

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, April 26, 2018

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MINUTES OF COMMITTEE ON FINANCE

150 Greenwich Street

New York, NY

Thursday, April 26, 2018

PRESENT:

Hon. Richard H. Bagger, Chair

Hon. Leecia R. Eve, Vice Chair

Hon. Kevin P. McCabe

Hon. Raymond M. Pocino

Committee Members

Hon. Gary LaBarbera

Hon. Jeffrey H. Lynford

Hon. George T. McDonald

Hon. Kevin J. O'Toole

Hon. Rossana Rosado

Hon. David S. Steiner

Commissioners

Richard Cotton, Executive Director

Michael E. Farbiarz, General Counsel

Karen E. Eastman, Secretary

James K. Allen Jr., Chief of Staff to the Vice Chairman

Adam L. Barsky, Chief of Staff to the Executive Director and Special Counselor

Justin E. Bernbach, Director, Government and Community Affairs, New York

Benjamin M. Branham, Chief Communications Officer

Jennifer Davis, Chief Intergovernmental Affairs Officer

Amy H. Fisher, First Deputy General Counsel

Linda C. Handel, Deputy Secretary, Office of the Secretary

Cristina M. Lado, Director, Government and Community Affairs, New Jersey

Elizabeth M. McCarthy, Chief Financial Officer

Michael Nestor, Inspector General

Steven Pasichow, Director, Office of Investigation

Jessica Russ, Principal Board Management and Support Specialist, Office of the Secretary

Peter D. Simon, Chief of Staff to the Chairman

Debra M. Torres, Chief Ethics and Compliance Officer

Cheryl A. Yetka, Treasurer

Guests:

Edmund Caulfield, Senior Counsel, Authorities Unit, Office of the Governor of New Jersey

Michael Wojnar, Assistant Secretary for Transportation, Office of the Governor of New York

The Committee meeting was called to order in executive session by Commissioner Bagger at 10:22 a.m. and was adjourned at 10:42 a.m. The Committee also met in public session following the executive session. Commissioner Horwitz was present for the public portion of the meeting.

Report on Prior Meeting's Minutes

Copies of the Minutes of the meeting of March 22, 2018 had been signed and made available to the Commissioners.

PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE, INCLUDING TERRORISM COVERAGE FOR: (1) WORLD TRADE CENTER SITE FACILITIES, AND (2) ALL OTHER FACILITIES

It was recommended that the Committee on Finance (Committee) authorize the purchase of property damage and loss of revenue insurance, including coverage for losses arising from acts of terrorism (Property Insurance), for: (1) all owned, operated and leased properties of the Port Authority and its component units at the World Trade Center (WTC) site (except for the area of the WTC PATH station inside the fare zone, which is included in the non-WTC Property Insurance coverage), and (2) all owned, operated and leased properties of the Port Authority and its component units, excluding the WTC site, except for the area of the WTC PATH station inside the fare zone – each coverage with appropriate available limits, subject to certain deductibles, retentions and sub-limits for certain hazards, through the insurance broker Willis of New York, Inc. (Willis), for a one-year term for the property damage and loss of revenue insurance component of the Property Insurance, and for up to a three-year term for the terrorism insurance coverage component of the Property Insurance, with an effective date of June 1, 2018 for both. The Executive Director, the Chief Financial Officer, the Treasurer, and the Chief Procurement Officer, each individually, would be authorized to effectuate the Property Insurance purchases.

The Property Insurance coverages provide appropriate protection against financial losses arising from damage to owned, operated and leased properties of the Port Authority and its component units.

At its meeting on February 19, 2014, the Committee authorized a brokerage agreement with Willis, for a period effective March 1, 2014 through December 31, 2017, to provide brokerage services, including placement and administration, for the Property Insurance program for the WTC site, at an aggregate estimated brokerage fee of \$1,967,789, with an option to extend the agreement for one three-year renewal period, at an aggregate estimated additional brokerage fee of \$1,702,468. The Port Authority exercised its option to extend the term of such brokerage agreement with Willis for a three-year period, commencing on January 1, 2018 and expiring on December 31, 2020.

At its meeting on February 19, 2015, the Committee authorized a brokerage agreement with Willis for a three-year term, effective March 7, 2015 through March 6, 2018, to provide brokerage services, including placement and administration, for the non-WTC site Property Insurance and Public Liability Insurance programs, at a total combined fee of \$2,026,768, with an option to extend the agreement for one three-year renewal period, at an aggregate estimated additional brokerage fee of \$2,233,431. The Port Authority exercised its option to extend the term of such brokerage agreement with Willis for a three-year period, commencing on March 1, 2018 and expiring on February 28, 2021.

At its April 27, 2017 meeting, the Committee authorized the purchase of Property Insurance for the WTC site facilities (except for the area of the WTC PATH station inside the fare zone), for up to a two-year term, effective June 1, 2017, and coverage for losses arising from acts of terrorism at those facilities, for a two-month term, effective March 31, 2018. Staff, through broker Willis, effectuated the purchase of the WTC site Property Insurance coverage, which

expires on June 1, 2018. At that same meeting, the Committee also authorized the purchase of Property Insurance for all other facilities of the Port Authority and its component units, for up to a two-year term, effective June 1, 2017. Staff, through broker Willis, effectuated the purchase of such non-WTC site Property Insurance coverage (not including terrorism insurance coverage, which had previously been placed for a two-year term, effective June 1, 2016), for a one-year term, effective June 1, 2017.

The Property Insurance coverages would be placed with global insurers and/or renewed with the existing insurance companies, other interested foreign and domestic insurers and Port Authority Insurance Captive Entity, LLC (PAICE), through the broker Willis. Program options would be discussed with Willis and the insurance underwriters, in an effort to place the most comprehensive coverage at the best available price. The terrorism coverage is expected to continue to be insured through PAICE and reinsured through the Terrorism Risk Insurance Program Reauthorization Act of 2015 and commercial reinsurance.

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 following resolution was adopted by the Committee, with Commissioners Bagger, Eve, McCabe and Pocino voting in favor. Commissioner Horwitz recused and did not participate in the consideration of, or vote on, this item. 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 property damage and loss of revenue insurance, including coverage for losses arising from acts of terrorism (Property Insurance), for: (1) all owned, operated and leased properties of the Port Authority and its component units at the World Trade Center (WTC) site (except for the area of the WTC PATH station inside the fare zone), and (2) all owned, operated and leased properties of the Port Authority and its component units excluding the WTC site, except for the area of the WTC PATH station inside the fare zone, each for a one-year term for the property damage and loss of revenue insurance component of the Property Insurance, and for up to a three-year term for the terrorism insurance coverage component of the Property Insurance, effective June 1, 2018, 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 Treasurer and the Chief Procurement Officer be and each hereby is authorized, individually, for and on behalf of the Port Authority, to take action to effectuate the foregoing; and it is further

RESOLVED, that the form of all contracts, agreements and other documents in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative, and the terms of such contracts, agreements and other documents shall be subject to review by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary