

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

COMMITTEE ON FINANCE

MINUTES

Thursday, February 23, 2006

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MINUTES OF COMMITTEE ON FINANCE

225 Park Avenue South

New York, NY

Thursday, February 23, 2006

PRESENT:

Hon. Bruce A. Blakeman
Hon. Angelo J. Genova, *pro tem*
Hon. David S. Steiner
Committee Members

Darrell B. Buchbinder, General Counsel
Karen E. Eastman, Secretary

Gwendolyn Archie, Senior Administrator, Office of the Secretary
Kayla M. Bergeron, Chief, Public and Government Affairs
Veronica Biddle, General Manager, Risk Management, Treasury
A. Paul Blanco, Chief Financial Officer
Iran H. Engel, Assistant Treasurer
Michael G. Fabiano, Comptroller
James P. Fox, Deputy Executive Director
Aaron Graham, Management Associate, Human Resources
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer
Andrea Roitman, Director, Procurement

Guests

Mark Charron, Deloitte Consulting LLP

The Committee meeting was called to order in executive session by Commissioner Blakeman at 10:40 a.m. and ended at 11:34 p.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of October 20, 2005 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of October 20, 2005.

BROKERAGE SERVICES FOR PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE PROGRAM

It was recommended that the Committee on Finance authorize the Executive Director, the Chief Financial Officer or the Treasurer, each individually, to enter into an agreement with Marsh USA, Inc., effective March 1, 2006, to market, place and administer the property damage and loss of revenue insurance program for a three-year period commencing with the June 1, 2006 to June 1, 2007 insurance policy term, subject to annual approval based on satisfactory performance. The brokerage fee is estimated at \$575,000 for the first year, \$600,000 for the second year and \$625,000 for the third year. The Port Authority would have the option to extend the agreement for an additional three-year term, again subject to annual approval based on satisfactory performance.

The property damage and loss of revenue insurance program (the Insurance Program) provides protection for the Port Authority and its wholly owned corporate entities against potential financial losses resulting from damage to property and resultant loss of revenue. In order to procure insurance coverage, the Port Authority must engage the services of a licensed brokerage firm to access the global insurance markets. The current brokerage arrangement with Willis of New York, Inc., which has provided these services for the Port Authority since April 2000, expires on June 1, 2006, coincident with the expiration of the Insurance Program. It is necessary to enter into a brokerage arrangement in advance of this date in order to provide sufficient time to market and place the successor Insurance Program prior to the June 1, 2006 expiration date.

A Request for Proposals for the provision of these brokerage services was publicly advertised, and five proposals were received. The proposals were evaluated by a staff selection committee on the basis of the qualifications, availability and experience of the proposed brokerage staff, and the proposers' demonstrated knowledge and understanding of the issues related to the Port Authority Insurance Program and risk financing needs. Cost was evaluated separately to determine a "best buy." As a result of the procurement process, staff has determined it is appropriate to enter into an agreement with Marsh USA, Inc.

The Committee has power to act in this matter under Article XI, Section B of the By-Laws.

Pursuant to the foregoing report, the following resolution was adopted by the Committee in executive session with Commissioners Blakeman, Genova and Steiner voting in favor; none against:

RESOLVED, that the Executive Director, the Chief Financial Officer or the Treasurer be and each hereby is authorized, for and on behalf of the Port Authority, to enter into an agreement with Marsh USA, Inc., effective March 1, 2006, to market, place and administer the property damage and loss of revenue insurance program for a three-year period commencing with the June 1, 2006 to June 1, 2007 policy term, subject to annual approval based on satisfactory performance, at a brokerage fee estimated at \$575,000 for the first year, \$600,000 for the second year and \$625,000 for the third year with the Port Authority to have the option to extend the agreement for an

additional three-year term, again subject to annual approval based on satisfactory performance; and it is further

RESOLVED, that the form of the agreement shall be subject to the approval of General Counsel or his authorized representative.

Whereupon, the meeting was adjourned.

Secretary