

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

COMMITTEE ON FINANCE

MINUTES*

Thursday, April 28, 2016

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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 May 13, 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, April 28, 2016

PRESENT:

Hon. Richard H. Bagger, Chair
 Hon. Jeffrey H. Lynford, Vice-Chair
 Hon. Hamilton E. James
 Hon. Kenneth J. Lipper
 Hon. Raymond M. Pocino

Committee Members

Hon. John J. Degnan
 Hon. Michael D. Fascitelli
 Hon. George R. Laufenberg
 Hon. Scott H. Rechler
 Hon. David S. Steiner

Commissioners

Patrick J. Foye, Executive Director
 Timothy G. Stickelman, Assistant General Counsel
 Karen E. Eastman, Secretary

Ana M. Carvajalino, Assistant Director, Forecasting and Financial Planning,
 Management and Budget
 Janet Cox, Director, Management and Budget
 Nicole Crifo, Senior Advisor to the Chairman
 Portia Henry, Executive Policy Analyst, Special Panel Implementation Office
 Patricia Hurley, Chief of Staff to the Chairman
 William Laventhal, Executive Policy Analyst, Office of the Executive Director
 Hugh P. McCann, Director, World Trade Center Operations
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Carlene V. McIntyre, Assistant General Counsel
 Steven A. Pasichow, Director, Office of Investigation, Office of Inspector General
 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

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:

Mary Maples, Associate 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

The Committee meeting was called to order in executive session by Commissioner Bagger at 9:05 a.m. and was adjourned at 9:20 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 February 18, 2016 had been signed and made available to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of February 18, 2016.

PENDING
GUBERNATORIAL
REVIEW

**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 certain insurance, through the broker Willis Towers Watson f/k/a Willis Group (Willis), with the appropriate available limits, sub-limits, deductibles, retentions and other terms, for the assets of the Port Authority and its component units, with the exception of certain infrastructure at the World Trade Center site, for which the Port Authority has obtained separate insurance, composed of: (1) property damage and loss of revenue insurance, for a one-year term, effective June 1, 2016; and (2) coverage for losses arising from acts of terrorism under the Property Insurance program, for a one-year term, effective June 1, 2017 (should market capacity and pricing warrant securing coverage for a term beyond May 31, 2017). 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.

The Property Insurance program is necessary to protect the Port Authority from financial loss attributable to damage to its owned, operated and leased properties and resultant loss of revenues.

At its February 19, 2015 meeting, the Committee authorized a brokerage agreement with Willis for a three-year term, effective March 2015, to provide brokerage services, including placement and administration, for the Property Insurance and public liability programs, at an aggregate estimated brokerage fee of \$2,026,768. 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 \$2,233,431.

At its meeting of April 30, 2015, the Committee authorized the purchase of: (1) Property Insurance for the Port Authority's owned, operated and leased properties (except for certain infrastructure at the World Trade Center site, for which the Port Authority obtained separate Property Insurance) through Willis at a one-year term; and (2) the purchase of coverage for losses arising from acts of terrorism under the Property Insurance program for a two-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 by the Committee, with Commissioners Bagger, Lynford, James, Lipper and Pocino 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 coverage, through the broker Willis Towers Watson f/k/a Willis Group, for assets of the Port Authority and its component units (with the exception of certain infrastructure at the World Trade Center site, for which the Port Authority has obtained separate insurance), composed of: (1) property damage and loss of revenue insurance (Property Insurance) for a one-year term, effective June 1, 2016; and (2) coverage for losses arising from acts of terrorism under the Property Insurance program, for a one-year term, effective June 1, 2017, 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.

PENDING
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Whereupon, the meeting was adjourned.

Secretary

PENDING
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