NEW YORK AND NEW JERSEY RAILROAD CORPORATION

MINUTES
Thursday, May 22, 2008

Action on Minutes	8
Report of Nominating Committee	8
Election of President	9

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

MINUTES OF COMMITTEE ON FINANCE
225 Park Avenue South
New York, NY
Thursday, May 22, 2008

PRESENT:

Hon. Henry R. Silverman, Chair
Hon. Bruce A. Blakeman
Hon. Raymond M. Pocino
Committee Members

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

Veronica M. Biddle, Assistant Director, Treasury
A. Paul Blanco, Chief Financial Officer
Pasquale DiFulco, Executive Communications Specialist, Media Relations, Public Affairs
Sandra E. Dixon, State Legislative Representative, Government and Community Affairs
Michael G. Fabiano, Deputy Chief Financial Officer/Comptroller
Susan Bass Levin, Deputy Executive Director
James E. McCoy, Manager, Board Management Support, Office of the Secretary
Anne Marie C. Mulligan, Treasurer

The Committee meeting was called to order by the Chair in public session at 11:40 a.m. and ended at 11:53 a.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of April 24, 2008 had been signed and distributed to the Commissioners.

Whereupon, the Committee approved the Minutes of the meeting of April 24, 2008.

PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE

It was recommended that the Committee on Finance authorize the purchase of property damage and loss of revenue insurance (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, 2008, at an estimated cost of $28 million. The Insurance program (Program) is necessary to provide protection to the Port Authority against potential financial losses resulting from damage to property and resultant loss of revenue. The Executive Director, the Chief Financial Officer, the Director of Procurement or the Treasurer each would be authorized to take action to effectuate the Insurance purchase.

At its meeting on May 24, 2007, the Committee authorized staff to purchase Insurance through the broker Marsh for all owned and leased properties of the Port Authority, including coverage for losses arising from acts of terrorism, with appropriate available limits, deductibles, retentions and other terms, for a one-year term effective June 1, 2007, at an estimated cost of $31 million. The actual total premium for the June 1, 2007 placement was $27.5 million.

The brokerage fee for Marsh in connection with placement and administration of the Program for the one-year period commencing with the June 1, 2008 to June 1, 2009 insurance policy term is $625,000. Marsh will be providing its services under the final year of a three-year brokerage agreement with the Port Authority authorized by the Committee at its February 23, 2006 meeting. Staff will initiate a Request for Proposals process in 2008 to select a broker for the Program with respect to subsequent insurance renewals.

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 transferred and retained risk. The estimated premium reflects current market conditions, as well as the Port Authority's experience, and assumes the purchase of insurance at $1.1 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 the power 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 Blakeman, 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, 2008, at an estimated premium 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.

_____

Secretary