

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

**COMMITTEE ON FINANCE
MINUTES**

Wednesday, July 23, 2014

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MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Wednesday, July 23, 2014

PRESENT:

Hon. Richard H. Bagger, Chair
Hon. Jeffrey H. Lynford, Vice-Chair
Hon. Kenneth J. Lipper
Hon. Raymond M. Pocino
Committee Members

Hon. John J. Degnan
Hon. George R. Laufenberg
Hon. Jeffrey A. Moerdler
Hon. Scott H. Rechler
Hon. David S. Steiner
Commissioners

Patrick J. Foye, Executive Director
Deborah L. Gramiccioni, Deputy Executive Director
Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Steven J. Coleman, Acting Director, Media Relations
Nicole Crifo, Chief of Staff to the Deputy Executive Director
Stephanie E. Dawson, Acting Chief Operating Officer
Sean Fitzpatrick, Chief of Staff to the Chairman
David P. Garten, Senior Advisor to the Vice Chairman
John H. Ma, Chief of Staff to the Executive Director
Michael G. Massiah, Chief, Capital Planning, Execution and Asset Management
Elizabeth M. McCarthy, Chief Financial Officer
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Carlene V. McIntyre, Assistant General Counsel
Jared Pilosio, Staff External Relations Representative, Government and
Community Affairs
Steven P. Plate, Deputy Chief, Capital Planning/Director, World Trade Center
Construction
Monika A. Radkowska, Principal Board Management and Support Specialist, Office
of the Secretary
Alan L. Reiss, Deputy Director, World Trade Center Construction
Emily R. Shelton, Leadership Fellow, Human Resources
Brian W. Simon, Director, Government and Community Affairs, New York
Timothy G. Stickelman, Assistant General Counsel
I. Midori Valdivia, Senior Advisor to the Executive Director
Cheryl A. Yetka, Treasurer

Guest:

Kerstin Sundstrom, Assistant Counsel, Authorities Unit, Office of the Governor of New Jersey

The Committee meeting was called to order in public session by Commissioner Bagger at 9:05 a.m. and ended at 9:10 a.m. The Committee also met in executive session following the public session.

Action on Minutes

The Secretary reported that the Minutes of the meeting of June 25, 2014 had been signed and made available to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of June 25, 2014.

EXPERT PROFESSIONAL DISASTER RECOVERY CLAIMS AND RELATED SERVICES ON AN AS-NEEDED BASIS – EXTENSION OF, AND INCREASE IN AUTHORIZATION FOR, AGREEMENT WITH AON PROPERTY RISK CONSULTING, INC.

It was recommended that the Committee on Finance (Committee) authorize the Executive Director to: (1) amend the existing agreement with Aon Property Risk Consulting, Inc. (Aon) for the provision of professional advisory services to support the quantification and processing of Hurricane Sandy-related property damage and time element claims at the World Trade Center (WTC) site, on an as-needed basis, to include a six-month extension option, to be exercised at the Port Authority's discretion should those services be required beyond December 31, 2014; and (2) increase, by \$3.5 million (of which amount \$1.5 million would constitute ratification of services rendered by Aon in excess of the currently authorized amount), the total compensation allowable under the foregoing agreement, which would result in a total compensation amount not to exceed \$13.5 million, inclusive of previously authorized amounts.

At its meeting on February 6, 2013, the Board ratified certain actions taken concerning contractual commitments and expenditures incurred relating to the ongoing repair and replacement of facilities and equipment at the WTC site that were damaged or destroyed as a result of Hurricane Sandy, in support of the resumption of facility operations and essential agency functions, which included the ratification of an agreement with Aon for the performance of expert professional insurance claims preparation services on an as-needed basis during 2012-2013, at an estimated amount of \$8 million, with a one-year renewal option. Under that agreement, Aon provided claims adjustment and advisory services related to insurance and federal disaster assistance claims resulting from Hurricane Sandy-related expenses and damages.

On January 28, 2014, the Chief Financial Officer exercised the one-year renewal option contained in the existing agreement with Aon for continued professional advisory services to support the quantification and processing of Hurricane Sandy-related property damage claims at the WTC site, on an as-needed basis, to provide these services through December 31, 2014, and increase the amount of the agreement by an amount not to exceed \$2 million.

Continued claims preparation and documentation support by Aon is required to enable the maximum possible recovery for the overall loss during ongoing negotiations with the underwriters. Aon's services also are required in order to facilitate transitioning financial recovery to other federal disaster assistance options for claims that are not covered by insurance or exceed insurance limits.

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 Committee adopted the following resolution, with Commissioners Bagger, Lipper, Lynford 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 Executive Director be and he hereby is authorized, for and on behalf of the Port Authority, to amend the existing agreement with Aon Property Risk Consulting, Inc. (Aon) for the provision of professional advisory services to support the quantification and processing of Hurricane Sandy-related property damage and time

element claims at the World Trade Center site, on an as-needed basis, to include a six-month extension option, to be exercised at the Port Authority's discretion should those services be required beyond December 31, 2014; and it is further

RESOLVED, that the Executive Director be and hereby is authorized, for and on behalf of the Port Authority, to increase, by \$3.5 million (of which amount \$1.5 million constitutes ratification of services rendered by Aon in excess of the currently authorized amount), the total compensation allowable under the foregoing agreement, which would result in a total compensation amount not to exceed \$13.5 million, inclusive of previously authorized amounts; and it is further

RESOLVED, that the form of all agreements in connection with the foregoing shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary