

***Special Project Bonds,  
Series 8 and 9, JFKIAT Project –  
Establishment & Authorization  
of Issuance and Sale***

## ***Special Project Bonds - Background***

---

### **Special Project Bond Resolution:**

- **Adopted on June 9, 1983**
- **Established as special limited obligations of the Port Authority**
- **May only be issued for financing a single project for any lessee or refunding a prior series of Special Project Bonds**
- **Principal amount of each series limited to an amount necessary to accomplish the purpose of the Special Project Bonds being issued**
- **Principal and interest on Special Project Bonds are payable from a special lessee facility rental established for such purpose**
- **Secured by the Port Authority's assignment of facility rental payments, a lessee's leasehold mortgage, a lessee's personal property security interest and a lessee's corporate guaranty**

## ***Special Project Bonds - Background***

---

### **Prior Series Issued and Outstanding:**

- **Series 1, 1R - Delta Terminal**
  - \$96.5 million issued, matured 6/1/2008
- **Series 2 - Continental**
  - \$202.075 million issued, \$109.26 million outstanding, final maturity 12/1/2015
- **Series 3 and Series 4 – KIAC**
  - \$175 million issued 5/4/93, refunded by Series 4, \$250 million, 5/1/96, \$163 million outstanding, final maturity 10/1/2019
- **Series 6 – JFKIAT**
  - \$934.1 million issued, \$792.12 million outstanding, final maturity 12/1/2025

## ***Special Project Bonds – Series 8 and 9***

---

### **Rescind Authorization of Series 7**

### **Authorize establishment, issuance and sale of Series 8 and Series 9**

- **Maximum principal amount up to \$1.2 billion outstanding**
- **Proceeds to be used to finance Terminal 4 expansion consisting of 9 new international gates and improvements to baggage and passenger processing**
- **Prior to scheduling sale, information on the issuance of the Special Project Bonds will be provided to the Committee on Finance**
- **Authorization is delegated to an “Authorized Officer” to effectuate the issuance of the Special Project Bonds**

### **Public Approval Process**

- **Requirement of Federal tax law, includes:**
  - **Public Notice – July 21, 2010**
  - **Public Hearing – August 4, 2010**
  - **Approval by Officials**

# ***Port Authority Insurance Captive Entity, LLC***

## ***2010 Status Update***



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

## ***PAICE - Brief History & Accomplishments***

---

- **Incorporation: October 2006 - Washington, DC**
- **Accomplishments:**
  - **Reduced Premium Paid to Commercial Markets - \$122.7 Million between 2005 - 2010**
  - **Increased Insurance Coverage**
    - **All Risk Property Coverage Increased from \$600 Million to \$1.4 Billion between 2006-2010**
    - **Increased Terrorism Coverage through PAICE and TRIPRA**
  - **Growth of Initial PA Investment - \$8 million in 2006 grown to \$81.3 million as of June 30, 2010**
  - **Risk assumption remains aligned with financial capabilities**



## ***PAICE - Annual Update on Activities***

---

- **PAICE – Board of Directors Meeting**
  - Annual meeting held June 29, 2010 in Washington, DC.
- **Current Insurance Policies**
  - Property and Liability: Terrorism coverage
  - CIP: Primary layers - Workers' Compensation & General Liability
- **2009 Audited Financial Statements - December 31, 2009**
  - Underwriting Income: \$25 million
  - Net Income: \$26.4 million
  - Total Assets: \$158 million
  - Total Members Equity: \$72 million
- **2009 Actuarial Opinion - December 31, 2009**
  - Gross Reserves: \$52.9 million



# ***PAICE - Annual Update on Activities***

---

## **Status as of June 30, 2010**

- **Investments**
  - **Investment Policy: Government Securities plus AA or better Corporate Stocks**
  - **Cash and Investments: \$141.7 million**
  - **Investment Income: \$2.3 million**
  
- **Claims**
  - **No Terrorism Claims**
  - **CIP: 93 Open Workers' Compensation claims**  
**55 Open General Liability claims**

