

**THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY**

**COMMITTEE ON FINANCE  
MINUTES**

**Wednesday, May 25, 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**

**Wednesday, May 25, 2011**

**PRESENT:**

Hon. Jeffrey A. Moerdler  
Hon. Raymond M. Pocino  
Hon. David S. Steiner, *pro tem*  
Committee Members

Hon. H. Sidney Holmes III  
Commissioner

Christopher O. Ward, Executive Director  
Darrell B. Buchbinder, General Counsel  
Karen E. Eastman, Secretary

Veronica M. Biddle, Assistant Treasurer  
Michael G. Fabiano, Chief Financial Officer  
Mark D. Hoffer, Director, New Port Initiatives, Port Commerce  
Sara Beth Joren, Associate Information Officer, Media Relations  
James E. McCoy, Manager, Board Management Support, Office of the Secretary  
Anne Marie C. Mulligan, Treasurer  
Michael Percival, Debt Manager, Treasury  
Monika Radkowska, Board Management Support Specialist, Office of the Secretary

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 Commissioner Pocino at 9:03 a.m. and ended at 9:22 a.m.

**Action on Minutes**

The Secretary reported that the Minutes of the meeting of October 21, 2010 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of October 21, 2010.

## **PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE**

It was recommended that the Committee on Finance (Committee) authorize the purchase of property damage and loss of revenue insurance (Property Insurance), through the broker Marsh USA, Inc. (Marsh), with the appropriate available limits, deductibles, retentions and other terms, including coverage for losses arising from acts of terrorism, for all owned and leased properties of The Port Authority of New York and New Jersey and its wholly owned entities (collectively, the Port Authority) for a one-year term effective June 1, 2011, at an estimated cost of \$28 million. The Property Insurance program is necessary to provide protection to the Port Authority against financial loss attributable to damage to its owned and leased properties and resultant loss of revenues. The Executive Director, the Chief Financial Officer, the Director of Procurement or the Treasurer each would be authorized to effectuate the Property Insurance purchase.

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 and Public 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 meeting on May 18, 2010, the Committee authorized staff to purchase Property Insurance through Marsh, with appropriate available limits, deductibles, self-insured retentions and other terms, including coverage for losses arising from acts of terrorism, for all owned and leased properties of the Port Authority for a one-year term effective June 1, 2010, at an estimated cost of \$27 million. The Property Insurance program subsequently was placed at a total premium of \$26.9 million.

Various options have been discussed with Marsh and underwriters in an effort to place the most comprehensive program at the best available price, through a combination of risk transfer and risk retention strategies. The estimated premium assumes the purchase of Property Insurance at or about \$1.4 billion in all-risk limits, with deductible levels of \$5 million per occurrence and \$25 million in the aggregate, for all owned and leased properties of the Port Authority. The estimated program cost also provides for the purchase of terrorism coverage under the federal Terrorism Risk Insurance Program Reauthorization Act of 2007 through the Port Authority Insurance Captive Entity, LLC.

The Committee has authority 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 Moerdler, Pocino and Steiner 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 property damage and loss of revenue insurance, including coverage for losses arising from acts of terrorism, for all owned and leased properties of the Port Authority and its wholly owned entities, for a one-year term effective June 1, 2011, at an estimated cost of \$28 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.

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Secretary