

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, February 18, 2016

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE

150 Greenwich Street

New York, NY

Thursday, February 18, 2016

PRESENT:

Hon. Jeffrey H. Lynford, Vice-Chair
Hon. Raymond M. Pocino
Hon. William P. Schuber
Committee Members

Hon. John J. Degnan
Hon. Michael D. Fascitelli
Hon. George R. Laufenberg
Hon. Scott H. Rechler
Commissioners

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

Janet Cox, Director, Management and Budget
Nicole Crifo, Senior Advisor to the Chairman
Stephanie E. Dawson, Acting Chief Operating Officer
David P. Garten, Senior Advisor to the Vice Chairman
Linda C. Handel, Deputy Secretary
Portia Henry, Executive Policy Analyst, Special Panel Implementation Office
Patricia Hurley, Chief of Staff to the Chairman
Sherien N. Khella, Financial Advisor to the Chief Financial Officer
John H. Ma, Chief of Staff to the Executive Director
Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
Elizabeth M. McCarthy, Chief Financial Officer
Carlene V. McIntyre, Assistant General Counsel
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center Construction
Alan L. Reiss, Deputy Director, World Trade Center Construction
Jessica Russ, Principal Board Management and Support Specialist, Office of the Secretary
James A. Starace, Chief Engineer/Director of Engineering
Timothy G. Stickelman, Assistant General Counsel

Lillian D. Valenti, Chief Procurement and Contracting Officer
Ian R. Van Praagh, Acting Director, Government and Community Affairs, New York
Cheryl A. Yetka, Treasurer

Guests:

Amy Herbold, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey
Adam Spence, Assistant Secretary for Economic Development and Innovation, Office of
the Governor of New York
Michael Wojnar, Special Assistant for Intergovernmental Affairs, Office of the Governor
of New York

The Committee meeting was called to order in executive session by Commissioner Lynford at 10:20 a.m. and was adjourned at 10:31 a.m. The Committee also met in public session after the executive session. Chairman Degnan recused himself and did not participate in the discussion on the insurance matter included in these minutes.

Action on Minutes

The Secretary reported that the Minutes of the meeting of December 10, 2015 had been signed and made available to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of December 10, 2015.

CONFIDENTIAL ITEM

The Committee approved a matter in executive session, which shall not be made available for public inspection.

WORLD TRADE CENTER SITE – PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE, INCLUDING TERRORISM COVERAGE

It was recommended that the Committee on Finance (Committee) authorize the purchase of property damage and loss of revenue insurance, including coverage for losses arising from acts of terrorism (Property Insurance), through the broker Willis of New York, Inc. (Willis), with the appropriate available limits, deductibles, retentions and other terms, for the assets of the Port Authority and its subsidiaries and component units at the World Trade Center (WTC) site that will be available for their intended use in the period between March 31, 2016 and March 31, 2018, for up to a two-year term, effective March 31, 2016. The Executive Director, the Chief Financial Officer, the Treasurer and the Chief Procurement Officer, each individually, would be authorized to effectuate the Property Insurance purchase.

In order to protect the Port Authority from financial loss attributable to damage to its owned, operated and leased properties and resultant loss of revenues, it is necessary to obtain Property Insurance coverage for the relevant WTC site assets. Assets to be covered under the proposed Property Insurance include One WTC, the WTC Central Chiller Plant and River Water System, and the WTC Vehicular Security Center and Tour Bus Parking Facility, the WTC Oculus and connecting corridors, Liberty Park and additional assets that are forecast to become operational during the policy term.

At its February 19, 2014 meeting, the Committee authorized a brokerage agreement with Willis for a term of March 1, 2014 through December 31, 2017, to provide brokerage services, including placement and administration, for the Property Insurance program for the WTC site, at an aggregate estimated brokerage fee of \$1,967,789. The Port Authority will have the option to extend the agreement with Willis for an additional three-year term, at an aggregate estimated additional brokerage fee of \$1,702,468.

At its meeting of March 13, 2015, the Committee authorized the purchase of Property Insurance for the WTC site assets available for their intended use in the period between March 31, 2015 and March 31, 2016, for a one-year term.

Program options would be discussed with Willis and insurance underwriters, in order to place the most comprehensive coverage at the best available price, through a combination of risk transfer and risk retention strategies. Separate sub-limits and deductibles would apply for certain exposures, including the perils of windstorm and flood. The program also provides for the purchase of terrorism coverage under the federal Terrorism Risk Insurance Program Reauthorization Act of 2015 through the Port Authority Insurance Captive Entity, LLC.

The Committee has power to act in this matter under and pursuant to the By-Laws and its Charter.

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

RESOLVED, that the purchase of property damage and loss of revenue insurance coverage, including coverage for losses arising from acts of terrorism, for assets of the Port Authority and its subsidiaries and component units at the World Trade

Center site that will be available for their intended use in the period between March 31, 2016 and March 31, 2018, through the broker Willis of New York, Inc., with the appropriate available limits, deductibles, retentions and other terms, for up to a two-year term, effective March 31, 2016, substantially in accordance with the terms outlined to the Committee, be and it hereby is authorized; and it is further

RESOLVED, that the Executive Director, the Chief Financial Officer, the Treasurer and the Chief Procurement Officer be and each hereby is authorized, individually, 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