

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

COMMITTEE ON FINANCE

MINUTES

Thursday, May 26, 2005

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MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Thursday, May 26, 2005

PRESENT:

Hon. Henry R. Silverman, Chair

Hon. Bruce A. Blakeman

Hon. Anthony R. Coscia

Hon. David S. Steiner

Committee Members

Kenneth J. Ringler Jr., Executive Director

Darrell B. Buchbinder, General Counsel

Karen E. Eastman, Secretary

Matthew A. Baratz, Assistant Director, Office of Business Development

Kayla M. Bergeron, Director, Public Affairs

Veronica Biddle, General Manager, Risk Management, Treasury

A. Paul Blanco, Chief Financial Officer

Gregory G. Burnham, Chief Technology Officer

William R. DeCota, Director, Aviation

Francis A. DiMola, Director, Real Estate

Iran H. Engel, Assistant Treasurer

Michael G. Fabiano, Comptroller

James P. Fox, Deputy Executive Director

Michael B. Francois, Chief of Real Estate/Regional and Economic Development

L. Jay Hector, Senior Policy Advisor to the Executive Director/Vice-Chairman

Kevin J. Kirchman, Deputy Director, Public Affairs

Robert F. Lurie, Chief of Strategic Planning

Michael G. Massiah, Director, Human Resources

James E. McCoy, Manager, Board Management Support, Office of the Secretary

Anne Marie C. Mulligan, Treasurer

Edmond F. Schorno, Chief of Staff

Kenneth W. Snapp, Senior Policy Advisor, Office of the Deputy Executive Director

Sheree R. Van Duyne, Manager of Policies and Protocol, Office of the Secretary

Peter J. Zantal, Manager, Strategic Analysis/Industrial Relations, Port Commerce

Guests

Mark Charron, Deloitte Consulting LLP

Sam Stanton, Authorities Unit, Officer of the Governor of New Jersey

The Committee meeting was called to order in executive session by the Chair at 11:34 a.m. and ended at 12:25 p.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of March 31, 2005 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of March 31, 2005.

PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE

It was recommended that the Committee on Finance authorize: (1) the purchase of property damage and loss of revenue insurance (Insurance) providing general coverage of approximately \$400 million per occurrence, with a \$5 million deductible and a self-insured retention of \$25 million in the aggregate in excess of the deductible, and coverage for losses arising from acts of terrorism to the extent reasonably available, for all property of the Port Authority and its wholly-owned corporate entities, for a one-year term effective June 1, 2005, at an estimated premium cost of \$20 million; and (2) payment of a brokerage fee not to exceed \$400,000 to Willis of New York, Inc. (Willis) in connection with the purchase of this Insurance. The Executive Director, the Chief Financial Officer or the Treasurer each would be authorized to take action to effectuate the Insurance purchase.

Willis provided brokerage services in connection with the purchase of the Insurance under a three-year brokerage arrangement that expires on June 1, 2006, and staff recommended that the arrangement be continued for its third and final year.

The coverage limits and estimated cost of the Insurance reflect the currently increasing constraints on the availability of coverage in the global insurance markets with respect to the Port Authority. The estimated premium cost assumes that the Port Authority will be able to purchase the Insurance providing general coverage of approximately \$400 million per occurrence, with a \$5 million deductible and a self-insured retention of \$25 million in the aggregate in excess of the deductible, and, including terrorism coverage under Terrorism Risk Insurance Act of 2002 (TRIA). If TRIA is not renewed prior to its scheduled expiration on December 31, 2005, the TRIA coverage would end on that date and the Port Authority would receive a partial return of the premium.

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

Pursuant to the foregoing report, the following resolution was adopted by the Committee in executive session with Commissioners Blakeman, Coscia, Silverman and Steiner voting in favor; none against:

RESOLVED, that the purchase of property damage and loss of revenue insurance providing general coverage of approximately \$400 million per occurrence, with a \$5 million deductible and a self-insured retention of \$25 million in the aggregate in excess of the deductible, and coverage for losses arising from acts of terrorism to the extent reasonably available, for all property of the Port Authority and its wholly-owned corporate entities, for a one-year term effective June 1, 2005, at an estimated premium cost of \$20 million, and the payment of a brokerage fee not to exceed \$400,000 to Willis of New York, Inc. in connection with the purchase of this insurance, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director, the Chief Financial Officer or the Treasurer be and each hereby is authorized, for and on behalf of the Port Authority, to take action to effectuate the foregoing; and it is further

RESOLVED, that all documents required to effectuate the foregoing shall be subject to review by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary