

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.

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

In March of 2010, the Board passed a resolution authorizing the extension of OCIP for an additional 15 months, until December 18, 2011, and a \$2,500,000 increase in the total not-to-exceed amount, from \$13,750,000 to \$16,250,000, based upon an estimated total construction value for Project at that time in the amount \$359 million and to ensure the Authority had adequate insurance coverage for Project through the completion of major portions of construction activity.

Currently, the anticipated completion of remaining construction and pre-revenue testing activities for Project is scheduled for the end of March of 2012 and post-revenue testing activities are scheduled through June of 2012. Port Authority personnel, in consultation with Marsh, have determined that it is in the Authority's best interest to extend the Builder's Risk portion of OCIP for an additional four months and the Casualty portion of the OCIP for an additional six months at this time to provide adequate coverage and protection for Project through the duration of the completion of remaining portions of construction activity, pre-revenue testing activities and post-revenue testing activities for Project.

Through the marketing and negotiation efforts of Port Authority personnel and Marsh, it has been determined that such an extension will require an increase of \$475,000 in the previously authorized total not-to-exceed amount to allow for the purchase of the insurance and related services required to extend OCIP for the coverages and time periods set forth above based upon current market conditions and availability of coverage. It should be noted that funds for this increase are allocated for and within the current overall budget for Project.

This resolution authorizes an increase in the total not-to-exceed amount from \$16,250,000 to \$16,725,000 to allow for the purchase of OCIP through the current, anticipated completion dates of construction and testing activities for Project.

RESOLUTION

WHEREAS, 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); and

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

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

WHEREAS, on March 26, 2010, the Board passed a resolution authorizing the extension of OCIP for an additional 15 months, until December 18, 2011, and a \$2,500,000 increase in the total not-to-exceed amount, from \$13,750,000 to \$16,250,000, based upon an estimated total construction value for Project at that time, in the amount \$359 million, to ensure the Authority had adequate insurance coverage for Project through the completion of major portions of construction activity; and

WHEREAS, the anticipated completion of remaining construction and pre-revenue testing activities for Project is currently scheduled for completion at the end of March of 2012 and post-revenue testing activities are scheduled through June of 2012; and

WHEREAS, Port Authority personnel, in consultation with Marsh, have determined that it is in the Authority's best interest to extend the Builder's Risk portion of OCIP for an additional four months and the Casualty portion of OCIP for an additional six months to provide adequate coverage and protection for Project through the duration of the completion of the remaining portions of construction activity, pre-revenue testing activities and post-revenue testing activities for Project; and

WHEREAS, through the marketing and negotiation efforts of Port Authority personnel and Marsh, it has been determined that such an extension will require an increase of \$475,000 in the total not-to-exceed amount to allow for the purchase of the insurance and related services required to extend OCIP in the manner set forth above based upon current market conditions and availability of coverage; and

WHEREAS, the funds for this increase are allocated for and within the current overall budget for Project.

NOW, THEREFORE, BE IT RESOLVED, that the total not-to-exceed amount for the purchase of OCIP for Project is increased from \$16,250,000 to \$16,725,000 and the Authority is authorized to extend the Builder's Risk portion of OCIP for an additional four months through April 17, 2012, and the Casualty portion of OCIP for an additional six months through June 18, 2012.

BE IT FURTHER 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 as indicated above and to take all such other actions necessary and proper to carry out the purpose and intent of this resolution.