

FOR CONSIDERATION

April 15, 2010

TO: The Directors

FROM: Dennis M. Mullen

SUBJECT: New York (New York County) - Moynihan Station Civic and Land Use Improvement Project - Insurance for the James A. Farley Post Office Building and Annex

REQUEST FOR: Authorization to Place Insurance Policies with Pacific Indemnity Company (Chubb Group) and Travelers Excess & Surplus Lines Company (Travelers Group); and to Take Related Actions

BACKGROUND

In March 2007, Empire State Development Corporation (“ESDC”) acquired the James A. Farley Post Office Building and Annex (“Farley”) in Manhattan (bound by 31st and 33rd Streets and 8th and 9th Avenues) for use in the Moynihan Station Civic and Land Use Improvement Project. For the coming FY 2010-2011, ESDC needs to secure renewals or replacements of: (a) real property insurance, for financial losses in the event of significant physical damage to Farley; and (b) general liability insurance, for personal injury and property damage that may result from activity at Farley.

ESDC’s approved broker, Cool Insuring Agency, Inc. (“Cool”), has provided ESDC with annual premium quotations for Commercial General and Excess Liability Insurance and Real Property Insurance for Farley. Cool sought premium quotes from a wide range of State approved insurance carriers.

The total proposed 2010-2011 renewal premium for Farley’s insurance policies (inclusive of Cool’s fee) is \$846,263 for coverage of the period April 1, 2010 through and including March 31, 2011. This represents a decrease of \$75,639 (or 8.2%) from the 2009 total cost of \$921,902, as a result of competitive market conditions. Based on Cool’s statewide insurance and risk management expertise, staff recommends that ESDC adopt the following policies at a total annual premium of \$846,263:

FARLEY BULDING 2010-11 INSURANCE POLICIES

Insurance	Carrier	Policy	Premium Cost
Commercial General Liability Insurance	Pacific Indemnity Company (Chubb Group)	Limit of \$2,000,000 general aggregate coverage with \$1,000,000 per occurrence	\$120,000
Excess Liability Insurance	Pacific Indemnity Company (Chubb Group)	Limit of additional \$25,000,000 general aggregate in umbrella coverage	45,004
Real Property Insurance	Pacific Indemnity Company (Chubb Group)	Limit of \$100,000,000 in coverage	462,559
Excess Real Property Insurance	Travelers Excess & Surplus Lines Company (Travelers Group)	Limit of additional \$150,000,000 in umbrella coverage	155,700
Cool's Fee			\$63,000
Total Annual Insurance Cost			\$846,263

FUNDING:

Insurance is one of the property expenses paid for from Farley rent collected by ESDC from USPS.

AFFIRMATION ACTION

ESDC's Non-discrimination and Affirmative Action policy will apply. Cool is encouraged to use best efforts to provide for the meaningful participation of Minority and Women-owned Business Enterprises (M/WBEs), Minority Group Members and women for any product/materials or services necessary in the procurement of the insurance herein. To this end, the Affirmative Action Unit is available to assist Cool in identifying New York State certified M/WBEs.

REQUESTED ACTIONS

The Directors are requested to: (1) authorize procurement of the Corporation's: (a) Commercial General Liability Insurance and Excess Liability Insurance with Pacific Indemnity Company (Chubb Group); and (b) Real Property Insurance with Pacific Indemnity Company (Chubb Group) and Excess Real Property Insurance with Travelers Excess & Surplus Lines Company (Travelers Group) for April 1, 2010 through March 31, 2011 at a total annual premium of \$846,263; (2) approve, ratify, and confirm any and all actions previously taken on behalf, or in the name, of ESDC in connection with this matter; and (3) authorize the taking of related actions.

RECOMMENDATION

Based on the foregoing, I recommend approval of the requested actions.

ATTACHMENT

Resolutions

April 15, 2010

New York (New York County) – Moynihan Station Civic and Land Use Improvement Project – Insurance for the James A. Farley Post Office Building and Annex – Authorization to Place Insurance Policies with Pacific Indemnity Company (Chubb Group) and Travelers Excess & Surplus Lines Company (Travelers Group); and to Take Related Actions

RESOLVED, that in accordance with the materials presented to the Directors at this meeting, a copy of which is hereby ordered to be filed with the records of the Corporation, the Chief Executive Officer-Designate or Other Officer of the Corporation or their designee(s), are hereby authorized, in the name and on behalf of ESDC, to enter into all contracts, agreements, and instruments necessary or appropriate in connection with the placement of insurance for the James A. Farley Post Office Building and Annex with Pacific Indemnity Company (Chubb Group) and Travelers Excess & Surplus Lines Company (Travelers Group); and be it further

RESOLVED, that the total annual cost of such insurance shall not exceed \$846,263; and be it further

RESOLVED, that all actions heretofore taken on behalf of ESDC in regard to the replacement of the foregoing insurance policies are hereby approved, ratified, and confirmed.

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April 15, 2010

New York (New York County) – Moynihan Station Civic and Land Use Improvement Project – Insurance for the James A. Farley Post Office Building and Annex – Authorization to Place Insurance Policies with Pacific Indemnity Company (Chubb Group) and Travelers Excess & Surplus Lines Company (Travelers Group); and to Take Related Actions

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RESOLVED, that the total annual cost of such insurance shall not exceed \$846,263; and be it further

RESOLVED, that all actions heretofore taken on behalf of ESDC in regard to the replacement of the foregoing insurance policies are hereby approved, ratified, and confirmed.

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