

October 8, 2015

SUBJECT: REQUEST FOR PROPOSALS FOR THE PERFORMANCE OF EXPERT PROFESSIONAL INVESTMENT MANAGEMENT SERVICES FOR THE PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC (RFP #43834)

Dear Sir or Madam:

The Port Authority of New York and New Jersey (the “Authority”) is seeking Proposals (“Proposals”) in response to this Request for Proposals (RFP) for a Consultant to provide Expert Professional Investment Management Services for the Port Authority Captive Insurance Entity’s (PAICE) investment portfolio for the term of four (4) years (2016-2019). The Authority reserves the right to extend the resulting agreement for an additional three (3) one (1) year renewal options, at its sole discretion.

The scope of the tasks to be performed by the Consultant are set forth in Attachment A to the Authority’s Standard Agreement, included herewith. You should carefully review this Agreement as it is the form of agreement that the Authority requires that you sign in the event of acceptance of your proposal (“Proposal”) and forms the basis for the submission of Proposals.

I. PROPOSER REQUIREMENTS

Proposals will only be considered from those firms who are able to demonstrate that they meet the following qualification requirements:

- A. Demonstrate they are registered investment advisor under the Investment Advisors Act of 1940, or provide proof of exemption.
- B. Demonstrate they have at least \$10 Billion under management and has been in business for a minimum of five (5) years.
- C. Provide evidence that they are currently managing at least five (5) accounts with similar investment guidelines as those outlined in Attachment E titled “PAICE’s Investment Policy”.

A determination that a Proposer meets the requirements above is no assurance that the Proposer will be selected for performance of the subject services. Firms that do not meet these requirements shall not be considered.

II. PROPOSAL FORMAT REQUIREMENTS

To respond to this RFP, the Proposer shall submit a concise Proposal complying with the following format requirements:

- A. To be acceptable, the Proposal shall be of no more than thirty (30) pages single-sided or fifteen (15) pages double-sided, using 12-point or greater font size. This limit does not include resumes or Section III, items: A, B, C, D, I and J below nor section and tab dividers. Product brochures and other sales literature will not be accepted as substitutes for written responses to this RFP. Proposal pages shall be numbered and bound, with **“Your Firm Name”** and **RFP Number 43834** clearly indicated on the cover.

- B. Each section of the Proposal shall be separated with a tab divider that is labeled in accordance with the letter of the requirements specified below in Section III.
- C. All proposals must be delivered in sealed envelopes or packages. Address the Proposal to: The Port Authority of New York and New Jersey, Attention: RFP Custodian, Procurement Department, 4 World Trade Center, 150 Greenwich Street, 21st Floor, New York, NY 10007. Do not address your Proposal to any other name. Clearly mark the solicitation number on the outermost package. You are required to submit one (1) reproducible original and five (5) copies, along with six (6) electronic copies (compact disc or flash drive), of your Proposal for review. Notwithstanding retention of the electronic copies, in case of conflict, the reproducible original of the Proposal and the written hard copy Agreement, if awarded, shall take precedence over material on the electronic media.

If your proposal is to be hand-delivered, note that only individuals with proper identification (e.g. photo identification) will be permitted access to the Authority's offices. Individuals without proper identification shall be turned away and their packages not accepted.

There is extensive security at the World Trade Center Site. You must present a valid government-issued photo ID to enter 4 WTC. Individuals without packages or carrying small packages, envelopes or boxes that can be conveyed by hand or on a hand truck may enter through the lobby. All packages, envelopes and boxes may be subject to additional security screening. There is no parking available at 4 WTC/150 Greenwich Street, and parking in the surrounding area is extremely limited. Express carrier deliveries by commercial vehicles will only be made via vendors approved by Silverstein Properties, the WTC Property Manager, through the Vehicle Security Center (VSC). Please note that use of the U.S. Mail does not guarantee delivery to Authority offices by the above listed due date for submittals. Proposers using the U.S. Mail are advised to allow sufficient delivery time to ensure timely receipt of their proposals. Presently, UPS is the only delivery vendor with approved recurring delivery times. UPS makes deliveries to 4 WTC around 9:30 a.m. each day. Please plan your submission accordingly. As additional express carriers may be approved by Silverstein Properties and scheduled for recurring delivery times with the VSC, this information may be updated. Under certain circumstances, a solicitation may allow for a commercial vehicle to be approved to make a delivery in accordance with the VSC procedures. If applicable, the specific solicitation document will include that information. The Port Authority assumes no responsibility for delays, including, but not limited to, delays caused by any delivery services, building access procedures, or security requirements

- D. In each submission to the Authority, including any return address label, information on the electronic copies and information on the reproducible original and copies of the Proposal, the Proposer shall use its **FULL LEGAL NAME WITHOUT ABBREVIATIONS**. Failure to comply with this requirement may lead to delays in contract award and contract payments, which shall be the responsibility of the Proposer.
- E. Your Proposals should be forwarded in sufficient time so that the Authority receives them **no later than 2:00 p.m. on October 29, 2015**. The cover of your submittal must be

labeled, including the RFP Number and the title as indicated in the “Subject” above. The Authority assumes no responsibility for delays caused by any delivery services.

III. SUBMISSION REQUIREMENTS

To respond to this RFP, provide the following information:

A. AGREEMENT ON TERMS OF DISCUSSION

In accordance with Authority policy, you are required to include in the front of your Proposal, a copy of Attachment B, Agreement on Terms of Discussion, signed by an officer of your company.

B. TRANSMITTAL LETTER

Each Proposer shall submit a transmittal letter on letterhead, signed by an authorized representative, introducing your firm and demonstrating compliance with each of the aforementioned “Proposer Requirements” listed in Section I.

C. COMPANY PROFILE

A completed copy of Attachment C (Company Profile).

D. COST PROPOSAL FORM

Complete and submit the “Cost Proposal Form”, Attachment D. As indicated in the form, provide all fees for the investment services outlined in Attachment A.

Your cost proposal shall also address the following items listed:

1. Submit your firm’s proposed annual compensation schedule for this proposal. The proposed fee shall include all costs for providing investment services to the Captive as described in the Attachment A.
2. List and identify all fees to be charged, such as custodian fees, asset manager fees, trading fees, Index Fund expense fees, separate account or administrative expenses and subcontractor investment management fees, as appropriate. Also, list whether you are proposing to charge a fixed annual fee and/or asset based fees.
3. If an asset-based structure is used, the fees will be calculated based on the portfolio’s average daily market value, as determined by the portfolio’s Custodian. If all or a portion of your proposed cost proposal is based on a fixed fee structure, provide a breakdown of the fee structure.
4. If proposing the use of subconsultant(s), provide the terms and conditions for their compensation (including their multipliers, and/or billing rates as appropriate), their Minority/Women-owned Business Enterprise (MBE/WBE) status and the technical qualifications of their key personnel to be assigned to the subject project.

E. STAFF QUALIFICATIONS AND EXPERIENCE

1. List the names, titles and provide resumes of the key personnel who will be assigned to perform the services described in Attachment A. Resumes of each individual must include their education, chronological history of employment, relevant licenses and certifications. The resumes should clearly identify the years of experience and

technical capabilities in the field related to the tasks for which the individual will be responsible. Each resume shall be 2-page maximum, single-sided or 1-page double-sided, using 12- point or greater font size.

2. Provide a matrix listing the name(s), title(s), firm and responsibility on the project of personnel who will be assigned to perform the services requested in Attachment A. Provide resumes for all personnel listed in the matrix.
3. If there are any investment professionals under employment contracts, discuss the nature of the contracts.
4. Describe any contingent procedures that will be in place in the event a key investment professional assigned to the account should leave the firm.
5. Identify your firm's qualifications and training programs, including requirements, for members of the investment management team.

In the event of any change in personnel working on the Authority's account during the duration of the Agreement, a written notification is required.

F. FIRM QUALIFICATIONS AND EXPERIENCE

1. Describe your firm's history and organizational structure. Include the number of years in business and the size of the company (number of employees, yearly revenue and total assets under management).
2. Describe your firm's ownership, capital structure and specific details of any affiliated companies or joint ventures and/or affiliations with other financial or investment management firms. Specify the percentage owned by principals.
3. Provide an organizational chart that diagrams the interrelationships between the professional staff as well as any parent-subsidiary, affiliate or joint venture entities.
4. Discuss the financial condition of your firm based on the most recently audited financial statements and annual reports.
5. Discuss if your firm has a recent Service Organization Control Report. If so, identify the auditing firm and their opinion.
6. Describe your firm's experience managing similarly structured investment accounts for insurance industry clients, and provide a composite of such accounts along with the appropriate benchmark(s). Provide the returns for the last five to ten years. Also include a breakdown of the returns as follows: year to date, one, three, five, and, if possible, ten year returns.
7. Provide a list of all current clients, including the size of each portfolio, that are:
 - a. Captive insurance entities;
 - b. Insurance companies.

8. Performance:
 - a. Currently, PAICE's portfolio invests solely in fixed income securities. Based off your past portfolio management experience, discuss if similar portfolios you have managed have included equity securities, and if so, what was the incremental increase in income.
 - b. PAICE's investment guidelines limit the allocation of corporate bonds to 60% of the portfolio value. Currently this allocation is capped at 10%. Discuss the percentage of allocation of corporate bonds of portfolios similar to the captive that your firm manages.
 - c. List three accounts structured similar to the captive your firm currently manages and provide the asset allocation, duration and performance for the past three years.
 - d. Complete the form "Firm Composites", using the Excel spreadsheet available at the following link: [Attachment F](#), based on similarly structured accounts currently under your management.
9. Indicate the number of accounts of your client base in terms of assets under management and segment as follows:
 - \$5 million to \$25 million;
 - \$26 million to \$100 million;
 - \$101 million to \$500 million; and
 - \$501 million or more.
10. Provide the total dollar value of assets under management, and total number of accounts currently managed by your firm.
11. List any pending administrative proceedings, investigations and civil suits relating to the firm's performance of professional duties.
12. List all litigation and proceedings to which your firm is a party and which would either:
 - a. Materially impair your ability to perform the services set forth on Attachment A; or
 - b. If decided in an adverse manner, could be reasonably expected to have a material adverse effect on the financial condition of your firm.
17. Describe your firm's philosophy regarding account or relationship management.
18. Explain in no more than one page your firm's competitive advantage and why your firm should be hired to provide these services.

G. TECHNICAL APPROACH

Provide your Technical Approach, in detail, to completing the requested services described in Attachment A, which shall include, but is not limited to:

1. Investment Policy

- a. Under the current Investment Policy Statement contained in the Investment Policy, Attachment E, the PAICE portfolio invests in fixed income securities. Describe how your firm determines the appropriate duration for fixed income portfolios.
- b. Describe the investment program you are proposing based on the Authority's objectives, including the type of securities you propose to purchase, and how the funds will be managed after the initial investments are made.
- c. Specify how often you suggest rebalancing the portfolio.
- d. After reviewing the current Investment Policy, Attachment E, suggest if you recommend maintaining the existing Investment Policy Statement or would recommend revisions. If changes are recommended, provide an explanation for the basis of the change and the expected improvement in the overall performance of the PAICE portfolio and what would be the basis for measuring such improvement.
- e. Explain which Benchmark you would use to measure the performance of the PAICE portfolio under its current investment make up and which benchmark you would use under your suggested portfolio. Support your suggestion with empirical evidence.
- f. Indicate which Custodian bank your firm uses for safekeeping. Indicate if the custodian fees are included in the management fees paid by the portfolio to your firm or if the Authority is to pay separate additional fee to the Custodian. If separate, please provide the fee(s) to be charged in Attachment D.

2. Asset Allocation

- a. Describe with specific details how your firm currently derives its asset allocation recommendations and how the asset allocation decisions are made going forward, and the specific buy and sell signals/indications you use to make your decisions.
- b. Describe your firm's philosophy with regard to the investment management of an insurance investment portfolio.
- c. Describe with specific detail what would prompt your firm to increase an allocation to an existing asset class in the portfolio or establishing a new position in an asset class in the portfolio.
- d. Describe with specific detail what would prompt your firm to decrease an allocation to an existing asset class in the portfolio or to exit an asset class in the portfolio.
- e. The portfolio's current asset allocation is of approximately 10% U.S. Corporate bonds, 31% U.S. Federal Agencies and 59% U.S. Treasury securities. Describe with specific details what changes you would recommend to the existing asset allocation, if any, including whether you believe the captive should invest in

Equities. Provide the percentage of the total portfolio you would allocate to each asset class and the expected increase in income based on those changes.

3. Reporting

- a. Provide a sample of your firm's monthly reporting package. At a minimum, this package should include a performance statement, capital markets outlook, economic commentary, and an accounting statement.
- b. Depict the timeframe in which your firm is able to provide accurate, final performance, asset and transactions statements following month-end.
- c. Describe your firm's online capabilities and ability to deliver monthly portfolio reports electronically by the first business day of the following month, including a version in excel format, as requested in the Attachment A.
- d. Indicate if your firm will be able to conduct quarterly meetings, or as frequently as requested, at the Authority's headquarters in New York.
- e. Describe your current support for GAAP accounting, including how your firm "mark to market" portfolios under management.
- f. Describe the accounting information or regulatory assistance your firm will provide that would be useful to an insurance captive/company.

4. Risk

- a. Describe in detail how your firm measures and monitors risk and ensures that risk parameters are in line with portfolio returns and client guidelines.
- b. How does your firm reduce risk in each asset class that a portfolio invests? When the asset classes are combined to make one portfolio, what is your approach to reducing risk?
- c. Describe what systems are in place for ensuring that portfolio managers are adhering to client guidelines and investment policies.
- d. Describe in detail your firm's plan regarding backing up computer files and systems. Specify how long it would take to become fully functional in the event of a disaster.

H. MANAGEMENT APPROACH

Describe in detail the proposed Management Approach to be taken for the performance of the required services. Your Management Approach shall include, but is not limited to:

1. Provide a summary of your risk oversight policy and objectives.
2. Include an organization chart shall that identifies the key individuals, their firms, work locations, and a clear management structure for sharing project responsibilities, work allocation, oversight, deliverable, costs and reporting responsibilities across different office locations of the Firm, if any, during performance of the services stipulated in Attachment A.

3. Describe how your proposed organizational structure will be responsive to the Authority's needs, your proposed approach and schedule for keeping the client apprised of the project status, and your proposed approach to ensure the quality of the services to be provided.

I. CONFLICT OF INTEREST

If the Proposer or any employee, agent or subcontractor of the Proposer may have, or may give the appearance of a conflict of interest, or circumstances which may give rise to an appearance of impropriety, the Proposer shall include in its Proposal a statement indicating the nature of the conflict or circumstances which may give rise to an appearance of impropriety. The Authority reserves the right to disqualify the Proposer if, in its sole discretion, any interest disclosed from any source could create, or give the appearance of, a conflict of interest or appearance of impropriety. The Authority's determination regarding any question(s) of conflict of interest or appearance of impropriety shall be final.

J. AGREEMENT EXCEPTIONS

The Proposer is expected to agree with the standard agreement and its terms and conditions. The Proposer should therefore not make any changes in this standard agreement, nor restate any of its provisions in your Proposal or supporting material. ***However, if the Proposer has any specific exceptions, such exceptions should be set forth in a separate letter included with its response to this RFP.*** The Authority is under no obligation to entertain and/or accept any such specific exceptions. Exceptions raised at a time subsequent to proposal submission will not be accepted.

IV. SELECTION PROCESS:

The qualifications based selection process shall take into consideration the technical qualifications presented below in order of importance, and subsequently cost, as appropriate.

- A. Staff Qualifications and Experience
- B. Firm's Qualifications and Experience
- C. Technical Approach
- D. Management Approach

After consideration of these factors, the Authority may enter into negotiations with the firm (or firms) deemed best qualified to perform the required services. Such negotiations shall be conducted between the Authority's contact-person as identified herein, or the undersigned, and the individual contact-person identified by your firm.

V. ORAL PRESENTATIONS

After review of all Proposal submissions, an oral presentation to the selection committee and others, as appropriate, may be requested. Firms selected to make presentations may be given only short advance notice. Presentations would be limited to thirty (30) minutes, and include the material contained in your Proposal. The presentation would be followed by an

approximately thirty (30)-minute question and answer session. Proposer's staff providing the presentation shall be led by the proposed Project Manager, who may be supported by no more than four (4) other senior staff members proposed to work on this project. Notification of presentation scheduling is made by email. **Provide the name and email address of the contact person for presentation scheduling**, if applicable, as well as an alternate in the event that person is unavailable.

VI. ADDITIONAL INFORMATION

Proposers are advised that additional vendor information, including, but not limited to forms, documents and other related information may be found on the Authority website at www.panynj.gov. Proposers are responsible for periodically checking the Authority website at <http://www.panynj.gov/business-opportunities/bid-proposal-advertisements.html> for RFP updates and addenda.

If your firm is selected for performance of the subject services, the Agreement you will be asked to sign, at that time, will include clauses entitled "Certification of No Investigation (Criminal Or Civil Anti-Trust), Indictment, Conviction, Debarment, Suspension, Disqualification and Disclosure Of Other Information" And "Non-Collusive Proposing And Code Of Ethics Certification; Certification Of No Solicitation Based On Commission, Percentage, Brokerage, Contingent Or Other Fees" (see paragraphs 22-23 of the form of Agreement). By submitting a Proposal, the Firm shall be deemed to have made the certifications contained therein unless said Firm submits a statement with his Proposal explaining why any such certification(s) cannot be made. Such a submission shall be submitted in a separate envelope along with your Proposal, clearly marked "CERTIFICATION STATEMENT."

It is Authority policy that its contractors and vendors comply with the legal requirements of the States of New York and New Jersey. Your attention is therefore called to New York State's requirements that certain contractors, affiliates, subcontractors and subcontractors' affiliates register with the New York State Department of Taxation and Finance for the purpose of collection and remittance of sales and use taxes. Similarly, New Jersey requires business organizations to obtain appropriate Business Registration Certificates from the Division of Revenue of the State's Department of the Treasury. The Firm assumes liability for compliance with such requirements.

Following selection of a Firm, the Authority will forward two copies of the Agreement to the selected firm, which must sign and return both copies. The return to you of one copy executed by the Authority will effectuate the Agreement.

Should you have any questions, please contact Ms. Ekatherina Carrera, by email at ECarrera@panynj.gov. All such correspondence must have your name, title, company, mailing address, telephone number and state "RFP 43834" in the subject line. The Authority must receive all questions no later than 4:00 P.M., seven (7) calendar days before the RFP due date. Neither Ms. Carrera nor any other employee of the Authority is authorized to interpret the provisions of this RFP or accompanying documents or give additional information as to their requirements. If interpretation or additional information is required, it will be communicated by written addendum issued by the undersigned and such writing shall form a part of this RFP, or the accompanying documents, as appropriate.

Proposal preparation costs are not reimbursable by the Authority. The Authority shall have no obligation to a firm except under a duly authorized agreement executed by the Authority and no rights accrue to any Proposer except under a duly authorized agreement for performance of the specified services.

The Authority reserves the right, in its sole and absolute discretion, to reject all Proposals, to undertake discussions and modifications with one or more Firms, to waive defects in Proposals, and to proceed with that Proposal or modified Proposal, if any, which in its judgment will, under all the circumstances, best serve the public interest.

Sincerely,

David Gutiérrez, CPPO
Manager, Construction Procurements

Attachments

ATTACHMENT A

PERFORMANCE OF EXPERT PROFESSIONAL INVESTMENT MANAGEMENT SERVICES FOR THE PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC

I. BACKGROUND

For background with respect to The Port Authority of New York and New Jersey (the “Authority”) see www.panynj.gov. Additionally, the most recent electronic version of the Authority’s Annual Report is available at <http://www.panynj.gov/corporate-information/annual-reports.html>.

The Port Authority Insurance Captive Entity LLC (“PAICE”) was approved for establishment in the District of Columbia on October 16, 2006 with the purpose of insuring certain risk exposures of the Authority and its wholly owned entities. Under its current Certificate of Authority, PAICE is authorized to transact insurance business in connection with worker’s compensation, general liability, builder’s risk, property, terrorism and other insurance coverages for the Authority and its related entities. With the passage of the Terrorism Risk Insurance Program Reauthorization Act of 2007, PAICE assumes coverage for acts of domestic terrorism with respect to the Authority’s public liability and property damage and loss of revenue insurance programs in addition to the previously provided coverage for acts of foreign terrorism. As of December 31, 2014, the PAICE portfolio had approximately \$181 million in investment assets across a range of fixed income securities. Total direct written premiums paid to PAICE for 2014 was close to \$76 million.

II. SCOPE OF WORK

The Consultant shall provide investment management services in connection with the PAICE portfolio to meet the Authority’s goal of maximizing returns within its risk parameters. Investment, performance and risk guidelines associated with this mandate are included in “Investment Policy Statement for The Port Authority Insurance Captive Entity” attached hereto and made part of hereof as “Attachment E”.

III. DESCRIPTION OF CONSULTANT’S TASKS

Tasks to be performed by the Consultant may include, but are not limited to:

TASK A. PORTFOLIO INVESTMENT

1. Invest the PAICE’s portfolio in accordance with the investment criteria set forth in Attachment E.
2. Recommend, as deemed necessary, changes to the asset allocation or investment strategy of the portfolio in accordance with the Investment Policy set forth in Attachment E or as an investment policy amendment (to be approved by the Board of Directors and Regulators) in order to maximize returns or minimize risks.
3. Monitor, on a daily basis, that the portfolio’s assets remain in compliance with the respective investment guidelines.
4. Provide custodian services for the portfolio and reconcile portfolio value and holdings with that custodian.

TASK B. PORTFOLIO DEVELOPMENT

1. Establish a benchmark(s), at the commencement of the engagement, to be approved by the Authority, to measure the portfolio performance, which shall take into account the existing asset allocation guidelines and risk profile. Provide monthly performance reports to measure the portfolio performance against that benchmark(s). Update benchmark(s) as necessary if/when changes made to the portfolio's asset allocation warrant so. Measure and monitor risk ensuring that said risk is in line with portfolio returns and the PAICE's Investment Policy set forth in Attachment E.
2. Identify new strategies and innovative portfolio management techniques and/or concepts, which can be used to maximize returns.

TASK C. MEETINGS AND REPORTS

The Consultant shall, at a minimum:

1. Supply monthly written performance reports to the Authority that fully comply with Global Investment Performance Standards (GIPS) of the Association of Investment Management and Research (AIMR) performance reporting standards, and other pertinent information pertaining to the investment of the portfolio's funds, as requested by the Port Authority or by the tenth business day of the following month.
2. Provide an investment report to PAICE's Captive manager (Kane Group) on a monthly basis by the close of the first business day (with a copy in excel format) and assist, as deemed necessary by the Authority, in filing for changes in investment policy with the Department of Insurance, Securities and Banking (DISB).
3. Provide the Authority with electronic reports of the portfolio's holdings and transactions that occurred during the month by the first business day of the following month.
4. Conduct quarterly investment meetings with the Authority to present the performance of the portfolio, as well as attend meetings at the Authority's Offices as requested by the Authority.
5. Comply with the guidelines for an investment manager set forth in the PAICE's Investment Policy set forth in Attachment E.
6. Answer auditor's questions and provide materials as requested.
7. Liquidate, as necessary, securities and wire the funds to meet the portfolio's expenses.

IV. LIABILITY AND WORKERS' COMPENSATION INSURANCE REQUIREMENTS

A. Commercial General Liability Insurance

The Consultant shall take out and maintain, at his own expense, the following policies of insurance:

- a. Errors and Omissions Liability insurance with a minimum limit of one (\$1 million) per occurrence.
- b. Commercial General Liability Insurance including but not limited to Premises-Operations, Completed Operations and Independent Contractor coverages and Comprehensive Automobile Liability Insurance (covering any owned, non-owned,

and hired autos) in limits of not less than \$2,000,000 combined single limit per occurrence for Bodily Injury Liability and Property Damage Liability. The policy shall include the Authority, the Port Authority Trans-Hudson Corporation (PATH), Newark Legal and Communications Center Urban Renewal Corporation, New York and New Jersey Railroad Corporation, WTC Retail LLC, 1 World Trade Center LLC, Port District Capital Projects LLC, and New York New Jersey Rail LLC as additional insureds and shall contain a provision that the policy may not be canceled, terminated or modified without thirty days written advance notice to the Project Manager as noted below. The policy shall be specifically endorsed to prohibit the insurance carrier from raising any defense involving in any way jurisdiction of the tribunal, immunity of the Authority [, governmental nature of the Authority or the provisions of any statutes respecting suits against the Authority [] without obtaining express written advance permission from the General Counsel of the Authority.

B. Workers' Compensation Insurance

The Consultant shall also procure and maintain Statutory Workers' Compensation Insurance in accordance with the requirements of law, and shall ensure that any inspectors that perform work on the Authority's property have in place statutory Workers' Compensation Insurance.

V. SUBMISSION REQUIREMENTS

1. Prior to commencement of work, the Consultant shall deliver two copies of a Certificate of Insurance evidencing insurances specified in Section "IV" above. The certificate(s) evidencing the above insurances must indicate the title and number of this Agreement, contain a separate express statement of compliance with each of the requirements above set forth in this clause, and must be presented as follows:

One copy to the Risk Financing Division representative at the following addresses:

The Port Authority of NY & NJ
Steve Mikhlin, Manager, Insurance
150 Greenwich Street, 19th Floor
New York, NY. 10006

2. Upon request of the Manager, Risk Financing Division, the Broker shall furnish to the Authority a certified copy of each policy, including the provisions establishing premiums.

* * *

P.A. Agreement #*-15-*****

DATE

FIRM NAME
ADDRESS
CITY, ST ZIP

Attention: CONTACT, TITLE

**SUBJECT: PERFORMANCE OF EXPERT PROFESSIONAL INVESTMENT
MANAGEMENT SERVICES FOR THE PORT AUTHORITY
INSURANCE CAPTIVE ENTITY, LLC**

Dear CONTACT:

1. The Port Authority of New York and New Jersey (the "Authority") hereby offers to retain FIRM NAME ("the Consultant" or "you") to provide expert professional services as more fully set forth in Attachment A, which is attached hereto and made a part hereof, during 201* through 201*. The Authority reserves the right, at its sole discretion, to extend the term of this Agreement for an additional three one-year extension options. A letter extending the Agreement term shall be sent to the Consultant at least 30 days prior to the end of the term signed by the Treasurer.

2. This Agreement shall be signed by you and the Authority's Chief Procurement Officer. As used herein and hereafter, the "Director" means the Authority's Director, Treasury Department, acting either personally or through her duly authorized representatives acting within the scope of the particular authority vested in her unless specifically stated to mean acting personally.

For the purpose of administering this Agreement, the Director has designated Name, Title, to act as her duly authorized representative. The Project Manager for this project is *****, at (212) 435-****, or e-mail address *****@panynj.gov

3. Your services shall be performed as expeditiously as possible and at the time or times required by the Director. Time is of the essence in the performance of all your services under this Agreement.

4. In order to effectuate the policy of the Authority, the services provided by the Consultant shall comply with all provisions of federal, state, municipal, local and departmental laws, ordinances, rules, regulations, and orders which would affect or control said services as if the services were being performed for a private corporation, unless the Authority standard is more stringent, in which case the Authority standard shall be followed, or unless the Consultant shall receive a written notification to the contrary signed by the Director personally, in which case the requirements of said notification shall apply.

5. The Consultant shall meet and consult with Authority staff as requested by the Director in connection with the services to be performed herein. All items to be submitted or prepared by

the Consultant hereunder shall be subject to the review of the Director. The Director may disapprove, if in her sole opinion said items are not in accordance with the requirements of this Agreement or professional standards. If any of the said items or any portion thereof are so disapproved, the Consultant shall forthwith revise them until they meet the approval of the Director, but the Consultant shall not be compensated under any provision of this Agreement for performance of such revisions. No approval or disapproval or omission to approve or disapprove, however, shall relieve the Consultant of its responsibility under this Agreement to furnish the requested services in accordance with an agreed upon schedule and in accordance with professional standards.

6. As full compensation for all your services and obligations in connection with this Agreement, the Authority will pay you the following amount(s) on a quarterly basis in accordance with paragraph 7 below, for each year of the Agreement:

a) Fixed Annual Fee: \$_____

and/or

b) Asset Based Fees:

Market Value of Portfolio	Firm Fees in Basis Points	Custodian Fees
First \$ Million		
Next \$ Million		
Next \$ Million		
Next \$ Million		

7. You shall render an invoice for services during the quarter to the Project Manager within sixty (60) days after the last date of each individual quarter of the year under the Agreement to provide the Authority sufficient time to process payment in a timely manner. Each invoice shall bear your taxpayer number and the purchase order number(s) as provided by the Authority. Upon receipt of the foregoing, the Project Manager will certify to the Authority that the amount of compensation is correct. The Authority shall, within fifteen days after receipt of such certification by the Project Manager, pay to you by check or electronic payment, the amount certified by the Project Manager.

The Consultant shall verify that its employees and subconsultants working under this Agreement are legally present and authorized to work in the United States, as per the federally required I-9 Program. Furthermore, upon request of the Authority, the Consultant shall furnish, or provide access to the Authority, federal Form I-9 (Employment Eligibility Verification) for each individual hired by the Consultant, performing services hereunder. This includes citizens and noncitizens.

8. The Authority may at any time for cause terminate this Agreement as to any services not yet rendered, and may terminate this Agreement in whole or in part without cause upon three (3)

days notice to you. You shall have no right of termination as to any services under this Agreement without just cause. Termination by either party shall be by certified letter addressed to the other at its address hereinbefore set forth. Should this Agreement be terminated in whole or in part by either party as above provided, you shall receive no compensation for any services not yet performed, but if termination is without fault on your part, the Authority will pay you as the full compensation to which you shall be entitled in connection with this Agreement the amounts computed as above set forth for services completed to the satisfaction of the Director through the date of termination, minus all prior payments to you.

9. You shall not issue or permit to be issued any press release, advertisement, or literature of any kind, which refers to the Authority or to the services performed in connection with this Agreement, unless you first obtain the written approval of the Director. Such approval may be withheld if for any reason the Director believes that the publication of such information would be harmful to the public interest or is in any way undesirable.

10. Under no circumstances shall you or your subconsultants communicate in any way with any contractor, department, board, agency, commission or other organization or any person whether governmental or private in connection with the services to be performed hereunder except upon prior written approval and instructions of the Director, provided, however, that data from manufacturers and suppliers of material shall be obtained by you when you find such data necessary unless otherwise instructed by the Director.

11. Any services performed for the benefit of the Authority at any time by you or on your behalf, even though in addition to those described herein, even if expressly and duly authorized by the Authority, shall be deemed to be rendered under and subject to this Agreement (unless referable to another express written, duly executed agreement by the same parties), whether such additional services are performed prior to, during or subsequent to the services described herein, and no rights or obligations shall arise out of such additional services.

12. No certificate, payment (final or otherwise), acceptance of any work nor any other act or omission of the Authority or the Director shall operate to release you from any obligations under or upon this Agreement, or to estop the Authority from showing at any time that such certificate, payment, acceptance, act or omission was incorrect or to preclude the Authority from recovering any money paid in excess of that lawfully due, whether under mistake of law or fact or to prevent the recovery of any damages sustained by the Authority.

13. Originals of estimates, reports, records, data, charts, documents, renderings, computations, computer tapes or disks, and other papers of any type whatsoever, whether in the form of writing, figures or delineations, which are prepared or compiled in connection with this Agreement, shall become the property of the Authority, and the Authority will have the right to use or permit the use of them and any of any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided herein. The Consultant hereby warrants and represents that the Authority will have at all times the ownership and rights provided for in the immediately preceding sentence free and clear of all claims of third persons whether presently existing or arising in the future and whether presently known to either of the parties to this Agreement or not. This Agreement shall not be construed, however, to require the Consultant to obtain for the Consultant and the Authority the right to use any idea, design, method, material, equipment or other matter which is the subject of a valid patent, unless

owned by the Consultant, or subconsultant, or an employee of either. Whether or not your Proposal is accepted by the Authority, it is agreed that all information of any nature whatsoever which is in any way connected with the services performed in connection with this Agreement, regardless of the form of which has been or may be given by you or on your behalf, whether prior or subsequent to the execution of this Agreement, to the Authority, its Commissioners, officers, agents or employees, is not given in confidence and may be used or disclosed by or on behalf of the Authority without liability of any kind, except as may arise under valid existing or pending patents, if any.

14. If research or development is furnished in connection with the performance of this Agreement and if in the course of such research or development patentable subject matter is produced by the Consultant, his officers, agents, employees, or subconsultants, the Authority will have, without cost or expense to it, an irrevocable, non-exclusive royalty-free license to make, have made, and use, either itself or by anyone on its behalf, such subject matter in connection with any activity now or hereafter engaged in or permitted by the Authority. Promptly upon request by the Authority, the Consultant shall furnish or obtain from the appropriate person a form of license satisfactory to the Authority, but it is expressly understood and agreed that, as between the Authority and the Consultant the license herein provided for shall nevertheless arise for the benefit of the Authority immediately upon the production of said subject matter, and shall not await formal exemplification in a written license agreement as provided for above. Such license agreement may be transferred by the Authority to its successors, immediate or otherwise, in the operation or ownership of any real or personal property now or hereafter owned or operated by the Authority but such license shall not be otherwise transferable.

15. Notwithstanding anything to the contrary herein, the work product of the Consultant, its officers, agents, employees, or sub-consultants which is produced in accordance with the Agreement, whether it consists of computer programming or documentation thereof, including source code, and on any media whatsoever, shall be deemed to belong exclusively to the Authority, and the Authority will have the exclusive right to obtain and to hold in its own name any and all copyrights, patents, trade secrets or other proprietary rights and protection as may be produced as part of this work product, including the right to extensions or renewals, where appropriate. The work product shall not be destroyed or released to anyone outside of the Project Management Office without express written authorization of the Director. The Authority will have the exclusive right to use or permit the use of them and any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided for herein. You agree to contract with your employees for the benefit of the Authority to insure that the Authority has such rights and to give to the Authority or any party designated by the Authority all assistance reasonably required to perfect the rights herein above stated. You shall indemnify and hold harmless the Authority against any claims of proprietary rights infringement arising out of such use of your work product.

16. You shall promptly and fully inform the Director, in writing, of any intellectual property disputes, whether existing or potential, of which you have knowledge, relating to any idea, design, method, material, equipment or other matter related to the subject matter of this Agreement or coming to your attention in connection with this Agreement.

17. This Agreement being based upon your special qualifications for the services herein contemplated, any assignment, subletting or other transfer of this Agreement or any part hereof or of any moneys due or to become due hereunder without the express consent in writing of the Authority shall be void and of no effect as to the Authority, provided, however, that you may sublet services to subconsultants with the express consent in writing of the Director. All persons to whom you sublet services, however, shall be deemed to be your agents and no subletting or approval thereof shall be deemed to release you from your obligations under this Agreement or to impose any obligation on the Authority to such subconsultant or give the subconsultant any rights against the Authority.

18. The Authority has a long-standing practice of encouraging Minority Business Enterprises (MBEs) and Women Business Enterprises (WBEs) to seek business opportunities with it, either directly or as subconsultants or subcontractors. "Minority-owned business" or "MBE" means a business entity which is at least fifty-one percent (51%) owned by one (1) or more members of one (1) or more minority groups, or, in the case of a publicly held corporation, at least fifty-one percent (51%) of the stock of which is owned by one (1) or more members of one (1) or more minority groups; and whose management and daily business operations are controlled by one (1) or more such individuals who are citizens or permanent resident aliens. "Women-owned business" or "WBE" means a business which is at least fifty-one percent (51%) owned by one (1) or more women; or, in the case of a publicly held corporation, fifty-one percent (51%) of the stock of which is owned by one (1) or more women; and whose management and daily business operations are controlled by one (1) or more women who are citizens or permanent resident aliens.

"Minority group" means any of the following racial or ethnic groups:

A. Black persons having origins in any of the Black African racial groups not of Hispanic origin;

B. Hispanic persons of Puerto Rican, Mexican, Dominican, Cuban, Central or South American culture or origin, regardless of race;

C. Asian and Pacific Islander persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent or the Pacific Islands;

D. American Indian or Alaskan Native persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification.

The Director has set a goal of twelve percent (12%) participation by qualified and certified MBEs and five percent (5%) to qualified and certified WBEs on technical service projects.

To be "certified" a firm must be certified by the Authority's Office of Business Diversity and Civil Rights.

In order to facilitate the meeting of this goal, the Consultant shall use every good-faith effort to utilize subconsultants who are certified MBEs or WBEs to the maximum extent feasible.

The Authority has a list of certified MBE/WBE service firms which is available to you at <http://www.panynj.gov/business-opportunities/supplier-diversity.html>. The Consultant will be required to submit to the Authority's Office of Business Diversity and Civil Rights for

certification the names of MBE/WBE firms it proposes to use who are not on the list of certified MBE/WBE firms.

19. NON-DISCRIMINATION REQUIREMENTS

The Consultant shall take all necessary and reasonable steps to ensure non-discrimination in the performance and administration of all aspects of this Contract.

A. Consultant hereby agrees that no person on the ground of race, color, national origin, creed/religion, sex, age or handicap/disability shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the furnishing of goods or services or in the selection and retention of subconsultants and/or vendors under this Contract. Consultant shall also ascertain and comply with all applicable federal, state and local laws, ordinances, rules, regulations, and orders that pertain to equal employment opportunity, affirmative action, and non-discrimination in employment.

B. Consultant agrees that these “Non-Discrimination Requirements” are a binding part of this Agreement. Without limiting the generality of any other term or provision of this Agreement, in the event the Authority, or a state or federal agency finds that the Consultant or any of its subconsultants or vendors has not complied with these “Non-Discrimination Requirements”, the Authority may cancel, terminate or suspend this Agreement in accordance with Section 8 of these Standard Terms and Conditions.

C. Consultant agrees to cooperate fully with the Authority’s investigation of allegations of discrimination. Cooperation includes, but is not limited to, allowing the Authority to question employees during the investigation of allegations of discrimination, and complying with directives that the Authority or the State or Federal government deem essential to ensure compliance with these “Non-Discrimination Requirements.”

20. NOTIFICATION OF SECURITY REQUIREMENTS

The Authority has the responsibility of ensuring safe, reliable and secure transportation facilities, systems, and projects to maintain the well-being and economic competitiveness of the region. Therefore, the Authority reserves the right to deny access to certain documents, and to sensitive security sites and facilities (including rental spaces) to any person that declines to abide by Authority security procedures and protocols, and to any person with a criminal record with respect to certain crimes or who may otherwise poses a threat to the construction site or facility security. The Authority reserves the right to impose multiple layers of security requirements on the Consultant, its staff, and subconsultants and their staffs depending upon the level of security required, and to make any amendments with respect to such requirements as determined by the Authority.

These security requirements may include but are not limited to the following:

- Execution of Non-Disclosure and Confidentiality Agreements and Acknowledgments

At the direction of the Authority, you shall have your employees, subconsultants and their employees execute Authority approved non-disclosure agreements.

- Consultant/Subconsultant identity checks and background screening

The Consultant may be required to have its staff, and any subconsultant’s staff, visitors or others over whom the Consultant/subconsultant has control, authorize the Authority or its designee to

perform background checks, and a personal identity verification check. Such authorization shall be in a form acceptable to the Authority. The Consultant and subconsultant may also be required to use an organization designated by the Authority to perform the background checks.

The Authority's designated background screening provider may require inspection of not less than two forms of valid/current government issued identification (at least one having an official photograph) to verify staff's name and residence; screening federal, state, and/or local criminal justice agency information databases and files; screening of any terrorist identification files; access identification to include some form of biometric security methodology such as fingerprint, facial or iris scanning.

As of January 29, 2007, the Secure Worker Access Consortium (S.W.A.C.) is the only Authority approved provider to be used to conduct background screening and personal identity verification, except as otherwise required by federal law and/or regulation (such as the Transportation Worker Identification Credential for personnel performing in secure areas at Maritime facilities). Information about S.W.A.C., instructions, corporate enrollment, online applications, and location of processing centers is located at <http://www.secureworker.com>, or S.W.A.C. can be contacted directly at (877) 522-7922 for more information and the latest pricing. If approved by the Project Manager, the cost for said background checks for staff that pass and are granted a credential shall be reimbursable to the Consultant (and its subconsultants) as an out-of-pocket expense as provided herein. Staff that are rejected for a credential for any reason are not reimbursable.

- Issuance of Photo Identification Credential

No person shall be permitted on or about the non-public areas of the Authority's construction sites or facilities (including rental spaces) without a facility-specific photo identification credential approved by the Authority. If the Authority requires facility-specific identification credentials for the Consultant and the subconsultant's staff, the Authority will supply such identification at no cost to the Consultant or its subconsultants. Such facility-specific identification credential shall remain the property of the Authority and shall be returned to the Authority at the completion or upon request prior to completion of the individual's assignment at the specific facility. It is the responsibility of the Consultant to immediately report to the Authority the loss of any staff member's or subconsultant's individual facility-specific identification credential. The Consultant will be billed for the cost of the replacement identification credential. Staff shall display Identification badges in a conspicuous and clearly visible manner, when entering, working or leaving an Authority construction site or facility.

Staff may be required to produce not less than two forms of valid/current government issued identification having an official photograph and an original, non-laminated social security card for identify and SSN verification.

- Designated Secure Areas

Services under the Agreement may be required in designated secure areas, as the same may be designated by the Authority ("Secure Areas"). The Authority will require the observance of certain security procedures with respect to Secure Areas, which may include the escort to, at, and/or from said high security areas by security personnel. All personnel that require access to designated Secure Areas who are not under escort by an authorized individual will be required to undergo background screening and personal identity verification.

Forty-eight (48) hours prior to the proposed performance of any work in a Secure Area, the Consultant shall notify the Project Manager. The Consultant shall conform to the procedures as may be established by the Project Manager from time to time and at any time for access to Secure Areas and the escorting of personnel hereunder. Prior to the start of work, the Consultant shall request a description from the Project Manager of the Secure Areas, which will be in effect on the commencement date. The description of Secure Areas may be changed from time to time and at any time by the Project Manager during the term of the Agreement.

- Access control, inspection, and monitoring by security guards

The Authority may provide for Authority construction sites or facilities (including rental spaces) access control, inspection and monitoring by Port Authority Police or Authority retained Consultant security guards. However, this provision shall not relieve the Consultant of its responsibility to secure its equipment and work and that of its subconsultants and service suppliers at the Authority construction sites or facilities (including rental spaces). In addition, the Consultant, subconsultant or service provider is not permitted to take photographs, digital images, electronic copying and/or electronic transmission or video recordings or to make sketches on any other medium at the Authority construction sites or facilities (including rental spaces), except when necessary to perform the Work under this Agreement, without prior written permission from the Authority. Upon request, any photograph, digital images, video recording or sketches made of the Authority construction sites or facilities shall be submitted to the Authority to determine compliance with this paragraph, which submission shall be conclusive and binding on the submitting entity.

- Compliance with the Port Authority Information Security Handbook

The Agreement may require access to Authority information considered Protected Information (“PI”) as defined in the Port Authority Information Security Handbook (“Handbook”), dated October, 2008, corrected as of November 14, 2013; and as may be further amended. The Handbook and its requirements are hereby incorporated into this Agreement and will govern the possession, distribution and use of PI if at any point during the lifecycle of the project or solicitation it becomes necessary for the Consultant to have access to PI. Protecting sensitive information requires the application of uniform safeguarding measures to prevent unauthorized disclosure and to control any authorized disclosure of this information within the Authority or when released by the Authority to outside entities. The Handbook can be obtained upon request or at: <http://www.panynj.gov/business-opportunities/pdf/Corporate-Information-Security-Handbook.pdf>.

- Audits for Compliance with Security Requirements

The Authority may conduct random or scheduled examinations of business practices under this section and the Handbook in order to assess the extent of compliance with security requirements, PI procedures, protocols and practices, which may include, but which are not necessarily limited to, verification of background check status, confirmation of completion of specified training, and/or a site visit to view material storage locations and protocols.

21. The Consultant assumes the following distinct and several risks to the extent arising from the negligent or willful intentional acts or omissions of the Firm or its subconsultants in the performance of services hereunder:

A. The risk of loss or damage to Authority property arising out of or in connection with the performance of services hereunder;

B. The risk of loss or damage to any property of the Consultant or its subconsultants arising out of or in connection with the performance of services hereunder;

C. The risk of claims, arising out of or in connection with the performance of services hereunder, whether made against the Consultant or its subconsultants or the Authority, for loss or damage to any property of the Firm's agents, employees, subcontractors, subconsultants, materialmen or others performing services hereunder;

D. The risk of claims, just or unjust, by third persons made against the Consultant or its subconsultants or the Authority on account of injuries (including wrongful death), loss or damage of any kind whatsoever arising in connection with the performance of services hereunder including claims against the Consultant or its subconsultants or the Authority for the payment of workers' compensation, whether such claims are made and whether such injuries, damage and loss are sustained at any time both before and after the completion of services hereunder.

The Consultant shall indemnify the Authority against all claims described in subparagraphs A through D above and for all expense incurred by it in the defense, settlement or satisfaction thereof, including expenses of attorneys. If so directed, the Consultant shall defend against any claim described in subparagraphs B, C, and D above, in which event the Consultant shall not without obtaining express advance permission from the General Counsel of the Authority raise any defense involving in any way jurisdiction of the tribunal, immunity of the Authority, governmental nature of the Authority or the provisions of any statutes respecting suits against the Authority, such defense to be at the Consultant's cost.

The provisions of this clause shall also be for the benefit of the Commissioners, officers, agents, and employees of the Authority, so that they shall have all the rights which they would have under this clause if they were named at each place above at which the Authority is named, including a direct right of action against the Consultant to enforce the foregoing indemnity, except, however, that the Authority may at any time in its sole discretion and without liability on its part cancel the benefit conferred on any of them by this clause, whether or not the occasion for invoking such benefit has already arisen at the time of such cancellation.

Neither the completion of services hereunder nor the making of payment (final or otherwise) shall release the Consultant from his obligations under this clause. Moreover, neither the enumeration in this clause or the enumeration elsewhere in this Agreement of particular risks assumed by the Consultant or of particular claims for which he is responsible shall be deemed (a) to limit the effect of the provisions of this clause or of any other clause of this Agreement relating to such risks or claims, (b) to imply that the Consultant assumes or is responsible for risks or claims only of the type enumerated in this clause or in any other clause of this Agreement, or (c) to limit the risks which the Consultant would assume or the claims for which he would be responsible in the absence of such enumerations.

No third party rights are created by the Agreement, except to the extent that the Agreement specifically provides otherwise by use of the words "benefit" or "direct right of action".

Inasmuch as the Authority has agreed to indemnify the Cities of New York and Newark against claims of the types described in subparagraph D above made against said cities, the Consultant's obligation under subparagraph D above shall include claims by said cities against the Authority for such indemnification.

22. CERTIFICATION OF NO INVESTIGATION (CRIMINAL OR CIVIL ANTI-TRUST),
INDICTMENT, CONVICTION, DEBARMENT, SUSPENSION, DISQUALIFICATION
AND DISCLOSURE OF OTHER INFORMATION

By proposing on this Agreement,

each Consultant and each person signing on behalf of any Consultant certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that the Consultant and each parent and/or affiliate of the Consultant has not:

- A. been indicted or convicted in any jurisdiction;
- B. been suspended, debarred, found not responsible or otherwise disqualified from entering into any agreement with any governmental agency or been denied a government agreement for failure to meet standards related to the integrity of the Consultant;
- C. had an agreement terminated by any governmental agency for breach of agreement or for any cause based in whole or in part on an indictment or conviction;
- D. ever used a name, trade name or abbreviated name, or an Employer Identification Number different from those inserted in the Proposal;
- E. had any business or professional license suspended or revoked or, within the five years prior to proposal submission, had any sanction imposed in excess of \$50,000 as a result of any judicial or administrative proceeding with respect to any license held or with respect to any violation of a federal, state or local environmental law, rule or regulation;
- F. had any sanction imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, bid rigging, proposal rigging, embezzlement, misrepresentation or anti-trust regardless of the dollar amount of the sanctions or the date of their imposition; and
- G. been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency, including an inspector general of a governmental agency or public authority.

23. NON-COLLUSIVE PROPOSING, AND CODE OF ETHICS CERTIFICATION;
CERTIFICATION OF NO SOLICITATION BASED ON COMMISSION, PERCENTAGE,
BROKERAGE, CONTINGENT OR OTHER FEES

By proposing on this Agreement, each Consultant and each person signing on behalf of any Consultant certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, that:

- A. the prices in its proposal have been arrived at independently without collusion, consultation, communication, or agreement for the purpose of restricting competition, as to any matter relating to such prices with any other Consultant or with any competitor;
- B. the prices quoted in its proposal have not been and will not be knowingly disclosed directly or indirectly by the Consultant prior to the official opening of such proposal to any other Consultant or to any competitor;
- C. no attempt has been made and none will be made by the Consultant to induce any other person, partnership or corporation to submit or not to submit a proposal for the purpose of restricting competition;

D. this organization has not made any offers or agreements or taken any other action with respect to any Authority employee or former employee or immediate family member of either which would constitute a breach of ethical standards under the Code of Ethics dated March 11, 2014, or as may be revised, (a copy of which is available upon request to the Authority) nor does this organization have any knowledge of any act on the part of an Authority employee or former Authority employee relating either directly or indirectly to this organization which constitutes a breach of the ethical standards set forth in said Code;

E. no person or selling agency other than a bona fide employee or bona fide established commercial or selling agency maintained by the Consultant for the purpose of securing business, has been employed or retained by the Consultant to solicit or secure this Agreement on the understanding that a commission, percentage, brokerage, contingent, or other fee would be paid to such person or selling agency;

F. the Consultant has not offered, promised or given, demanded or accepted, any undue advantage, directly or indirectly, to or from a public official or employee, political candidate, party or party official, or any private sector employee (including a person who directs or works for a private sector enterprise in any capacity), in order to obtain, retain, or direct business or to secure any other improper advantage in connection with this Agreement; and

G. no person or organization has been retained, employed or designated on behalf of the Consultant to impact any Authority determination with respect to (i) the solicitation, evaluation or award of this Agreement; or (ii) the preparation of specifications or request for submissions in connection with this Agreement.

The certifications in this Section and the Section entitled "Certification of No Investigation (Criminal or Civil Anti-trust), Indictment, Conviction, Debarment Suspension, Disqualification and Disclosure of Other Information", shall be deemed to be made by the Consultant as follows:

* if the Consultant is a corporation, such certification shall be deemed to have been made not only with respect to the Consultant itself, but also with respect to each parent, affiliate, director, and officer of the Consultant, as well as, to the best of the certifier's knowledge and belief, each stockholder of the Consultant with an ownership interest in excess of 10%;

* if the Consultant is a partnership, such certification shall be deemed to have been made not only with respect to the Consultant itself, but also with respect to each partner.

Moreover the certifications in this Section and the Section entitled "Certification of No Investigation (Criminal or Civil Anti-trust), Indictment, Conviction, Debarment Suspension, Disqualification and Disclosure of Other Information", if made by a corporate Consultant, shall be deemed to have been authorized by the Board of Directors of the Consultant, and such authorization shall be deemed to include the signing and submission of the proposal and the inclusion therein of such certification as the act and deed of the corporation.

In any case where the Consultant cannot make the certifications in this Section and the Section entitled "Certification of No Investigation (Criminal or Civil Anti-trust), Indictment, Conviction, Debarment Suspension, Disqualification and Disclosure of Other Information", the Consultant shall so state and shall furnish with the signed proposal a signed statement, which sets forth in detail the reasons therefor. If the Consultant is uncertain as to whether it can make the foregoing certifications, it shall so indicate in a signed statement furnished with its proposal, setting forth in such statement the reasons for its uncertainty. With respect to the foregoing certification in paragraph "22G.", if the Consultant cannot make the certification, it shall provide, in writing,

with the signed proposal: (i) a list of the name(s), address(es), telephone number(s), and place(s) of principal employment of each such individual or organization; and (ii) a statement as to whether such individual or organization has a “financial interest” in this Agreement, as described in the Procurement Disclosure policy of the Authority (a copy of which is available upon request to the Chief Procurement Officer of the Authority). Such disclosure is to be updated, as necessary, up to the time of award of this Agreement. As a result of such disclosure, the Authority shall take appropriate action up to and including a finding of non-responsibility.

Failure to make the required disclosures shall lead to administrative actions up to and including a finding of non-responsibility.

Notwithstanding that the Consultant may be able to make certifications in this Section and the Section entitled “Certification of No Investigation (Criminal or Civil Anti-trust), Indictment, Conviction, Debarment Suspension, Disqualification and Disclosure of Other Information” at the time the proposal is submitted, the Consultant shall immediately notify the Authority in writing during the period of irrevocability of proposals on this Agreement or any extension of such period, or during the term of this Agreement, of any change of circumstances which might under this clause make it unable to make the foregoing certifications or require disclosure. The foregoing certifications or signed statement shall be deemed to have been made by the Consultant with full knowledge that they would become a part of the records of the Authority and that the Authority will rely on their truth and accuracy in awarding this Agreement. In the event that the Authority should determine at any time prior or subsequent to the award of this Agreement that the Consultant has falsely certified as to any material item in the foregoing certifications or has willfully or fraudulently furnished a signed statement which is false in any material respect, or has not fully and accurately represented any circumstance with respect to any item in the foregoing certifications required to be disclosed, the Authority may determine that the Consultant is not a responsible Consultant with respect to its proposal on the Agreement or with respect to future proposals on Authority agreements and may exercise such other remedies as are provided to it by the Agreement with respect to these matters. In addition, Consultants are advised that knowingly providing a false certification or statement pursuant hereto may be the basis for prosecution for offering a false instrument for filing (see, e.g. New York Penal Law, Section 175.30 et seq.). Consultants are also advised that the inability to make such certification will not in and of itself disqualify a Consultant, and that in each instance the Authority will evaluate the reasons therefor provided by the Consultant.

Under certain circumstances the Consultant may be required as a condition of this Agreement award to enter into a Monitoring Agreement under which it will be required to take certain specified actions, including compensating an independent Monitor to be selected by the Authority. Said Monitor shall be charged with, among other things, auditing the actions of the Consultant to determine whether its business practices and relationships indicate a level of integrity sufficient to permit it to continue business with the Authority.

24. CONSULTANT ELIGIBILITY FOR AWARD OF AGREEMENTS - DETERMINATION BY AN AGENCY OF THE STATE OF NEW YORK OR NEW JERSEY CONCERNING ELIGIBILITY TO RECEIVE PUBLIC AGREEMENTS

Consultants are advised that the Authority has adopted a policy to the effect that in awarding its agreements it will honor any determination by an agency of the State of New York or New Jersey that a Consultant is not eligible to propose on or be awarded public agreements because the Consultant has been determined to have engaged in illegal or dishonest conduct or to have violated prevailing rate of wage legislation.

The policy permits a Consultant whose ineligibility has been so determined by an agency of the State of New York or New Jersey to submit a proposal on an Authority agreement and then to establish that it is eligible to be awarded an agreement on which it has proposed because (i) the state agency determination relied upon does not apply to the Consultant, or (ii) the state agency determination relied upon was made without affording the Consultant the notice and hearing to which the Consultant was entitled by the requirements of due process of law, or (iii) the state agency determination was clearly erroneous or (iv) the state agency determination relied upon was not based on a finding of conduct demonstrating a lack of integrity or violation of a prevailing rate of wage law.

The full text of the resolution adopting the policy may be found in the Minutes of the Authority's Board of Commissioners meeting of September 9, 1993.

25. CONSULTANT RESPONSIBILITY, SUSPENSION OF WORK AND TERMINATION

During the term of this Agreement, the Consultant shall remain responsible. The Consultant agrees, if requested by the Authority to present evidence of its continuing legal authority to do business in the States of New Jersey or New York, integrity, experience, ability, prior performance, and organizational and financial capacity.

The Authority, in its sole discretion, reserves the right to suspend any or all activities under this Agreement, at any time, when it discovers information that calls into question the responsibility of the Consultant. In the event of such suspension, the Consultant will be given written notice outlining the particulars of such suspension. Upon issuance of such notice, the Consultant shall comply with the terms of the suspension order. Agreement activity may resume at such time as the Authority issues a written notice authorizing a resumption of performance under the Agreement.

Upon written notice to the Consultant, and an opportunity to be heard with appropriate Authority officials or staff, the Agreement may be terminated by the Authority at the Consultant's expense where the Consultant is determined by the Authority to be non-responsible. In such event, the Authority or its designee may complete the contractual requirements in any manner he or she may deem advisable and pursue available legal or equitable remedies for breach, including recovery of costs from Consultant associated with such termination.

26. NO GIFTS, GRATUITIES, OFFERS OF EMPLOYMENT, ETC.

At all times, the Consultant shall not offer, give or agree to give anything of value either to an Authority employee, agent, job shopper, consultant, construction manager or other person or firm representing the Authority, or to a member of the immediate family (i.e., a spouse, child, parent, brother or sister) of any of the foregoing, in connection with the performance by such employee,

agent, job shopper, consultant, construction manager or other person or firm representing the Authority of duties involving transactions with the Consultant on behalf of the Authority, whether or not such duties are related to this Agreement or to any other Authority agreement or matter. Any such conduct shall be deemed a material breach of this Agreement.

As used herein “anything of value” shall include but not be limited to any (a) favors, such as meals, entertainment, transportation (other than that contemplated by the Agreement or any other Authority agreement), etc. which might tend to obligate the Authority employee to the Consultant, and (b) gift, gratuity, money, goods, equipment, services, lodging, discounts not available to the general public, offers or promises of employment, loans or the cancellation thereof, preferential treatment or business opportunity. Such term shall not include compensation contemplated by this Agreement or any other Authority agreement. Where used herein, the term “Port Authority” or “Authority” shall be deemed to include all subsidiaries of the Authority.

The Consultant shall ensure that no gratuities of any kind or nature whatsoever shall be solicited or accepted by it or by its personnel for any reason whatsoever from the passengers, tenants, customers or other persons using the Facility and shall so instruct its personnel.

In the event that the Consultant becomes aware of the occurrence of any conduct that is prohibited by this section entitled “No Gifts, Gratuities, Offers of Employment, Etc.”, it shall report such occurrence to the Authority’s Office of Inspector General within three (3) business days of obtaining such knowledge. (See “<http://www.panynj.gov/inspector-general>” for information about reporting information to the Office of Inspector General). Failing to report such conduct shall be grounds for a finding of non-responsibility.

In addition, during the term of this Agreement, the Consultant shall not make an offer of employment or use confidential information in a manner proscribed by the Code of Ethics and Financial Disclosure dated March 11, 2014, or as may be revised, (a copy of which is available upon request to the Office of the Secretary of the Authority). Without the express written approval of the Director, you shall keep confidential, and shall require your employees, your subconsultants, and your subconsultant’s employees to keep confidential, a) all information disclosed by the Authority or its consultants to you or b) developed by you or your subconsultants in the performance of services hereunder. Disclosure of any such information shall constitute a material breach of the Agreement.

The Consultant shall include the provisions of this clause in each subagreement entered into under this Agreement.

27. CONFLICT OF INTEREST

During the term of this Agreement, the Consultant shall not participate in any way in the preparation, negotiation or award of any agreement (other than an agreement for its own services to the Authority) to which it is contemplated the Authority may become a party, or participate in any way in the review or resolution of a claim in connection with such an agreement if the Consultant has a substantial financial interest in the Consultant or potential Consultant of the Authority or if the Consultant has an arrangement for future employment or for any other business relationship with said Consultant or potential Consultant, nor shall the Consultant at any time take any other action which might be viewed as or give the appearance of conflict of interest on its part. If the possibility of such an arrangement for future employment or for another business arrangement has been or is the subject of a previous or current discussion, or if

the Consultant has reason to believe such an arrangement may be the subject of future discussion, or if the Consultant has any financial interest, substantial or not, in a Consultant or potential Consultant of the Authority, and the Consultant's participation in the preparation, negotiation or award of any agreement with such a Consultant or the review or resolution of a claim in connection with such an agreement is contemplated or if the Consultant has reason to believe that any other situation exists which might be viewed as or give the appearance of a conflict of interest, the Consultant shall immediately inform the Authority in writing of such situation giving the full details thereof. Unless the Consultant receives the specific written approval of the Authority, the Consultant shall not take the contemplated action which might be viewed as or give the appearance of a conflict of interest. The Authority may require the Consultant to submit a mitigation plan addressing and mitigating any disclosed or undisclosed conflict, which is subject to the approval of the Authority and shall become a requirement, as though fully set forth in this Agreement. In the event the Authority shall determine that the performance by the Consultant of a portion of its services under this Agreement is precluded by the provisions of this numbered paragraph, or a portion of the Consultant's said services is determined by the Authority to be no longer appropriate because of such preclusion, then the Authority shall have full authority on behalf of both parties to order that such portion of the Consultant's services not be performed by the Consultant, reserving the right, however, to have the services performed by others and any lump sum compensation payable hereunder which is applicable to the deleted work shall be equitably adjusted by the parties. The Consultant's execution of this document shall constitute a representation by the Consultant that at the time of such execution the Consultant knows of no circumstances, present or anticipated, which come within the provisions of this paragraph or which might otherwise be viewed as or give the appearance of a conflict of interest on the Consultant's part. The Consultant acknowledges that the Authority may preclude it from involvement in certain disposition/privatization initiatives or transactions that result from the findings of its evaluations hereunder or from participation in any agreements, which result, directly or indirectly, from the services provided by the Consultant hereunder. The Authority's determination regarding any conflict of interest shall be final.

28. DEFINITIONS

As used in sections 22 to 27 above, the following terms shall mean:

Affiliate - Two or more firms are affiliates if a parent owns more than fifty percent of the voting stock of each of the firms, or a common shareholder or group of shareholders owns more than fifty percent of the voting stock of each of the firms, or if the firms have a common proprietor or general partner.

Agency or Governmental Agency - Any federal, state, city or other local agency, including departments, offices, public authorities and corporations, boards of education and higher education, public development corporations, local development corporations and others.

Investigation - Any inquiries made by any federal, state or local criminal prosecuting agency and any inquiries concerning civil anti-trust investigations made by any federal, state or local governmental agency. Except for inquiries concerning civil anti-trust investigations, the term does not include inquiries made by any civil government agency concerning compliance with any regulation, the nature of which does not carry criminal penalties, nor does it include any background investigations for employment, or federal, state, and local inquiries into tax returns.

Officer - Any individual who serves as chief executive officer, chief financial officer, or chief operating officer of the Firm by whatever titles known.

Parent - An individual, partnership, joint venture or corporation which owns more than 50% of the voting stock of the Firm.

29. The entire agreement between the parties is contained herein and no change in or modification, termination or discharge of this Agreement in any form whatsoever shall be valid or enforceable unless it is in writing and signed by the party to be charged therewith, or his duly authorized representative, provided, however, that termination in the manner hereinbefore expressly provided shall be effective as so provided.

230.

No Commissioner, officer, agent or employee of the Authority shall be charged personally by you with any liability or held liable to you under any term or provision of this Agreement, or because of its execution or attempted execution or because of any breach hereof.

29. References herein to the Authority shall and shall be deemed to mean equally the Port Authority Trans Hudson Corporation (PATH).

30. If the foregoing meets with your approval, please indicate your acceptance by signing the original and the additional enclosed copy in the lower left-hand corner and returning them to the Authority.

Very truly yours,

THE PORT AUTHORITY OF
NEW YORK AND NEW JERSEY

Lillian D. Valenti
Chief Procurement Officer

Date _____

ACCEPTED:
FIRM NAME

By: _____

Name (Print): _____

Title: _____

Date: _____

INSTRUCTIONS

If the selected Firm is not located in the States of New York or New Jersey, change the number of the last Paragraph of this Agreement from "30" to "31" and insert a new Paragraph "30" as follows:

30. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of laws principles.

ATTACHMENT B

REQUEST FOR PROPOSALS FOR THE PERFORMANCE OF EXPERT PROFESSIONAL INVESTMENT MANAGEMENT SERVICES FOR THE PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC (RFP #43834)

AGREEMENT ON TERMS OF DISCUSSION

The Port Authority's receipt or discussion of any information (including information contained in any proposal, vendor qualification(s), ideas, models, drawings, or other material communicated or exhibited by us or on our behalf) shall not impose any obligations whatsoever on the Port Authority or entitle us to any compensation therefor (except to the extent specifically provided in such written agreement, if any, as may be entered into between the Port Authority and us). Any such information given to the Port Authority before, with or after this Agreement on Terms of Discussion ("Agreement"), either orally or in writing, is not given in confidence. Such information may be used, or disclosed to others, for any purpose at any time without obligation or compensation and without liability of any kind whatsoever. Any statement which is inconsistent with this Agreement, whether made as part of or in connection with this Agreement, shall be void and of no effect. This Agreement is not intended, however, to grant to the Port Authority rights to any matter, which is the subject of valid existing or potential letters patent.

Any information (including information contained in any proposal, vendor qualification(s), ideas, models, drawings, or other material communicated or exhibited by us or on our behalf) provided in connection with this procurement is subject to the provisions of the Port Authority Freedom of Information Code and Procedure adopted by the Port Authority's Board of Commissioners on October 22, 2014, which may be found on the Port Authority website at: <http://www.panynj.gov/corporate-information/pdf/foi-code.pdf>. The foregoing applies to any information, whether or not given at the invitation of the Authority.

(Company)

(Signature)

(Title)

(Date)

ORIGINAL AND PHOTOCOPIES OF THIS PAGE ONLY.
DO NOT RETYPE.

ATTACHMENT C
COMPANY PROFILE

**REQUEST FOR PROPOSALS FOR THE PERFORMANCE OF EXPERT
PROFESSIONAL INVESTMENT MANAGEMENT SERVICES FOR THE
PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC (RFP #43834)**

1. Company Legal Name (print or type):

2. Business Address (to receive mail for this RFP):

3. Business Telephone Number: _____

4. Business Fax Number: _____

5. Firm website: _____

6. Federal Employer Identification Number (EIN): _____

7. Date (MM/DD/YYYY) Firm was Established: ____/____/____

8. Name, Address and EIN of Affiliates or Subsidiaries (use a separate sheet if necessary):

9. Officer or Principal of Firm and Title:

10. Name, telephone number, and email address of contact for questions:

11. Is your firm certified by the Authority as a Minority-owned, Woman-owned or Small Business Enterprise (M/W/SBE)? Yes No

If yes, please attach a copy of your **Port Authority** certification as a part of this profile.

If your firm is an M/WBE not currently certified by the Authority, see the Authority's web site – <http://www.panynj.gov/business-opportunities/supplier-diversity.html>, to receive information and apply for certification.

ATTACHMENT D

COST PROPOSAL

REQUEST FOR PROPOSALS FOR THE PERFORMANCE OF EXPERT PROFESSIONAL INVESTMENT MANAGEMENT SERVICES FOR THE PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC (RFP# 43834)

Proposers must submit their annual compensation schedule for this proposal. The proposed fee shall include all costs for providing investment services to the Captive as described in this Request for Proposals. Please list and identify any and all fees charged, such as asset manager fees, custodian fees, trading fees, separate account or administrative expenses and sub consultant investment management fees. Please also list whether you are proposing to charge a fixed annual fee and/or whether you are proposing to charge asset based fees.

1) Fixed Annual Fee: \$_____

and/or

2) Asset Based Fees: List total fees charged in basis points.*

Please provide the break points for asset-based fees in the following format.

Market Value of Portfolio	Firm's Fees in Basis Points*	Custodian Fees
First \$ Million		
Next \$ Million		
Next \$ Million		
Next \$ Million		

*A basis point equals 0.01%

The firm must list on this Attachment D other fees (if any), it proposes to charge the Authority for providing the scope of services set forth in Attachment A to the Authority's Standard Agreement.

NOTE: If an asset-based fee structure is used, the fees will be calculated based on the portfolio's average daily market value, as determined by the Custodian of the Trust.

ATTACHMENT E

PORT AUTHORITY INSURANCE CAPTIVE ENTITY, LLC INVESTMENT POLICY

This statement sets out the primary investment objectives and policies of the Port Authority Insurance Captive Entity, LLC (PAICE). This Investment Policy is supported by Investment Guidelines that set forth operating procedures and targets for the investment manager of FIRM NAME. The Investment Policy and the Investment Guidelines have been approved and adopted by the Board of Directors and will be reviewed periodically and revised as needed.

Investment Objectives

The investment objectives of PAICE are complementary to its fundamental insurance writing functions – be a reliable source of income and liquidity for the payment of any claims PAICE is obligated to pay.

- A reliable source of income:

The investment manager is expected to make prudent fixed income investments in order to produce a steady stream of interest income for the benefit of PAICE.

- A reliable source of liquidity:

All investments shall be easily traded at current market prices in secondary markets. All fixed income investments should be eligible for collateral if so needed.

The objectives should always be given equal consideration by the investment manager.

Investment Responsibilities

The Board of Directors has sole authority to approve, amend, alter or otherwise make changes to this Investment Policy.

The President is charged by the Board of Directors with the responsibility of carrying out the provisions of this policy. As such, the President is authorized by the Board of Directors to engage the services of an investment manager, establish bank relationships, and enter into the applicable agency agreements in order to carry out the provisions of this Investment Policy.

The President shall review this Investment Policy on an annual basis to be certain this policy remains consistent with the objectives and culture of PAICE. Recommendations for change should be formally presented to the Board of Directors for approval.

The Investment Manager shall report on the status of the portfolio, to include adherence to investment guidelines as established by the Board of Directors. Should exceptions to policy occur, the Investment Manager shall document such exceptions to policy and report them to the Board of Directors.

INVESTMENT GUIDELINES

Eligible investments

- Money market demand accounts of commercial banks, not to exceed bank deposit insurance limits and/or taxable or tax-exempt money market mutual funds that offer daily purchase and redemption while maintaining a constant share price and whose fund assets are primarily United States Treasury Bills and whose assets are more than \$1.0 billion.
- Fixed income:
 - 1) United States Treasury Securities and United States Federal Agency debt.
 - 2) AAA rated tax-exempt general obligation issues of states.
 - 3) AA rated or above of U.S. dollar denominated corporate debt.

Investment Risk Management Parameters

Money market assets should be viewed as a short-term source of liquidity. In general, money market assets should be no more than 10 percent of total investment assets unless requested otherwise by the President.

Fixed income assets should be viewed as a source of income and liquidity. Fixed income assets should be in a range of 80 percent to 97 percent of total investment assets. Other risk management attributes include:

- Duration¹ – in the 2.0 year to 4.0 year range
- Convexity² – positive
- Weighted average credit rating³ – AA or better
- Concentrations:

United States Treasury issues – the portfolio can be 100 percent invested in United States Treasuries.

United States Federal Agency issues – the portfolio can be no more than 50 percent invested in United States Federal Agency issues; however, the investment manager needs to maintain diversity by maturity, size, and agency – no more than 10 percent of the total investment portfolio invested in any one agency issue and no more than 25 percent of the portfolio invested in any one particular Federal Agency (Federal National Mortgage Association, Federal Home Loan Bank).

¹ Duration – a measure of the price sensitivity of a fixed-income [security](#) to an [interest rate](#) change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

² Convexity – a measure of the curvature in the relationship between [bond prices](#) and [bond yields](#). Positive convexity corresponds to curvature that opens upward. Negative convexity corresponds to curvature that opens downward.

³ Weighted average credit rating – the weighted average of all the bond credit ratings in a bond fund. The measure gives investors an idea of how risky a fund's bonds are overall. The lower the weighted average [credit](#), rating the riskier the bond fund. The weighted average [credit rating](#) is expressed as a regular letter rating (AAA, BBB, CCC).

AA rated or better corporate debt – no more than 60 percent of fixed income assets is to be invested in AA rated or better corporate debt; no more than 5 percent of total investment assets invested in any one corporation.

Other Guidelines

- Portfolio performance is to be measured against an index consistent with the structure of the portfolio which at present would be:
 - 1) Cash and money market assets – Merrill Lynch 3 month t-bill index
 - 2) Fixed income – Merrill Lynch 1 to 5 year government/credit, A or better
- The investment manager shall formally report performance to the President on a monthly basis and to the Board of Directors semi-annually or more frequently if requested.