

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES
Wednesday, February 19, 2014**

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World Trade Center Site – Retention of Expert Professional Brokerage Services for Property Damage and Loss of Revenue Insurance Program, Including Terrorism Coverage	3

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Wednesday, February 19, 2014

PRESENT:

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

Hon. Jeffrey A. Moerdler
 Hon. Scott H. Rechler
 Commissioners

Patrick J. Foye, Executive Director
 Deborah L. Gramiccioni, Deputy Executive Director
 Darrell B. Buchbinder, General Counsel
 Karen E. Eastman, Secretary

Steven J. Coleman, Deputy Director, Media Relations
 Nicole Crifo, Chief of Staff to the Deputy Executive Director
 Philippe Danielides, Senior Advisor to the Chairman
 Stephanie E. Dawson, Acting Chief Operating Officer
 John H. Ma, Chief of Staff to the Executive Director
 Elizabeth M. McCarthy, Chief Financial Officer
 James E. McCoy, Manager, Board Management Support, Office of the Secretary
 Carlene V. McIntyre, Assistant General Counsel
 Jared Pulosio, Staff External Relations Representative, Government and Community
 Affairs
 Boris Pisman, Manager, Risk Financing, Treasury
 Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center
 Construction
 Monika A. Radkowska, Principal Board Management and Support Specialist, Office
 of the Secretary
 Alan L. Reiss, Deputy Director, World Trade Center Construction
 Timothy G. Stickelman, Assistant General Counsel
 John A. Tomasulo, Portfolio Manager, Treasury
 Christopher M. Valens, Senior Public Information Officer, Media Relations
 Lillian D. Valenti, Director, Procurement

Guest:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor
 of New Jersey

The Committee meeting was called to order in public session by Commissioner Bagger at 9:13 a.m. and ended at 9:23 a.m. The Committee also met in executive session following the public session.

Action on Minutes

The Secretary reported that the Minutes of the meeting of December 3, 2013 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of December 3, 2013.

WORLD TRADE CENTER SITE – RETENTION OF EXPERT PROFESSIONAL BROKERAGE SERVICES FOR PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE PROGRAM, INCLUDING TERRORISM COVERAGE

It was recommended that the Committee on Finance (Committee) authorize the Executive Director, the Chief Financial Officer, and the Director of Procurement, each individually, to enter into an agreement with Willis of New York, Inc. (Willis) for a term of March 1, 2014 through December 31, 2017, to provide brokerage services, including placement and administration for the Property Damage and Loss of Revenue Insurance Program, including terrorism coverage (Property Insurance Program) for the World Trade Center (WTC) site, at an aggregate estimated fee of \$1,967,789. The Port Authority would have the option to extend the agreement for one three-year renewal period, at an aggregate estimated additional fee of \$1,702,468. Willis was the highest rated proposer, with the lowest cost, in response to a publicly advertised Request for Proposals.

The WTC Owner Controlled Insurance Program was established in January 2006 to provide General Liability, Workers' Compensation, Builders' Risk, Terrorism and Environmental Liability protection to the Port Authority and its contractors and subcontractors performing construction work at the WTC site on Port Authority-managed projects during the redevelopment of the site. In order to procure appropriate limits, self-insured retentions, and other terms to protect the Port Authority's operational risk, the agency is required to engage the services of a licensed brokerage firm to access the worldwide insurance market. As the WTC site transitions from construction to operations, it will be necessary to obtain operational insurance, in order to protect the Port Authority and its related entities from financial loss attributable to damage to its property, including resultant loss of revenue in connection with the operation of the WTC site. The Property Insurance Program for the WTC site also would include coverage for losses arising from acts of terrorism.

The following properties are to be covered by the WTC site Property Insurance Program: One WTC, the WTC Central Chiller Plant, the WTC Vehicular Security Center, the WTC East West Connector, Liberty Park, the WTC Transportation Hub, and common areas, including streets and utilities. The placement of insurance for assets to be covered under the WTC site Property Insurance Program would be subject to further approval of the Committee.

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 Committee adopted the following resolution, with Commissioners Bagger, Lynford, Pocino and Schuber voting in favor. 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 Executive Director, the Chief Financial Officer and the Director of Procurement be and each hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with Willis of New York, Inc. for a three-year term, to provide brokerage services, including placement and administration, for the Property Damage and Loss of Revenue Insurance Program for the World Trade Center site, at a total estimated fee of \$1,967,789, with an option by the Port Authority to extend the agreement for one three-year renewal period, at a total estimated additional fee of \$1,702,468 and it is further

RESOLVED, that the form of the foregoing agreement shall be subject to review by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary