

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**COMMITTEE ON FINANCE  
MINUTES**

**Thursday, February 19, 2009**

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Retention of Expert Professional Brokerage Services for Property Damage and Loss of Revenue and Public Liability Insurance Programs	2

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**MINUTES OF COMMITTEE ON FINANCE**

**225 Park Avenue South**

**New York, NY**

**Thursday, February 19, 2009**

**PRESENT:**

Hon. Henry R. Silverman, Chair  
Hon. Michael J. Chasanoff  
Hon. Fred P. Hochberg  
Hon. H. Sidney Holmes III  
Hon. Raymond M. Pocino  
Committee Members

Christopher O. Ward, Executive Director  
Darrell B. Buchbinder, General Counsel  
Karen E. Eastman, Secretary

Veronica M. Biddle, Assistant Treasurer  
A. Paul Blanco, Chief Financial Officer  
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller  
Mark D. Hoffer, Special Advisor to the Executive Director  
James E. McCoy, Manager, Board Management Support, Office of the Secretary  
Christopher J. Mohr, Senior Board Management Support Specialist, Office of the Secretary  
Anne Marie C. Mulligan, Treasurer  
Lillian D. Valenti, Director, Procurement

Guest:

Sonia Frontera, Authorities Unit, Office of the Governor of New Jersey

The Committee meeting was called to order by the Chair in executive session at 10:11 a.m. and ended at 10:22 a.m.

**Action on Minutes**

The Secretary reported that the Minutes of the meeting of October 23, 2008 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of October 23, 2008.

**RETENTION OF EXPERT PROFESSIONAL BROKERAGE SERVICES FOR PROPERTY DAMAGE AND LOSS OF REVENUE AND PUBLIC LIABILITY INSURANCE PROGRAMS**

It was recommended that the Committee on Finance authorize the Executive Director, the Chief Financial Officer, the Director of Procurement, or the Treasurer to enter into a brokerage agreement with Marsh USA Inc. (Marsh) for a three-year term, effective March 1, 2009, to provide brokerage services, including placement and administration, for the Port Authority's Property Damage and Loss of Revenue (Property) and Public Liability (Liability) Insurance Programs, subject to annual approval based on satisfactory performance, at a total fee of \$2,331,491. The Port Authority would have the option to extend the agreement for one three-year renewal period, at a total fee of \$2,516,182.

Both the Property and Liability Insurance Programs include coverage for losses arising from acts of terrorism. In order to procure appropriate insurance 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. Both insurance programs are necessary to ensure continuing protection for the Port Authority and its wholly-owned entities from financial loss attributable to damage to its property, including resultant loss of revenue, and financial protection against potential losses related to bodily injury and property damage claims or suits brought by third parties. Staff would continue to seek separate approval for each annual insurance coverage placement from the Committee on Finance.

Consolidation of the contract terms for both insurance programs into a single brokerage agreement could better serve the agency by providing the opportunity to increase the financial protection afforded the Port Authority through various initiatives, along with reducing overall costs. The combined broker methodology is common in the insurance industry and is used by other regional public transportation agencies.

The Committee has authority to act in this matter under Article VIII, Section B (3) of the By-Laws.

Pursuant to the foregoing report, the following resolution was adopted by the Committee in executive session with Commissioners Chasanoff, Hochberg, Holmes, Pocino and Silverman voting in favor; none against:

**RESOLVED**, that the Executive Director, the Chief Financial Officer, the Director of Procurement and the Treasurer be and each hereby is authorized, for and on behalf of the Port Authority, to enter into a brokerage agreement with Marsh USA Inc. for a three-year term, effective March 1, 2009, to provide brokerage services, including placement and administration, for the Port Authority's Property Damage and Loss of Revenue and Public Liability Insurance Programs, subject to annual approval based on satisfactory performance, at a total fee of \$2,331,491, with an option by the Port Authority to extend the agreement for one three-year renewal period, at a total fee of \$2,516,182; 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.

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Secretary