

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Thursday, September 28, 2017

Purchase of Public Liability Insurance

3

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MINUTES OF COMMITTEE ON FINANCE

150 Greenwich Street

New York, NY

Thursday, September 28, 2017

PRESENT:

Hon. Richard H. Bagger, Chair

Hon. Leecia Eve, Vice-Chair

Hon. Daniel J. Horwitz

Hon. Raymond M. Pocino

Committee Members

Hon. Gary LaBarbera

Hon. Jeffrey H. Lynford

Hon. George T. McDonald

Hon. Kevin O'Toole

Hon. Rossana Rosado

Hon. Caren Z. Turner

Commissioners

Richard Cotton, Executive Director

Michael E. Farbiarz, General Counsel

Karen E. Eastman, Secretary

Nicole Crifo, Deputy Chief Ethics and Compliance Officer

Amy Fisher, First Deputy General Counsel

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

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

John H. Ma, Chief of Staff to the Executive Director

Michael Massiah, Chief of Capital Planning

Elizabeth M. McCarthy, Chief Financial Officer

Steven Pasichow, Director, Office of Investigations

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

Peter D. Simon, Chief of Staff to the Chairman

Cheryl Yetka, Treasurer

Guests:

Mary Maples, Associate 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 10:09 a.m. and was adjourned at 10:30 a.m. The Committee also met in public session after the executive session.

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, Willis of New York, Inc. (Willis of New York, Inc. and its related entities to be referred to, collectively, as Willis), with appropriate available limits, self-insured retentions and other terms, including coverage for excess workers' compensation and losses arising from acts of terrorism, for all facilities of the Port Authority and its component units, for a term of up to two years, effective October 27, 2017. The Executive Director, the Chief Financial Officer, the Treasurer and the Chief Procurement Officer each would be authorized to take action to effectuate the purchase of Liability insurance to protect the Port Authority and its component units against potential losses related to bodily injury and property damage claims or suits brought by third parties, consistent with the terms outlined to the Committee.

At its February 19, 2015 meeting, the Committee authorized a brokerage agreement with Willis for a three-year term, from March 1, 2015 through February 28, 2018, to provide brokerage services, including placement and administration, for the property damage and loss of revenue and the Liability insurance programs, at a total combined fee of \$2 million. The Port Authority has the option to extend the agreement with Willis for one three-year renewal period, at an aggregate estimated additional brokerage fee of \$2.2 million.

At its meeting on September 22, 2016, the Committee authorized the purchase of certain insurance, through Willis, for all facilities of the Port Authority and its component units, effective October 27, 2016, consisting of: (1) Liability insurance, including coverage for excess workers' compensation, for a one-year term; and (2) coverage for losses arising from acts of terrorism for a two-year term (although only one year of terrorism insurance coverage subsequently was purchased). The current Liability insurance coverage and terrorism insurance coverage is scheduled to expire on October 27, 2017.

It is expected that the underwriters that are presently providing the Liability insurance coverage will continue to participate, and that additional insurers will be added to the program, to better leverage pricing of the various insurance layers, and that Port Authority Insurance Captive Entity, LLC also will continue to participate in the Liability insurance coverage, in order to gain additional capacity and pricing considerations, including with regard to terrorism coverage under the Terrorism Risk Insurance Program Reauthorization Act of 2015.

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, Horwitz and Pocino 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 Willis of New York, Inc., including coverage for excess workers' compensation and losses arising from acts of terrorism, for all facilities of the Port Authority and its component units for a term of up to two years, effective October 27, 2017, 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, 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 documents required to effectuate the foregoing shall be subject to review by General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary