's rolling Owner Controlled insurance program. The next $4.5 million, excess of the primary $500,000, is reinsured through commercial reinsurers.

Effective June 1, 2023, PAICE provides $5 billion of property terrorism insurance for World Trade Center facilities for Certified Acts of Terrorism, and $1.02 billion for Non-Certified Acts of Terrorism. In addition, PAICE provides $2 billion of property terrorism insurance for all other facilities for Certified Acts of Terrorism, and $420 million for Non-Certified Acts of Terrorism. PAICE is fully reinsured for property terrorism by TRIPRA and commercial reinsurers.

In addition, renewed for two years effective October 27, 2023 (expiring October 27, 2025), PAICE provides $600 million in coverage under the terrorism liability program, which is fully reinsured by TRIPRA and commercial reinsurers.

Further, renewed for two years effective October 27, 2023 (expiring October 27, 2025), PAICE provides $1.6 billion in coverage under the nuclear, chemical, biological, and radiological terrorism and malicious acts program, up to $500 million of which is fully reinsured by TRIPRA and commercial reinsurers. The $1.1 billion in excess of the $500 million is partially reinsured by TRIPRA.

The financial results for PAICE for the year ended December 31, 2023 are set forth below. As PAICE is a blended component unit of the Port Authority, restricted amounts associated with PAICE recorded on the Port Authority's financial statements have been adjusted to eliminate intercompany transfers related to insurance premiums paid to PAICE from the Port Authority.

	Amounts (In thousands)
Financial Position	
Total Assets	$ 587,846
Total Liabilities	75,146
Net Position, December 31, 2023	**$ 512,700**
Operating Results 2023	
Revenues	$ 51,767
Expenses	1,400
Change in Net Position	$ 50,367
Net Position at January 1, 2023	$ 462,333
Net Position at December 31, 2023	**$ 512,700**

The audited financial statements for the years ended December 31, 2023 and December 31, 2022 of PAICE, which provides additional information concerning PAICE assets and liabilities, are available from the Comptroller's Department of the Port Authority of New York and New Jersey, 2 Montgomery Street, Jersey City, New Jersey 07302.

Self-Insured Loss Reserves

A liability is recognized when it is probable that the Port Authority has incurred an uninsured loss and the amount of the loss can be reasonably estimated. The liability for self-insured claims is based upon the estimated cost of settling the claim, which includes an actuarial review of estimated claims expenses, estimated recoveries, retention thresholds, and a provision for incurred but not reported ("IBNR") claims. Workers Compensation and public liability IBNR self-insured loss reserves were discounted to their present value using a 5.25% discount rate. Changes in the self-insured public liability self-insured loss reserves and self-insured worker's compensation loss reserves are as follows:

Self-insured public liability loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
		(In thousands)		
2023	**$70,270**	**$15,332**	**$16,790**	**$68,812**
2022	$71,695	$12,134	$13,559	$70,270

* Loss reserves exclude loss adjustment expenditures.

Self-insured workers' compensation loss reserves:

Year	Beginning Balance	Changes in Loss Reserves	Payments	Year End Balance*
		(In thousands)		
2023	**$87,141**	**$27,575**	**$24,075**	**$90,641**
2022	$80,779	$27,610	$21,248	$87,141

* Loss reserves exclude loss adjustment expenditures.

NEW YORK STATE AND LOCAL EMPLOYEES RETIREMENT SYSTEM ("ERS")

Schedule of Proportionate Share of Net Pension Liability (Asset)*

	2023	2022	2021	2020	2019	2018
			($ In thousands)			
Port Authority's proportion of the net pension liability	**1.4%**	1.4%	1.7%	1.6%	1.3%	1.3%
Port Authority's proportionate share of the net pension (asset) liability	**$ 299,457**	$(118,530)	$ 1,658	$ 430,993	$ 91,792	$ 41,500
Covered payroll (April 1 – March 31)	**$ 470,518**	$ 461,420	$ 461,634	$ 536,527	$ 515,065	$ 408,384
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	**63.6%**	(25.7)%	0.4%	80.3%	17.8%	10.2%
Plan fiduciary net position as a percentage of the total pension liability	**90.8%**	103.7%	99.95%	86.4%	96.2%	98.2%

Schedule of Employer Contributions*	**2023**	2022	2021	2020	2019	2018
			($ In thousands)			
Contractually required contribution	**$ 57,832**	$ 55,306	$ 71,150	$ 77,635	$ 70,582	$ 56,866
Contributions in relation to the contractually required contribution**	**$ 57,832**	$ 55,306	$ 71,150	$ 77,635	$ 70,582	$ 56,866
Contribution deficiency (excess)	**$ —**	$ —	$ —	$ —	$ —	$ —
Port Authority's covered payroll (January 1 – December 31)	**$ 478,197**	$ 452,650	$ 461,539	$ 462,194	$ 536,454	$ 500,841
Contributions as a percentage of covered payroll	**12.1%**	12.2%	15.4%	16.8%	13.2%	11.4%

NEW YORK STATE AND LOCAL POLICE AND FIRE RETIREMENT SYSTEM ("PFRS")

Schedule of Proportionate Share of Net Pension Liability*

	2023	2022	2021	2020	2019	2018
			($ In thousands)			
Port Authority's proportion of the net pension liability	**8.5%**	8.8%	9.8%	7.7%	7.7%	7.6%
Port Authority's proportionate share of the net pension liability	**$ 467,522**	$ 50,218	$ 169,991	$ 412,870	$ 129,920	$ 77,081
Covered payroll (April 1– March 31)	**$ 370,833**	$ 349,395	$ 329,673	$ 467,638	$ 271,764	$ 263,292
Port Authority's proportionate share of the net pension liability, as a percentage of its covered payroll	**126.1%**	14.4%	51.6%	88.3%	47.8%	29.3%
Plan fiduciary net position as a percentage of the total pension liability	**87.4%**	98.7%	95.8%	84.9%	95.1%	96.9%

Schedule of Employer Contributions*	**2023**	2022	2021	2020	2019	2018
			($ In thousands)			
Contractually required contribution	**$ 101,083**	$ 92,716	$ 91,287	$ 123,221	$ 61,277	$ 59,931
Contributions in relation to the contractually required contribution**	**$ 101,083**	$ 92,716	$ 91,287	$ 123,221	$ 61,277	$ 59,931
Contribution deficiency (excess)	**$ —**	$ —	$ —	$ —	$ —	$ —
Port Authority's covered payroll (January 1 – December 31)	**$ 358,860**	$ 350,440	$ 340,538	$ 398,506	$ 393,630	$ 262,701
Contributions as a percentage of covered payroll	**28.2%**	26.5%	26.8%	30.9%	15.6%	22.8%

* Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

** Required employer contributions were paid on February 1, 2024.

See accompanying independent auditors' report.

	2017	2016	2015
	($ In thousands)		
	1.3%	1.3%	1.3%
	$ 120,672	$ 212,555	$ 44,906
	$ 395,378	$ 392,529	$ 309,571
	30.5%	54.2%	14.5%
	94.7%	90.7%	97.9%

	2017	2016	2015
	($ In thousands)		
	$ 56,743	$ 57,530	$ 63,072
	$ 56,743	$ 57,530	$ 63,072
	$ —	$ —	$ —
	$ 404,701	$ 395,725	$ 409,234
	14.0%	14.5%	15.4%

	2017	2016	2015
	($ In thousands)		
	7.4%	8.0%	8.9%
	$ 152,806	$ 236,004	$ 24,490
	$ 256,168	$ 246,060	$ 248,631
	59.7%	95.9%	9.8%
	93.5%	90.2%	99.0%

	2017	2016	2015
	($ In thousands)		
	$ 60,797	$ 57,807	$ 53,652
	$ 60,797	$ 57,807	$ 53,652
	$ —	$ —	$ —
	$ 260,867	$ 253,096	$ 253,597
	23.3%	22.8%	21.2%

FEDERAL RAILROAD RETIREMENT PROGRAM

Schedule of Employee and Employer Railroad Contributions

Railroad Retirement Tier I	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2023	**7.65%**	**$ 11,799**	**7.65%**	**$ 11,799**	**23,598**
2022	7.65%	11,191	7.65%	11,191	22,382
2021	7.65%	9,329	7.65%	9,329	18,658
2020	7.65%	9,384	7.65%	9,384	18,768
2019	7.65%	8,466	7.65%	8,466	16,932
2018	7.65%	8,197	7.65%	8,197	16,394
2017	7.65%	8,150	7.65%	8,150	16,300
2016	7.65%	8,086	7.65%	8,086	16,172
2015	7.65%	7,747	7.65%	7,747	15,494
2014	7.65%	8,119	7.65%	8,119	16,238
Total Taxes		$ 90,468		$ 90,468	$ 180,936

Railroad Retirement Tier II	Employee Tax Rate	Employee Taxes	Employer Tax Rate	Employer Taxes	Total Taxes
			($ In thousands)		
2023	**4.9%**	**$ 6,095**	**13.1%**	**$ 16,294**	**$ 22,389**
2022	4.9%	5,620	13.1%	15,025	20,645
2021	4.9%	5,130	13.1%	13,714	18,844
2020	4.9%	5,170	13.1%	13,823	18,993
2019	4.9%	4,832	13.1%	12,918	17,750
2018	4.9%	4,687	13.1%	12,530	17,217
2017	4.9%	4,659	13.1%	12,455	17,114
2016	4.9%	4,475	13.1%	11,964	16,439
2015	4.9%	4,379	13.1%	11,707	16,086
2014	4.4%	3,971	12.6%	11,371	15,342
Total Taxes		$ 49,018		$ 131,801	$ 180,819

See accompanying independent auditors' report.

PATH EXEMPT EMPLOYEES SUPPLEMENTAL PENSION PLAN

Schedule of Changes to Total Pension Liability and Related Ratios*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
					($ In thousands)				
Total Pension Liability									
Service cost	**$ 6,239**	$ 5,709	$ 3,905	$ 2,401	$ 1,720	$ 1,585	$ 1,323	$ 1,280	$ 900
Interest cost	**2,593**	2,534	2,649	3,155	3,070	3,169	2,961	2,850	3,271
Changes of benefit terms	**—**	—	9,607	—	—	—	—	—	—
Differences between expected and actual experience	**(754)**	915	1,082	2,926	1,778	(1,449)	5,478	(945)	51
Changes in assumptions	**(23,699)**	937	8,015	13,667	(15,700)	5,676	(5,496)	3,809	10,632
Benefit payments	**(4,074)**	(4,495)	(3,925)	(3,927)	(3,751)	(3,691)	(3,563)	(4,701)	(3,389)
Net change in total pension liability	**(19,695)**	5,600	21,333	18,222	(12,883)	5,290	703	2,293	11,465
Total Pension Liability (Beginning)	**121,653**	116,053	94,720	76,498	89,381	84,091	83,388	81,095	69,630
Total Pension Liability (Ending)	**$101,958**	$121,653	$116,053	$94,720	$76,498	$89,381	$84,091	$83,388	$81,095
Covered Payroll	**$16,160**	$16,106	$16,364	$14,872	$13,052	$13,913	$13,590	$13,187	$12,356
Total Pension Liability as a % of Covered Payroll	**630.9%**	755.3%	709.2%	636.9%	586.1%	642.4%	618.8%	632.4%	656.3%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

Note: As of December 31, 2023, there are no plan assets accumulated in a trust for purposes of making future pension payments to members.

See accompanying independent auditors' report.

OTHER POSTEMPLOYMENT BENEFITS ("OPEB") PLAN

Schedule of Changes in the Port Authority's Net OPEB Liability and Related Ratios

	2023	2022	2021	2020	2019	2018	2017
				($ In thousands)			
Total OPEB liability:							
Service cost	**$ 84,179**	$ 35,107	$ 34,851	$ 32,566	$ 33,132	$ 25,442	$ 23,778
Interest cost	**245,921**	196,063	196,750	209,925	213,607	202,303	196,930
Changes in benefit terms	**(207)**	6,233	—	(2,928)	(4,046)	(6,948)	—
Differences between expected and actual experience	**123,420**	116,370	31,334	58,916	99,585	90,986	—
Changes in assumptions	**342,269**	557,468	(47,407)	(201,908)	(241,555)	(5,903)	—
Benefit payments	**(220,561)**	(189,699)	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Net change in total OPEB liability	**575,021**	721,542	41,608	(52,265)	(55,813)	158,119	77,180
Total OPEB liability-beginning	**3,750,418**	3,028,876	2,987,268	3,039,533	3,095,346	2,937,227	2,860,047
Total OPEB liability-ending (a)	**4,325,439**	3,750,418	3,028,876	2,987,268	3,039,533	3,095,346	2,937,227
Plan fiduciary net position:							
Contributions-employer	**200,832**	—	—	30,061	256,536	247,761	243,528
Net investment (loss)/income	**211,782**	(310,021)	235,963	225,006	285,996	(86,274)	175,795
Benefit payments	**(220,561)**	(189,699)	(173,920)	(148,836)	(156,536)	(147,761)	(143,528)
Administrative expenses	**(101)**	(88)	(118)	(96)	(106)	(94)	(94)
Net change in plan fiduciary net position	**191,952**	(499,808)	61,925	106,135	385,890	13,632	275,701
Plan fiduciary net position-beginning	**1,467,878**	1,967,686	1,905,761	1,799,626	1,413,736	1,400,104	1,124,403
Plan fiduciary net position-ending (b)	**1,659,830**	1,467,878	1,967,686	1,905,761	1,799,626	1,413,736	1,400,104
Net OPEB liability-ending (a) – (b)	**$ 2,665,609**	$ 2,282,540	$ 1,061,190	$ 1,081,507	$ 1,239,907	$ 1,681,610	$ 1,537,123
Plan fiduciary net position as a percentage of the total OPEB liability	**38.37%**	39.14%	64.96%	63.80%	59.21%	45.67%	47.67%
Covered-Employee payroll	**$ 1,013,683**	$ 975,057	$ 927,676	$ 987,081	$ 1,041,188	$ 870,525	$ 772,549
Net OPEB liability as a percentage of Covered-Employee payroll	**262.96%**	234.09%	114.39%	109.57%	119.09%	193.17%	198.97%

*Information provided for Required Supplementary Information will be provided for ten years, as the information becomes available in subsequent years.

See accompanying independent auditors' report.

Schedule A - Revenues and Reserves
(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2023			2022
	Operating Fund	Reserve Funds	Combined Total	Combined Total
		(In thousands)		
Gross operating revenues:				
Tolls and fares	$ 2,070,662	$ —	**$ 2,070,662**	$ 1,942,726
Rentals	2,249,607	—	**2,249,607**	2,035,180
Aviation fees	1,606,056	—	**1,606,056**	1,395,424
Parking and other	549,780	—	**549,780**	478,337
Utilities	148,952	—	**148,952**	182,163
Total gross operating revenues	6,625,057	—	**6,625,057**	6,033,830
Operating expenses:				
Employee compensation, including benefits	1,801,019	—	**1,801,019**	1,438,403
Contract services	1,203,897	—	**1,203,897**	1,059,209
Rents and payments in-lieu-of taxes ("PILOT")	445,628	—	**445,628**	408,330
Materials, equipment and other	446,055	—	**446,055**	336,727
Utilities	202,970	—	**202,970**	243,750
Total operating expenses	4,099,569	—	**4,099,569**	3,486,419
Net operating revenues	2,525,488	—	**2,525,488**	2,547,411
Financial income:				
Interest income	49,677	86,418	**136,095**	54,962
Net increase (decrease) in fair value of investments	20,935	105,276	**126,211**	(139,119)
Contributions in aid of construction	225,680	—	**225,680**	288,692
Application of WTC Retail Joint Venture Payments	—	—	**—**	16,968
Application of Passenger Facility Charges	488,053	—	**488,053**	63,664
Application of 4 WTC associated payments	34,732	—	**34,732**	34,745
Grants, in connection with operating activities	111,886	—	**111,886**	160,290
Pass-through grant program payments	(12,156)	—	**(12,156)**	—
Net revenues available for debt service and reserves	3,444,295	191,694	**3,635,989**	3,027,613
Debt service:				
Interest on bonds and other asset financing obligations	1,018,184	119,566	**1,137,750**	982,661
Interest expense incurred during construction	127,566	—	**127,566**	207,264
Debt maturities and retirements	478,055	—	**478,055**	463,107
Repayment of special obligations	—	5,909	**5,909**	4,859
Total debt service	1,623,805	125,475	**1,749,280**	1,657,891
Transfers to reserves	$ (1,820,490)	1,820,490	**—**	—
Revenues after debt service and transfers to reserves		1,886,709	**1,886,709**	1,369,722
Direct investment in facilities		(943,156)	**(943,156)**	(867,790)
Change in Accounting Principle - pension / OPEB		(24,086)	**(24,086)**	(22,511)
Increase in reserves		919,467	**919,467**	479,421
Reserve balances, January 1		3,888,303	**3,888,303**	3,408,882
Reserve balances, December 31		$ 4,807,770	**$ 4,807,770**	$ 3,888,303

See Notes to Financial Statements.

Schedule B - Assets and Liabilities
(pursuant to Port Authority bond resolutions)

	December 31, 2023				2022
	Operating Fund	**Capital Fund**	**Reserve Funds**	**Combined Total**	Combined Total
			(In thousands)		
ASSETS					
Current assets:					
Cash	$ 169,221	$ —	$ 1,189	**$ 170,410**	$ 229,235
Restricted cash:					
Passenger Facility Charges	919	—	—	**919**	7,812
Port Authority Insurance Captive Entity, LLC	75,248	—	—	**75,248**	58,059
Harbor Dredging	19,124	—	—	**19,124**	32,299
Other, including Asset Forfeiture Funds	10,552	—	—	**10,552**	9,284
Investments	343,229	16,453	975,561	**1,335,243**	1,475,688
Restricted Investments - PAICE	8,356	—	—	**8,356**	11,236
Restricted investments - PFC	5,315	—	—	**5,315**	187,109
Interfund balances	(252,086)	60,252	191,834	**—**	—
Current receivables, net	1,266,292	—	2,597	**1,268,889**	1,067,862
Other current assets	92,087	64,377	—	**156,464**	132,904
Restricted receivables and other assets	119,741	—	—	**119,741**	57,123
Total current assets	1,857,998	141,082	1,171,181	**3,170,261**	3,268,611
Noncurrent assets:					
Restricted cash	4,452	—	—	**4,452**	4,560
Investments	—	—	3,636,589	**3,636,589**	2,804,280
Restricted investments - PAICE	119,603	—	—	**119,603**	86,666
Other amounts receivable, net	128,110	36,638	—	**164,748**	260,863
Other noncurrent assets	1,574,197	4,663	—	**1,578,860**	1,720,005
Restricted other noncurrent assets - PAICE	4,785	—	—	**4,785**	4,795
Amounts receivable - Tower 4 Liberty Bonds	—	1,232,505	—	**1,232,505**	1,234,705
Invested in facilities	—	71,301,755	—	**71,301,755**	69,388,077
Total noncurrent assets	1,831,147	72,575,561	3,636,589	**78,043,297**	75,503,951
Total assets	3,689,145	72,716,643	4,807,770	**81,213,558**	78,772,562
DEFERRED OUTFLOWS OF RESOURCES					
Pension related amounts	517,098	—	—	**517,098**	774,172
OPEB related amounts	975,122	—	—	**975,122**	844,222
LIABILITIES					
Current liabilities:					
Accounts payable	362,814	566,935	—	**929,749**	913,469
Accrued interest and other current liabilities	827,261	—	—	**827,261**	745,896
Restricted other liabilities - PAICE	7,620	—	—	**7,620**	386
Accrued payroll and other employee benefits	203,106	—	—	**203,106**	255,089
Unapplied Passenger Facility Charges	52,446	—	—	**52,446**	224,308
Consolidated Notes, series AAA	—	—	—	**—**	1,100,000
Current portion bonds and other asset financing obligations	34,929	531,057	—	**565,986**	2,126,538
Total current liabilities	1,488,176	1,097,992	—	**2,586,168**	5,365,686
Noncurrent liabilities:					
Accrued pension and other postemployment benefits	3,534,546	—	—	**3,534,546**	2,404,193
Other noncurrent liabilities	283,073	17,086	—	**300,159**	294,499
Restricted other noncurrent liabilities - PAICE	24,780	—	—	**24,780**	27,051
Amounts payable - Tower 4 Liberty Bonds	—	1,232,505	—	**1,232,505**	1,234,705
Bonds and other asset financing obligations	1,270,681	24,459,792	—	**25,730,473**	23,351,819
Total noncurrent liabilities	5,113,080	25,709,383	—	**30,822,463**	27,312,267
Total liabilities	6,601,256	26,807,375	—	**33,408,631**	32,677,953
DEFERRED INFLOWS OF RESOURCES					
Pension related amounts	70,838	—	—	**70,838**	870,614
OPEB related amounts	110,034	—	—	**110,034**	197,735
NET POSITION	$ (1,600,763)	$ 45,909,268	$ 4,807,770	**$ 49,116,275**	$ 46,644,654
Net position is comprised of:					
Facility infrastructure investment	$ —	$ 45,909,268	$ —	**$ 45,909,268**	$ 44,411,016
Change in accounting principle - pension / OPEB	(1,600,763)	—	—	**(1,600,763)**	(1,654,665)
Reserves	—	—	4,807,770	**4,807,770**	3,888,303
NET POSITION	$ (1,600,763)	$ 45,909,268	$ 4,807,770	**$ 49,116,275**	$ 46,644,654

See Notes to Financial Statements.

Schedule C - Analysis of Reserve Funds

(pursuant to Port Authority bond resolutions)

	Year ended December 31, 2023			2022
	General Reserve Fund	**Consolidated Bond Reserve Fund**	**Combined Total**	Combined Total
	(In thousands)			
Balance, January 1	$ 2,551,509	$ 1,336,794	**$ 3,888,303**	$ 3,408,882
(Decrease)/increase in reserve funds *	(27,707)	2,039,891	**2,012,184**	1,476,145
	2,523,802	3,376,685	**5,900,487**	4,885,027
Applications:				
Principal on asset financing obligation	—	5,909	**5,909**	4,859
Interest on asset financing obligations	—	119,566	**119,566**	101,564
Direct investment in facilities	—	943,156	**943,156**	867,790
Change in Accounting Principle - pension / OPEB	—	24,086	**24,086**	22,511
Total applications	—	1,092,717	**1,092,717**	996,724
Balance, December 31	$ 2,523,802	$ 2,283,968	**$ 4,807,770**	$ 3,888,303

*Combined increase in reserve funds consists of "Transfers to reserves" from the operating fund totaling $1.8 billion, plus financial income generated on reserve funds of $191.7 million in 2023.

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STATISTICAL AND OTHER SUPPLEMENTAL INFORMATION

For the year ended December 31, 2023

The Statistical and Other Supplemental Information section presents additional information as a means to provide context to the information contained in the financial statements, note disclosures and schedules.

Selected Statistical Financial Trends Data – Schedule D-1 (Pursuant to U.S. GAAP)

Trend information is provided to help the reader understand how the Port Authority's financial performance and fiscal condition has changed over time.

Selected Statistical Debt Service Data – Schedule D-2 (Pursuant to Port Authority bond resolutions)

The Port Authority has several forms of outstanding financing obligations.

Information on Port Authority revenues, outstanding financing obligations, debt service, and reserves is included here for statistical purposes (more detailed information about the various kinds of debt instruments used by the Port Authority can be found in *Note D - Outstanding Financing Obligations*, and reserve funds are described in *Note E - General and Consolidated Bond Reserve Funds (pursuant to Port Authority bond resolutions)* to the financial statements). Debt limitations, including in some cases, limits on total authorized amounts or requirements for the issuance of additional bonds, may be found in the various resolutions establishing and authorizing such obligations.

Selected Statistical Financial Data by Business Segment – Schedule D-3 (Pursuant to U.S. GAAP)

Schedule provides information on gross operating revenues, operating expenses and capital investment, summarized by Port Authority business segments.

Information on Port Authority Operations – Schedule E (Pursuant to U.S. GAAP)

Detailed information on Port Authority's operating results including income from operations, non-operating expenses, net interest expense, capital contributions, and net income is provided on a Port Authority operating facility level.

Information on Capital Investment in Port Authority Facilities – Schedule F (Pursuant to U.S. GAAP)

Schedule provides information on capital investment, summarized by Port Authority operating facilities, including current year capital investment and depreciation.

Port Authority Facility Traffic – Schedule G (Unaudited)

This schedule provides comparative information on Port Authority facility traffic relative to vehicles, passengers, containers, cargo, waterborne vehicles and plane movements.

Schedule D-1 - Selected Statistical Financial Trends Data (pursuant to U.S. GAAP)

	2023	2022 (Restated)	2021 (Restated)
Revenues, Expenses and Changes in Net Position:			
Gross operating revenues:			
Tolls and fares	**$ 2,070,662**	$ 1,942,726	$ 1,836,692
Rentals (a)(d)	**2,187,837**	1,978,706	1,565,609
Aviation fees	**1,606,056**	1,395,424	1,213,743
Parking and other	**549,780**	478,337	353,261
Utilities	**148,952**	182,163	125,937
Rentals - Special Project Bonds Projects	—	—	—
Gross operating revenues	**6,563,287**	5,977,356	5,095,242
Operating expenses:			
Employee compensation, including benefits [c]	**1,801,019**	1,438,403	1,296,724
Contract services [e]	**1,200,165**	1,054,605	938,408
Rental and payments in-lieu-of taxes (PILOT) [d]	**84,878**	47,434	59,715
Materials, equipment and other	**446,055**	336,727	289,810
Utilities	**202,970**	243,750	184,651
Interest on Special Project Bonds	—	—	—
Operating expenses	**3,735,087**	3,120,919	2,769,308
Net insurance recoverables	—	—	—
Depreciation of facilities and landlord leasehold investment	**(1,734,310)**	(1,717,977)	(1,601,696)
Amortization of costs for regional programs	**(6,478)**	(17,939)	(27,393)
Amortization of lease assets, as lessee [d]	**(176,755)**	(172,776)	(167,396)
Income/(loss) from operations [c]	**910,657**	947,745	529,449
(Loss)/income on investments (including fair value adjustment) [b]	**269,373**	(83,167)	(13,544)
Interest expense on bonds and other asset financing [b]	**(1,180,570)**	(1,109,910)	(1,152,878)
Interest income, as lessor [d]	**155,290**	140,978	140,611
Interest expense, as lessee [d]	**(213,973)**	(220,654)	(214,019)
Net (loss)/gain on disposition of assets, including leases	**(2,281)**	—	(4,623)
Pass-through grant program payments	**(12,156)**	—	(2,613)
4 WTC associated payments	**32,532**	32,545	66,715
Grants in connection with operating activities	**111,886**	160,290	256,609
Contributions in aid of construction	**227,574**	290,491	273,179
Passenger facility charges	**309,123**	274,414	159,854
Increase/(decrease) in net position December 31, [c][d]	**$ 607,455**	$ 432,732	$ 38,740
Net position is comprised of			
Net investment in capital assets	**$ 15,128,051**	$ 14,942,315	$ 15,406,620
Restricted	**719,624**	851,723	606,816
Unrestricted [c][d]	**813,866**	260,048	(392,082)
Net position December 31,	**$ 16,661,541**	$ 16,054,086	$ 15,621,354

(a) 2014 -2020 Rentals include amortization of unearned income related to the March 2014 transfer of the Port Authority's interests in the WTC Retail Joint Venture. 2021 and 2022 Rentals includes amortization of deferred inflows related to receivables recognized under GASB Statement No. 87, "*Leases* ."

(b) For presentation purposes, amortization of bond premiums received at issuance for the years ended 2013 through 2016 have been reclassified from Income on investments to Interest expense on bonds and other asset financing.

(c) 2017 restated amounts include the impact related to the adoption of GASB Statement No. 75, " *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*"

(d) 2021 amounts include impacts related to the adoption of GASB Statement No. 87, "*Leases.*"

(e) 2022 amounts include impacts related to the adoption of GASB Statement No. 96, "*SBITAs*"

2020	2019	2018	2017 (Restated)	2016	2015	2014
		(In thousands)				
$ 1,571,827	$ 1,876,911	$ 1,865,384	$ 1,873,622	$ 1,865,481	$ 1,718,770	$ 1,553,625
1,421,467	1,748,683	1,673,994	1,618,439	1,564,527	1,446,980	1,300,818
907,314	1,287,263	1,192,454	1,128,352	1,112,436	1,063,902	1,058,416
240,329	408,609	384,088	377,421	399,178	359,631	321,760
112,008	144,176	149,008	139,502	138,987	144,580	149,052
81,129	74,073	79,080	83,053	86,755	92,719	98,141
4,334,074	5,539,715	5,344,008	5,220,389	5,167,364	4,826,582	4,481,812
1,395,588	1,413,979	1,338,277	1,318,935	1,290,334	1,178,967	1,187,877
929,520	1,046,216	934,821	880,331	852,926	833,903	797,516
403,661	388,462	396,048	390,576	352,293	356,162	362,627
290,033	315,676	298,121	252,533	264,977	252,071	277,174
163,078	191,770	195,968	183,482	165,802	186,830	199,919
81,129	74,073	79,080	83,053	86,755	92,719	98,141
3,263,009	3,430,176	3,242,315	3,108,910	3,013,087	2,900,652	2,923,254
4,033	175,678	—	18,323	—	123	53,530
(1,533,267)	(1,420,696)	(1,329,283)	(1,231,139)	(1,173,747)	(1,124,383)	(932,149)
(33,217)	(36,730)	(41,874)	(44,164)	(64,765)	(64,665)	(64,484)
—	—	—	—	—	—	—
(491,386)	827,791	730,536	854,499	915,765	737,005	615,455
81,961	87,948	89,304	35,326	(3,974)	4,215	20,060
(1,011,896)	(968,242)	(937,983)	(908,343)	(900,914)	(882,840)	(648,204)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	19,043
(26,853)	(3,142)	(1,438)	(19,717)	(10,695)	(51,429)	(107,606)
65,293	65,293	65,293	65,293	41,521	36,766	6,128
489,228	25,665	24,006	39,845	64,315	101,074	207,898
258,925	261,054	252,225	187,473	674,950	586,295	700,267
75,509	292,568	286,395	275,785	264,363	248,707	233,172
$ (559,219)	$ 588,935	$ 508,338	$ 530,161	$ 1,045,331	$ 779,793	$ 1,046,213
$ 14,954,997	$ 14,620,518	$ 14,190,682	$ 13,179,105	$ 12,746,144	$ 11,810,573	$ 10,402,894
538,552	550,736	500,610	760,912	567,443	456,429	470,857
414,561	1,296,075	1,187,102	1,430,039	3,261,307	3,262,561	3,900,789
$ 15,908,110	$ 16,467,329	$ 15,878,394	$ 15,370,056	$ 16,574,894	$ 15,529,563	$ 14,774,540

Schedule D-2 - Selected Statistical Debt Service Data (Pursuant to Port Authority bond resolutions)

	2023	2022	2021
Gross operating revenues*:			
Tunnels, Bridges and Terminals	$ **1,988,089**	$ 1,880,833	$ 1,796,752
PATH	**148,408**	123,878	85,221
Port	**371,322**	396,989	386,625
Aviation	**3,657,985**	3,225,138	2,508,088
Development	**26,566**	25,991	23,080
World Trade Center	**432,248**	380,847	333,497
Other ***	**439**	154	81
Total gross operating revenues	**6,625,057**	6,033,830	5,133,344
Operating expenses:*			
Tunnels, Bridges and Terminals	**(669,404)**	(569,411)	(524,557)
PATH	**(552,762)**	(481,409)	(467,051)
Port	**(197,560)**	(181,602)	(164,852)
Aviation	**(2,285,789)**	(1,899,501)	(1,617,594)
Development	**(19,451)**	(11,268)	(11,215)
World Trade Center	**(370,817)**	(342,499)	(320,647)
Other ***	**(3,786)**	(729)	(305)
Total operating expenses	**(4,099,569)**	(3,486,419)	(3,106,221)
Operating and maintenance contingencies	**—**	—	—
Net insurance recoverables	**—**	—	—
Amounts in connection with operating asset obligations	**—**	—	(708)
Net operating revenues	**2,525,488**	2,547,411	2,026,415
Financial income	**262,306**	(84,157)	(13,548)
Grants and contributions in aid of construction, net	**325,410**	448,982	525,452
Application of WTC Retail Joint Venture Payments**	**-**	16,968	—
Application of Passenger Facility Charges	**488,053**	63,664	147,557
Application of 4 WTC associated payments	**34,732**	34,745	66,715
Net revenues available for debt service and reserves (a)	**3,635,989**	3,027,613	2,752,591
DEBT SERVICE - OPERATIONS			
Interest on bonds and other asset financing obligations (b)	**(1,145,750)**	(1,088,361)	(1,098,922)
Times, interest earned (a/b)	**3.17**	2.78	2.50
Debt maturities and retirements (c)	**(478,055)**	(463,107)	(398,600)
Times, debt service earned [a/(b+c)]	**2.24**	1.95	1.84
APPLICATION OF RESERVES			
Direct investment in facilities	**(943,156)**	(867,790)	(870,697)
Debt retirement acceleration	**—**	—	—
Appropriations for self-insurance and changes in accounting principles	**(24,086)**	(22,511)	(21,038)
Interest on bonds and other asset financing obligations	**(119,566)**	(101,564)	(128,782)
Repayment of asset financing obligations	**(5,909)**	(4,859)	(26,678)
Net increase/(decrease) in reserves	**919,467**	479,421	207,874
RESERVE BALANCES			
January 1	**3,888,303**	3,408,882	3,201,008
December 31	**4,807,770**	3,888,303	3,408,882
Reserve funds balances represented by:			
General Reserve	**2,523,802**	2,551,509	2,480,806
Consolidated Bond Reserve	**2,283,968**	1,336,794	928,076
Total	$ **4,807,770**	$ 3,888,303	$ 3,408,882
FINANCING OBLIGATIONS AT DECEMBER 31 (at par value)			
Consolidated Bonds and Notes	$ **24,653,960**	$ 24,971,430	$ 24,189,474
Fund for regional development buy-out obligation	**—**	—	—
MOTBY obligation	**38,144**	40,992	43,697
Amounts payable - Special Project Bonds	**—**	—	—
Variable rate master notes	**44,600**	44,600	44,600
Commercial paper obligations	**—**	499,060	574,000
Special Obligation Institutional Loan Program	**539,455**	—	—
Port Authority equipment notes	**—**	—	—
Tower 4 Liberty Bonds	**1,232,505**	1,234,705	1,236,905
Goethals Bridge Replacement Developer Financing Arrangement	**1,020,300**	1,022,275	1,023,286
Total financing obligations	$ **27,528,964**	$ 27,813,062	$ 27,111,962

* Gross operating revenues and operating expenses exclude GAAP adjustments related to GASB Statement No. 87 and GASB Statement No. 96.

** Commencing in 2014 amounts received in connection with the transfer of the Port Authority interests in the WTC Joint Venture are recognized in their entirety in the year in which they are received.

*** Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, Gateway Early Work Program, and Regional Facilities and Programs.

Note: This selected financial data is prepared primarily from information contained in Schedules A, B and C and is presented for general information only and is not intended to reflect the specific applications of the revenues and reserves of the Port Authority, which are governed by statutes and its bond resolutions.

2020	2019	2018	2017	2016	2015	2014
	(In thousands)					
$ 1,542,081	$ 1,740,044	$ 1,737,458	$ 1,739,552	$ 1,742,028	$ 1,599,575	$ 1,447,896
82,110	210,610	203,800	202,880	191,261	184,560	168,668
327,665	322,061	310,637	295,651	300,569	270,263	248,443
2,032,359	2,913,161	2,762,279	2,682,523	2,646,213	2,537,233	2,479,106
21,370	24,380	25,632	24,967	25,956	26,561	51,077
319,195	319,952	294,735	264,769	252,086	199,883	79,323
34	247	207	787	682	756	680
4,324,814	5,530,455	5,334,748	5,211,129	5,158,795	4,818,831	4,475,193
(552,976)	(553,759)	(524,212)	(525,862)	(509,529)	(499,873)	(510,383)
(447,034)	(457,515)	(447,552)	(423,384)	(415,251)	(389,276)	(401,273)
(163,395)	(174,213)	(166,405)	(160,495)	(167,724)	(175,976)	(172,545)
(1,752,439)	(1,886,112)	(1,754,801)	(1,693,563)	(1,612,470)	(1,557,926)	(1,623,190)
(11,612)	(11,475)	(11,786)	(12,399)	(10,853)	(13,659)	(15,737)
(335,014)	(346,535)	(333,848)	(312,242)	(293,864)	(258,748)	(192,789)
(539)	(567)	(3,711)	(4,973)	(3,396)	(5,194)	(7,337)
(3,263,009)	(3,430,176)	(3,242,315)	(3,132,918)	(3,013,087)	(2,900,652)	(2,923,254)
—	—	—	—	—	(50,000)	—
4,033	175,678	—	18,323	—	123	53,530
(5,851)	(9,529)	(12,921)	(16,050)	(18,871)	(21,387)	(23,734)
1,059,987	2,266,428	2,079,512	2,080,484	2,126,837	1,846,915	1,581,735
81,867	87,440	86,250	33,574	(4,784)	4,080	14,687
712,295	252,765	220,741	193,381	347,390	321,980	565,444
—	—	—	—	77,869	66,963	652,104
131,149	289,639	433,326	285,335	229,921	273,721	221,156
65,293	65,293	65,293	65,293	41,520	36,766	6,128
2,050,591	2,961,565	2,885,122	2,658,067	2,818,753	2,550,425	3,041,254
(940,309)	(872,275)	(868,510)	(858,694)	(824,586)	(810,356)	(635,262)
2.18	3.40	3.32	3.10	3.42	3.15	4.79
(387,820)	(334,500)	(319,090)	(300,905)	(268,520)	(259,315)	(226,205)
1.54	2.45	2.43	2.29	2.58	2.38	3.53
(1,398,366)	(1,550,920)	(1,771,900)	(1,623,347)	(1,132,915)	(1,949,785)	(1,473,432)
—	—	(8,300)	—	—	—	—
(19,662)	(18,375)	—	—	—	—	28,100
(130,857)	(133,537)	(103,056)	(69,570)	(81,601)	(66,461)	(11,542)
(608)	81	(188)	(1,276)	6,669	(51,928)	(105,562)
(827,031)	52,039	(185,922)	(195,725)	517,800	(587,420)	617,351
4,028,039	3,976,000	4,161,922	4,357,647	3,839,847	4,427,267	3,809,916
3,201,008	4,028,039	3,976,000	4,161,922	4,357,647	3,839,847	4,427,267
2,401,503	2,388,243	2,297,475	2,297,475	2,297,475	2,297,475	2,131,711
799,505	1,639,796	1,678,525	1,864,447	2,060,172	1,542,372	2,295,556
$ 3,201,008	$ 4,028,039	$ 3,976,000	$ 4,161,922	$ 4,357,647	$ 3,839,847	$ 4,427,267
$ 23,388,115	$ 22,161,860	$ 20,898,775	$ 20,672,365	$ 20,429,565	$ 21,019,925	$ 19,229,020
52,898	100,258	143,939	184,230	221,393	253,732	283,562
46,268	48,711	51,032	53,237	55,332	44,383	48,254
—	1,150,415	1,245,835	1,327,680	1,391,170	1,451,170	1,530,510
69,600	69,600	69,600	77,900	77,900	77,900	77,900
557,325	500,565	480,765	464,615	388,315	425,760	448,185
—	—	—	—	—	—	—
—	—	—	—	—	—	31,500
1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520	1,225,520
1,023,398	1,022,518	1,021,023	934,198	744,401	430,800	210,316
$ 26,363,124	$ 26,279,447	$ 25,136,489	$ 24,939,745	$ 24,533,596	$ 24,929,190	$ 23,084,767

	2023	2022 [h] (Restated)	2021 [g] (Restated)	2020
Gross Operating Revenues: [b]				
Tunnels, Bridges and Terminals	**$ 1,987,504**	$ 1,879,336	$ 1,796,696	$ 1,542,081
PATH	**147,947**	124,003	85,998	82,110
Port	**371,279**	396,977	386,622	327,665
Aviation	**3,653,830**	3,223,841	2,507,776	2,032,359
Development	**21,695**	21,346	18,536	21,370
World Trade Center	**380,593**	331,699	299,533	328,455
Other [a]	**439**	154	81	34
Total	**$ 6,563,287**	$ 5,977,356	$ 5,095,242	$ 4,334,074
Operating Expenses: [b]				
Tunnels, Bridges and Terminals	**$ 668,427**	$ 568,085	$ 524,422	$ 552,976
PATH	**552,255**	481,163	466,844	447,034
Port	**176,769**	160,737	145,723	163,395
Aviation	**1,995,247**	1,603,391	1,345,891	1,752,439
Development	**19,111**	10,930	10,879	11,612
World Trade Center	**360,917**	295,907	275,268	335,014
Other [c] [e]	**(37,639)**	706	281	539
Total	**$ 3,735,087**	$ 3,120,919	$ 2,769,308	$ 3,263,009
Capital Investment: [d]				
Tunnels, Bridges and Terminals	**$ 509,607**	$ 297,637	$ 393,208	$ 582,366
PATH (including WTC Transportation Hub)	**361,490**	263,945	329,314	339,882
Port	**52,240**	29,709	37,834	43,999
Aviation [f]	**883,460**	1,086,597	1,053,077	1,101,960
Development	**—**	—	—	1
World Trade Center	**89,274**	80,114	106,809	216,441
Other [a]	**17,607**	5,309	2,709	5,182
Total	**$ 1,913,678**	$ 1,763,311	$ 1,922,951	$ 2,289,831

(a) Includes Ferry Transportation, Access to the Regions Core, Moynihan Station Transportation Program, Gateway Early Work Program, and Regional Facilities and Programs

(b) Amounts include all direct and allocated operating expenses.

(c) Includes Ferry Transportation, Access to the Regions Core, Regional Facilities and Programs, Moynihan Station Transportation Program, Gateway Early Work Program, and administrative expenses related to PAICE.

(d) Capital investment includes contributed capital amounts and is reduced by write-offs related to capital construction.

(e) 2017 restated amount includes $(24) million related to the adoption of GASB Statement No. 75, "*Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions.*"

(f) Excludes LaGuardia Terminal B landlord leasehold capital investment of $74 million in 2023, $164 million in 2022 and $95 million in 2021.

(g) 2021 amounts include impacts related to the adoption of GASB Statement No. 87, "*Leases.*"

(h) 2022 amounts include impacts related to the adoption of GASB Statement No. 87, "*SBITAs.*"

2019	2018	2017 (Restated)	2016	2015	2014
(In thousands)					
$ 1,740,044	$ 1,737,458	$ 1,739,552	$ 1,742,028	$ 1,599,575	$ 1,447,896
210,610	203,800	202,880	191,261	184,560	168,668
322,061	310,637	295,651	300,569	270,263	248,443
2,913,161	2,762,279	2,682,523	2,646,213	2,537,233	2,479,106
24,380	25,632	24,967	25,956	26,561	51,077
329,212	303,995	274,029	260,655	207,634	85,942
247	207	787	682	756	680
$ 5,539,715	$ 5,344,008	$ 5,220,389	$ 5,167,364	$ 4,826,582	$ 4,481,812
$ 553,759	$ 524,212	$ 525,862	$ 509,529	$ 499,873	$ 510,383
457,515	447,552	423,384	415,251	389,276	401,273
174,213	166,405	160,495	167,724	175,976	172,545
1,886,112	1,754,801	1,693,563	1,612,470	1,557,926	1,623,190
11,475	11,786	12,399	10,853	13,659	15,737
346,535	333,848	312,242	293,864	258,748	192,789
567	3,711	(19,035)	3,396	5,194	7,337
$ 3,430,176	$ 3,242,315	$ 3,108,910	$ 3,013,087	$ 2,900,652	$ 2,923,254
$ 697,449	$ 931,539	$ 885,311	$ 1,179,307	$ 956,231	$ 961,854
358,166	340,635	274,429	454,031	268,428	512,415
120,019	146,153	106,455	133,874	93,729	210,496
1,588,820	989,693	772,520	584,996	791,805	715,456
111	3,682	893	1,569	2,110	1,977
266,795	314,472	311,122	846,597	904,787	1,674,030
6,307	39,547	150,409	290	3,144	3,822
$ 3,037,667	$ 2,765,721	$ 2,501,139	$ 3,200,664	$ 3,020,234	$ 4,080,050

Schedule E - Information on Port Authority Operations (pursuant to U.S. GAAP)

	Year ended December 31, 2023								2022 (Restated)
	Gross Operating Revenues (e)	Operating Expenses (a)	Depreciation & Amortization	Amortization of Lease Assets, as Lessee	Income/(loss) from Operations	Interest Grants & Other Expenses(b)	Capital Contributions & PFCs	Increase/ (decrease) in Net Position	Increase/ (decrease) in Net Position
					(In thousands)				
INTERSTATE TRANSPORTATION NETWORK									
George Washington Bridge & Bus Station	$ 899,534	$ 155,649	$ 75,190	$ —	$ 668,695	$ 36,740	$ —	$ **631,955**	$ 598,437
Holland Tunnel	224,205	109,944	27,933	—	86,328	11,895	40,003	**114,436**	88,397
Lincoln Tunnel	300,935	143,786	90,615	162	66,372	48,581	1,321	**19,112**	8,086
Bayonne Bridge	50,977	24,783	34,418	—	(8,224)	46,610	—	**(54,834)**	(80,249)
Goethals Bridge	283,433	35,869	44,390	—	203,174	74,884	—	**128,290**	116,097
Outerbridge Crossing	188,807	21,164	7,911	—	159,732	2,679	—	**157,053**	143,204
Port Authority Bus Terminal	39,613	177,232	34,783	—	(172,402)	10,967	—	**(183,369)**	(166,203)
Subtotal - Tunnels, Bridges & Terminals	1,987,504	668,427	315,240	162	1,003,675	232,356	41,324	**812,643**	707,769
PATH (c)	142,422	520,617	152,739	—	(530,934)	173,150	53,058	**(651,026)**	(586,210)
WTC Transportation Hub (c)	—	13,991	82,374	—	(96,365)	(876)	2,662	**(92,827)**	(95,301)
Journal Square Transportation Center (c)	5,525	17,647	3,894	—	(16,016)	1,316	—	**(17,332)**	(20,829)
Subtotal - PATH	147,947	552,255	239,007	—	(643,315)	173,590	55,720	**(761,185)**	(702,340)
Ferry Transportation	166	241	4,995	21	(5,091)	2,179	—	**(7,270)**	(9,114)
Access to the Regions Core ("ARC")	—	—	—	—	—	270	—	**(270)**	(906)
Moynihan Station Transportation Program	—	—	10,000	—	(10,000)	1,508	—	**(11,508)**	(15,257)
Gateway Early Work Program	273	224	2,666	—	(2,617)	464	—	**(3,081)**	(3,924)
Total Interstate Transportation Network	2,135,890	1,221,147	571,908	183	342,652	410,367	97,044	**29,329**	(23,772)
AVIATION									
LaGuardia (d)	544,108	473,483	155,553	29,266	(114,194)	99,993	71,626	**(142,561)**	(72,160)
JFK International (d)	1,681,909	813,036	213,390	73,565	581,918	87,125	228,546	**723,339**	592,194
Newark Liberty International (d)	1,354,558	640,470	239,811	51,381	422,896	158,549	113,391	**377,738**	367,728
Teterboro	64,684	39,056	13,890	—	11,738	5,269	—	**6,469**	583
New York Stewart International (d)	8,571	29,202	11,841	846	(33,318)	(3,185)	3,354	**(26,779)**	(29,451)
Total Aviation	3,653,830	1,995,247	634,485	155,058	869,040	347,751	416,917	**938,206**	858,894
PORT									
Port Newark	104,336	89,771	31,487	7,667	(24,589)	31,763	1,007	**(55,345)**	(46,220)
Elizabeth Port Authority Marine Terminal	194,058	28,298	19,338	—	146,422	14,656	244	**132,010**	122,212
Brooklyn Port Authority Marine Terminal	8,055	19,965	3,175	—	(15,085)	1,742	—	**(16,827)**	(12,382)
Red Hook Terminal	3,374	7,042	84	—	(3,752)	(1,497)	1,122	**(1,133)**	(2,920)
Howland Hook Marine Terminal	15,595	7,468	10,275	767	(2,915)	11,035	—	**(13,950)**	(11,274)
Greenville Yard Port Authority Marine	1,177	117	—	—	1,060	—	—	**1,060**	957
NYNJ Rail LLC	7,351	5,921	5,466	—	(4,036)	4,886	4,489	**(4,433)**	(9,890)
Port Jersey - Port Authority Marine Terminal	37,333	18,187	14,956	—	4,190	(7,879)	2,834	**14,903**	(14,342)
Total Port	371,279	176,769	84,781	8,434	101,295	54,706	9,696	**56,285**	26,141
DEVELOPMENT									
Essex County Resource Recovery Facility	2,977	217	—	—	2,760	(110)	—	**2,870**	2,789
Industrial Park at Elizabeth	1,317	1,281	249	—	(213)	(710)	—	**497**	994
Bathgate Industrial Park	—	—	—	—	—	—	—	**—**	(57)
Teleport	11,168	16,790	1,496	331	(7,449)	34	—	**(7,483)**	(83)
Newark Legal & Communications Center	6	89	—	—	(83)	—	—	**(83)**	(104)
Queens West Waterfront Development	1,911	—	576	—	1,335	2,183	—	**(848)**	(2,862)
Hoboken South Waterfront Development	4,316	734	2,378	—	1,204	(7,611)	—	**8,815**	8,126
Total Development	21,695	19,111	4,699	331	(2,446)	(6,214)	—	**3,768**	8,803
WORLD TRADE CENTER									
WTC Campus	3,992	157,620	120,510	—	(274,138)	10,853	13,040	**(271,951)**	(227,680)
One World Trade Center	251,741	141,447	130,771	—	(20,477)	104,063	—	**(124,540)**	(134,299)
WTC Towers 2, 3 & 4	39,101	35,629	79,076	—	(75,604)	(99,543)	—	**23,939**	23,694
WTC Tower 7	33,026	17,228	—	—	15,798	(4,374)	—	**20,172**	20,343
WTC Retail	52,733	8,993	46,422	—	(2,682)	—	—	**(2,682)**	(29,459)
Total World Trade Center	380,593	360,917	376,779	—	(357,103)	10,999	13,040	**(355,062)**	(347,401)
LaGuardia Terminal B landlord leasehold investment	—	—	61,658	—	(61,658)	—	—	**(61,658)**	(62,855)
Regional Facilities and Other Programs (f)	—	(38,104)	6,478	12,749	18,877	22,290	—	**(3,413)**	(27,078)
Total	$ 6,563,287	$ 3,735,087	$ 1,740,788	$ 176,755	$ 910,657	$ 839,899	$ 536,697	$ **607,455**	$ 432,732

(a) Amounts include direct and allocated operating expenses.

(b) Amounts include net interest expense (interest expense less financial income), Tower 4 Liberty Bond debt service reimbursements, Pass-through grant program payments, Grants in connection with operating activities and gains or losses generated by the disposition of assets, if any.

(c) PATH Gross operating revenues include PATH fares collected at the WTC and Journal Square Transportation Center PATH stations.

(d) Facility amounts include Passenger Facility Charges.

(e) Gross operating revenues include the amortization of deferred inflows of resources related to leases recognized under GASB Statement No. 87, "*Leases* ."

(f) Operating Expenses include GASB Statement No. 87 unallocated contra rent expense amounts related to leases entered into for the purpose of providing centralized support services to Port Authority facilities.

Schedule F - Information on Capital Investment in Port Authority Facilities

	Dec. 31, 2022	Capital Investment [a]	Depreciation	Dispositions	Dec. 31, 2023
			(In thousands)		
INTERSTATE TRANSPORTATION NETWORK					
George Washington Bridge & Bus Station	$ 1,742,520	$ 191,865	$ 75,190	$ —	$ 1,859,195
Holland Tunnel	619,552	81,796	27,933	—	673,415
Lincoln Tunnel	1,732,525	143,648	90,615	—	1,785,558
Bayonne Bridge	1,507,700	474	34,418	—	1,473,756
Goethals Bridge	1,456,266	14,886	44,390	—	1,426,762
Outerbridge Crossing	109,693	8,926	7,911	—	110,708
Port Authority Bus Terminal	606,417	68,012	34,783	—	639,646
Subtotal - Tunnels, Bridges & Terminals	7,774,673	509,607	315,240	—	7,969,040
PATH	3,443,656	342,833	152,739	—	3,633,750
WTC Transportation HUB	3,214,740	9,241	82,374	—	3,141,607
Journal Square Transportation Center	58,776	9,416	3,894	—	64,298
Subtotal - PATH	6,717,172	361,490	239,007	—	6,839,655
Ferry Transportation	72,728	—	4,995	—	67,733
Access to the Region's Core ("ARC")	30,227	—	—	—	30,227
Moynihan Station Transportation Program	99,128	—	10,000	—	89,128
Gateway Early Work Program	52,496	17,607	2,666	—	67,437
Total Interstate Transportation Network	14,746,424	888,704	571,908	—	15,063,220
AVIATION [b]					
LaGuardia	2,931,115	23,332	155,553	—	2,798,894
JFK International	3,661,502	558,920	213,390	—	4,007,032
Newark Liberty International	4,631,438	225,818	239,811	—	4,617,445
Teterboro	201,196	2,946	13,890	—	190,252
New York Stewart International	140,322	(1,150)	11,841	—	127,331
Total Aviation	11,565,573	809,866	634,485	—	11,740,954
PORT					
Port Newark	721,455	24,817	31,487	—	714,785
Elizabeth Port Authority Marine Terminal	872,403	7,395	19,338	—	860,460
Brooklyn Port Authority Marine Terminal / Red Hook Terminal	74,316	5,188	3,259	—	76,245
Howland Hook Marine Terminal	425,354	—	10,275	—	415,079
Greenville Yard Port Authority Marine Terminal / NY NJ Rail LLC	186,000	3,403	5,466	—	183,937
Port Jersey-Port Authority Marine Terminal	473,642	11,437	14,956	—	470,123
Total Port	2,753,170	52,240	84,781	—	2,720,629
DEVELOPMENT					
Essex County Resource Recovery Facility	5,805	—	—	—	5,805
Industrial Park at Elizabeth	4,289	—	249	—	4,040
Teleport	1,780	—	1,496	—	284
Queens West Waterfront Development	80,793	—	576	—	80,217
Hoboken South Waterfront Development	50,937	—	2,378	—	48,559
Total Development	143,604	—	4,699	—	138,905
WORLD TRADE CENTER					
WTC Campus [c]	3,862,178	67,314	120,510	—	3,808,982
One World Trade Center	2,996,024	16,900	130,771	—	2,882,153
WTC Towers 2, 3 & 4[d]	2,581,699	1,034	79,076	—	2,503,657
WTC Retail	1,628,101	4,026	46,422	—	1,585,705
Total World Trade Center	11,068,002	89,274	376,779	—	10,780,497
FACILITIES, net	40,276,773	1,840,084	1,672,652	—	40,444,205
LaGuardia Terminal B landlord leasehold investment	1,135,986	73,594	61,658	—	1,147,922
TOTAL	$ 41,412,759	$ 1,913,678	$ 1,734,310	$ —	$ 41,592,127
REGIONAL FACILITIES & PROGRAMS	$ 14,907	$ —	$ 6,478	$ —	$ 8,429

[a] Capital investment includes contributed capital amounts and is reduced by capital write-offs.
[b] Facility capital investment amounts include projects funded with Passenger Facility Charges.
[c] Capital investment includes campus wide infrastructure primarily related to utilities, roadways, WTC Memorial, WTC Vehicular Security Center and the WTC Chiller Plant.
[d] Includes WTC net lessee required capital contributions related to the construction of WTC Towers 3 and 4.

Schedule G - Port Authority Facility Traffic (Unaudited)*

		2023	2022	2021	2020
TUNNELS AND BRIDGES (Eastbound Traffic)	**AUTOMOBILES**				
	George Washington Bridge	**46,019,125**	45,594,258	45,107,088	38,784,553
	Lincoln Tunnel	**16,545,912**	17,181,771	15,631,752	11,513,663
	Holland Tunnel	**15,201,121**	14,299,537	13,647,628	11,061,685
	Staten Island Bridges	**34,413,854**	33,557,483	32,118,961	27,572,632
	Subtotal Automobiles	**112,180,012**	110,633,049	106,505,429	88,932,533
	BUSES				
	George Washington Bridge	**239,769**	256,445	277,876	253,278
	Lincoln Tunnel	**1,613,761**	1,526,562	1,399,329	1,395,997
	Holland Tunnel	**52,541**	43,961	38,187	53,052
	Staten Island Bridges	**148,171**	156,059	142,270	104,646
	Subtotal Buses	**2,054,242**	1,983,027	1,857,662	1,806,973
	TRUCKS				
	George Washington Bridge	**4,369,170**	4,103,693	3,887,376	3,704,358
	Lincoln Tunnel	**1,094,781**	979,555	870,595	772,995
	Holland Tunnel	**439,248**	365,493	335,758	324,381
	Staten Island Bridges	**2,490,863**	2,652,206	2,596,494	2,287,868
	Subtotal Trucks	**8,394,062**	8,100,947	7,690,223	7,089,602
	TOTAL VEHICLES				
	George Washington Bridge	**50,628,064**	49,954,396	49,272,340	42,742,189
	Lincoln Tunnel	**19,254,454**	19,687,888	17,901,676	13,682,655
	Holland Tunnel	**15,692,910**	14,708,991	14,021,573	11,439,118
	Staten Island Bridges	**37,052,888**	36,365,748	34,857,725	29,965,146
	Subtotal Vehicles	**122,628,316**	120,717,023	116,053,314	97,829,108
PATH	Total passengers	**50,467,805**	42,582,013	29,245,022	27,005,307
	Passenger weekday average	**164,590**	137,016	90,941	90,287
MARINE TERMINALS	General cargo [(a)] (Metric tons)	**33,066,977**	39,736,739	36,505,473	34,829,323
	Containers (in twenty foot equivalent units)	**7,810,005**	9,493,664	8,985,929	7,585,819
	International waterborne vehicles	**366,796**	420,929	458,026	469,529
	Waterborne bulk commodities (in metric tons)	**3,066,864**	3,697,618	4,037,804	3,010,322
	CONTAINERS				
	New Jersey Marine Terminals	**4,145,208**	4,730,639	4,550,386	4,038,301
	New York Marine Terminals	**182,945**	522,008	429,348	217,200
	Subtotal Containers	**4,328,153**	5,252,647	4,979,734	4,255,501
BUS TERMINALS	**BUS DEPARTURES**				
	Port Authority Bus Terminal	**902,386**	862,645	840,000	835,000
	George Washington Bridge Bus Station	**108,597**	104,710	105,000	103,000
	PATH Journal Square Transportation Center Bus Station	**313,000**	289,000	289,704	291,921
	Total Departures	**1,323,983**	1,256,355	1,234,704	1,229,921
AVIATION	**PLANE MOVEMENTS**				
	John F. Kennedy International Airport	**481,075**	449,238	290,778	199,767
	LaGuardia Airport	**359,858**	352,582	175,765	139,178
	Newark Liberty International Airport	**426,268**	401,326	282,280	211,460
	New York Stewart International Airport	**25,967**	28,197	25,951	22,513
	Subtotal Plane Movements	**1,293,168**	1,231,343	774,774	572,918
	DOMESTIC PASSENGERS				
	John F. Kennedy International Airport	**29,094,515**	28,449,455	18,037,803	8,267,666
	LaGuardia Airport	**30,576,140**	27,807,585	15,319,871	7,853,368
	Newark Liberty International Airport	**35,347,911**	31,943,547	22,446,527	12,121,093
	New York Stewart International Airport	**150,763**	244,664	135,144	97,392
	Subtotal Domestic Passengers	**95,169,329**	88,445,251	55,939,345	28,339,519
	INTERNATIONAL PASSENGERS				
	John F. Kennedy International Airport	**33,369,816**	26,838,256	12,750,519	8,362,976
	LaGuardia Airport	**1,808,820**	1,286,207	281,192	391,824
	Newark Liberty International Airport	**13,736,863**	11,621,707	6,603,025	3,771,799
	New York Stewart International Airport	**103,102**	53,287	—	—
	Subtotal International Passengers	**49,018,601**	39,799,457	19,634,736	12,526,599
	TOTAL PASSENGERS				
	John F. Kennedy International Airport	**62,464,331**	55,287,711	30,788,322	16,630,642
	LaGuardia Airport	**32,384,960**	29,093,792	15,601,063	8,245,192
	Newark Liberty International Airport	**49,084,774**	43,565,254	29,049,552	15,892,892
	New York Stewart International Airport	**253,865**	297,951	135,144	97,392
	Subtotal Passengers	**144,187,930**	128,244,708	75,574,081	40,866,118
	CARGO-TONS				
	John F. Kennedy International Airport	**1,585,503**	1,545,624	1,573,598	1,152,601
	LaGuardia Airport	**6,026**	6,662	6,328	5,826
	Newark Liberty International Airport	**695,325**	746,801	791,442	695,345
	New York Stewart International Airport	**23,704**	24,707	30,996	24,145
	Subtotal Cargo-tons	**2,310,558**	2,323,794	2,402,364	1,877,917
	Revenue mail-tons	**104,943**	145,329	146,672	135,733

*Certain 2023 numbers reflect estimated data based on available year-end information and are subject to revision.
(a)International oceanborne general and bulk cargo as recorded in the New York - New Jersey Customs District.

2019	2018	2017	2016	2015	2014
47,700,000	47,264,000	47,594,000	47,497,000	46,361,000	45,136,000
15,317,000	15,742,000	15,841,000	15,993,000	15,706,000	15,597,000
15,033,000	14,460,000	14,247,000	14,727,000	14,763,000	14,915,000
33,636,000	32,373,000	31,430,000	30,303,000	28,883,000	28,317,000
111,686,000	109,839,000	109,112,000	108,520,000	105,713,000	103,965,000
440,000	448,000	442,000	440,000	429,000	426,000
2,186,000	2,170,000	2,161,000	2,164,000	2,165,000	2,151,000
159,000	168,000	179,000	191,000	199,000	209,000
167,000	186,000	180,000	177,000	176,000	172,000
2,952,000	2,972,000	2,962,000	2,972,000	2,969,000	2,958,000
3,821,000	3,792,000	3,684,000	3,692,000	3,666,000	3,475,000
1,031,000	1,048,000	1,037,000	1,055,000	1,061,000	1,043,000
443,000	443,000	446,000	447,000	447,000	446,000
2,295,000	2,163,000	2,153,000	2,085,000	2,091,000	2,131,000
7,590,000	7,446,000	7,320,000	7,279,000	7,265,000	7,095,000
51,961,000	51,504,000	51,720,000	51,629,000	50,456,000	49,037,000
18,534,000	18,960,000	19,039,000	19,212,000	18,932,000	18,791,000
15,635,000	15,071,000	14,872,000	15,365,000	15,409,000	15,570,000
36,098,000	34,722,000	33,763,000	32,565,000	31,150,000	30,620,000
122,228,000	120,257,000	119,394,000	118,771,000	115,947,000	114,018,000
82,219,587	81,733,402	82,812,915	78,553,560	76,541,453	73,679,425
284,380	280,860	283,719	269,081	258,425	250,071
41,090,000	37,577,000	35,450,000	32,556,203	36,781,069	35,370,355
7,471,131	7,179,788	6,710,817	6,251,953	6,371,720	5,772,303
570,023	573,035	577,223	505,150	477,170	393,391
3,639,822	3,686,686	3,975,000	3,212,603	5,050,519	5,042,690
3,950,890	3,828,434	3,599,514	3,416,144	3,427,226	3,098,049
287,217	267,020	246,910	186,364	236,787	244,237
4,238,107	4,095,454	3,846,424	3,602,508	3,664,013	3,342,286
1,190,000	1,203,000	1,199,000	1,193,000	1,179,000	1,166,000
166,000	171,000	172,000	172,000	170,000	168,000
482,725	479,960	478,900	478,640	478,560	470,060
1,838,725	1,853,960	1,849,900	1,843,640	1,827,560	1,804,060
456,060	455,495	448,366	448,753	439,298	423,421
374,078	371,905	369,152	369,987	358,609	360,834
446,320	453,377	438,578	431,594	413,873	396,386
33,222	32,542	34,787	37,295	37,834	36,881
1,309,680	1,313,319	1,290,883	1,287,629	1,249,614	1,217,522
28,233,791	28,117,337	26,961,081	27,245,463	26,806,854	25,021,432
28,875,041	27,857,697	27,474,292	27,996,763	26,684,923	25,157,202
32,004,140	31,730,735	30,330,568	27,995,353	25,693,128	23,762,627
366,124	366,130	307,621	275,421	281,754	309,357
89,479,096	88,071,899	85,073,562	83,513,000	79,466,659	74,250,618
34,317,281	33,518,898	32,518,263	31,693,184	30,079,898	28,198,994
2,209,853	2,224,430	2,087,936	1,790,006	1,752,745	1,814,893
14,332,312	14,128,785	12,891,846	12,324,428	11,805,317	11,848,060
159,591	324,281	141,077	0	0	0
51,019,037	50,196,394	47,639,122	45,807,618	43,637,960	41,861,947
62,551,072	61,636,235	59,479,344	58,938,647	56,886,752	53,220,426
31,084,894	30,082,127	29,562,228	29,786,769	28,437,668	26,972,095
46,336,452	45,859,520	43,222,414	40,319,781	37,498,445	35,610,687
525,715	690,411	448,698	275,421	281,754	309,357
140,498,133	138,268,293	132,712,684	129,320,618	123,104,619	116,112,565
1,338,415	1,422,160	1,394,509	1,311,191	1,332,091	1,343,855
6,376	5,996	6,878	7,586	7,721	7,140
825,266	848,161	822,589	746,770	405,214	666,840
23,606	22,808	20,834	18,729	15,144	15,227
2,193,663	2,299,125	2,244,810	2,084,276	1,760,170	2,033,062
177,413	154,244	153,733	140,418	126,026	112,524

PORT AUTHORITY NY NJ

AIR LAND RAIL SEA

APPENDIX B

Condensed Enterprise Fund Financial Statements as of and for the Six-Month Period Ended June 30, 2024 (Unaudited)

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The Port Authority of New York and New Jersey

Condensed Enterprise Fund Financial Statements as of and for the Six-month Period Ended June 30, 2024 (Unaudited)

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

TABLE OF CONTENTS

1. OVERVIEW OF THE FINANCIAL STATEMENTS

The following is an overview of the Port Authority of New York and New Jersey (the Port Authority) and its component units' business-type activities as of and for the six-month period ended June 30, 2024. This overview is intended to serve as an introduction to the unaudited condensed enterprise fund financial statements which have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and should be read in conjunction with the Port Authority's audited financial statements and appended note disclosures for the year ended December 31, 2023, which are located in the corporate information section of the Port Authority's website.

Unaudited financial results for the six-month period ended June 30, 2024, contained in these schedules are not necessarily indicative of the results for the annual period ending December 31, 2024.

Management's Discussion and Analysis (MD&A) provides an assessment of how the Port Authority's financial position has changed and identifies the factors that, in management's view, significantly affected the Port Authority's overall financial position.

Condensed Enterprise Fund Financial Statements follow the MD&A and include three specific Financial Statements. The Statement of Net Position provides information about the nature and amounts of investments in resources (Assets) and obligations (Liabilities) of the Port Authority, with the difference between the two reported as Net Position (Equity).

The Statement of Revenues, Expenses and Changes in Net Position shows how the Port Authority's overall Net Position changed during the six-month period ended June 30, 2024, and June 30, 2023.

The Statement of Cash Flows provides information about the Port Authority's cash receipts, cash payments, and net changes in cash resulting from operating activities, non-capital financing activities, capital and related financing activities, and investing activities for the six-month period ended June 30, 2024, and June 30, 2023.

2. FINANCIAL REPORTING ENTITY

The Port Authority was created in 1921 by Compact between the States of New York and New Jersey with the consent of the United States Congress. The Compact envisions the Port Authority as being financially self-sustaining. As such, the agency must raise the funds necessary for the improvement, construction or acquisition of its facilities and their operation primarily upon the basis of its own credit. Cash derived from Port Authority operations and other cash received may be disbursed only for specific purposes in accordance with provisions of various statutes and agreements with holders of its obligations and others. The costs of providing facilities and services to the general public on a continuing basis are recovered primarily from operating revenue sources, including rentals, tolls, fares, aviation and port fees, and other charges for the use of, and privileges at certain of the Port Authority's facilities.

3. BASIS OF ACCOUNTING

Port Authority business-type activities are accounted for using the flow of economic resources measurement focus and accrual basis of accounting. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position, including revenues and expenses, are accounted for in an enterprise fund with revenues recorded when earned and expenses recorded at the time liabilities are incurred.

The Port Authority follows U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

Preparation of the unaudited condensed enterprise fund financial statements in conformity with U.S. GAAP requires management, where necessary, to make estimates and assumptions that affect the amounts reported in the condensed financial statements and accompanying notes. Such estimates and assumptions are subject to various uncertainties, the occurrence of which may cause differences between those estimates and assumptions and actual results.

4. IMPACTS FROM THE COVID-19 PANDEMIC

Activity Volumes

Beginning in March 2020, Port Authority facilities experienced a significant reduction in use in response to perceived safety concerns and state and local regulation of transportation facilities to attempt to limit the spread of the disease. Since the nadir of activity volumes in April 2020, the Port Authority has seen activity volumes rising across its facilities. The table below provides a comparison of the total use of its airports, its bridges and tunnels, its Port Authority Trans-Hudson Corporation (PATH) transit system, and its cargo shipping activity for the six-month periods of January through June 2024, 2023 and 2019. With the exception of the PATH transit system, activity volumes at the airports, bridges and tunnels, and marine ports have now exceeded 2019 volumes, with the airports reaching new records during the first six months of 2024. Activity levels on the PATH transit system continue to recover more slowly and were 67% of June 2019 levels as of June 30, 2024. Due to work from home trends exacerbated during the COVID-19 pandemic, the Port Authority now believes that PATH passenger activity will recover to 2019 levels much more gradually.

(In thousands)	**Six-Month Period Ended June 30, 2024***	Six-Month Period Ended June 30, 2023	Six-Month Period Ended June 30, 2019	2024 Volumes as % of 2023 Volumes	2024 Volumes as % of 2019 Volumes
Total Passengers, Aviation	**70,630**	69,669	68,211	101.4 %	103.5 %
Total Vehicles, Bridges and Tunnels	**59,763**	60,066	59,249	99.5 %	100.9 %
Total Passengers, PATH	**27,271**	24,171	40,489	112.8 %	67.4 %
PATH Passengers, Average Weekday Ridership	**180**	158	283	113.9 %	63.6 %
Total Cargo Containers (TEU), Marine Terminals	**4,181**	3,740	3,653	111.8 %	114.5 %

* 2024 facility traffic information contains estimated data based on available information and is subject to revision.

The Port Authority posts other activity volume information, including monthly data, in press releases on its public website which can be found at: https://www.panynj.gov/port-authority/en/press-room/press-release-archives.html.

Financial Position

Revenues

The Port Authority experienced a reduction in Gross Operating Revenue and Passenger Facility Charge (PFC) collections compared to pre-COVID-19 pandemic projections of $3 billion for the twenty-four-month period of March 2020 through March 2022, matching revised projections first developed in mid-2020.

Gross Operating Revenues for the first six-months of 2024 of $3.4 billion are $665 million higher than the same six-month period in 2019 due to the activity recovery noted above as well as increased toll and fare rates and new leasing rentals related to airport redevelopment.

Federal Support

The Port Authority's airports were provided approximately $433 million to be utilized over a four-year period under the airport funding provision contained in the America Rescue Plan Act (ARPA) allocated to eligible U.S. airports in March 2021 for eligible operating and development costs, in addition to approximately $60 million attributable to financial relief to airport concessionaires. As of June 30, 2024, the Port Authority has drawn down approximately $389 million of its $433 million allocation, of which approximately $108 million was credited to airlines operating under cost recovery agreements. The remaining funds are expected to be drawn down by the end of 2024.

5. FINANCIAL STATEMENT COMPARISON FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2024 (in accordance with U.S. GAAP)

($ in thousands)	**Six-Month Period Ended June 30, 2024**	Six-Month Period Ended June 30, 2023 (Restated)	Variance
Gross operating revenues	**$ 3,352,484**	$ 3,123,582	$ 228,902
Operating expenses*	**(1,771,254)**	(1,621,492)	(149,762)
Net operating income*	**1,581,230**	1,502,090	79,140
Depreciation of facilities and landlord leasehold improvements	**(871,498)**	(851,510)	(19,988)
Amortization of lease assets, as lessee	**(86,008)**	(85,074)	(934)
Amortization of costs for regional programs	**(1,881)**	(3,858)	1,977
Income from operations*	**621,843**	561,648	60,195
Financial income**	**88,093**	83,345	4,748
Interest expense, net***	**(577,393)**	(560,763)	(16,630)
Interest income, as lessor	**78,742**	90,458	(11,716)
Interest expense, as lessee	**(104,562)**	(116,550)	11,988
Grants and other non-operating revenues (expenses)****	**85,028**	76,815	8,213
Capital contributions	**155,393**	129,765	25,628
Passenger facility charges (PFCs)	**147,908**	165,878	(17,970)
Non-operating expenses, net*	**(126,791)**	(131,052)	4,261
Increase (decrease) in net position*	**$ 495,052**	$ 430,596	$ 64,456

* In accordance with GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements,*" (SBITA) 2023 amounts have been restated.

** Includes changes in fair market value of investments of $12 million in 2024 and $37 million in 2023.

*** In accordance with GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements,*" 2023 amounts have been restated. The six-month period ended June 30, 2024 and 2023, are net of $16 million due the Port Authority for the reimbursement of Tower 4 Liberty Bond debt service payments from the World Trade Center (WTC) Tower 4 net lessee.

**** Includes pass-through grant payments to sub-recipients of $148 thousand in 2024 and $174 thousand in 2023.

Operating Revenues and Expenses

Net operating income for the six months ended June 30, 2024 of $1.6 billion, increased $79 million or 5% as compared to the same six-month period of 2023, primarily due to continued growth in activity volumes across most Port Authority facilities, a toll rate increase in January 2024, higher aviation cost recovery fees primarily as a result of a new cost recovery formula that became effective on January 1, 2024, and additional rentals at aviation facilities, partially offset by higher operating expenses as described below. When compared to the 2024 budget, Net Operating Revenues (NOR) for the six-month period ended June 30, 2024 was $65 million or 5% higher than plan, primarily driven by higher than plan aviation cost recovery fees.

Gross operating revenues of $3.4 billion, are $229 million or 7% higher than the same six-month period of 2023.

- **Rentals**, including the straight-line amortization of deferred inflows of resources related to leases subject to GASB Statement No. 87, "*Leases*" (GASB Statement No. 87) totaled $1.2 billion for the first six months of 2024, an increase of $121 million or 12% as compared to the same six months of 2023. This increase was primarily due to: ***a)*** an increase in activity-based rental income at Aviation facilities due to increased passenger activity in the first six months of 2024 compared to the first six months of 2023; ***b)*** increased fixed rents at Newark Liberty International (EWR) Airport Terminal A, compared to the first six months of 2023; ***c)*** an increase in fixed rents at John F. Kennedy International (JFK) Airport New Terminal One (NTO) that commenced in May 2023; ***d)*** an increase in common use gate charges at EWR Airport Terminals A and B; and ***e)*** an increase in fixed and percentage rents due to scheduled rent increases and higher cargo container throughput at Port Authority Marine Terminals.

- **Bridge and tunnel tolls** of $983 million increased $22 million or 2% as compared to the same six-month period of 2023, primarily due to toll rate increases for Tolls by Mail and E-ZPass® effective January 2024, partially offset by a slight decrease in vehicular activity at the Port Authority's six vehicular crossings due to inclement weather and an increase in toll violations.

- **Aviation fees** of $802 million increased $70 million, or 10% as compared to the same six-month period of 2023. Aviation fees paid by airlines operating at the Port Authority's three main airports provide for the recovery of certain capital investment and operating expenses incurred by the Port Authority. The increase in aviation fees was primarily due to: ***a)*** an increase in recoverable operating and maintenance expenses, policing and security costs and capital investment placed into service in the first six months of 2024 when compared to the first six months of 2023 calculated in accordance with amended cost recovery agreements with airlines that became effective January 1, 2024; ***b)*** an increase in Airtrain fees due to a fare increase in March 2024; ***c)*** an increase in rental car contributions due to a rate increase in April 2024; and ***d)*** an increase in for-hire-vehicle (FHV) airport access fees due to increased activity.

- **Parking and other fees** of $266 million increased $10 million, or 4% as compared to the same six-month period of 2023 primarily due to an increase in Port Authority Marine Terminal Cargo Facility Charges (CFCs) due to an increase in CFC billing rates and a 12% increase in cargo container activity in the first six months of 2024 when compared to the first six months of 2023, partially offset by a decline in public parking activity at aviation facilities when compared to the first six months of 2023.

- **PATH fares** of $73 million increased $8 million or 13% compared to the same six-month period of 2023 due to a 13% increase in PATH ridership as compared to the first six months ridership levels of 2023. PATH ridership for the first six months of 2024, was 67% of pre-COVID-19 levels.

Operating expenses of $1.8 billion are $150 million or 9% higher than the same six-month period in 2023.

- **Employee compensation**, including employer provided healthcare and retirement benefits of $830 million, increased approximately $51 million or 7% from the same six-month period of 2023 primarily due to: ***a)*** post COVID-19 pandemic filling of authorized positions that had been previously vacated due to retirement and attrition; ***b)*** an increase in employer provided healthcare and retirement benefits for active and retired employees due to the increased cost of healthcare and retirement benefits when compared to the first six months of 2023; and ***c***) increased overtime related to inclement weather conditions.

- **Contract services** of $613 million increased $60 million or 11% from the same six-month period of 2023 primarily due to: ***a)*** an increase in ground transportation services at JFK Airport due to increased rates and activity; ***b)*** increased maintenance dredging at New Jersey Marine Terminals; ***c)*** increased payments to consultants related to cyber security and climate risk assessments; ***d)*** increased maintenance of All-Electronic Tolling (AET) open-road tolling (ORT) system at tunnel and bridge facilities; e***)*** an increase in concession management fees at EWR Terminal A; ***f)*** increased payments for enterprise information technology software; and ***g)*** increased operational support activities, primarily at aviation facilities to address operational and airport redevelopment construction requirements.

- **Rents and Payments in Lieu of Taxes (PILOT**) excluding the straight-line amortization of lease assets recognized under GASB Statement No. 87 totaled $46 million, an increase of $13 million or 37% from the same six-month period of 2023. These increases were primarily due to an increase in rent due the City of Newark and the City of New York for the leasing of Marine and Air Terminals due to increased airport revenues and an increase in PILOT payments to the City of New York for the WTC Campus as a result of higher assessed property values and increased tax rates.

- **Materials, equipment and other** of $187 million increased $28 million or 18% from the same six-month period of 2023 primarily due to: ***a)*** an increase in public liability self-insured loss reserves and increased property damage and public liability insurance premiums; ***b)*** an increase in the purchase of materials and supplies to support the ongoing operations of Port Authority facilities; and c) the demolition of a building structure at Howland Hook Marine Terminal.

- **Utilities** of $95 million decreased $2 million, or 2% from the same six-month period of 2023 primarily due to a decrease in billing rates for electricity at most Port Authority facilities partially offset by an increase in PATH metered electricity due to retroactive billing.

<u>Non-Operating Revenue and Expense Activities</u>

Depreciation and amortization, including the straight-line amortization of lease assets recognized under GASB Statement No. 87 totaled $959 million an increase of $19 million, or 2% as compared to the same six-month period of 2023. This overall increase was primarily due to the scheduled completion of approximately $3.5 billion of capital construction projects during the eighteen-month period covering January 2023 through June 2024. These capital infrastructure assets have been placed into operational service and are being depreciated over their estimated useful lives, including, elements of the: ***a)*** PATH signal replacement and rail car fleet expansion programs; and ***b)*** EWR Airport Redevelopment Program.

Financial income of $88 million increased $5 million 6% from the same six-month period of 2023 primarily due to increased earnings from securities due to higher realized rates of return, partially offset by the recognition of unrealized losses related to the decrease in the fair value of United States securities held in Port Authority investment accounts due to the fluctuation of interest rates.

Grants in connection with operating activities of $85 million increased $8 million or 11% from the same six-month period of 2023 primarily due to an increase in the recovery of ARPA COVID-19 federal funding of eligible aviation operating expenses, partially offset by a decrease in FEMA funding of COVID-19 testing.

Contributions in aid of construction of $155 million increased $26 million or 20% from the same six-month period of 2023 primarily due to an increase in capital contributions from third parties related to the redevelopment of Terminal One at JFK Airport, partially offset by decreases in capital contributions related to the redevelopment of JFK Airport Terminals 6 and 7 and FTA and FEMA funding for PATH Superstorm Sandy restoration and resiliency projects due to projects nearing completion.

Passenger facility charges (PFCs) of $148 million decreased $18 million or 11% when compared to the same six-month period of 2023 due to timing differences related to the accrual of PFCs from airlines.

Interest expense, net of $577 million increased $17 million, or 3% when compared to the same six-month period of 2023, primarily due to increased interest payments resulting from the issuance of additional consolidated bonds to fund capital construction. These increases were partially offset by decreased interest payments resulting from the refunding of certain consolidated bonds for purposes of achieving future debt service savings.

Assets

Port Authority assets totaled $63.4 billion at June 30, 2024, an increase of $988 million from December 31, 2023. This net increase is primarily due to:

- ***Facilities, net*** of $40.7 billion increased approximately $287 million from December 31, 2023, primarily due to increased capital infrastructure investment of $1.1 billion primarily at Aviation, Bridge and Tunnel facilities and PATH, less year-to-date depreciation.

  Capital Investment by Primary Business Segment, Year-to-Date June 30, 2024

($ in millions)		2024*		2023*
Aviation**	**$**	**541**	$	427
Tunnels, Bridges & Terminals		**325**		171
PATH		**178**		164
WTC (including WTC Transportation Hub)		**46**		38
Port Department		**35**		16
Other		**—**		5
Total	**$**	**1,125**	$	821

* Business segment capital investment includes Security capital projects of $12 million and non-Port Authority managed capital projects of $131 million in 2024, respectively and $5.5 million and $8 million, respectively, in 2023.

** Includes landlord leasehold capital investment related to LGA Terminal B of $31 million in 2023.

- ***Receivables (including restricted amounts)*** of $1.6 billion increased $107 million from December 2023 primarily due to: ***a)*** capital contributions related to JFK Airport NTO; ***b)*** ARPA federal funding for aviation operating expenses; ***c)*** an increase in flight fees due to timing differences related to the receipt of payments from airlines; and ***d)*** timing related to the receipt of John F. Kennedy International Air Terminal 4 (JFKIAT) percentage rent payments.

- ***Cash and Investments (including PFCs and Port Authority Insurance Captive Entity (PAICE) restricted investments)*** of $6.2 billion increased $803 million when compared to December 2023, primarily due to: ***a)*** increased cash receipts of aviation fees and rents from airlines operating at aviation facilities; and ***b)*** the issuance of consolidated bonds to refund $395 million of Consolidated Bonds in August 2024 to achieve future debt service savings. These increases were partially offset by increased payments to the New York State and Local Retirement System (NYSLRS), payments to contractors related to capital construction projects and increased rent payments to the cities of New York and Newark for the leasing of municipal air and marine terminals.

  Cash flows from operations of $1.5 billion increased $140 million from the same six-month period of 2023 primarily due to an increase in tolls and fares, activity-based rentals, and aviation cost recovery fees. Partially offsetting these amounts was an increase in employer pension contributions to NYSLRS.

Port Authority Investments, including PFC's

Port Authority's investments, summarized below, are allocated to: ***a)*** United States Treasury notes (72%); ***b)*** United States Treasury obligations held pursuant to repurchase agreements (11%); ***c)*** United States Treasury bills (8%); ***d)*** State and Local Government Series securities (7%); ***e)*** United States government agency obligations (2%); and ***f)*** Municipal bonds (<1%).

Investment Type, at fair value*	**Fair Value Hierarchy Levels*****	**June 30, 2024**	**Weighted Average Maturity**
		(In thousands)	(In days)
United States Treasury notes	Level 1	$ 4,174,804	656
United States Treasury obligations held pursuant to repurchase agreements****	—	638,151	1
United States Treasury bills	Level 1	483,833	5
State and Local Government Series securities*****	—	394,648	37
United States government agency obligations	Level 2	107,823	11
Municipal bonds	Level 2	4,710	623
Total Investments**		**$ 5,803,969**	
Portfolio Weighted Average Maturity			476

* Excludes cash and investments of approximately $1.8 billion held in the Port Authority of NY and NJ Retiree Health Benefits Trust.

** Excludes accrued interest receivable amounts of $33 million.

*** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principle-to-principle markets.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

**** Investments are valued at unamortized cost.

*****State and Local Government Series securities are special purpose securities the U.S. Treasury issues to state and local governments to assist with compliance of federal tax laws and IRS regulations governing the investment of cash proceeds generated from tax-exempt bond issuance.

PAICE Investments

PAICE's investments, summarized below, are allocated: ***a)*** to United States Treasury notes (48%); ***b)*** Taxable municipal securities (20%); ***c)*** Corporate bonds (15%); ***d)*** Mortgage-backed securities (13%); and ***e)*** Asset-backed securities (4%).

Investment Type, at fair value	**Fair Value Hierarchy Levels****		**June 30, 2024**	**Weighted Average Maturity**
			(In thousands)	(In days)
United States Treasury notes	Level 1	$	60,133	2,202
Taxable municipal securities	Level 2		25,366	4,844
Corporate bonds	Level 2		19,212	2,908
Mortgage-backed securities	Level 2		15,873	3,237
Asset-backed securities	Level 2		5,371	799
Total Investments*		**$**	**125,955**	
Portfolio Weighted Average Maturity				2,912

* Excludes $360 million in intercompany loans to the Port Authority and accrued interest receivable of approximately $1 million.

** Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets, and principle-to-principle markets.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation.

Liabilities

Port Authority liabilities totaled $42.4 billion at June 30, 2024, an increase of $791 million from December 31, 2023.

- ***Bonds and other asset financing obligations*** of $28.8 billion increased $614 million from December 31, 2023 primarily due to the issuance of Consolidated Bonds for purposes of funding capital construction projects and to retire certain Special Obligation Loan Program debt obligations.

  Bonds and other financing obligations, excluding Tower 4 Liberty Bonds of $1.2 billion, are shown below.

($ in millions)	Opening Balance Jan. 1, 2024	Issued/ Accrued	Refunded/ Retired	Ending Balance Jun. 30, 2024
Consolidated Bonds	$ 24,654	$ 748	$ 33	$ 25,369
Special Obligation Institutional Loan Program	539	13	150	402
Variable Rate Master Notes	45	—	—	45
Marine Ocean Terminal at Bayonne Peninsula (MOTBY) Obligation	38	—	3	35
Goethals Bridge Replacement Developer Financing Arrangement	1,020	—	1	1,019
Subtotal-Principal	**26,296**	**761**	**187**	**26,870**
Unamortized premium/(discount)	1,843	83	42	1,884
Total	**$ 28,139**	**$ 844**	**$ 229**	**$ 28,754**

- ***Accounts payable*** of $1.1 billion increased $148 million from December 31, 2023 primarily due to an increase in payables related to capital construction projects and third-party contractors for operational, security and maintenance support services at Port Authority facilities.

- ***Accrued payroll, pension and other employee benefits*** of $3.8 billion increased $99 million from December 31, 2023 primarily due to the timing of payments for employee wages and employer provided healthcare and retirement benefits.

- ***Accrued Interest and Other Liabilities*** of $1.1 billion decreased $25 million from December 31, 2023 primarily due to: ***a)*** rent payments to the cities of New York and Newark for the leasing of municipal air and marine terminals; ***b)*** timing of scheduled debt service payments on outstanding Consolidated Bonds; and ***c)*** payments to aviation concessionaires for rent relief authorized under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Partially offsetting these payments were: ***d)*** increases related to timing differences for the payment of insurance premiums; and, ***e)*** funds received for harbor maintenance dredging at Port Authority marine terminals that have not been drawn upon.

CONDENSED STATEMENTS OF NET POSITION -- UNAUDITED*

	JUNE 30, 2024	DECEMBER 31, 2023
	($ in thousands)	
Assets		
Facilities, net	**$ 40,730,939**	$ 40,444,205
Cash and investments - unrestricted	**5,967,774**	5,142,242
Cash and investments - restricted, including PFC and PAICE	**220,575**	243,569
Receivables, including restricted amounts	**1,562,712**	1,455,383
Amounts receivable - Tower 4 Liberty Bonds	**1,232,505**	1,232,505
Unamortized costs for regional programs	**6,548**	8,429
Lease receivable, as lessor	**4,761,152**	4,838,763
Lease assets	**6,859,791**	6,943,174
Landlord leasehold investment-LGA Terminal B	**1,114,614**	1,147,922
Other assets	**978,371**	990,722
Total assets	**63,434,981**	62,446,914
Deferred outflows of resources		
Loss on debt refundings	**48,193**	51,578
Pension related amounts	**676,012**	517,098
OPEB related amounts	**975,122**	975,122
Total deferred outflows of resources	**1,699,327**	1,543,798
Liabilities		
Bonds and other asset financing obligations	**28,753,968**	28,139,513
Amounts payable - Tower 4 Liberty Bonds	**1,232,505**	1,232,505
Lease liabilities, as lessee	**6,379,133**	6,424,743
Accounts payable	**1,078,152**	929,749
Accrued payroll, pension and other employee benefits	**3,836,160**	3,737,652
Accrued interest and other liabilities	**1,116,305**	1,141,268
Total liabilities	**42,396,223**	41,605,430
Deferred inflows of resources		
Gain on debt refundings	**188,301**	195,067
Pension related amounts	**70,838**	70,838
OPEB related amounts	**110,034**	110,034
Leases, as lessor	**5,212,319**	5,347,802
Total deferred inflows of resources	**5,581,492**	5,723,741
Net position	**$ 17,156,593**	$ 16,661,541

*** see footnote (*) on page 14**

CONDENSED STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION - UNAUDITED*

	SIX MONTHS ENDED JUNE 30,	
	2024	2023 (Restated)
	($ in thousands)	
Gross operating revenues:		
Bridge and tunnel tolls	**$ 983,236**	$ 960,754
PATH fares	**72,560**	64,301
Rentals	**1,155,730**	1,034,738
Aviation fees	**802,470**	732,084
Parking and other revenues	**266,340**	256,094
Utilities	**72,148**	75,611
Total gross operating revenues	**3,352,484**	3,123,582
Operating expenses:		
Employee compensation, including benefits	**830,060**	778,894
Contract services	**613,111**	553,468
Rents and payments in-lieu-of taxes (PILOT)	**46,029**	33,480
Materials, equipment and other	**186,576**	158,347
Utilities	**95,478**	97,303
Total operating expenses before depreciation, amortization and other operating expenses	**1,771,254**	1,621,492
Depreciation of facilities and landlord leasehold improvements	**871,498**	851,510
Amortization of lease assets, as lessee	**86,008**	85,074
Amortization of costs for regional programs	**1,881**	3,858
Income from operations	**621,843**	561,648
Non-operating revenues and (expenses):		
Financial income	**88,093**	83,345
Grants, in connection with operating activities	**85,028**	76,815
Contributions in aid of construction	**155,393**	129,765
Passenger facility charges	**147,908**	165,878
Interest expense in connection with bonds and other asset financing	**(577,393)**	(560,763)
Interest income, as lessor	**78,742**	90,458
Interest expense, as lessee	**(104,562)**	(116,550)
Net non-operating revenues and (expenses)	**(126,791)**	(131,052)
Increase in net position	**495,052**	430,596
Net position, January 1,	**16,661,541**	16,054,086
Net position, June 30,	**$ 17,156,593**	$ 16,484,682

*** see footnote (*) on page 14**

CONDENSED STATEMENTS OF CASH FLOWS – UNAUDITED*

	SIX MONTHS ENDED JUNE 30,	
	2024	2023 (Restated)
	($ in thousands)	
Net cash provided by operating activities	**$ 1,510,896**	$ 1,371,032
Net cash provided by noncapital financing activities	**55,104**	77,815
Net cash used for capital construction and related financing activities	**(786,446)**	(54,344)
Net cash used for investing activities	**(835,536)**	(1,436,474)
Net decrease in cash	**(55,982)**	(41,971)
Cash at beginning of year	**280,705**	341,249
Cash at June 30,	**$ 224,723**	$ 299,278

* The unaudited Condensed Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows have been prepared, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with U.S. generally accepted accounting principles. This unaudited condensed financial information should be read in conjunction with the Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2023.

CONDENSED FINANCIAL INFORMATION ON PORT AUTHORITY FACILITIES – UNAUDITED

Six Months Ended June 30, 2024

($ in thousands)

	Gross Operating Revenues *	Operating Expenses	Depreciation and Amortization	Amortization of Lease Assets	Income (Loss) from Operations	Interest, Grants & Other Expenses **	Capital Contributions & PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	$ 1,009,085	$ 319,722	$ 158,245	$ 23	$ 531,095	$ 119,457	$ 25,529	$ 437,167
PATH	80,075	279,527	126,556	32	(326,040)	89,944	37,729	(378,255)
Aviation	1,893,217	903,080	344,322	76,693	569,122	143,775	226,396	651,743
Port Commerce	192,004	99,172	42,489	4,213	46,130	42,221	4,666	8,575
World Trade Center	162,700	184,004	190,147	—	(211,451)	26,809	8,981	(229,279)
Other***	12,018	5,914	11,620	176	(5,692)	7,886	—	(13,578)
Corporate and Centralized Support Lease Agreements****	3,385	(20,165)	—	4,871	18,679	—	—	18,679
Total	$ 3,352,484	$ 1,771,254	$ 873,379	$ 86,008	$ 621,843	$ 430,092	$ 303,301	$ 495,052

Six Months Ended June 30, 2023 (Restated)

($ in thousands)

	Gross Operating Revenues *	Operating Expenses	Depreciation and Amortization	Amortization of Lease Assets	Income (Loss) from Operations	Interest, Grants & Other Expenses **	Capital Contributions & PFC's	Increase/ (Decrease) in Net Position
Tunnels, Bridges, and Terminals	$ 983,425	$ 292,420	$ 154,171	$ 79	$ 536,755	$ 128,004	$ 28,128	$ 436,879
PATH	69,586	253,738	115,903	—	(300,055)	97,062	43,115	(354,002)
Aviation	1,706,432	848,327	341,316	76,615	440,174	155,510	214,062	498,726
Port Commerce	184,038	72,000	42,643	4,204	65,191	49,203	5,253	21,241
World Trade Center	169,105	169,826	186,448	—	(187,169)	(15,183)	5,085	(166,901)
Other***	11,013	5,336	14,887	176	(9,386)	12,099	—	(21,485)
Corporate and Centralized Support Lease Agreements****	(17)	(20,155)	—	4,000	16,138	—	—	16,138
Total	$ 3,123,582	$ 1,621,492	$ 855,368	$ 85,074	$ 561,648	$ 426,695	$ 295,643	$ 430,596

* Gross Operating Revenues include the straight-line amortization of deferred inflows of resources related to leases recognized under GASB Statement No. 87.

** Amounts are net of $8 million due the Port Authority at June 30, 2024 and 2023 for the reimbursement of Tower 4 Liberty Bond debt service payments from the WTC Tower 4 net lessee. Amounts also include Grants in connection with operating activities, Pass-through grant program payments; and gains or losses generated by the disposition of assets, if any.

*** Other includes Development Facilities, certified Regional facilities and Ferry Transportation

****Amounts include unallocated contra rent payments and lease amortization related to space leases entered into for the purpose of providing corporate-wide and centralized operational support services that are subject to GASB Statement No. 87.

Note: These unaudited schedules related to Port Authority Facilities have been prepared, subject to audit, adjustment and reconciliation, solely for general information purposes, in accordance with U.S. generally accepted accounting principles. This unaudited financial information should be read in conjunction with the Financial Statements of The Port Authority of New York and New Jersey, and its component units (collectively the Port Authority) and the accompanying note disclosures and schedules for the year ended December 31, 2023.

Revenue and Reserves-Unaudited (pursuant to Port Authority bond resolutions)

($ in thousands)		**Six Months Ended June 30, 2024 (Actual)**		Six Months Ended June 30, 2024 (Budget)		Six Months Ended June 30, 2023 (Actual)
Gross operating revenues	**$**	**3,392,475**	$	3,283,268	$	3,160,036
Total operating expenses		**(1,950,286)**		(1,905,786)		(1,799,982)
Net operating revenue		**1,442,189**		1,377,482		1,360,054
Grants and contributions in aid of construction		**240,422**		248,680		205,671
Application of Passenger Facility Charges		**145,888**		135,239		174,146
Financial income and other		**104,259**		94,798		94,930
Net revenues available for debt service		**1,932,758**		1,856,199		1,834,801
Interest expense - operations		**(571,172)**		(553,715)		(555,864)
Interest expense incurred during construction*		**(66,832)**		(90,000)		(62,795)
Debt retirement principal payments		**(36,152)**		(36,065)		(64,432)
Total Debt service**		**(674,156)**		(679,780)		(683,091)
Net Revenues after Debt Service and Transfers to Reserves***	**$**	**1,258,602**	$	1,176,419	$	1,151,710

* In accordance with GASB Statement No. 89, effective January 1, 2021, interest expense incurred during construction can no longer be capitalized as a capital project cost; the 2024 capital budget includes capitalized interest and is shown above for comparison purposes.

** Includes debt service on Consolidated Bonds and Notes and Special obligations of the Port Authority including, Commercial Paper obligations, Variable rate master notes, the MOTBY obligation, Tower 4 Liberty Bonds and Goethals Bridge Replacement Developer Financing Arrangement.

*** Excludes the application of funds from the Consolidated Bond Reserve Fund for purposes of funding direct capital investment in Port Authority Facilities.

Facility Traffic – Unaudited

(In thousands)	**Six-Month Period Ended June 30, 2024***	Six-Month Period Ended June 30, 2023	Six-Month Period Ended June 30, 2019	2024 Volumes as % of 2023 Volumes	2024 Volumes as % of 2019 Volumes
Total Passengers, Aviation	**70,630**	69,669	68,211	101.4 %	103.5 %
Total Vehicles, Bridges and Tunnels	**59,763**	60,066	59,249	99.5 %	100.9 %
Total Passengers, PATH	**27,271**	24,171	40,489	112.8 %	67.4 %
PATH Passengers, Average Weekday Ridership	**180**	158	283	113.9 %	63.6 %
Total Cargo Containers (TEU), Marine Terminals	**4,181**	3,740	3,653	111.8 %	114.5 %
Total Rail Lifts, Marine Terminals	**324**	307	329	105.5 %	98.5 %

* 2024 facility traffic information contains estimated data based on available information and is subject to revision.

The below table provides a reconciliation of the *Condensed Statements of Revenues. Expenses and Changes in Net Position* on page 13 of this report to *the Revenue and Reserves (pursuant to Port Authority bond resolutions)* schedule presented on page 16.

	Six Months Ended June 30,	
	2024	2023 (Restated)
	(In thousands)	
Increase in Net position reported on Statements of Revenues, Expenses and Changes in Net Position	**$ 495,052**	$ 430,596
Less GAAP only revenues:		
PFC Collections and interest income/fair value adjustment	**(148,002)**	(170,558)
GASB Statement No. 87 amortization of leases, as lessor	**(149,143)**	(183,064)
GASB Statement No. 87 interest income, as lessor	**(78,742)**	(90,458)
WTC 2,3,4 Net Lessee capital contributions	**—**	(910)
Add GAAP only expenses:		
Depreciation of facilities and landlord leasehold investment	**871,498**	851,510
Interest expense in connection with bonds and other asset financing	**577,357**	560,615
Amortization of costs for regional programs	**1,881**	3,858
GASB Statement No. 87 amortization of leases, as lessee	**86,008**	85,074
GASB Statement No. 96 amortization of SBITAs	**3,880**	3,880
GASB Statement No. 87 interest expense, as lessee	**104,562**	116,550
GASB Statement No. 96 SBITA interest expense	**35**	148
Total GAAP adjustments	**1,269,334**	1,176,645
Add Bond Resolutions only revenues:		
Fixed rentals received from lessees*	**189,137**	219,518
Application of PFCs	**145,888**	174,146
4 WTC Liberty Bond principal and interest payments	**16,259**	16,266
Less Bond Resolutions only expenses:		
Fixed rent payments paid to lessees*	**(178,968)**	(178,588)
Debt service	**(674,156)**	(683,091)
Total Bond Resolutions adjustments	**$ (505,784)**	$ (455,531)
Total	**$ 1,258,602**	$ 1,151,710
Net revenues after debt service and transfers to reserves	**$ 1,258,602**	$ 1,151,710

* Related to lease agreements that are subject to GASB Statement No. 87.

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY
CONSOLIDATED BONDS, TWO HUNDRED FORTY-FIFTH SERIES AND TWO HUNDRED FORTY-SIXTH SERIES

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