

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, October 20, 2011

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THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Thursday, October 20, 2011

PRESENT:

Hon. Raymond M. Pocino
 Hon. William P. Schuber
 Hon. Henry R. Silverman
 Committee Members

Hon. H. Sidney Holmes III
 Hon. Anthony J. Sartor
 Commissioners

William Baroni, Jr., Deputy Executive Director
 Darrell B. Buchbinder, General Counsel

Veronica M. Biddle, Assistant Treasurer
 Michael G. Fabiano, Chief Financial Officer
 Linda C. Handel, Deputy Secretary
 Jamie E. Loftus, Chief, Public and Government Affairs
 Anne Marie C. Mulligan, Treasurer
 Sheree Van Duyne, Manager, Policies and Protocol, Office of the Secretary
 Philippe Visser, Deputy Director, Real Estate and Development
 David M. Wildstein, Director, Interagency Capital Projects, Office of the Deputy Executive Director

Guest:

Johanna Jones, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

The Committee meeting was called to order in public session by Chairman Samson at 9:04 a.m. and ended at 9:14 a.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of May 25, 2011 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of May 25, 2011.

PURCHASE OF PUBLIC LIABILITY INSURANCE

It was recommended that the Committee on Finance (Committee) authorize the purchase of public liability (Liability) insurance through the broker Marsh USA, Inc. (Marsh), with appropriate available limits, self-insured retentions and other terms, including coverage for losses arising from acts of terrorism, for all facilities of the Port Authority and its wholly owned entities for a one-year term, effective October 27, 2011, at an estimated premium of \$21 million. The estimated cost provides for the purchase of terrorism coverage under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 (TRIPRA) through the Port Authority Insurance Captive Entity, LLC (PAICE), and is inclusive of any premium that would be paid to PAICE. The Executive Director, the Chief Financial Officer, the Director of Procurement and the Treasurer each would be authorized to take action to effectuate the Liability insurance purchase. This insurance is necessary to protect the Port Authority and its wholly owned entities against potential losses related to bodily injury and property damage claims or suits brought by third parties.

At its February 19, 2009 meeting, the Committee authorized a brokerage agreement with Marsh for a three-year term, effective March 1, 2009, to provide brokerage services, including placement and administration, for the property damage and loss of revenue and the Liability insurance programs, subject to annual approval based on satisfactory performance, at a total combined fee of \$2,331,491. The Port Authority will have the option to extend the agreement with Marsh for an additional three-year term, at a total broker's fee of \$2,516,182.

At its October 21, 2010 meeting, the Committee authorized the purchase of Liability insurance on similar terms for a one-year term, effective October 27, 2010, at an estimated premium of \$21.5 million. The program subsequently was placed at a total cost of approximately \$20.5 million.

The estimated premium reflects current market conditions, as well as the Port Authority's experience, and assumes the purchase of insurance at the limits of the expiring program. It is expected that the Port Authority will: (1) retain the underwriters that are presently providing coverage and solicit additional insurers to participate, to better leverage pricing of the insurance layers; and (2) utilize PAICE, the Port Authority's captive, in order to gain additional capacity and pricing considerations, particularly with regard to terrorism coverage under TRIPRA.

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

Pursuant to the foregoing report, the Committee adopted the following resolution, with Commissioners Pocino, Schuber and Silverman 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 purchase of public liability insurance, through the broker Marsh USA, Inc., including coverage for losses arising from acts of terrorism, for all facilities of the Port Authority and its wholly owned entities, for a one-year term, effective October 27, 2011, at an estimated premium of \$21 million, 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 Director of Procurement and the Treasurer 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.

Whereupon, the meeting was adjourned.

Deputy Secretary