

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, October 22, 2009

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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 22, 2009

PRESENT:

Hon. Henry R. Silverman, Chair
Hon. Anthony R. Coscia, Vice-Chair
Hon. Michael J. Chasanoff
Hon. H. Sidney Holmes III
Hon. Raymond M. Pocino
Committee Members

Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Veronica M. Biddle, Assistant Treasurer
A. Paul Blanco, Chief Financial Officer
Steven J. Coleman, Assistant Director, Media Relations, Public Affairs
Sandra E. Dixon, State Legislative Representative, Government and Community Affairs
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Sanjay S. Mody, Advisor to the Chairman
Anne Marie C. Mulligan, Treasurer

The Committee meeting was called to order by the Chair at 10:10 a.m. and ended at 10:25 a.m. Commissioner Coscia was present for a portion of the meeting.

Action on Minutes

The Secretary reported that the Minutes of the meeting of May 28, 2009 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of May 28, 2009.

PURCHASE OF PUBLIC LIABILITY INSURANCE

It was recommended that the Committee on Finance (Committee) authorize the purchase of Public 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, 2009, at an estimated premium of \$22.5 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, or the Treasurer each would be authorized to take action to effectuate the Public Liability insurance purchase. This insurance is needed 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 Public Liability insurance programs, subject to annual approval based on satisfactory performance, at a total combined fee of \$2,331,491.

At its October 23, 2008 meeting, the Committee authorized the purchase of Public Liability insurance on similar terms for a one-year term effective October 27, 2008, at an estimated cost of \$25 million; and, after further negotiations, the program was subsequently placed, at a total premium of \$22.5 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, on the program, 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 following resolution was adopted by the Committee with Commissioners Chasanoff, Holmes, Pocino and Silverman and voting in favor; none against:

RESOLVED, that the purchase of Public Liability insurance, 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, 2009, at an estimated premium of \$22.5 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 or 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.

Secretary