

**COMMITTEE ON FINANCE
MINUTES
Thursday, April 27, 2000**

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Selection of Insurance Broker and Purchase of Property Damage and Loss of Revenue Insurance Program	2

**MINUTES OF
COMMITTEE ON FINANCE
One World Trade Center
Thursday, April 27, 2000**

(1)

PRESENT:

Hon. Peter S. Kalikow, Chair
Hon. Alan G. Philibosian, Vice-Chair
Hon. William J. Martini
Hon. Anastasia M. Song
Committee Members

Jeffrey S. Green, General Counsel
Daniel D. Bergstein, Secretary

Bruce D. Bohlen, Treasurer
Darrell Buchbinder, Chief, Public Securities, Law
Charles F. McClafferty, Chief Financial Officer
Anne Marie C. Mulligan, Assistant Treasurer
Emil J. Petrick, General Manager, Risk Management, Treasury
Ronald H. Shiftan, Deputy Executive Director

The Committee meeting was called to order in executive session by the Chair at 11:35 a.m. and the meeting ended at 12:40 p.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of June 24, 1999 had been signed and distributed to the Commissioners and staff, whereupon, the Committee approved the Minutes of the meeting of June 24, 1999.

SELECTION OF INSURANCE BROKER AND PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE PROGRAM

It was recommended that the Committee on Finance ratify the actions of the Chief Financial Officer in the selection of Willis of New York, Inc., an insurance broker selected through a Request for Proposal (RFP) process, for the purpose of arranging the purchase of property damage and loss of revenue insurance covering all properties of the Port Authority and its subsidiaries for a three-year period, subject to Port Authority rights of cancellation, for a first-year premium not to exceed \$5.5 million, and a brokerage fee not to exceed \$1.2 million over three years. Additional premium authorizations will be sought for the second and third years of coverage.

The selected broker was chosen from the respondents to a publicly advertised RFP issued December 30, 1999. Twenty-nine requests were received for the full RFP documents, and four brokers provided responses. Three of the four were found to meet the minimum qualifications. Consistent with past practice, the competition was administered on a “no market contact” conceptual basis, where the brokers are requested to provide the Port Authority with a conceptual design for the program, markets they would plan to contact, likely premium levels and the fee for placing coverage, all without contacting the underwriting community.

The purchase contemplated now is necessary to secure appropriate property damage and loss of revenue insurance coverage for all properties of the Port Authority and its subsidiaries, including coverage for losses arising from acts of terrorism, subsequent to June 1, 2000, the expiration date of the current coverage.

At its meeting of May 28, 1998, the Committee authorized the renewal purchase of \$1 billion of property damage and loss of revenue insurance covering both Bridge and Tunnel and non-Bridge and Tunnel properties of the Port Authority for a two-year term effective June 1, 1998 from brokers Aon Group, Inc. and C. E. Heath & Co., Ltd. at an annual premium cost not to exceed \$5.075 million and the payment of a fixed annual brokerage fee of \$300,000 to market, place and service this coverage. Subsequent to that meeting staff was able to reduce the premium further to \$4.98 million.

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

Pursuant to the foregoing report, the following resolution was adopted by the Committee in executive session with Commissioners Kalikow, Martini, Philibosian and Song voting in favor; none against:

RESOLVED, that the actions of the Chief Financial Officer, for and on behalf of the Port Authority (and its wholly-owned subsidiaries), in the selection of Willis of New York, Inc., an insurance broker selected through a

Request for Proposal process, for the purpose of arranging the purchase of property damage and loss of revenue insurance covering all properties of the Port Authority and its subsidiaries, and to purchase property damage and loss of revenue insurance with appropriate coverage limits, self-insured retentions, premiums and other terms for a three-year period, subject to Port Authority rights of cancellation, effective June 1, 2000, for a first-year premium not to exceed \$5.5 million (subject further to Committee authorization of premium expenditures for the second and third years of coverage), and a brokerage fee not to exceed \$1.2 million over three years, are hereby ratified; and it is further

RESOLVED, that the Executive Director, the Chief Financial Officer or the Treasurer 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. in connection with the foregoing, and any existing agreement relating thereto is hereby ratified; 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