Torres Rojas, Genara

FOI#12719

From: patrick.hagan@mcgladrey.com
Sent: Wednesday, October 19, 2011 6:38 PM
To: Duffy, Daniel
Cc: Torres Rojas, Genara; Van Duyne, Sheree
Subject: Freedom of Information Online Request Form

Information:

First Name: Patrick
Last Name: Hagan
Company: McGladrey
Mailing Address 1: One South Wacker Drive
Mailing Address 2: Suite 800
City: Chicago
State: IL
Zip Code: 60606
Email Address: patrick.hagan@mcgladrey.com
Phone: 312-634-3981
Required copies of the records: Yes

List of specific record(s):
Please provide the original contract, and any amendments, for annual external audit services performed by Deloitte Touche, LLP. This may have initially been awarded in 2004 or 2005. The Audit Committee minutes from May 25, 2011 indicated that Deloitte Touche was selected in 2004 on the basis of a competitive process. The Audit Committee minutes from May 22, 2008 also indicated Upon the basis of a competitive process conducted in 2004, Deloitte Touche LLP was selected by the Board as independent auditors for a five-year period, subject to annual renewal by the Audit Committee. The Board minutes from May 24, 2007, include the Audit Committees Report, which refers to ...the Committee's recommendation for independent auditors. Thank you, Patrick J. Hagan

THE PORT AUTHORITY OF NY & NJ

Daniel D. Duffy
FOI Administrator

January 26, 2012

Mr. Patrick Hagan
McGladrey
One South Wacker Drive, Suite 800
Chicago, IL 60606

Re: Freedom of Information Reference No. 12719

Dear Mr. Hagan:

This is a response to your October 19, 2011 request, which has been processed under the Port Authority's Freedom of Information Policy for copies of the contract and amendments for annual external audit services performed by Deloitte Touche, LLP.

Material responsive to your request and available under the Policy, which consists of 46 pages, will be forwarded to your attention upon receipt of a photocopying fee of $11.5 (25¢ per page). Payment should be made in cash, certified check, company check or money order payable to "The Port Authority of New York & New Jersey" and should be sent to my attention at 225 Park Avenue South, 17th Floor, New York, NY 10003.

Please refer to the above FOI reference number in any future correspondence relating to your request.

Sincerely,

Daniel D. Duffy
FOI Administrator

225 Park Avenue South
New York, , NY 10003
T: 212 435 3642 F: 212 435 7555

Deloitte.

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA

Tel: +1 212 436 2000
Fax: +1 212 436 5000
www.deloitte.com

July 25, 2011

Ms. Anne Marie Mulligan, President
Port Authority Insurance Captive Entity, LLC
225 Park Avenue South
12th Floor
New York, New York 10003-1064

Dear Ms. Mulligan

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for The Port Authority Insurance Captive Entity, LLC (the "Company") for the year ending December 31, 2011. Mr. Michael Fritz will be responsible for the services that we perform for the Company. Mr. Fritz will, as he considers necessary, call on other individuals with specialized knowledge within D&T, to assist in the performance of our services.

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Company on issues as they arise throughout the year. Hence, we hope that the Company will call Mr. Fritz whenever the Board of Directors and management of the Company believe D&T can be of assistance.

No Board Member of the Company shall be charged personally with liability or held liable under this letter agreement, or because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

We will perform this engagement subject to the terms and conditions set forth herein and in the accompanying appendices A, B, C, D and E.

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"), and as required by the laws and regulations of the Department of Insurance, Securities and Banking of the District of Columbia ("DISB"). The objective of an audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Company's financial statements for the year ending December 31, 2011, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects.

The audit contemplated by this engagement and conducted in accordance with the standards described above includes the issuance of a report on:

- Whether the Company's financial statements and schedules are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") — by February 24, 2012 (tentative)

The annual audit report shall include an evaluation of the internal controls of the Company relating to the methods and procedures used in the securing of assets and the reliability of the financial records, including but not limited to such controls as the system of authorization and approval and the separation of duties.

We will furnish the Company, for inclusion in the filing of the audited annual report, a letter stating:

1. That we are independent with respect to the Company and we conform to the standards of the profession, as contained in the Code of Professional Ethics and pronouncements of the American Institute of Certified Public Accountants and pronouncements of the Financial Accounting Standards Board.

2. The general background and experiences of the staff engaged in the audit including the experience in auditing captives or other insurance companies.

3. That we understand that the audited annual report and our opinion thereon will be filed in compliance with the Captive Insurance Regulations Act of the DISB.

4. That we consent to the requirements of §3705 of the Captive Insurance Regulations of the DISB and that we consent and agree to make available for review by the Commissioner of the DISB, his designee or his appointed agent, the work papers as defined in §3705.

5. That the opining partner is properly licensed by an appropriate District or state licensing authority and that the opining partner is a member in good standing in the American Institute of Certified Public Accountants.

Appendix A contains a description of our responsibilities and a description of an audit under generally accepted auditing standards.

Our ability to express an opinion and render a report, and the wording of our opinion and report, will, of course, be dependant on the facts and circumstances at the date of such report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if our report requires modification, the reasons therefore will be discussed with the Company's Board of Directors and management.

Management's Responsibilities

Appendix B describes management's responsibilities for (1) the financial statements and schedules, (2) representation letters, (3) independence matters relating to providing certain services, and (4) independence matters relating to hiring.

Board of Directors' Responsibility

As independent auditors of the Company, we acknowledge that the Board of Directors of the Company is directly responsible for the appointment, compensation, and oversight of our work and, accordingly, except as otherwise specifically noted, we will report directly to the Board of Directors. The Company has advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities as subconsultants in connection with this engagement, have been approved by the Board of Directors of the Company and the Audit Committee of The Port Authority of New York and New Jersey (the "Port Authority") in accordance with the Audit Committee's established pre-approval policies and procedures.

Communications with the Board of Directors

Appendix C describes various matters that we are required by generally accepted auditing standards to communicate with the Board of Directors and management of the Company.

Termination

D&T understands that our services under this Agreement are subject to annual renewal by the Company. The Company 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 days notice to us. We 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 set forth on the first page of this letter agreement. Should this Agreement be terminated in whole or in part by either party as above provided, we shall receive no compensation for any services not yet performed, but if termination is without fault on our part, the Company shall pay us as the full compensation to which we shall be entitled in connection with this Agreement the amounts computed as set forth below for services completed to the satisfaction of the Director, as defined below, through the date of termination, minus all prior payments to us. As used herein, "Director" shall mean a member of the Board of Directors designated for the purpose of administering this Agreement, acting either personally or through his duly authorized representatives acting within the scope of the particular authority vested in them. It is presently contemplated that Company President Anne Marie Mulligan will act as "Director."

Marketing

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

Fees

Our fees for these services will be based on the actual time spent at the applicable billing rates shown below, plus actual out-of-pocket expenses which include amounts for travel and local transportation, meals and lodging on overnight trips, mailing and delivery charges of required materials, long distance calls, rentals of equipment, report production and typing, approved in advance by the Director and necessarily and reasonably incurred and actually paid by us in the performance of our services.

We will obtain the Director's written approval prior to making expenditures for out-of-pocket expenses in excess of $1,000 per specific expenditure and for any overnight trips, which are reimbursable expenditures as set forth above. We will substantiate all billings for out-of-pocket expenses in excess of $25 with receipted bills and provide said receipts upon request.

In addition to the services described above, D&T will provide accounting, audit and review services that may be required from time to time during the engagement period, at the Company's request, providing that such services do not have any adverse impact on our independence.

The following schedule of hourly rates covers the services to be provided by us:

	Audit Hourly Rates*	Enterprise Risk Services Hourly Rates*
Partner	$474	$500
Director	$434	$-
Senior Manager	$368	$479
Manager	$255	$351
Senior	$194	$300
Senior Assistant	$151	$-
Assistant	$145	$-

*Fully loaded hourly rates encompassing salary, overhead, and profits.

The Company shall have the right to inspect our records and those of our subconsultants, pertaining to any compensation to be paid hereunder, such records to be maintained by us and our subconsultants for a period of three years after the completion of services to be performed under this letter Agreement. If there is any litigation pertaining to these records, such records shall be maintained until the litigation is completed.

We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees which shall be subject to mutual agreement, as necessary. Additional services provided beyond the described scope of services described herein will be billed separately.

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Company intends to publish or otherwise reproduce in any document our report on the Company's financial statements and schedules, or otherwise make reference to D&T in a document that contains other information in addition to the audited financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), *thereby associating D&T with such document, the Company agrees that its management will provide* D&T with a draft of the document to read and obtain our approval which shall not be unreasonably withheld for the inclusion or incorporation by reference of our report, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report. D&T acknowledges that the Company intends to submit its audited financial statements to the DISB, and may post the financial statements and its Annual Report, in each case including the auditors' opinion, on the Port Authority's website. The Company also agrees that its management will notify us and obtain our approval which shall not be unreasonably withheld prior to including our report on any other electronic site.

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Company. Any

request by the Company to reissue our report, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on any other electronic site will be considered based on the facts and circumstances existing at the time of such request. However, D&T's approval shall not be unreasonably withheld. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Company and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

* * * * * *

This engagement letter, including the appendices attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services outlined are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

Deloitte & Touche LLP

Acknowledged and approved on behalf of
Port Authority Insurance Captive Entity, LLC

By: A M Mulligan

Title: President

Date: 8/19/11

APPENDIX A

DESCRIPTION OF OUR RESPONSIBILITIES UNDER GENERALLY ACCEPTED AUDITING STANDARDS AND DESCRIPTION OF AN AUDIT UNDER GENERALLY ACCEPTED AUDITING STANDARDS

Port Authority Insurance Captive Entity, LLC
Year Ending December 31, 2011

Our Responsibilities

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve the management of the Company of its responsibilities.

The Board of Directors of the Company shall (1) have oversight of the quality and integrity of the Company's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes; select pursuant to a competitive process, determine the compensation for, and have oversight of the activities of all independent accountants retained for auditing purposes, who shall report directly to the Board of Directors; arrange for the audit of the books and accounts of the Company by the independent accountants no less than annually (which audit shall require a written certification by the President and Treasurer of the Company that the financial information provided to the auditor is accurate and fairly represents the financial condition and operating results of the Company); and keep informed regarding the management of the Company; (2) review the annual financial statements of the Company (including appropriate certification by the President and Treasurer of the Company) and approve the inclusion of such financial statements in the Company's annual report and other publications, as appropriate;

Components of an Audit

An audit includes the following:

- Obtaining an understanding of the Company and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and schedules and to design the nature, timing, and extent of further audit procedures.

- Consideration of internal control over financial reporting, as a basis for designing audit procedures necessary for expressing an opinion on the financial statements and schedules and not to provide assurance on the Company's internal control or to identify reportable conditions.

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules.

- Tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institution. We will make audit inquiries and request

written responses from the General Counsel of the Port Authority as part of the engagement.

- Inquiring directly of the Board of Directors and staff of the Port Authority's Inspector Generals Office regarding its views about the risks of fraud and whether the Board of Directors has knowledge of any fraud or suspected fraud affecting the Company.

- Assessing the accounting principles used and significant estimates made by management.

- Evaluating the overall financial statements and schedules presentation.

Reasonable Assurance

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud and we will perform tests of the Company's compliance with certain provisions or laws, regulations, contracts, and grants. However, because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather that absolute, assurance that the financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the financial statements or to detect immaterial instances of noncompliance, nor is it designed to provide assurance on internal control or to identify deficiencies in internal control.

MANAGEMENT'S RESPONSIBILITIES
Port Authority Insurance Captive Entity, LLC
Year Ending December 31, 2011

Financial Statements and Schedules

The overall accuracy of the financial statements and schedules and their conformity with generally accepted accounting principles is the responsibility of the Company's management. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Establishing and maintaining effective internal control over financial reporting
- Identifying and ensuring that the Company complies with the laws and regulations applicable to its activities and informing us of any known material violations of such laws or regulations
- Adjusting the financial statements and schedules to correct material misstatements
- Making all financial records and related information available to us
- Properly recording transactions in the accounting records and schedules

Additionally, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the Company involving (1) management, (2) employees who have significant roles in internal control, and (3) other employees where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the Company received in communication from employees, former employees, analysts, regulators, short sellers, or others.

Representation Letters

We will make specific inquiries of the Company's management about the representations embodied in the financial statements and schedules. Additionally, we will request that management provide to *us the written representations the Company is required to provide to its independent auditors under* generally accepted auditing standards. As part of our audit procedures, we will request that management provide us with a representation letter acknowledging management's responsibility for the preparation of the financial statements and schedules and affirming management's belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We will also request that management confirm certain representations made to us during our audit. The responses to those inquiries and related written representations of management required by generally accepted auditing standards are part of the evidential matter that D&T will rely on in forming its opinion on the Company's financial statements and schedules.

Process for Obtaining Preapproval of Services

Management is responsible for obtaining the pre-approval of the Board of Directors of the Company,

or of the Audit Committee of the Port Authority in accordance with the Audit Committee's pre-approval process, for any services not included in this agreement to be provided by D&T to the Company.

Independence Matters Relating to Providing Certain Services

In connection with our engagement, D&T, management, and the Board of Directors will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Company will ensure that the Company has policies and procedures in place for the purpose of ensuring that the Company will not act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants ("AICPA") or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Fritz.

Independence Matters Relating to Hiring

Management will coordinate with D&T to ensure that D&T's independence is not impaired by the Company's employment of former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*, that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Company for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Fritz before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

Independence Communications

In accordance with Independence Standards Board Standard No. 1, Independence Discussions With Audit Committees ("Independence Standard No.1"), we will disclose to the Board of Directors of the Company, in writing, with a copy to Counsel to the Company and General Counsel of the Port Authority, all relationships between D&T and its related entities and the Company and its related entities that in our professional judgment may reasonably be thought to bear on our independence and confirm to the Board of Directors of the Company in such letter whether, in our professional judgment, we are independent of the Company and the Port Authority within the meaning of the securities acts administered by the Securities and Exchange Commission (the "SEC"). We also will discuss our independence with the Board of Directors together with Counsel in accordance with Independence Standard No. 1.

For purposes of the preceding two paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu and its member firms; and, in all cases, any successor or assignee.

APPENDIX C

COMMUNICATIONS WITH THE BOARD OF DIRECTORS
Port Authority Insurance Captive Entity, LLC
Year Ending December 31, 2011

Significant Matters

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Board of Directors.

Fraud and Illegal Acts

We will report directly to the Company's Board of Directors and General Counsel of the Port Authority any fraud of which we become aware that involves management and any fraud (whether caused by management or other employees or contractors) of which we become aware that causes a material misstatement of the financial statements and schedules. We will report to management any fraud perpetrated by employees or contractors of which we become aware that has not already been reported by the Port Authority's Audit Department, Inspector General or any other vehicle of reporting even if such fraud does not cause a material misstatement of the financial statements and schedules; however, we will not report such matters directly to the Board of Directors, unless otherwise directed by the Board of Directors.

We will inform management of the Company and determine that the Board of Directors of the Company is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential.

If, after determining that the Board of Directors has been adequately informed of an illegal act that has been detected or which has otherwise come to our attention in the course of our audit, we conclude that (1) the illegal act has a material effect on the financial statements and schedules; (2) management has not taken, and the Board of Directors has not caused management to take, timely an appropriate remedial actions with respect to the illegal act; and (3) the failure to take appropriate remedial actions is likely to result in a departure from the standard auditors' report or warrant our resignation from the audit engagement, we will take such actions as are required by state or federal law to report such matters to regulatory agencies and appropriate legal authorities.

Internal Control and Other Matters

We will report directly to management and the Board of Directors all significant deficiencies and material weaknesses identified during the audit as required by AICPA AU 325, *Communicating Internal Control Related Matters Identified in an Audit*. Our written communication will identify those matters considered by D&T to be significant deficiencies and those that are considered by D&T to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected on a timely basis.

Other Matters

Generally accepted auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with the Board of Directors. However, we will communicate to the Board of Directors, or determine that the Board of Directors is informed, about certain other matters related to the conduct of our audit matters required by AICPA AU 380, *The Auditor's Communication With Those Charged With Governance,* including, when applicable:

- Our responsibility as auditors under generally accepted auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Audit adjustments
- Other information in documents containing audited financial statements
- Disagreements with management
- Consultation by management with other accountants on significant matters
- Difficulties encountered in performing the audit
- Major issues discussed with management prior to our retention as auditors

We may also have other comments for management on matters we have observed and possible ways to improve the efficiency of the Company's operations or other recommendations concerning internal control.

With respect to these other communications, it is our practice to discuss all comments with the level of management responsible for the matters, prior to their communication to the Board of Directors.

APPENDIX D

GENERAL BUSINESS TERMS
Port Authority Insurance Captive Entity, LLC
Year Ending December 31, 2011

1. Independent Contractor. It is understood and agreed that D&T is an independent contractor and that D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Company.

2. Survival. The agreements and undertakings of the Company contained in the engagement letter to which these terms are attached (the "engagement letter"or "letter agreement"), together with the appendices to the engagement letter including these terms, will survive the completion or termination of this engagement.

3. Assignment and Subcontracting. Except as provided below, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. The Company hereby consents to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be subject to the approval of the Director and shall be invoiced as expenses, unless otherwise agreed.

4. Severability. If any term of the engagement letter, including its appendices, is determined to be invalid or unenforceable, such term shall not affect the other terms hereof and thereof, but such invalid or unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein and therein.

5. Force Majeure. No party shall be deemed to be in breach of the engagement letter (including its appendices) as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

6. Dispute Resolution. Any controversy or claim between the parties arising out of or relating to the engagement letter, including its appendices, or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix E and made a part hereof.

APPENDIX E

DISPUTE RESOLUTION PROVISION
Port Authority Insurance Captive Entity, LLC
Year Ending December 31, 2011

The Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential meditation by written notice to parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, JAMS, at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with JAMS' Comprehensive Arbitration Rules and Procedures (effective October 1, 2010), except to the extent modified by the Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators each of whom shall be neutral and interdependent. Each of the Company and Deloitte & Touche LLP shall designate one such arbitrator in accordance with the Rules and the two party-designated arbitrators shall jointly select the third consistent with JAMS Rule 15. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of the Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

Unless the parties agree otherwise in writing, and consistent with the Port Authority's policy on Freedom of Information, the parties, the arbitrators and JAMS shall treat the proceedings, any related discovery and the decisions of the arbitrators, as confidential. The parties may disclose the existence, content, or results of the arbitration in accordance with the Rules, applicable professional standards and regulatory requirements. To the extent reasonable under the circumstances, issues of confidentiality shall be raised with and resolved by the arbitrators. Before making any disclosure permitted by the Rules or this paragraph, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators and all arbitration case management fees and expenses equally.

Deloitte.

Deloitte & Touche LLP
Two World Financial Center
New York, NY 10281-1414
USA
Tel: +1 212 436 2000
Fax: +1 212 436 5000
www.deloitte.com

July 25, 2011

Honorable David S. Steiner
Chair of the Audit Committee and
Members of the Audit Committee
The Port Authority of New York and New Jersey
225 Park Avenue South, 15th Floor
New York, New York 10003-1064

Dear Audit Committee Members:

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for The Port Authority of New York and New Jersey and its related entities (collectively, the "Port Authority"), for the year ending December 31, 2011. Mr. Michael Fritz will be responsible for the services that we perform for the Port Authority. Mr. Fritz will, as he considers necessary, call on other individuals with specialized knowledge within D&T, to assist in the performance of our services.

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Port Authority on issues as they arise throughout the year. Hence, we hope that you will call Mr. Fritz whenever the audit committee of the Port Authority (the "Audit Committee") and management believe D&T can be of assistance.

No Commissioner of the Port Authority shall be charged personally with liability or held liable under this letter agreement, or because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

We will perform this engagement subject to the terms and conditions set forth herein and in the accompanying appendices A, B, C, D and E.

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"); standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("generally accepted government auditing standards"); Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments and Non-profit Organizations;* and Passenger Facility Charge Audit Guide for Public Agencies (Revised September 2000).

In addition, we will also perform agreed-upon procedures with respect to Port Authority's preparation of the Federal Funding Allocation Statistics Form FFA-10 of the annual National Transit Database ("NTD") report for the year ending December 31, 2011, as required by the Federal Transit Administration under Title 49 U.S.C §5335(a) of the Federal Transit Act, as amended. These procedures will be performed in accordance with attestation standards established by the American Institute of Certified Public Accountants.

The audit contemplated by this engagement and conducted in accordance with the standards described below includes the issuance of a report on:

- The internal control structure and assessment of control risk related to the audit of the consolidated financial statements and schedules — by November 23, 2011

  -The report on our understanding of the Port Authority's internal control and the assessment of control risk made as part of the Port Authority's consolidated financial statements and schedules audit will include (1) the scope of our work in obtaining an understanding of the Port Authority's internal control and in assessing the control risk and (2) the reportable conditions, including the identification of material weaknesses, if any, identified as a result of our work in understanding and assessing the control risk.

- Whether the consolidated financial statements and schedules of the Port Authority are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") and Port Authority bond resolutions — by February 24, 2012 (tentative)

- Compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards* — by February 24, 2012 (tentative)

- Compliance with requirements applicable to each major Federal program and internal control over compliance in accordance with OMB Circular A-133. This also involves the preparation of a schedule of findings and questioned costs to summarize the results of the audit in accordance with the requirements of OMB Circular A-133 — by February 24, 2012 (tentative)

- Compliance with laws and regulations, when non-compliance may be material to the consolidated financial statements and schedules — by February 24, 2012 (tentative)

- If applicable, whether the accounts and financial statements of the PATH Corporation Exempt Employee Supplemental Pension Plan are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") and Port Authority bond resolutions — by February 24, 2012 (tentative)

- Whether the stand-alone financial statements and schedules of the Port Authority of New York and New Jersey Retiree Health Benefits Trust are fairly presented, in all material respects, in conformity with generally accepted accounting principles — by February 24, 2012 (tentative). [

- Whether the stand-alone financial statements and schedules of The Port Authority Insurance Captive Entity, LLC are fairly presented, in all material respects, in conformity with generally accepted accounting principles and regulatory requirements — by February 24, 2012 (tentative).

- If applicable, whether the stand-alone financial statements and schedules of Tower 1 Joint Venture LLC, are fairly presented, in all material respects, in conformity with generally accepted accounting principles — by February 24, 2012 (tentative).

- Whether the Port Authority's schedules of annual base rent, minimum annual rent and annual

gross revenue of the New York City Municipal Air Terminals is fairly presented, in all material respects, in conformity with the Amended and Restated Agreement of Lease agreement with the City of New York dated November 24, 2004 — by March 31, 2012

- Whether the Port Authority's Statement of Common Teleport O&M Costs is fairly presented, in all material respects, in conformity with the Teleport lease agreements — by March 31, 2012

- Port Authority compliance with Federal Aviation Administration requirements related to Passenger Facility Charge Programs — by March 31, 2012

Appendix A contains a description of our responsibilities and of an audit under generally accepted auditing standards, generally accepted government auditing standards, and OMB Circular A-133.

In addition, we will render a report on illegal acts, as necessary, depending on the results of our audit procedures.

As part of our review of the Port Authority's Federal Awards Program we will complete and sign one copy of the auditor's information section of the Data Collection Form. The Port Authority's management must prepare all other sections of such form and sign the form prior to its submission to the Federal Bureau of the Census. Our ability to express opinions and render these reports, and the wording of our opinions and reports, will, of course, be dependent on the facts and circumstances at the date of such reports. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if the reports require modification, the reasons therefore will be discussed with the Audit Committee and the Port Authority's management.

We understand that our reports on the Port Authority's internal control, as part of the financial statement audit and on the Port Authority's compliance with laws and regulations, are intended for the information of the Board of Commissioners, Audit Committee, management and others within the Port Authority and applicable Federal agencies.

Management's Responsibilities

Appendix B describes management's responsibilities for (1) the financial statements and schedules, (2) representation letters, (3) independence matters relating to providing certain services, and (4) independence matters relating to hiring.

Audit Committee's Responsibility

As independent auditors of the Port Authority, we acknowledge that the Audit Committee is directly responsible for the appointment, compensation, and oversight of our work and, accordingly, except as otherwise specifically noted, we will report directly to the Audit Committee. The Port Authority has advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities as subconsultants in connection with this engagement, have been approved by the Audit Committee in accordance with the Audit Committee's established pre-approval policies and procedures.

Other Communications Arising from the Audit

Appendix C describes various matters that we are required by generally accepted auditing standards

and generally accepted government auditing standards to communicate with the Audit Committee and management.

Access to Working Papers by Regulators

In accordance with the requirements of generally accepted government auditing standards, we are required to make all audit-related documents, including auditor's reports, working papers, and management letters, available to a federal agency or the Comptroller General of the United States *upon their request for their regulatory oversight purposes. If such a request is made, we will inform* the Port Authority prior to providing such access. The working papers for this engagement are the property of D&T and constitute D&T's confidential information. We may request confidential treatment of D&T information. If we are requested to make photocopies of audit-related documents, we will maintain control over duplication of all information. The Port Authority hereby grants us permission to provide access to and to make and permit others to make photocopies of all audit-related documents, including auditor's reports, working papers, and management letters, to representatives of the United States Government Accountability Office ("GAO") or other appropriate government audit staffs. D&T may require its personnel to supervise the photocopying of audit-related documents and may specify the location at which such documents may be photocopied. The working papers relating to this audit will be retained by us for a minimum of three years from the dates of the reports issued, or such longer period as required to satisfy legal and administrative requirements.

Termination

D&T understands that our services under this Agreement are subject to annual renewal on recommendation by the Audit Committee of the Port Authority. The Port 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 days notice to us. We 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 set forth on the first page of this letter agreement. Should this Agreement be terminated in whole or in part by either party as above provided, we shall receive no compensation for any services not yet performed, but if termination is without fault on our part, the Port Authority shall pay us as the full compensation to which we shall be entitled in connection with this Agreement the amounts computed as set forth below for services completed to the satisfaction of the Director, as defined below, through the date of termination, minus all prior payments to us.

Marketing

D&T shall not issue or permit to be issued any press release, advertisement, or literature of any kind, which refers to the Port Authority or the services performed in connection with this Agreement, unless we 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.

Fees

As used herein, "Director" shall mean the Chief Financial Officer of the Port Authority, acting either personally or through his duly authorized representatives acting within the scope of the particular authority vested in them, unless specifically stated to mean acting personally. For the purpose of administering this letter agreement, the Director has designated Daniel G. McCarron, Comptroller, to

act as the Director's duly authorized representative.

Our fees for these services will be based on the actual time spent at the applicable billing rates shown below, plus actual out-of-pocket expenses which include amounts for travel and local transportation, meals and lodging on overnight trips, mailing and delivery charges of required materials, long distance calls, rentals of equipment, report production and typing, approved in advance by the Director and necessarily and reasonably incurred and actually paid by us in the performance of our services.

We will obtain the Director's written approval prior to making expenditures for out-of-pocket expenses in excess of $1,000 per specific expenditure and for any overnight trips, which are reimbursable expenditures as set forth above. We will substantiate all billings for out-of-pocket expenses in excess of $25 with receipted bills and provide said receipts upon request.

In addition to the services described above, D&T will provide accounting, audit and review services that may be required from time to time during the engagement period, at the Port Authority's request, providing that such services do not have any adverse impact on our independence.

The following schedule of hourly rates covers the services to be provided by us:

	Audit Hourly Rates*	Enterprise Risk Services Hourly Rates*
Partner	$474	$500
Director	$434	-
Senior Manager	$368	$479
Manager	$255	$351
Senior	$194	$300
Senior Assistant	$151	-
Assistant	$145	-

*Fully loaded hourly rates encompassing salary, overhead, and profits.

In addition, we shall participate in the disclosure process in connection with the issuance from time to time of Port Authority obligations. The fees for the services in connection with each issuance of the Port Authority obligations shall equal $21,000.

The Port Authority shall have the right to inspect our records and those of our subconsultants, pertaining to any compensation to be paid hereunder, such records to be maintained by us and our subconsultants for a period of three years after the completion of services to be performed under this letter agreement. If there is any litigation pertaining to these records, such records shall be maintained until the litigation is completed.

We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, which shall be subject to mutual agreement, as necessary. Additional services provided beyond the described scope of services described herein will be billed separately.

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Port Authority intends to publish or otherwise reproduce in any document our report on the Port Authority's consolidated financial statements and schedules, or otherwise make reference to D&T in a document that contains other information in addition to the audited financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), thereby associating D&T with such document, the Port Authority agrees that its management will provide D&T with a draft of the document to read and obtain our approval, which shall not be unreasonably withheld, for the inclusion or incorporation by reference of our report, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report. D&T acknowledges that the Port Authority intends to post the consolidated financial statements and schedules as well as its Annual Report, in each case including the auditors' opinion, on the Port Authority's website. The Port Authority also agrees that its management will notify us and obtain our approval, which shall not be unreasonably withheld, prior to including our report on any other electronic site.

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Port Authority. Any request by the Port Authority to reissue our report, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on any other electronic site will be considered based on the facts and circumstances existing at the time of such request. However, D&T's approval shall not be unreasonably withheld. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Port Authority and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

* * * * * *

This engagement letter, including the appendices attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services outlined are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

Deloitte & Touche LLP

Acknowledged and approved on behalf of
The Port Authority of New York and New Jersey

By: _____

Title: Chair, Audit Committee

Date: Aug 2 2011

DESCRIPTION OF OUR RESPONSIBILITIES AND OF AN AUDIT UNDER GENERALLY ACCEPTED AUDITING STANDARDS. GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS, AND OMB CIRCULAR A-133
The Port Authority of New York and New Jersey
Year Ending December 31, 2011

Our Responsibilities

Our responsibilities under generally accepted auditing standards and generally accepted government auditing standards include:

- Forming and expressing an opinion about whether the financial statements that have been prepared by management are presented fairly, in all material respects, in conformity with generally accepted accounting principles

- Reporting on the scope and results of testing of the Port Authority's internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements.

The audit of the financial statements does not relieve the management of the Port Authority of its responsibilities.

The Audit Committee shall (1) have oversight of the quality and integrity of the Port Authority's framework of internal controls, compliance systems, and accounting, auditing, and financial reporting processes; select pursuant to a competitive process, determine the compensation for, and have oversight of the activities of all independent accountants retained for auditing purposes, who shall report directly to the Committee; arrange for the audit of the books and accounts of the Port Authority by the independent accountants no less than annually (which audit shall require a written certification by the Executive Director and Chief Financial Officer that the financial information provided to the auditor is accurate and fairly represents the financial condition and operating results of the Port Authority); and keep informed regarding the management of the Port Authority; (2) establish formal guidelines in the form of a charter that it shall follow in connection with the satisfaction of its responsibilities, and review and reassess such charter from time to time; (3) recommend, establish, maintain, and reassess procedures for processing complaints regarding accounting, internal controls, or auditing matters, as well as confidential anonymous submission of concerns about questionable accounting or auditing practices; (4) review the annual financial statements of the Port Authority (including appropriate certification by the Executive Director and the Chief Financial Officer) and recommend to the board of Commissioners the inclusion of such financial statements in the Port Authority's annual report and other publications, as appropriate; and (5) receive from the Inspector General reports regarding concerns and complaints received by the Office of Inspector General involving wrongdoing, fraud, waste, and abuse by Commissioners, officers, and employees of the Port Authority, or third party individuals or organizations doing business with the Port Authority, including the progress of any investigation thereof, as well as referrals made or other matters pursued in connection therewith, and it shall be the duty of the Inspector General to report such information to the Audit Committee. The Audit Committee shall assist the Board of Commissioners in fulfilling its oversight responsibility relating to the Port Authority's compliance with legal or regulatory

requirements relating to accounting, auditing, financial reporting, and/or internal controls, all subject to and consistent with the principle that compliance matters which are not primarily related to accounting, auditing, financial reporting, and/or internal controls shall be submitted to the Governance and Ethics Committee.

Components of an Audit in Accordance With Generally Accepted Auditing Standards and Generally Accepted Government Auditing Standards

An audit includes the following:

- Obtaining an understanding of the Port Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and schedules and to design the nature, timing, and extent of further audit procedures.

- Consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Port Authority's internal control over financial reporting.

- Consideration of internal control and compliance over major federal programs, as a basis for determining the Port Authority's internal control over compliance with federal laws and other laws and regulations

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedules.

- Tests of documentary evidence supporting the transactions recorded in the accounts, which may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, creditors, and financial institution. We will make audit inquiries and request written responses from your General Counsel as part of the engagement.

- Inquiring directly of the Audit Committee and staff of the Port Authority's Inspector Generals Office regarding its views about the risks of fraud and whether the Audit Committee has knowledge of any fraud or suspected fraud affecting the Port Authority.

- Assessing the accounting principles used and significant estimates made by management.

- Evaluating the overall financial statements and schedules presentation.

We will also perform tests of the Port Authority's compliance with certain provisions of laws, regulations, and the provisions of contracts and grant agreements. However, it is not our objective to provide an opinion on overall compliance with those provisions and, accordingly, we will not express such an opinion.

As required by OMB Circular A-133, our audits of compliance will also include tests of transactions related to federal award programs for compliance with applicable laws and regulations. However, because of the concept of reasonable assurance and because we will not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or illegal acts may exist and not be detected by us. We will advise you, however, of any matters of that nature that come to our attention, and will include such matters in the reports required for an audit in accordance with OMB

Circular A-133. Our responsibility as auditors is limited to the period covered by our audit and does not extend to matters that arise during any subsequent periods for which we have not been engaged as auditors or for which we have performed no substantive auditing procedures.

Generally accepted accounting principles provide for certain required supplementary information ("RSI"), such as a management's discussion and analysis, to accompany the Port Authority's financial statements. As part of our engagement, we will apply certain limited procedures to the Port Authority's RSI. Those limited procedures will consist principally of inquiries of management regarding the methods of measurement and presentation, which management will affirm to us in its representation letter. Unless we encounter problems with the presentation of the RSI or with our procedures relating to it, we will disclaim an opinion on the RSI.

Supplementary information other than RSI, such as the schedule of expenditures of federal awards, and statistical data, also accompany the Port Authority's financial statements. We will subject all supplementary information that is financially oriented to the audit procedures applied in our audit of the financial statements and render our opinion on whether that information is fairly presented, in all material respects, in relation to the financial statements taken as a whole. We will disclaim an opinion on supplementary information that comprises nonaccounting information or accounting information not directly related to the basic financial statements. We will also make specific inquiries of management about supplementary information, which management will affirm to us in its representation letter.

Reasonable Assurance

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud and we will perform tests of the Port authority's compliance with certain provisions or laws, regulations, contracts, and grants. However, because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather that absolute, assurance that the financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the financial statements or to detect immaterial instances of noncompliance, nor is it designed to provide assurance on internal control or to identify deficiencies in internal control.

We will also plan and perform our audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that are applicable to the Port Authority's major federal programs could have a direct and material effect on each of its major federal programs. An audit of compliance includes examining, on a test basis, evidence about the Port Authority's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. Our audit does not provide a legal determination on the Port Authority's compliance with those requirements.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES
The Port Authority of New York and New Jersey
Year Ending December 31, 2011

Financial Statements and Schedules, Internal Control, and Compliance

The overall accuracy of the financial statements and schedules and their conformity with generally accepted accounting principles and the Port Authority's bond resolutions is the responsibility of the Port Authority's management. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Establishing and maintaining effective internal control over financial reporting and compliance with laws, regulations, and provisions of contracts or grant agreements
- Identifying and ensuring that the Port Authority complies with the laws and regulations applicable to its activities and the provisions of contracts or grant agreements, and informing us of any known material violations of such laws, regulations, or provisions
- Adjusting the financial statements and schedules to correct material misstatements
- Making all financial records and related information available to us
- Properly recording transactions in the accounting records and schedules
- Taking timely and appropriate steps to remedy fraud, illegal acts, violations of provisions of contracts or grant agreements, or abuse that we report
- Having a process to track the status of audit findings and recommendations
- Identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of our audit and the corrective actions taken to address significant findings and recommendations
- Providing its view on our current findings, conclusions, and recommendations, as well as management's planned corrective actions, for our reports. The corrective action plan that the Port Authority develops for its OMB Circular A-133 reporting package may fully or partially satisfy this responsibility.
- Submitting the reporting package and OMB Data Collection Form to the Federal Bureau of the Census.

Additionally, management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the Port Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) other employees where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any

allegations of fraud or suspected fraud affecting the Port Authority received in communication from employees, former employees, analysts, regulators, short sellers, or others.

Representation Letters

We will make specific inquiries of the Port Authority's management about the representations embodied in the financial statements and schedules. Additionally, we will request that management provide to us the written representations the Port Authority is required to provide to its independent auditors under generally accepted auditing standards and *Government Auditing Standards*. As part of our audit procedures, we will request that management provide us with a representation letter acknowledging management's responsibility for the preparation of the financial statements and schedules and for compliance with laws and regulations applicable to federal award programs and affirming management's belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We will also request that management confirm certain representations made to us during our audit. The responses to those inquiries and related written representations of management required by generally accepted auditing standards are part of the evidential matter that D&T will rely on in forming its opinion on the Port Authority's consolidated financial statements and schedules.

Process for Obtaining Preapproval of Services

Management is responsible for obtaining the pre-approval of the Audit Committee, in accordance with the Audit Committee's pre-approval process, for any services not included in this engagement to be provided by D&T to the Port Authority.

Independence Matters Relating to Providing Certain Services

In connection with our engagement, D&T, management, and the Audit Committee will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Port Authority will ensure that the Port Authority has policies and procedures in place for the purpose of ensuring that the Port Authority will not act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants ("AICPA") or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Fritz.

Audits of Related Entities

Not included under this engagement, but also being undertaken by D&T for the year ending December 31, 2011, are audits of the accounts and financial statements of the Port Authority Insurance Captive Entity, LLC, The Port Authority of New York and New Jersey Retiree Health Benefits Trust, and if applicable the accounts and financial statements of the PATH Corporation Exempt Employees Supplemental Pension Plan Trust and 1 WTC Joint Venture LLC. Such audits, the costs of which are to be borne by those entities, are being undertaken pursuant to authorization of each entity, respectively, and need not secure separate Audit Committee preapproval.

Independence Matters Relating to Hiring

Management will coordinate with D&T to ensure that D&T's independence is not impaired by the Port Authority's employment of former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*, that would

cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Port Authority for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Fritz before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

Independence Communications

In accordance with Independence Standards Board Standard No. 1, Independence Discussions With Audit Committees ("Independence Standard No.1"), we will disclose to the Audit Committee, in writing, with a copy to the General Counsel of the Port Authority, all relationships between D&T and its related entities and the Port Authority and its related entities that in our professional judgment may reasonably be thought to bear on our independence and confirm to the Audit Committee in such letter whether, in our professional judgment, we are independent of the Port Authority within the meaning of the securities acts administered by the Securities and Exchange Commission (the "SEC"). We also will discuss our independence with the Audit Committee together with General Counsel in accordance with Independence Standard No. 1.

For purposes of the preceding two paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu and its member firms; and, in all cases, any successor or assignee.

APPENDIX C

COMMUNICATIONS WITH THE AUDIT COMMITTEE
The Port Authority of New York and New Jersey
Year Ending December 31, 2011

Significant Matters

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Audit Committee.

Fraud and Illegal Acts

We will report directly to the Audit Committee and General Counsel any fraud of which we become aware that involves senior management and any fraud (whether caused by senior management or other employees) of which we become aware that causes a material misstatement of the financial statements and schedules. We will report to senior management any fraud perpetrated by lower-level employees of which we become aware that has not already been reported by the Port Authority's Audit Department, Inspector General or any other vehicle of reporting even if such fraud does not cause a material misstatement of the financial statements and schedules; however, we will not report such matters directly to the Audit Committee, unless otherwise directed by the Audit Committee.

We will inform the appropriate level of management of the Port Authority and determine that the Audit Committee is adequately informed with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential.

If, after determining that the Audit Committee has been adequately informed of an illegal act that has been detected or which has otherwise come to our attention in the course of our audit, we conclude that (1) the illegal act has a material effect on the consolidated financial statements and schedules; (2) senior management has not taken, and the Board of Commissioners has not caused senior management to take, timely an appropriate remedial actions with respect to the illegal act; and (3) the failure to take appropriate remedial actions is likely to result in a departure from the standard auditors' report or warrant our resignation from the audit engagement, we will directly report our conclusions to the Board of Commissioners and take such actions as are required by state or federal law to report such matters to funding agencies and appropriate legal authorities.

Internal Control and Other Matters

We will report directly to management and the Audit Committee all significant deficiencies and material weaknesses identified during the audit as required by AICPA AU 325, *Communicating Internal Control Related Matters Identified in an Audit.* Our written communication will identify those matters considered by D&T to be significant deficiencies and those that are considered by D&T to be material weaknesses.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Port Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Port Authority's financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material

misstatement of the financial statements will not be prevented or detected.

Other Matters

We will communicate to management and the Audit Committee the following, if any of the following are identified during our audits: material noncompliance with laws, regulations, and provisions of contracts or grant agreements related to major programs; certain known questioned costs; fraud affecting federal awards; abuse that is material to a federal program; and other federal award audit findings as required by generally accepted government auditing standards and OMB Circular A-133.

Generally accepted auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with the Audit Committee. However, we will communicate to the Audit Committee, or determine that the Audit Committee is informed, about certain other matters related to the conduct of our audit matters required by AU 380, *The Auditor's Communication With Those Charged With Governance,* including, when applicable:

- Our responsibility as auditors under generally accepted auditing standards, *Government Auditing Standards,* and OMB Circular A-133
- Significant accounting policies
- Management judgments and accounting estimates
- Audit adjustments
- Other information in documents containing audited consolidated financial statements
- Disagreements with management
- Consultation by management with other accountants on significant matters
- Difficulties encountered in performing the audit
- Major issues discussed with management prior to our retention as auditors

We may also have other comments for management on matters we have observed and possible ways to improve the efficiency of the Port Authority's operations or other recommendations concerning internal control.

With respect to these other communications, it is our practice to discuss all comments with the level of management responsible for the matters, prior to their communication to the Audit Committee.

APPENDIX D

GENERAL BUSINESS TERMS
The Port Authority of New York and New Jersey
Year Ending December 31, 2011

1. Independent Contractor. It is understood and agreed that D&T is an independent contractor and that D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Port Authority.

2. Survival. The agreements and undertakings of the Port Authority contained in the engagement letter to which these terms are attached (the "engagement letter" or "letter agreement"), together with the appendices to the engagement letter including these terms, will survive the completion or termination of this engagement.

3. Assignment and Subcontracting. Except as provided below, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. The Port Authority hereby consents to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be subject to the approval of the Director and shall be invoiced as expenses, unless otherwise agreed.

4. Severability. If any term of the engagement letter, including its appendices, is determined to be invalid or unenforceable, such term shall not affect the other terms hereof and thereof, but such invalid or unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein and therein.

5. Force Majeure. No party shall be deemed to be in breach of the engagement letter (including its appendices) as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order, or requirement of any governmental agency or authority.

6. Dispute Resolution. Any controversy or claim between the parties arising out of or relating to the engagement letter, including its appendices, or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix E and made a part hereof.

APPENDIX E

DISPUTE RESOLUTION PROVISION
The Port Authority of New York and New Jersey
Year Ending December 31, 2011

The Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential meditation by written notice to parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, JAMS, at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with JAMS' Comprehensive Arbitration Rules and Procedures (effective October 1, 2010), except to the extent modified by the Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators each of whom shall be neutral and interdependent. Each of the Port Authority and Deloitte & Touche LLP shall designate one such arbitrator in accordance with the Rules and the two party-designated arbitrators shall jointly select the third consistent with JAMS Rule 15. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of the Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

Unless the parties agree otherwise in writing, and consistent with the Port Authority's policy on Freedom of Information, the parties, the arbitrators and JAMS shall treat the proceedings, any related discovery and the decisions of the arbitrators, as confidential. The parties may disclose the existence, content, or results of the arbitration in accordance with the Rules, applicable professional standards and regulatory requirements. To the extent reasonable under the circumstances, issues of confidentiality shall be raised with and resolved by the arbitrators. Before making any disclosure permitted by the Rules or this paragraph, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators and all arbitration case management fees and expenses equally.

Deloitte.

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July 25, 2011

Ms. Anne Marie Mulligan, Treasurer
The Port Authority of New York and New Jersey
225 Park Avenue South
12th Floor
New York, New York 10003-1064

Re: The Port Authority of New York and New Jersey Retiree Health Benefits Trust

Dear Ms. Mulligan:

Deloitte & Touche LLP ("D&T" or "we" or "us") is pleased to serve as independent auditors for The Port Authority of New York and New Jersey Retiree Health Benefits Trust (the "Trust") for the year ending December 31, 2011. Mr. Michael Fritz will be responsible for the services that we perform for the Trust hereunder.

In addition to the audit services we are engaged to provide under this engagement letter, we would also be pleased to assist the Trust on issues as they arise throughout the year. Hence, we hope that you will call Mr. Fritz whenever you believe D&T can be of assistance.

No Commissioner of the Port Authority of New York and New Jersey ("Port Authority") shall be charged personally with liability or held liable under this letter agreement, or because of its execution or attempted execution, or because of any breach or attempted or alleged breach thereof.

The services to be performed by D&T pursuant to this engagement are subject to the terms and conditions set forth herein and in the accompanying appendices. Such terms and conditions shall be effective as of the date of the commencement of such services.

Audit of Financial Statements

Our engagement is to perform an audit in accordance with auditing standards generally accepted in the United States of America ("generally accepted auditing standards"). The objective of an audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Trust's financial statements for the year ending December 31, 2011 in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles"), in all material respects.

The audit contemplated by this engagement and conducted in accordance with the standards described above includes the issuance of a report on:

- Whether the Trust's financial statements and schedules are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") — by February 24, 2012 (tentative)

Member of
Deloitte Touche Tohmatsu

Appendix A contains a description of our responsibilities and an audit under generally accepted auditing standards.

Our ability to express an opinion and the wording thereof will, of course, be dependent on the facts and circumstances at the date of our report. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of this engagement. If we are unable to complete our audit or if the report to be issued by D&T as a result of this engagement requires modification, the reasons therefor will be discussed with the Trust's management (which is comprised of the OPEB Investment Committee and Wells Fargo, Trustee).

Management's Responsibilities

Appendix B describes management's responsibilities for (1) the financial statements, (2) representation letters, (3) process for obtaining preapproval of services, (4) independence matters relating to providing certain services, and (5) independence matters relating to hiring.

Responsibility of Audit Committee of the Port Authority

As independent auditors of the Trust, we acknowledge that the Audit Committee of the Port Authority ("Audit Committee") is directly responsible for the appointment, compensation, and oversight of our work, and accordingly, except as otherwise specifically noted, we will report directly to the Audit Committee. The Trust has advised us that the services to be performed under this engagement letter, including, where applicable, the use by D&T of affiliates or related entities as subconsultants in connection with this engagement, have been approved by the Audit Committee in accordance with the Audit Committee's established preapproval policies and procedures.

Communications With the Trust's management

Appendix C describes various matters that we are required by generally accepted auditing standards to communicate with the Trust's management.

Termination

D&T understands that our services under this letter agreement are subject to annual renewal on recommendation by the Audit Committee of the Port Authority. The Port Authority may at any time for cause terminate this letter agreement as to any services not yet rendered, and may terminate this letter agreement in whole or in part without cause upon three days notice to us. We shall have no right of termination as to any services under this letter agreement without just cause. Termination by either party shall be by certified letter addressed to the other at its address set forth on the first page of this letter agreement. Should this letter agreement be terminated in whole or in part by either party as above provided, we shall receive no compensation for any services not yet performed, but if termination is without fault on our part, the Port Authority shall pay us as the full compensation to which we shall be entitled in connection with this letter agreement the amounts computed as set forth below for services completed to the satisfaction of the Director, as defined below, through the date of termination, minus all prior payments to us.

Fees

As used herein, "Director" shall mean the Chief Financial Officer of the Port Authority, acting either personally or through his duly authorized representatives acting within the scope of the particular authority vested in them, unless specifically stated to mean acting personally. For the purpose of administering this letter agreement, the Director has designated Daniel G. McCarron, Comptroller, to act as the Director's duly authorized representative.

Our fees for these services will be based on the actual time spent at the applicable billing rates shown below, plus actual out-of-pocket expenses which include amounts for travel and local transportation, meals and lodging on overnight trips, mailing and delivery charges of required materials, long distance calls, rentals of equipment, report production and typing, approved in advance by the Director and necessarily and reasonably incurred and actually paid by us in the performance of our services.

We will obtain the Director's written approval prior to making expenditures for out-of-pocket expenses in excess of $1,000 per specific expenditure and for any overnight trips, which are reimbursable expenditures as set forth above. We will substantiate all billings for out-of-pocket expenses in excess of $25 with receipted bills and provide said receipts upon request.

The following schedule of hourly rates covers the services to be provided by us:

	Audit Hourly Rates*	Enterprise Risk Services Hourly Rates*
Partner	$474	$500
Director	$434	$-
Senior Manager	$368	$479
Manager	$255	$351
Senior	$194	$300
Senior Assistant	$151	$-
Assistant	$145	$-

*Fully loaded hourly rates encompassing salary, overhead, and profits.

The Trust shall have the right to inspect our records and those of our subconsultants, pertaining to any compensation to be paid hereunder, such records to be maintained by us and our subconsultants for a period of three years after the completion of services to be performed under this letter Agreement. If there is any litigation pertaining to these records, such records shall be maintained until the litigation is completed.

We will notify you promptly of any circumstances we encounter that could significantly affect our estimate and discuss with you any additional fees, which shall be subject to mutual agreement, as necessary. Additional services provided beyond the described scope of services described herein will

be billed separately

Inclusion of D&T Reports or References to D&T in Other Documents or Electronic Sites

If the Trust intends to publish or otherwise reproduce in any document our report on the Trust's financial statements, or otherwise make reference to D&T in a document that contains other information in addition to the audited financial statements (e.g., in a periodic filing with a regulator, in a debt or equity offering circular, or in a private placement memorandum), thereby associating D&T with such document, the Trust agrees that its management will provide D&T with a draft of the document to read and obtain our approval which shall not be unreasonably withheld for the inclusion or incorporation by reference of our report, or the reference to D&T, in such document before the document is printed and distributed. The inclusion or incorporation by reference of our report in any such document would constitute the reissuance of our report. The Trust also agrees that its management will notify us and obtain our approval which shall not be unreasonably withheld prior to including our report on an electronic site.

Our engagement to perform the services described herein does not constitute our agreement to be associated with any such documents published or reproduced by or on behalf of the Trust. Any request by the Trust to reissue our report, to consent to its inclusion or incorporation by reference in an offering or other document, or to agree to its inclusion on an electronic site will be considered based on the facts and circumstances existing at the time of such request. However, D&T's approval shall not be unreasonably withheld. The estimated fees outlined herein do not include any services that would need to be performed in connection with any such request; fees for such services (and their scope) would be subject to the mutual agreement of the Trust and D&T at such time as D&T is engaged to perform the services and would be described in a separate engagement letter.

* * * * * *

This engagement letter, including the appendices attached hereto and made a part hereof, constitutes the entire agreement between the parties with respect to this engagement and supersedes all other prior and contemporaneous agreements or understandings between the parties, whether written or oral, relating to this engagement.

If the above terms are acceptable and the services outlined are in accordance with your understanding, please sign the copy of this engagement letter in the space provided and return it to us.

Yours truly,

Deloitte & Touche LLP

Accepted and agreed to by The Port Authority of New York and New Jersey Retiree Health Benefits Trust:

By: A M Mulligan

Title: Treasurer

Date: 8/19/11

APPENDIX A

DESCRIPTION OF OUR RESPONSIBILITIES AND AN AUDIT UNDER GENERALLY ACCEPTED AUDITING STANDARDS
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

Our Responsibilities

Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Trust's management are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audit of the financial statements does not relieve management of the Trust of their responsibilities.

Components of an Audit

An audit includes the following:

- Obtaining an understanding of the Trust and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures

- Consideration of internal control over financial reporting, as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements

- Inquiring directly of the Trust's management regarding its views about the risks of fraud and whether the Trust's management has knowledge of any fraud or suspected fraud affecting the Trust

- Assessing the accounting principles used and significant estimates made by management

- Evaluating the overall financial statement presentation.

Reasonable Assurance

We will plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. However, because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement. Therefore, an audit conducted in accordance with generally accepted auditing standards is designed to obtain reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. An audit is not designed to detect error or fraud that is immaterial to the financial statements, nor is it designed to provide assurance on internal control or to identify deficiencies in internal control.

APPENDIX B

MANAGEMENT'S RESPONSIBILITIES
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

Financial Statements

The overall accuracy of the financial statements and their conformity with generally accepted accounting principles are the responsibility of the Trust's management. In this regard, management has the responsibility for, among other things:

- Selecting and applying the accounting policies
- Establishing and maintaining effective internal control over financial reporting
- Designing and implementing programs and controls to prevent and detect fraud
- Identifying and ensuring that the Trust complies with the laws and regulations applicable to its activities and informing us of any known material violations of such laws, regulations or provisions
- Adjusting the financial statements to correct material misstatements
- Making all financial records and related information available to us

Representation Letters

We will make specific inquiries of the Trust's management about the representations embodied in the financial statements. Additionally, we will request that management provide to us the written representations the Trust is required to provide to its independent auditors under generally accepted auditing standards. As part of our audit procedures, we will request that management provide us with a representation letter that includes, among other things:

- Acknowledgment of management's responsibility for the preparation of the financial statements
- Affirmation of management's belief that the effects of any uncorrected financial statement misstatements aggregated by us during the current audit engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

We will also request that management confirm certain representations made to us during our audit. The responses to those inquiries and related written representations of management required by generally accepted auditing standards are part of the evidential matter that D&T will rely on in forming its opinion on the Trust's financial statements. Because of the importance of management's representations, the Trust agrees to release and indemnify D&T, its subconsultants and their respective personnel from all claims, liabilities, and expenses relating to our services under this engagement letter attributable to any misrepresentation by management.

Process for Obtaining Preapproval of Services

Management is responsible for the coordination of obtaining the preapproval of the Audit Committee, in accordance with the Audit Committee's preapproval process, for any services not included in this engagement to be provided by D&T to the Trust.

Independence Matters Relating to Providing Certain Services

In connection with our engagement, D&T, management, and the Trust's management will assume certain roles and responsibilities in an effort to assist D&T in maintaining independence. Management of the Trust will ensure that the Trust has policies and procedures in place for the purpose of ensuring that the Trust will not act to engage D&T or accept from D&T any service that under American Institute of Certified Public Accountants (AICPA) or other applicable rules would impair D&T's independence. All potential services are to be discussed with Mr. Fritz.

Independence Matters Relating to Hiring

Management will coordinate with D&T to ensure that D&T's independence is not impaired by hiring former or current D&T partners, principals, or professional employees in a key position, as defined in the AICPA *Code of Professional Conduct*, that would cause a violation of the AICPA *Code of Professional Conduct* or other applicable independence rules. Any employment opportunities with the Trust for a former or current D&T partner, principal, or professional employee should be discussed with Mr. Fritz before entering into substantive employment conversations with the former or current D&T partner, principal, or professional employee.

For purposes of the preceding three paragraphs, "D&T" shall mean Deloitte & Touche LLP and its subsidiaries; Deloitte Touche Tohmatsu, its member firms, the affiliates of Deloitte & Touche LLP, Deloitte Touche Tohmatsu, and its member firms; and, in all cases, any successor or assignee.

COMMUNICATIONS WITH THE Trust's management
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

Significant Matters

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to the responsibilities of the Trust's management in overseeing the financial reporting process.

Fraud and Illegal Acts

We will report directly to the Trust's management any fraud of which we become aware in connection with the Trust or its management regardless of whether such fraud causes a material misstatement of the financial statements.

We will inform management of the Trust, and determine that the Trust's management is adequately informed, with respect to illegal acts that have been detected or have otherwise come to our attention in the course of our audit, unless the illegal acts are clearly inconsequential.

Internal Control Matters

We will report directly to management and the Trust's management all significant deficiencies and material weaknesses identified during the audit as required by AICPA AU 325, *Communicating Internal Control Related Matters Identified in an Audit*. Our written communication will identify those matters considered by D&T to be significant deficiencies and those that are considered by D&T to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Trust's financial statements will not be prevented, or detected and corrected on a timely basis.

Other Matters

Generally accepted auditing standards do not require us to design procedures for the purpose of identifying other matters to communicate with the Trust's management. However, we will communicate to the Trust's management matters required by AICPA AU 380, *The Auditor's Communication With Those Charged With Governance*.

APPENDIX D

CIRCUMSTANCES AFFECTING TIMING AND FEE ESTIMATE
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

The fees quoted for the audit are based on certain assumptions. Circumstances may arise during the engagement that may significantly affect the targeted completion dates or our fee estimate. As a result, changes to the fees may be necessary. Such circumstances include but are not limited to the following:

Audit Facilitation

1. Changes to the timing of the engagement at the Trust's request. Changes to the timing of the engagement usually require reassignment of personnel used by D&T in the performance of services hereunder. However, because it is often difficult to reassign individuals to other engagements, D&T may incur significant unanticipated costs.

2. All audit schedules are not (a) provided by the Trust on the date requested, (b) completed in a format acceptable to D&T, (c) mathematically correct, or (d) in agreement with the appropriate Trust records (e.g., general ledger accounts). D&T will provide the Trust with a separate listing of required schedules, information requests, and the dates such items are needed.

3. Significant delays in responding to our requests for information, such as reconciling variances or providing requested supporting documentation (e.g., invoices, contracts, and other documents).

4. Deterioration in the quality of the Trust's accounting records during the current-year engagement in comparison with the prior-year engagement.

5. A completed trial balance, referenced to the supporting analyses and schedules and financial statements, is not provided timely by the Trust's personnel.

6. Draft financial statements with appropriate supporting documentation are not prepared accurately and timely by the Trust's personnel.

7. Electronic files in an appropriate format and containing the information requested are not provided by the Trust on the date requested for our use in performing file interrogation. D&T will provide the Trust with a separate listing of the required files and the dates the files are needed.

8. The engagement team, while performing work on the Trust's premises, is not provided with high-speed access to the Internet [via the Trust's existing network or through a T1, DSL, or cable connection] for purposes of conducting the engagement.

Significant Issues or Changes

9. Significant deficiencies or material weaknesses in the design or operating effectiveness of the Trust's internal control over financial reporting are identified during our audit that result in the

expansion of our audit procedures.

10. A significant level of proposed audit adjustments is identified during our audit.

11. A significant number of drafts of the financial statements are submitted for our review, or we identify a significant level of deficiencies in the draft financial statements.

12. Significant new issues or changes as follows:

    a. Significant new accounting issues.

    b. Significant changes in accounting policies or practices from those used in prior years

    c. Significant events or transactions not contemplated in our budgets.

    d. Significant changes in the Trust's financial reporting process or Information Technology Systems.

    e. Significant changes in the Trust's accounting personnel, their responsibilities, or their availability.

    f. Significant changes in auditing standards.

    g. Significant changes in the Trust's use of specialists, or the specialists or their work product does not meet the qualifications required by generally accepted auditing standards for our reliance upon their work.

13. Changes in audit scope caused by events that are beyond our control.

Payment for Services Rendered

14. Without limiting its rights or remedies, D&T may halt or terminate its services entirely if payment is not received timely.

APPENDIX E

GENERAL BUSINESS TERMS
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

1. Independent Contractor. It is understood and agreed that D&T is an independent contractor and that D&T is not, and will not be considered to be, an agent, partner, fiduciary, or representative of the Port Authority or the Trust.

2. Survival. The agreements and undertakings of the Port Authority and the Trust contained in the engagement letter to which these terms are attached (the "engagement letter" or "letter agreement"), together with the appendices to the engagement letter including these terms, will survive the completion or termination of this engagement.

3. Assignment and Subcontracting. Except as provided below, no party may assign, transfer, or delegate any of its rights or obligations relating to this engagement (including, without limitation, interests or claims relating to this engagement) without the prior written consent of the other party. The Port Authority and the Trust hereby consent to D&T subcontracting a portion of its services under this engagement to any affiliate or related entity, whether located within or outside of the United States. Professional services performed hereunder by any of D&T's affiliates or related entities shall be invoiced as professional fees, and any related expenses shall be subject to the approval of the Director and shall be invoiced as expenses, unless otherwise agreed.

4. Severability. If any term of the engagement letter, including its appendices, is determined to be invalid or unenforceable, such term shall not affect the other terms hereof and thereof, but such invalid or unenforceable term shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein and therein.

5. Force Majeure. No party shall be deemed to be in breach of the engagement letter (including its appendices) as a result of any delays or non-performance directly or indirectly resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire, epidemic or other casualty, act of God, strike or labor dispute, war or other violence, or any law, order or requirement of any governmental agency or authority.

6. Dispute Resolution. Any controversy or claim between the parties arising out of or relating to the engagement letter, including its appendices, or this engagement (a "Dispute") shall be resolved by mediation or binding arbitration as set forth in the Dispute Resolution Provision attached hereto as Appendix F and made a part hereof.

APPENDIX F

DISPUTE RESOLUTION PROVISION
The Port Authority of New York and New Jersey Retiree Health Benefits Trust
Year Ending December 31, 2011

The Dispute Resolution Provision sets forth the dispute resolution process and procedures applicable to the resolution of Disputes and shall apply to the fullest extent of the law, whether in contract, statute, tort (such as *negligence*), or otherwise.

Mediation: All Disputes shall be first submitted to nonbinding confidential meditation by written notice to parties, and shall be treated as compromise and settlement negotiations under the standards set forth in the Federal Rules of Evidence and all applicable state counterparts, together with any applicable statutes protecting the confidentiality of mediations or settlement discussions. If the parties cannot agree on a mediator, JAMS, at the written request of a party, shall designate a mediator.

Arbitration Procedures: If a Dispute has not been resolved within 90 days after the effective date of the written notice beginning the mediation process (or such longer period, if the parties so agree in writing), the mediation shall terminate and the Dispute shall be settled by binding arbitration to be held in New York, New York. The arbitration shall be solely between the parties and shall be conducted in accordance with JAMS' Comprehensive Arbitration Rules and Procedures (effective October 1, 2010), except to the extent modified by the Dispute Resolution Provision (the "Rules").

The arbitration shall be conducted before a panel of three arbitrators each of whom shall be neutral and interdependent. Each of the Port Authority and Deloitte & Touche LLP shall designate one such arbitrator in accordance with the Rules and the two party-designated arbitrators shall jointly select the third consistent with JAMS Rule 15. No arbitrator may serve on the panel unless he or she has agreed in writing to enforce the terms of the engagement letter (including its appendices) to which this Dispute Resolution Provision is attached and to abide by the terms of the Dispute Resolution Provision. Except with respect to the interpretation and enforcement of these arbitration procedures (which shall be governed by the Federal Arbitration Act), the arbitrators shall apply the laws of the State of New York (without giving effect to its choice of law principles) in connection with the Dispute. The arbitrators shall have no power to award punitive, exemplary or other damages not based on a party's actual damages (and the parties expressly waive their right to receive such damages). The arbitrators may render a summary disposition relative to all or some of the issues, provided that the responding party has had an adequate opportunity to respond to any such application for such disposition. Discovery shall be conducted in accordance with the Rules.

Unless the parties agree otherwise in writing, and consistent with the Port Authority's policy on Freedom of Information, the parties, the arbitrators and JAMS shall treat the proceedings, any related discovery and the decisions of the arbitrators, as confidential. The parties may disclose the existence, content, or results of the arbitration in accordance with the Rules, applicable professional standards and regulatory requirements. To the extent reasonable under the circumstances, issues of confidentiality shall be raised with and resolved by the arbitrators. Before making any disclosure permitted by the Rules or this paragraph, a party shall give written notice to all other parties and afford such parties a reasonable opportunity to protect their interests. Further, judgment on the arbitrators' award may be entered in any court having jurisdiction.

Costs: Each party shall bear its own costs in both the mediation and the arbitration; however, the parties shall share the fees and expenses of both the mediators and the arbitrators and all arbitration case management fees and expenses equally.