

**COMMITTEE ON FINANCE
MINUTES
Thursday, May 31, 2001**

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**MINUTES OF
COMMITTEE ON FINANCE
One World Trade Center
Thursday, May 31, 2001**

PRESENT:

Hon. William J. Martini
Hon. Kathleen A. Donovan, pro tem
Hon. David S. Mack, pro tem
Committee Members

Commissioner Donovan and Commissioner Mack were designated as substitute Committee members pro tem.

Neil D. Levin, Executive Director
Jeffrey S. Green, General Counsel
Daniel D. Bergstein, Secretary

Bruce D. Bohlen, Treasurer
Charles F. McClafferty, Chief Financial Officer
Anne Marie C. Mulligan, Assistant Treasurer
Emil J. Petrick, General Manager, Risk Management, Treasury
Ronald H. Shiftan, Deputy Executive Director

The Committee meeting was called to order in executive session by Commissioner Martini at 12:23 p.m. and the meeting ended at 12:35 p.m.

Action on Minutes

The Secretary reported that the Minutes of the meeting of July 27, 2000 had been signed and distributed to the Commissioners and staff, whereupon, the Committee approved the Minutes of the meeting of July 27, 2000.

PURCHASE OF PROPERTY DAMAGE AND LOSS OF REVENUE INSURANCE

It was recommended that the Committee on Finance authorize a premium expenditure of \$6.2 million for property damage and loss of revenue insurance, covering all properties of the Port Authority and its subsidiaries for a one-year period effective June 1, 2001, the expiration date of the current coverage.

At its meeting of April 27, 2000, the Committee authorized the purchase of such insurance through broker Willis of New York, Inc. (Willis) for a three-year period, effective June 1, 2000, with appropriate coverage limits, self-insured retentions, and other terms, at a first-year premium not to exceed \$5.5 million (subject to further Committee authorization of premium expenditures for the second and third years of coverage) and a broker fee not to exceed \$1.2 million over three years. Willis was chosen through a publicly advertised Request for Proposal process.

The actual premium paid for the first year of coverage was \$4.75 million. Given poor loss results worldwide, for the first time in many years the insurance market is experiencing substantial price increases and a greater resolve by insurers to adhere to more conservative underwriting standards. Thus, an increase in the premium for the second year of coverage is reflected in the premium expenditure authorization recommended by staff.

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 Donovan, Mack and Martini voting in favor; none against:

RESOLVED, that a premium expenditure of \$6.2 million in connection with the purchase of property damage and loss of revenue insurance, covering all properties of the Port Authority and its subsidiaries, for a one-year period effective June 1, 2001, be and it hereby is authorized; and it is further

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 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.

(Finance – 5/31/01)

Whereupon, the meeting was adjourned.

Secretary