

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

**COMMITTEE ON FINANCE  
MINUTES**

**Tuesday, May 18, 2010**

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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**

**Tuesday, May 18, 2010**

**PRESENT:**

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

Hon. Jeffrey A. Moerdler  
Commissioner

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  
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller  
Kevin N. Georges, Leadership Fellow, Human Resources  
Mark D. Hoffer, Senior Counsel, Law  
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 10:12 a.m. and ended at 10:18 a.m.

**Action on Minutes**

The Secretary reported that the Minutes of the meeting of November 19, 2009 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of November 19, 2009.

## **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 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 of New York and New Jersey and its wholly owned entities (collectively, the Port Authority) for a one-year term effective June 1, 2010, at an estimated cost of \$27 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 28, 2009, 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, 2009, at an estimated cost of \$28 million. The Property Insurance program subsequently was placed at a total premium of \$27.6 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 \$1.3 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 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 following resolution was adopted by the Committee with Commissioners Chasanoff, Holmes, Pocino and Silverman voting in favor; none against:

**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, 2010, at an estimated cost of \$27 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