

## SUMMARY OF RESOLUTION

### Authorization to Extend Insurance Coverage for the North Shore Connector Project Owner-Controlled Insurance Program

Pursuant to the July 28, 2006 resolution of Port Authority of Allegheny County's (Authority) Board and with the assistance of Marsh U.S.A., Inc. (Marsh), the Authority purchased various insurance as part of an Owner-Controlled Insurance Program (OCIP) for the North Shore Connector Project (Project). The Board authorized a total not-to-exceed amount of \$13,750,000 for the purchase of OCIP insurance.

Based upon the estimated total construction value of approximately \$276 million for Project at that time, the Authority ultimately purchased OCIP insurance for an initial term of four years from September 7, 2006 until September 7, 2010.

Currently, the anticipated completion of major construction activities for Project is scheduled for December 18, 2011, and the estimated total construction value for Project has increased to approximately \$359 million. The Authority personnel, in consultation with Marsh, have determined that it is in the Authority's best interest to extend OCIP insurance for an additional 15 months at this time to provide adequate coverage and protection for Project through the duration of the completion of major construction activities for Project based upon the revised construction value of Project.

Through the marketing and negotiation efforts of the Authority personnel and Marsh, it has been determined that such an extension will require an increase of \$2,500,000 in the total not-to-exceed amount to allow for the purchase of the insurance and related services required to extend OCIP through the duration of the current, anticipated completion date of December 18, 2011 for major construction activities for Project based upon current market conditions and availability of coverage.

This resolution authorizes an increase in the total not-to-exceed amount from \$13,750,000 to \$16,250,000 to allow for the purchase of OCIP insurance through the current, anticipated completion date of major construction activities for Project.

## RESOLUTION

**WHEREAS**, pursuant to the July 28, 2006 resolution of Port Authority of Allegheny County's (Authority) Board of Directors, and with the assistance of Marsh U.S.A., Inc. (Marsh), the Authority purchased various insurance as part of an Owner-Controlled Insurance Program (OCIP) for the North Shore Connector project (Project); and

**WHEREAS**, the Board authorized a total not-to-exceed amount of \$13,750,000 for the purchase of OCIP insurance; and

**WHEREAS**, based upon the estimated total construction value of approximately \$276 million for Project at that time, the Authority ultimately purchased OCIP insurance for an initial term of four years from September 7, 2006 until September 7, 2010; and

**WHEREAS**, the current, anticipated completion date of major construction activities for Project is scheduled for December 18, 2011, and the estimated total construction value for Project has increased to approximately \$359 million; and

**WHEREAS**, the Authority personnel, in consultation with Marsh, have determined that it is in the Authority's best interest to extend OCIP for an additional 15 months at this time to provide adequate coverage and protection for Project through the current completion date of major construction activities based upon the current, estimated construction value; and

**WHEREAS**, through the marketing and negotiation efforts of the Authority personnel and Marsh, it has been determined that such an extension will require an increase of \$2,500,000 in the total not-to-exceed amount to allow for the purchase of the insurance and related services required to extend OCIP through the duration of the current, anticipated completion date of December 18, 2011 for major construction activities for Project based upon current market conditions and availability of coverage.

**NOW, THEREFORE, BE IT RESOLVED**, that the total not-to-exceed amount for the purchase of OCIP insurance for Project is increased from \$13,750,000 to \$16,250,000.

**NOW, THEREFORE, BE IT RESOLVED**, that the chief executive officer, Rail Operations/engineering officer and/or inside general counsel be, and they hereby are, authorized to enter into agreements with selected insurance companies to extend OCIP insurance as indicated above and to take all such other actions necessary and proper to carry out the purpose and intent of this resolution.