

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES***

Thursday, September 22, 2016

Action on Minutes	2
Purchase of Public Liability Insurance	3

PENDING
GUBERNATORIAL
REVIEW

* The actions set forth in these Minutes shall have no force and effect until the expiration of the statutorily required gubernatorial review period (currently expected to occur at Midnight on October 7, 2016), unless sooner approved by the Governors of both the State of New York and the State of New Jersey, or vetoed by either.

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE

150 Greenwich Street

New York, NY

Thursday, September 22, 2016

PRESENT:

Hon. Richard H. Bagger, Chair
 Hon. Jeffrey H. Lynford, Vice-Chair
 Hon. Hamilton E. James
 Hon. William P. Schuber

Committee Members

Hon. Steven M. Cohen
 Hon. Michael D. Fascitelli
 Hon. George R. Laufenberg

Commissioners

Michael Farbiarz, General Counsel
 Karen E. Eastman, Secretary

Justin E. Bernbach, Director, Government and Community Affairs, New York
 Benjamin S. Engle, Project Manager, Human Resources
 David P. Garten, Chief of Staff to the Vice Chairman
 Linda C. Handel, Deputy Secretary
 Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Carlene V. McIntyre, Assistant General Counsel
 Kristine O'Brien, Leadership Fellow, Human Resources
 Jessica Russ, Principal Board Management and Support Specialist, Office of the Secretary
 Timothy G. Stickelman, Assistant General Counsel
 Cheryl A. Yetka, Treasurer

Guests:

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

The Committee meeting was called to order in executive session by Commissioner Bagger at 11:28 a.m. and was adjourned at 11:34 a.m. The Committee also met in public session after the executive session. Chairman Degan recused himself and did not participate in the discussion on the insurance matter included in these minutes. Commissioner Lynford was not present for the public session portion of the meeting.

Action on Minutes

The Secretary reported that the Minutes of the meeting of July 21, 2016 had been signed and made available to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of July 21, 2016.

PENDING
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PURCHASE OF PUBLIC LIABILITY INSURANCE

It was recommended that the Committee on Finance (Committee) authorize the purchase of certain insurance through the broker, Willis Towers Watson f/k/a Willis Group (Willis), with appropriate available limits, self-insured retentions and other terms, including coverage for all facilities of the Port Authority and its component units, effective October 27, 2016, composed of: (1) public liability insurance (Liability), including coverage for excess workers' compensation, for a one-year term; and (2) coverage for losses arising from acts of terrorism for a two-year term. The Executive Director, the Chief Financial Officer, the Treasurer and the Chief Procurement Officer each would be authorized to take action to effectuate the purchase of Liability insurance to protect the Port Authority and its related entities against potential losses related to bodily injury and property damage claims or suits brought by third parties, consistent with the terms outlined to the Committee.

At its February 19, 2015 meeting, the Committee authorized a brokerage agreement with Willis for a three-year term, from March 1, 2015 through February 28, 2018, to provide brokerage services, including placement and administration, for the property damage and loss of revenue and the Liability insurance programs, at a total combined fee of \$2,026,768. The Port Authority has the option to extend the agreement with Willis for one three-year renewal period, at an aggregate estimated additional brokerage fee of \$2,233,431.

At its meeting on September 24, 2015, the Committee authorized the purchase of Liability insurance, through Willis, including coverage for excess workers' compensation and losses arising from acts of terrorism, for all facilities of the Port Authority and its related entities for a one-year term, effective October 27, 2015. The current liability insurance coverage is scheduled to expire on October 27, 2016.

It is expected that the underwriters that are presently providing the Liability insurance coverage will continue to participate, and that additional insurers will be added to the program, to better leverage pricing of the various insurance layers, and that Port Authority Insurance Captive Entity, LLC also will continue to participate in the Liability insurance coverages, in order to gain additional capacity and pricing considerations, including with regard to terrorism coverage under the Terrorism Risk Insurance Program Reauthorization Act of 2015.

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 by the Committee, with Commissioners Bagger, James, Lipper 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 certain insurance, for all facilities of the Port Authority and its component units, effective October 27, 2016, composed of: (1) public liability insurance, including coverage for excess workers' compensation, for a one-year term; and (2) coverage for losses arising from acts of terrorism for a two-year term, 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, 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.

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Whereupon, the meeting was adjourned.

Secretary

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