

FOI#13449



**PORT AUTHORITY POLICE BENEVOLENT ASSOCIATION, INC.**

611 Palisade Avenue, Englewood Cliffs, N.J. 07632-1805

Telephones: 201-871-2100 or 212-947-3754

Facsimile: 201-871-2343 www.papba.org



PAUL NUNZIATO PRESIDENT

VIA FACSIMILE AND CERTIFIED MAIL, RETURN RECEIPT  
REQUESTED

August 27, 2012

Ms. Karen E. Eastman  
Secretary  
Port Authority of New York & New Jersey  
Office of the Secretary  
225 Park Avenue South, 18<sup>th</sup> Floor  
New York, NY 10003

RE: Request Pursuant to Port Authority Freedom of  
Information Policy

Dear Secretary Eastman:

Pursuant to Port Authority of NY & NJ's Freedom of Information policy, I request the following information to be provided:

1. Any contract, sub-contract or similar agreement between the Port Authority of New York and New Jersey (including all subsidiary corporations thereof) and the Chertoff Group executed by the Port Authority on or after January 1, 2009.
2. All invoices from the Chertoff Group to the Port Authority of New York and New Jersey (including all subsidiary corporations thereof) received by the Port Authority on or after January 1, 2009.
3. All records demonstrating payment by the Port Authority of New York and New Jersey (including all subsidiary corporations thereof) to the Chertoff Group made on or after January 1, 2009 including any internal documents of the Port Authority of New York and New Jersey authorizing payment.
4. Any contract or subcontract for legal consultation with any law firm, legal services corporation or individual entered into by the Port Authority of New York and New Jersey (including all subsidiary corporations thereof) or the Chertoff Group for the purpose of assisting the Chertoff Group in its

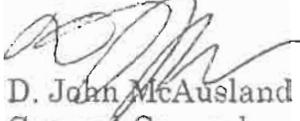
UNION OF PROFESSIONAL POLICE OFFICERS



consultation of the Port Authority of New York and New Jersey executed on or after January 1, 2009.

I agree in advance to pay copying fees as provided for by the Port Authority Freedom of Information Policy.

Very Truly Yours,



D. John McAusland  
General Counsel

PORT AUTHORITY POLICE BENEVOLENT ASSOCIATION, INC.

DJM/kb

cc: FILE

**THE PORT AUTHORITY OF NY & NJ**

*FOI Administrator*

October 28, 2013

Mr. D. John McAusland  
Port Authority Police Benevolent Association, Inc.  
611 Palisade Avenue  
Englewood Cliff, NJ 07632

Re: Freedom of Information Reference No. 13449

Dear Mr. McAusland:

This is a response to your August 27, 2012 request, which has been processed under the Port Authority's Freedom of Information Code (the "Code") for copies of records between the Port Authority (including all subsidiary corporations thereof) and the Chertoff Group on or after January 1, 2009.

Material responsive to your request and available under the Code can be found on the Port Authority's website at <http://www.panynj.gov/corporate-information/foi/13449-LPA.pdf>. Paper copies of the available records are available upon request.

Certain material responsive to your request is exempt from disclosure pursuant to exemption (1) of the Code.

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

Very truly yours,



Daniel D. Duffy  
FOI Administrator

*225 Park Avenue South, 17th Floor  
New York, NY 10003  
T: 212 435 3642  
F: 212 435 7555*



**THE PORT AUTHORITY OF NY & NJ**

P.A. Agreement #ED-11-001  
June 13, 2011

The Chertoff Group, LLC  
1110 Vermont Avenue, NW Suite 1200  
Washington, DC 20005

Attention: Michael Chertoff, Managing Principal

**SUBJECT: PERFORMANCE OF EXPERT PROFESSIONAL ORGANIZATIONAL  
AND OPERATIONAL REVIEW AS REQUESTED ON AN "AS-NEEDED"  
BASIS**

Dear Mr. Chertoff:

1. The Port Authority of New York and New Jersey (hereinafter referred to as the "Authority") hereby offers to retain Chertoff Group, LLC (hereinafter referred to as "the Consultant" or "you") to provide the subject services as more fully set forth in Attachment A, which is attached hereto and made a part hereof, on a "as-needed" basis.

With regard to work performed on Authority premises, the Consultant will indemnify and hold harmless the Port Authority against claims, loss and damage, for bodily injury, death or damage to personal property arising out of the Consultant's gross negligence.

The term of this Agreement shall be for a period of 6 months, except as otherwise provided herein, starting on or about June 1, 2011, and ending on or about December 1, 2011.

The Authority does not guarantee the ordering of any services under this Agreement and specifically reserves the right, in its sole discretion, to use any person or firm to perform the type of services required hereunder.

This Agreement shall be signed by you and the Authority's Executive Director (ED) and/or Deputy Executive Director (DED), acting either personally or through their duly authorized representatives acting within the scope of the particular authority vested in them unless specifically stated to mean acting personally.

Christopher O. Ward, Executive Director may be reached at telephone (212) 435-7271 or by email at [cward@panynj.gov](mailto:cward@panynj.gov). Bill Baroni, Deputy Executive Director may be reached at (212) 435-6667 or by email at [bbaroni@panynj.gov](mailto:bbaroni@panynj.gov).

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

3. In response to a request for specific services hereunder and prior to the performance of any such services, you shall submit in writing to the ED/DED for approval a staffing analysis of such services to the Authority. Approval of the staffing analysis and direction from the ED/DED in writing to proceed shall effectuate the performance of such services under this Agreement.



You shall not continue to render any such services beyond the term of this Agreement unless you are specifically authorized in writing to so continue by the ED/DED. If no such authorization is issued, the performance of the specifically requested services under this Agreement shall be terminated without further obligation by either of the parties as to services not yet performed.

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

5. The Consultant shall meet and consult with Authority staff as requested by the ED/DED in connection with the services to be performed herein.

6. You shall not continue to render services under this Agreement after the point at which the total amount to be paid to you hereunder reaches the amount of \$300,000 unless you are specifically authorized in writing to so continue by the ED/DED. If no such authorization is issued, this Agreement shall be terminated without further obligation by either of the parties as to services not yet performed, but you shall be compensated as hereinafter provided for services already completed.

7. As full compensation for all your services and obligations in connection with this Agreement, the Authority will pay you a monthly lump sum amount of \$50,000 subject to the limits on compensation and provisions set forth in paragraph 3 and 6 above.

Attached hereto is a schedule of names and titles of technical staff or other permanent professional and technical personnel employed by you, as well as partners and principals proposed to provide services hereunder. Said staffing schedule shall clearly indicate any of your employees that are former Authority employees. Furthermore, it is understood that Richard Falkenrath shall not participate in any meetings with any New York City Agency, nor will he communicate, on behalf of the Authority, with any New York City Agency.

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

The Authority reserves the right of approval of all personnel performing services under this Agreement.

8. On or about the first day of each month, you shall render a bill for services to the ED/DED. Each invoice shall bear your taxpayer number and the purchase order number provided by the



**THE PORT AUTHORITY OF NY & NJ**

THE CHERTOFF GROUP, LLC

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JUNE 13, 2011

ED/DED. Upon receipt of the foregoing, the ED/DED will certify to the Authority the amount of compensation earned by you up to that time. As an aid to you the Authority shall, within fifteen days after receipt of such certification by the ED/DED, advance to you by check the sum certified for your account.

9. The Authority may at any time for cause terminate this Agreement as to any services not yet rendered, and may terminate this Agreement in whole or in part without cause upon three (3) days notice to you. You shall have no right of termination as to any services under this Agreement without just cause. Termination by either party shall be by certified letter addressed to the other at its address hereinbefore set forth. Should this Agreement be terminated in whole or in part by either party as above provided, you shall receive no compensation for any services not yet performed, but if termination is without fault on your part, the Authority shall pay you as the full compensation to which you shall be entitled in connection with this Agreement the amounts computed as above set forth for services completed to the satisfaction of the ED/DED through the date of termination, minus all prior payments to you.

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

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

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

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

14. Estimates, reports, records, data, charts, documents, renderings, computations, computer tapes or discs, and other papers of any type whatsoever, whether in the form of writing, figures



or delineations, which are prepared or compiled in connection with this Agreement, shall become the property of the Authority, and the Authority shall have the right to use or permit the use of them and any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided herein, except as otherwise mutually agreed upon prior to the start of services hereunder. The Consultant hereby warrants and represents that the Authority will have at all times the ownership and rights provided for in the immediately preceding sentence free and clear of all claims of third persons whether presently existing or arising in the future and whether presently known to either of the parties of this Agreement or not. This Agreement shall not be construed, however, to require the Consultant to obtain for the Consultant and the Authority the right to use any idea, design, method, material, equipment or other matter which is the subject of a valid patent, unless owned by the Consultant, or subconsultant, or an employee of either. Whether or not your Proposal is accepted by the Authority, it is agreed that all information of any nature whatsoever which is in any way connected with the services performed in connection with this Agreement, regardless of the form of which has been or may be given by you or on your behalf, whether prior or subsequent to the execution of this Agreement, to the Authority, its Commissioners, officers, agents or employees, is not given in confidence and may be used or disclosed by or on behalf of the Authority without liability of any kind, except as may arise under valid existing or pending patents, if any.

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

16. Notwithstanding anything to the contrary herein, the work product of the Consultant, its officers, agents, employees, or sub-consultants which is produced in accordance with the Agreement, whether it consists of computer programming or documentation thereof, including source code, and on any media whatsoever, shall be deemed to belong exclusively to the Authority, and the Authority shall have the exclusive right to obtain and to hold in its own name any and all copyrights, patents, trade secrets or other proprietary rights and protection as may be produced as part of this work product, including the right to extensions or renewals, where appropriate. The work product shall not be destroyed or released to anyone outside of the Authority without express written authorization of the ED/DED. The Authority shall have the



exclusive right to use or permit the use of them and any ideas or methods represented by them for any purpose and at any time without other compensation than that specifically provided for herein. You agree to contract with your employees for the benefit of the Authority to insure that the Authority has such rights and to give to the Authority or any party designated by the Authority all assistance reasonably required to perfect the rights herein above stated. You shall indemnify and hold harmless the Authority against any claims of proprietary rights infringement arising out of such use of your work product.

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

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

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

## 20. NOTIFICATION OF SECURITY REQUIREMENTS

The Authority has facilities, systems, and projects where terrorism or other criminal acts may have a significant impact on life safety and key infrastructures. The Authority reserves the right to impose multiple layers of security requirements on the Consultant, its staff and subconsultants and their staffs depending upon the level of security required, as determined by the Authority. These security requirements may include but are not limited to the following:

- Consultant/subconsultant identity checks and background screening, including but not limited to: inspection of not less than two forms of valid/current government issued identification (at least one having an official photograph) to verify staff's name and residence; screening federal, state, and/or local criminal justice agency information databases and files; screening of any terrorist identification files; multi-year check of personal, employment and/or credit history; access identification to include some form of biometric security methodology such as fingerprint, facial or iris scanning, or the like;
- Requiring that the Consultant/subconsultant execute a Non-Disclosure and Confidentiality Agreement regarding the disclosure of Confidential Information;



- Issuance of Photo Identification cards;
- Access control, inspection, and monitoring by security guards.

The Consultant may be required to have its staff, and any subconsultant's staff, authorize the Authority or its designee to perform background checks. Such authorization shall be in a form acceptable to the Authority. The Consultant may also be required to use an organization designated by the Authority to perform the background checks. The cost for said background checks shall be reimbursable to the Consultant as an out-of-pocket expense as provided herein.

The Authority may impose, increase, and/or upgrade security requirements for the Consultant and its staff and subconsultants during the term of this agreement to address changing security conditions and/or new governmental regulations.

## 21. LIABILITY INSURANCE AND WORKERS' COMPENSATION INSURANCE

### A. Commercial Liability Insurance:

The Consultant shall take out and maintain at his own expense Commercial General Liability Insurance including but not limited to Premises-Operations, Completed Operations and Independent Contractor coverages in limits of not less than \$5,000,000 combined single limit per occurrence for Bodily Injury Liability and Property Damage Liability. And if vehicles are to be used to carry out the performance of this Agreement, then the Consultant shall also take out, maintain and pay the premiums on Automobile Liability Insurance covering all owned, non-owned and hired autos in not less than \$5,000,000 combined single limit per accident for bodily injury and property damage. Any/all activities performed airside must, at all times, be performed while under security escort as approved in advance, and in writing by the ED/DED. In addition, the liability policies (other than Professional Liability) shall include the Authority and its wholly owned entities as additional insureds. Consultant shall not cancel or modify the policies to amounts below the above stated requirements without thirty (30) days written advance notice to the ED/DED. Moreover, the Commercial General Liability policy shall not contain any provisions (other than a Professional Liability exclusion, if any) for exclusions from liability other than provisions or exclusions from liability forming part of the most up to date ISO form or its equivalent unendorsed Commercial General Liability Policy. The liability policy(ies) and certificate of insurance shall contain separation of insured condition (cross-liability) and severability of interests provisions so that coverage will respond as if separate policies were in force for each insured.

Further, the certificate of insurance and the liability policy(ies) shall be specifically endorsed that *"The insurance carrier(s) shall not, without obtaining the express advance permission from the General Counsel of the Port Authority, raise any defense involving in any way the jurisdiction of the tribunal over the person of the Port Authority, the immunity of the Port Authority, its Commissioners, officers, agents or employees, the governmental nature of the Port Authority, or the provisions of any statutes respecting suits against the Port Authority."*

### B. Workers' Compensation Insurance:



The Consultant shall take out and maintain Workers' Compensation Insurance in accordance with the requirements of law and Employer's Liability Insurance with limits of not less than \$1,000,000 each accident.

C. Professional Liability Insurance:

Not less than \$2 million each occurrence, covering negligent acts, errors, mistakes, and omissions arising out of the work or services performed by Consultant, or any person employed by Consultant. All endorsements and exclusions shall be evidenced on the certificate of insurance. The coverage shall be written on a claims-made basis.

D. Compliance:

Prior to commencement of work at the site, the Consultant shall deliver a certificate from its insurer evidencing policies of the above insurance stating the title of this Agreement, the P. A. Agreement number and containing a separate express statement of compliance with each of the requirements above set forth to the ED/DED.

1) Upon request of the General Manager, Risk Management/Treasury, the Consultant shall furnish to the Authority a certified copy of each policy itself, including the provisions establishing premiums.

2) Renewal certificates of insurance or policies shall be delivered via e-mail to the Authority's ED/DED at least fifteen (15) days prior to the expiration date of each expiring policy. The General Manager, Risk Management must approve the renewal certificate(s) of insurance before work can resume. If at any time any of the certificates or policies shall become unsatisfactory to the Authority, the Consultant shall promptly obtain a new and satisfactory certificate and policy.

3) If at any time the above liability insurance should be canceled, terminated, or modified so that the insurance is not in effect as above required, then, if the General Manager shall so direct, the Consultant shall suspend performance of the Agreement at the premises. If the Agreement is so suspended, no extension of time shall be due on account thereof. If the Agreement is not suspended (whether or not because of omission of the General Manager to order suspension), then the Authority may, at its option, obtain insurance affording coverage equal to the above required, the cost of such insurance to be payable by the Consultant to the Authority.

4) The requirements for insurance procured by the Consultant shall not in any way be construed as a limitation on the nature or extent of the contractual obligations assumed by the Consultant under this Agreement. The insurance requirements are not a representation by the Authority as to the adequacy of the insurance to protect the Consultant against the obligations imposed on them by law or by this or any other Agreement.

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



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

- A. been indicted or convicted in any jurisdiction;
- B. been suspended, debarred, found not responsible or otherwise disqualified from entering into any agreement with any governmental agency or been denied a government agreement for failure to meet standards related to the integrity of the Consultant;
- C. had an agreement terminated by any governmental agency for breach of agreement or for any cause based in whole or in part on an indictment or conviction;
- D. except as disclosed in Letter dated June 9 and attached hereto as Attachment A, ever used a name, trade name or abbreviated name, or an Employer Identification Number different from those inserted in the Proposal;
- E. had any business or professional license suspended or revoked or, within the five years prior to proposal opening, had any sanction imposed in excess of \$50,000 as a result of any judicial or administrative proceeding with respect to any license held or with respect to any violation of a federal, state or local environmental law, rule or regulation;
- F. had any sanction imposed as a result of a judicial or administrative proceeding related to fraud, extortion, bribery, proposal rigging, embezzlement, misrepresentation or anti-trust regardless of the dollar amount of the sanctions or the date of their imposition; and
- G. been, and is not currently, the subject of a criminal investigation by any federal, state or local prosecuting or investigative agency and/or a civil anti-trust investigation by any federal, state or local prosecuting or investigative agency.

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

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

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



D. this organization has not made any offers or agreements or taken any other action with respect to any Authority employee or former employee or immediate family member of either which would constitute a breach of ethical standards under the Code of Ethics dated April 11, 1996 (a copy of which is available upon request to the individual named in the clause hereof entitled "Consultant's Questions"), nor does this organization have any knowledge of any act on the part of an Authority employee or former Authority employee relating either directly or indirectly to this organization which constitutes a breach of the ethical standards set forth in said Code;

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

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

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

The foregoing certifications shall be deemed to be made by the Consultant as follows:

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

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

Moreover, the foregoing certifications, if made by a corporate Consultant, shall be deemed to have been authorized by the Board of ED/DEDs of the Consultant, and such authorization shall be deemed to include the signing and submission of the proposal and the inclusion therein of such certification as the act and deed of the corporation.

In any case where the Consultant cannot make the foregoing certifications, the Consultant shall so state and shall furnish with the signed proposal a signed statement, which sets forth in detail the reasons therefor. If the Consultant is uncertain as to whether it can make the foregoing certifications, it shall so indicate in a signed statement furnished with its proposal, setting forth in such statement the reasons for its uncertainty. With respect to the foregoing certification in paragraph "24G.", if the Consultant cannot make the certification, it shall provide, in writing, with the signed proposal: (i) a list of the name(s), address(es), telephone number(s), and place(s)



of principal employment of each such individual or organization; and (ii) a statement as to whether such individual or organization has a "financial interest" in this Agreement, as described in the Procurement Disclosure policy of the Authority (a copy of which is available upon request to the ED/DED of the Procurement Department of the Authority). Such disclosure is to be updated, as necessary, up to the time of award of this Agreement. As a result of such disclosure, the Authority shall take appropriate action up to and including a finding of non-responsibility.

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

Notwithstanding that the Consultant may be able to make the foregoing certifications at the time the proposal is submitted, the Consultant shall immediately notify the Authority in writing during the period of irrevocability of proposals on this Agreement or any extension of such period of any change of circumstances which might under this clause make it unable to make the foregoing certifications or require disclosure. The foregoing certifications or signed statement shall be deemed to have been made by the Consultant with full knowledge that they would become a part of the records of the Authority and that the Authority will rely on their truth and accuracy in awarding this Agreement. In the event that the Authority should determine at any time prior or subsequent to the award of this Agreement that the Consultant has falsely certified as to any material item in the foregoing certifications or has willfully or fraudulently furnished a signed statement which is false in any material respect, or has not fully and accurately represented any circumstance with respect to any item in the foregoing certifications required to be disclosed, the Authority may determine that the Consultant is not a responsible Consultant with respect to its proposal on the Agreement or with respect to future proposals on Authority agreements and may exercise such other remedies as are provided to it by the Agreement with respect to these matters. In addition, Consultants are advised that knowingly providing a false certification or statement pursuant hereto may be the basis for prosecution for offering a false instrument for filing (see, e.g. New York Penal Law, Section 175.30 et seq.). Consultants are also advised that the inability to make such certification will not in and of itself disqualify a Consultant, and that in each instance the Authority will evaluate the reasons therefor provided by the Consultant.

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

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

Consultants are advised that the Authority has adopted a policy to the effect that in awarding its agreements it will honor any determination by an agency of the State of New York or New Jersey that a Consultant is not eligible to propose on or be awarded public agreements because



the Consultant has been determined to have engaged in illegal or dishonest conduct or to have violated prevailing rate of wage legislation.

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

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

#### 25. NO GIFTS, GRATUITIES, OFFERS OF EMPLOYMENT, ETC.

During the term of this Agreement, the Consultant shall not offer, give or agree to give anything of value either to an Authority employee, agent, job shopper, Consultant, construction manager or other person or firm representing the Authority, or to a member of the immediate family (i.e., a spouse, child, parent, brother or sister) of any of the foregoing, in connection with the performance by such employee, agent, job shopper, Consultant, construction manager or other person or firm representing the Authority of duties involving transactions with the Consultant on behalf of the Authority, whether or not such duties are related to this Agreement or any other Authority agreement or matter. Any such conduct shall be deemed a material breach of this Agreement.

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

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

In addition, during the term of this Agreement, the Consultant shall not make an offer of employment or use confidential information in a manner proscribed by the Code of Ethics and Financial Disclosure dated April 11, 1996 (a copy of which is available upon request to the Office of the Secretary of the Authority). Without the express written approval of the ED/DED, you shall keep confidential, and shall require your employees, your subconsultants, and your



*subconsultant's employees to keep confidential a) all information disclosed by the Authority or its consultants to you or b) developed by you or your subconsultants in the performance of services hereunder. Disclosure of any such information shall constitute a material breach of the Agreement.*

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

## 26. CONFLICT OF INTEREST

During the term of this Agreement, the Consultant shall not participate in any way in the preparation, negotiation or award of any agreement (other than an agreement for its own services to the Authority) to which it is contemplated the Authority may become a party, or participate in any way in the review or resolution of a claim in connection with such an agreement if the Consultant has a substantial financial interest in the Consultant or potential Consultant of the Authority or if the Consultant has an arrangement for future employment or for any other business relationship with said Consultant or potential Consultant, nor shall the Consultant at any time take any other action which might be viewed as or give the appearance of conflict of interest on its part. If the possibility of such an arrangement for future employment or for another business arrangement has been or is the subject of a previous or current discussion, or during the course of performance of this Agreement the Consultant has reason to believe such an arrangement may be the subject of future discussion, or if the Consultant has any financial interest, substantial or not, in a Consultant or potential Consultant of the Authority, and if the Consultant's participation in the preparation, negotiation or award of any agreement with such a Consultant or the review or resolution of a claim in connection with such an agreement is contemplated or if the Consultant has reason to believe that any other situation exists which might be viewed as or give the appearance of a conflict of interest, the Consultant shall immediately inform the ED/DED in writing of such situation giving the full details thereof. Unless the Consultant receives the specific written approval of the ED/DED, the Consultant shall not take the contemplated action which might be viewed as or give the appearance of a conflict of interest. In the event the ED/DED shall determine that the performance by the Consultant of a portion of its services under this Agreement is precluded by the provisions of this numbered paragraph, or if a portion of the Consultant's said services is determined by the ED/DED to be no longer appropriate because of such preclusion, then the ED/DED shall have full authority on behalf of both parties to order that such portion of the Consultant's services not be performed by the Consultant, reserving the right, however, to have the services performed by others and any *lump sum compensation payable hereunder which is applicable to the deleted work shall be equitably adjusted by the parties.*

The Consultant's execution of this document shall constitute a representation by the Consultant that at the time of such execution the Consultant knows of no circumstances, other than those disclosed by Letter dated June 9, 2011 and attached hereto as Attachment B, present or anticipated which come within the provisions of this paragraph or which might otherwise be viewed as or give the appearance of a conflict of interest on the Consultant's part. The Authority acknowledges that the Consultant advises a number of clients that provide security related



services to various government and private sector entities, to include other critical infrastructure. Although other of Consultant's clients may currently do business with the Authority or may seek to do business with the Authority in the future, the mere existence of an advisory relationship is insufficient to create a conflict of interest or the appearance thereof where the scope of services provided to the client is 1) unrelated to the Authority; and 2) the Consultant abides by employment and use of confidential information restrictions imposed in section 25. The Consultant acknowledges that the Authority may preclude it from involvement in certain disposition/privatization initiatives or transactions that result from the findings of its evaluations hereunder or from participation in any agreements which result, directly or indirectly, from the services provided by the Consultant hereunder.

## 27. DEFINITIONS

As used in sections 22 to 26 above, the following terms shall mean:

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

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

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

Officer - Any individual who serves as chief executive officer, chief financial officer, or chief operating officer of the Consultant by whatever title(s) known.

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

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

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

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



**THE PORT AUTHORITY OF NY & NJ**

THE CHERTOFF GROUP, LLC

- PAGE 14 -

JUNE 13, 2011

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

Very truly yours,

THE PORT AUTHORITY OF  
NEW YORK AND NEW JERSEY

ACCEPTED:  
Chertoff Group, LLC

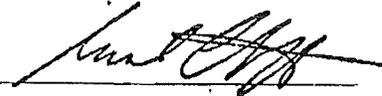
Christopher O. Ward  
Executive Director

Date

By:

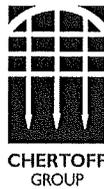
Title:

Date:



Michael Chertoff, Chairman

June 15, 2011



June 1, 2012

The Port Authority of New York and New Jersey  
225 Park Avenue South, 15th Floor  
New York, New York 10003  
Attention: Executive Director Patrick Foye  
Deputy Executive Director William Baroni

Dear Messrs. Foye and Baroni:

This letter agreement (the "*Agreement*") confirms that The Port Authority of New York and New Jersey (the "*Port Authority*") has engaged The Chertoff Group, LLC ("*Chertoff Group*") to act as its consultant on the matters more fully described in the Port Authority's Board of Commissioners Security Resolution of April 25, 2012 (the "*Resolution*"). This Agreement confirms the terms of Chertoff Group's engagement.

1. Services. The services that Chertoff Group will provide the Port Authority under this Agreement are described in *Annex A* (the "*Services*").

2. Fees. Chertoff Group's fees for the Services will be determined on the basis of Chertoff Group's regular hourly rates for its staff listed on *Annex B*, less a discount of 20%, capped at \$650,000 for the initial phase of the project.

3. Costs and Expenses. In addition to any fees payable to Chertoff Group, the Port Authority will reimburse Chertoff Group upon request, from time to time, for charges for support services incurred on the Port Authority's behalf, such as printing, duplicating, telecommunications, mail, deliveries and the like, as well as out-of-pocket costs and expenses incurred by Chertoff Group in entering into this Agreement and performing the Services (including economy-class travel costs and the fees and disbursements of Chertoff Group's outside legal counsel and other third party vendors), without markup.

4. Payments. The Port Authority will pay Chertoff Group's invoices for fees, costs and expenses within 30 days of receipt. Fees shall be payable by electronic fund transfer in accordance with Chertoff Group's written instructions to the Port Authority. If any invoice remains unpaid for more than 90 days, Chertoff Group may cease performing Services until satisfactory arrangements have been made for payment of outstanding invoices and payment of future invoices.

5. Termination. This Agreement may be terminated by the Port Authority or Chertoff Group at any time and for any reason effective upon receipt of written notice to that effect by the other party. Upon such termination, Chertoff Group shall be entitled to the payment of all fees as set forth in Section 2 hereof that are accrued and not yet paid at the time of such

230 Park Avenue South  
NEW YORK, NY 10003  
T. 212.614.4224 | F. 202.330.5505  
www.chertoffgroup.com

termination, together with any costs and expenses incurred by Chertoff Group under Section 3 through the time of such termination.

The parties hereby agree to terminate the Agreement, dated [June 1, 2011], between Chertoff Group and the Port Authority captioned "Performance of Expert Professional Organizational and Operational Review as Requested on an As-Needed Basis." Neither of the parties shall have any surviving obligations under such Agreement, except that (i) Chertoff Group remains obligated to deliver to the Port Authority a [final report] as contemplated by Section \_\_\_ thereof and (ii) the Port Authority remains obligated to pay to Chertoff Group its final invoices delivered in accordance with Section 7 thereof.

6. Status and Nature of Roles, Etc. The Port Authority acknowledges and agrees that Chertoff Group has been retained to act as an advisor solely to the Port Authority, and not as an advisor to any other person, and the Port Authority's engagement of Chertoff Group is not intended to confer rights upon any person (including employees or creditors of the Port Authority) not a party hereto as against Chertoff Group or its principals, directors, officers, employees or agents, successors or assigns. Unless otherwise expressly agreed to by Chertoff Group in writing, no one other than the Port Authority is authorized to rely upon the Port Authority's engagement of Chertoff Group or any statement, advice or conduct of Chertoff Group. Chertoff Group's role herein is that of an independent contractor and nothing contained herein shall be deemed to create any association, partnership, joint venture, or relationship of principal and agent, master and servant, or employer and employee, or to provide either party with the right, power or authority, whether express or implied, to create any such duty or obligation on behalf of the other party. In no event is anything herein intended to create or shall be construed as creating a fiduciary relationship between Chertoff Group and the Port Authority or any of the Port Authority's stakeholders, and the Port Authority hereby disclaims any such fiduciary relationship.

The Port Authority acknowledges and agrees that, in providing the Services, neither Chertoff Group nor any of its principals, directors, officers, employees or agents is engaging in the practice of law under this Agreement, and no attorney-client relationship exists, or will arise, as a result of the Services hereunder; and the Port Authority understands that it is the Port Authority's responsibility to seek the advice of its own legal counsel with respect to any legal issues that may arise from time to time in respect of the subject matter of the Services.

7. Confidentiality. With respect to any information supplied in connection with this Agreement and designated by either party as confidential, the other party agrees to protect the confidential information in a reasonable and appropriate manner, and use confidential information only to perform its obligations under this Agreement and for no other purpose. This will not apply to information which is (i) publicly known, (ii) already known to the recipient, (iii) lawfully disclosed by a third party, (iv) independently developed or (v) disclosed pursuant to legal requirement or order.

8. Conflicts and Disclosure. Chertoff Group and its affiliates are involved in a wide range of advisory and other activities from which conflicting interests or duties may arise. Subject to Section 7, Chertoff Group will not have any duty to disclose to the Port Authority or

utilize for the Port Authority's benefit any non-public information acquired in the course of providing services to any third party, engaging in any transaction, or otherwise carrying on its business. In addition, in the ordinary course of business, Chertoff Group and its affiliates may provide advisory or other services to, or have other relationships with, companies that may be customers, counterparties or competitors of the Port Authority or that may otherwise have relationships with the Port Authority. Chertoff Group shall have no obligation to disclose to the Port Authority any information it receives as a result of such activities, or the fact that it is in possession of such information, and Chertoff Group shall have no obligation to use any such information for the benefit of, or on behalf of, the Port Authority.

9. Materials and Work Product. Within 30 days after the termination of this Agreement, the Port Authority may request that Chertoff Group (i) return to the Port Authority all documents or copies of documents that the Port Authority provided to Chertoff Group and, subject to the succeeding paragraph, all work papers, reports or other documents that Chertoff Group prepared pursuant to this Agreement or (ii) destroy such materials. If the Port Authority does not timely request one of these options for disposition of materials, Chertoff Group may elect either option. Notwithstanding the forgoing, Chertoff Group will have the right to retain a copy of Chertoff Group's reports and work papers for internal use.

Upon full payment of all amounts due to Chertoff Group in connection with this Agreement, all right, title and interest in any deliverables Chertoff Group provides to the Port Authority will become the Port Authority's sole and exclusive property, except as set forth below. Chertoff Group will retain sole and exclusive ownership of all right, title and interest in its work papers, proprietary information, processes, methodologies and know how, including such information as existed prior to the delivery of the Services and, to the extent such information is of general application, anything which Chertoff Group may discover, create or develop during the provision of the Services.

10. Indemnification: The Port Authority shall indemnify and hold harmless Chertoff Group from and against, and shall pay or reimburse Chertoff Group on demand for, any and all losses, damages, claims, liabilities, costs or expenses (including the fees and disbursements of counsel and any and all costs and expenses incurred in investigating, preparing or defending any pending action or proceeding or any claim whatsoever) arising out of or relating to the Resolution, the Services or this Agreement (including any services or activities prior to the date of this Agreement), except that the Port Authority shall not be responsible under this paragraph for any loss, damage, claim, liability, cost or expense to the extent it is finally determined by a court having jurisdiction in a final, non-appealable judicial determination to have resulted primarily from Chertoff Group's willful misconduct, bad faith or gross negligence.

If for any reason the foregoing indemnity is unavailable or insufficient to hold Chertoff Group harmless (except by reason of the willful misconduct, bad faith or gross negligence of Chertoff Group), the Port Authority shall contribute to amounts paid or payable by Chertoff Group in respect of any such losses, damages, claims, liabilities, costs or expenses in such proportion as is appropriate to reflect not only the relative benefits received by the Port Authority on the one hand and Chertoff Group on the other hand, but also the relative fault of the Port Authority and Chertoff Group as well as any other equitable considerations, subject to the

limitation that, in any event, Chertoff Group's aggregate contribution in respect of any such losses, damages, claims, liabilities, costs or expenses will not exceed the fees actually received by Chertoff Group pursuant to this Agreement.

The Port Authority agrees that the indemnification, contribution and reimbursement commitments set forth in this Section 10 shall apply whether or not Chertoff Group is a formal party to any lawsuits, claims or other proceedings, and that Chertoff Group is entitled to retain separate counsel of its choice and at the Port Authority's expense in connection with any of the matters to which such commitments relate.

The foregoing provisions of this Section 10 shall extend, upon the same terms and conditions, to the benefit of each affiliate of Chertoff Group and each principal, director, officer, employee and agent of, and each person, if any, who may be deemed to control, Chertoff Group or any affiliate of Chertoff Group, and to the benefit of each principal, director, officer, employee and agent of all such controlling persons, and the respective successors, assigns, heirs and personal representatives of each of the foregoing persons. The indemnification, contribution and reimbursement commitments set forth in this Section 10 shall be in addition to any liability the Port Authority may otherwise have to Chertoff Group.

The Port Authority will not, without the prior written consent of Chertoff Group, compromise or settle any litigation, proceeding or other action relating to Chertoff Group's engagement under this Agreement unless such compromise or settlement (i) includes an express, complete and unconditional release of Chertoff Group and its affiliates (and their respective control persons, principals, directors, officers, employees and agents) with respect to all claims asserted in such litigation, proceeding or action or relating to Chertoff Group's engagement under this Agreement, which release shall be set forth in an instrument signed by all parties to such settlement, and (ii) does not include any factual or legal admission or other statement by or with respect to the character, professionalism, due care, loyalty, expertise or reputation of Chertoff Group or any of its affiliates (or any of their respective control persons, principals, directors, officers, employees or agents) or any action, failure to act, fault or culpability of any such person.

Each party agrees to notify the other party promptly of the assertion against it or any other person of any claim or the commencement of any action or proceeding relating to this engagement.

11. Survival. The provisions of (i) the second sentence of the first paragraph of Section 5 (and the related provisions of Sections 2 and 3), (ii) the second paragraph of Section 5 and (iii) Sections 6, 7, 8, 9, 10, 12, 13, 14 and 15 and this Section 11 shall each survive any termination of Chertoff Group's engagement hereunder.

**12. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.**

13. Construction. Except where the context requires otherwise, whenever used in this Agreement, the singular includes the plural, the plural includes the singular, the use of any gender is applicable to all genders and the word “or” has the inclusive meaning represented by the phrase “and/or.” The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

14. Notices. All Notices to be given hereunder shall be effective upon receipt and shall be in writing and personally delivered or mailed, first class mail, postage prepaid or given by email, telecopy or other similar means (followed with confirmation by mail), at the following address or such other address as may hereafter be designated, in writing, by the respective party in accordance with this Section 14:

If to Chertoff Group:

The Chertoff Group, LLC  
230 Park Avenue South  
New York, N.Y. 10003  
Email: richard.falkenrath@chertoffgroup.com  
Telecopy: (202) 330-5505  
Attention: Richard Falkenrath

If to the Port Authority:

The Port Authority of New York and New Jersey  
225 Park Avenue South, 15th Floor  
New York, New York 10003  
Email:  
Telecopy:  
Attention: Executive Director Patrick Foye  
Deputy Executive Director William Baroni

15. General. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing signed by both Chertoff Group and the Port Authority. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement. This Agreement shall be binding upon the Port Authority and Chertoff Group and their respective successors and assigns. Headings are provided in this Agreement for convenience only and are not intended to be a part of this Agreement.

If the foregoing correctly sets forth our understanding, please indicate your acceptance thereof in the space provided below, whereupon this Agreement and your acceptance shall constitute a binding agreement between us.

Very truly yours,

THE CHERTOFF GROUP, LLC

By: \_\_\_\_\_  
Name:  
Title:

Accepted and agreed to as of  
the date first written above:

THE PORT AUTHORITY OF  
NEW YORK AND NEW JERSEY

By: \_\_\_\_\_  
Name:  
Title:

PUTNEY, TWOMBLY, HALL & HIRSON LLP

ESTABLISHED 1866

COUNSELORS AT LAW

521 FIFTH AVENUE

NEW YORK, NEW YORK 10175

(212) 682-0020

TELEFAX: (212) 682-9360

PUTNEYLAW.COM

DANIEL F. MURPHY, JR.  
MICHAEL T. McGRATH  
THOMAS A. MARTIN  
WILLIAM M. POLLAK  
JAMES E. McGRATH, III  
CHRISTOPHER M. HOULIHAN  
THOMAS M. LAMBERTI  
STEPHEN J. MACRI  
HARVEY I. SCHNEIDER  
MARY ELLEN DONNELLY  
JOSEPH B. CARTAFALSA  
GEOFFREY H. WARD  
ANDREA HYDE  
E. PARKER NEAVE  
MARK A. HERNANDEZ  
JAMES M. STRAUSS  
PHILIP H. KALBAN  
SEAN H. GLOBE  
LANSING R. PALMER  
JEROME P. COLEMAN  
BARBARA M. MAISTO  
CARYN B. KEPPLER

740 BROAD STREET, SUITE B  
SHREWSBURY, NEW JERSEY 07702  
(732) 379-8020  
(732) 348-9444

1205 FRANKLIN AVENUE  
GARDEN CITY, NY 11530  
(516) 746-0070  
TELEFAX: (516) 746-0599

2000 GLADES ROAD  
SUITE 300  
BOCA RATON, FLORIDA 33431  
(800) 935-8480  
TELEFAX: (561) 613-4100

COUNSEL  
CHARLES J. GROPPE  
ALEXANDER NEAVE  
DUSTAN T. SMITH

July 3, 2012

Executive Director Patrick Foye  
Deputy Executive Director William Baroni  
The Port Authority of New York and New Jersey  
225 Park Avenue South  
15<sup>th</sup> Floor  
New York, NY 10003

The Honorable Michael Chertoff  
Chertoff Group, LLC  
230 Park Avenue, South  
Fourth Floor  
New York, NY 10003

Dear Messrs. Foye, Baroni, and Chertoff:

Thank you very much for asking Putney, Twombly, Hall & Hirson LLP ("us" or the "Firm") to represent the Port Authority of New York and New Jersey and its subsidiaries and affiliates (collectively, the "Port Authority") and The Chertoff Group (each, a "Client," and collectively, "the Clients"), in connection with legal services related to the Port Authority's security-related programs, including but not limited to providing legal support to the transition team established by the Board of Commissioners Security Resolution of April 25, 2012 (the "Resolution"). As you know, the Firm has had preliminary discussions with The Chertoff Group, which was named in the Resolution, subject to the authority of Executive Director Patrick Foye and Deputy Executive Director William Baroni, as the entity responsible for overseeing the day-to-day affairs of the transition team.

We are writing to confirm the terms of our engagement regarding such representation. Unless otherwise agreed, the terms of this letter shall apply to this representation and any additional matters that we handle on behalf the Clients.

Common Interest Privilege. The Clients agree and understand that each entity is a client of the Firm and that they share a common interest in the successful completion of the Project,

such that the sharing of information between the Clients regarding factual and legal issues presented in the Project is both expected and desirable. The Clients anticipate and acknowledge that litigation and/or contested matters may arise in connection with the Project and that they will share substantially similar legal interests in the event such litigation and/or contested matters do arise. The Clients further agree that these substantially similar legal interests establish a valid common-interest privilege between and amongst the Clients, the Firm, and any other counsel representing a Client individually with respect to the Project.

It is the Clients' mutual desire and intent by this letter to protect from disclosure any and all information and/or documents shared exclusively among the Clients, the Firm, members or employees of the Firm, any other counsel representing the Clients, and experts, including, but not limited to, the sharing of counsel's thoughts, impressions and analysis of the issues concerning the Project, strategy, witness or other interviews and reports of experts and consultants, correspondence, interview notes, memoranda, drafts of documents, chronologies, digests, summaries, and documents reflecting oral or written communications between the Parties and counsel as well as oral communications (including, without limitation, communications among counsel, and interviews, whether conducted jointly or not, of potential witnesses) concerning or related to the Project (collectively referred to herein as "Common Interest Communications and Materials"), to the greatest extent allowed by applicable state, federal or other law and regardless of whether of any shared documents are marked "Confidential" or by any other designation.

The Clients desire to confirm in writing their understanding that the Clients and the Firm each intend that the sharing among and/or between them and/or counsel of Common Interest Communications and Materials shall neither constitute nor be construed as a waiver of any attorney-client, work product, or any other applicable privilege or protection and that all applicable privileges shall be and hereby are preserved to the full extent authorized by law. More specifically, shared Common Interest Communications and Materials shall remain confidential, protected and immune from disclosure to any third party, by the common-interest privilege, the attorney-client privilege, joint defense privilege, and the work product doctrine and all other privileges and immunities. Neither participation in this arrangement nor the exchange of Common Interest Communications and Materials shall waive any privilege or protection which otherwise might apply. Each Client to this letter shall handle the Common Interest Communications and Materials in a way that preserves and maximizes their confidentiality. If any third party requests or demands any Common Interest Communications and Materials from any of the Clients or the Firm, by subpoena or otherwise, the recipient of such request or demand will immediately notify the originating Client/Firm and each Client and/or the Firm so notified will take all steps necessary to permit the assertion of all applicable rights and privileges with respect to such Common Interest Communications and Materials, and shall cooperate fully with such other Client and/or the Firm in any judicial or other proceeding to protect against the disclosure of the Common Interest Communications and Materials.

Subject to the Port Authority's Freedom of Information Code, except as necessary to enforce the terms of this letter, no Client will disclose the existence of this letter to any third party, provided, however, that the Clients may disclose the existence of this letter to their respective agents or to a court for purposes of enforcing the terms of this letter. This letter applies to all shared Common Interest Communications and Materials, including those oral

communications that may have occurred, and documents that may have been exchanged, prior to the execution of this letter. The privileges and other disclosure immunities asserted pursuant to this letter may not be waived by any one party without the prior written consent of all the other parties to this letter, except that any party may disclose or use privileged communications or materials which it originated in its own discretion. The confidentiality obligations relating to the Common Interest Communications and Materials set forth herein shall survive and remain in full force and effect notwithstanding any termination of the Firm's representation of one or more of the Clients or the completion of the Project.

**Legal Fees.** We shall bill the Port Authority for services rendered for the Port Authority and The Chertoff Group based on the actual time spent on this matter. The Port Authority agrees to pay legal fees for any and all services rendered by the Firm for any of the Clients. This includes time spent in factual analysis, legal research, conducting interviews, preparation of memoranda, interoffice conferences among the legal team members, telephone calls, correspondence, e-mails, and travel to and from meetings on the Clients' behalf.

Our normal billing practice is to determine fees by multiplying the number of hours spent working on a matter by our regular and customary billing rates for similar services performed by the firm. The minimum billing increment is ordinarily 1/6 hour. The Firm agrees to discount its invoices for total fees for services rendered (excluding costs, expenses and disbursements) by 10 percent, provided payment is received within 30 days. If payment is received within 60 days, but not 30 days, the discount will be 5 percent. After 60 days, there will be no discount. My effective current hourly rate is \$495. I will also enlist the services of other attorneys and personnel employed with the firm, including: Partners, whose effective hourly rates currently range from \$425 to \$495; senior counsel and associates, whose resulting effective hourly rates, based upon seniority, currently range from \$250 to \$485; and paralegals, whose resulting effective hourly rates currently range from \$195 to \$210. These rates, however, may be changed by the firm in the future, in which case new rates will apply to all work performed thereafter.

The Firm and The Chertoff Group will have regular meetings to discuss projected fees in advance of particular projects related to work with The Chertoff Group. The Chertoff Group shall review those portions of the Firm's bills that relate to work with The Chertoff Group prior to submission to the Port Authority.

With the prior approval of the Port Authority, the Firm may engage additional, outside experts or services to support the transition team. The Firm has engaged Linn & Logan Consulting, Inc. to provide the Firm with necessary expertise regarding the Clients' economic data, financial information and other non-legal concepts that are essential for the Firm to offer sufficient legal advice to the Clients. The Firm's engagement and retention of Linn & Logan is approved with the acceptance of this letter. The Firm's engagement agreement with Linn & Logan provides that all reports or work papers or other documents prepared by Linn & Logan in connection with the engagement will be considered attorney work product, to be used only for the Firm's purpose in counseling the Clients. As determined on a case-by-case basis, the fees for such outside experts or services may appear as an itemized expense on the Firm's invoices to the Port Authority and will be paid by the Port Authority.

**Disbursements.** We shall also bill for disbursements incurred in connection with this matter. These may include consultants' fees, filing fees, expert reports, messenger service, Federal Express, photocopies, telecopies, long distance telephone calls, word processing charges, administrative and support personnel overtime charges, and the cost of transportation and meals.

Attached is a list of the schedule upon which we will bill the Port Authority for certain disbursements we make on the Parties' behalf and charges for certain services. In some cases, we may request that the Port Authority pay substantial disbursements in advance; in others, we may request that the Port Authority pay disbursements directly.

**Billing Procedures.** We will render monthly bills for legal fees and disbursements. All bills are due and payable upon receipt. If an amount due to us is not paid within 30 days of the date of our bill, the Port Authority agrees that we may suspend or stop any work or services on this matter. Upon receipt of our bills, you should review them promptly and bring to our attention any question or objection you may have. We will not charge the Port Authority for any time spent in discussing our bills.

**Permitted Representations.** The Firm represents numerous clients, nationally and internationally, over a wide variety of industries and businesses and in a wide variety of matters.

Consequently, as an integral part of the engagement, this letter confirms our mutual agreement, that the Firm may represent current or future clients, whether with respect to counseling, transactional matters, or other non-litigation matters; whether or not on a basis adverse to the Clients so long as those matters are not related to the Project and so long as the Firm takes appropriate measures to separate the Firm's team representing the Clients and the Firm's team representing the other clients. Such matters are referred to as "Permitted Representations." Permitted Representations do not include the Firm's representation of adverse parties to the Clients in litigation matters.

This letter also confirms our mutual agreement that neither (a) the Firm's representation of the Clients, or (b) the Firm's actual, or possible, possession of confidential information belonging to the Clients, will be asserted as a basis to disqualify the Firm from representing other clients in Permitted Representations, and that Permitted Representations do not breach any duty that the Firm owes to the Clients. The Firm will take internal precautions in order to protect confidential information that is disclosed to the Firm by the Clients. The Clients understand that similar precautions shall be taken with respect to confidential information that is in its possession belonging to other clients.

**Termination of Representation.** Without limiting in any way our general legal and ethical rights to withdraw from representing the Parties for good cause, it is agreed that sufficient cause for withdrawal shall exist if any of our invoices to the Port Authority for legal fees, disbursements and/or charges remain outstanding for a period of 90 days. If we elect to terminate our services and decline to represent any of the Parties further, our right to be paid all our previously incurred, but unpaid fees, charges and disbursements will not be affected.

**Rights Upon Discharge.** The Parties have the right to discharge us at any time. If the Parties do, our right to be paid all our previously incurred, but unpaid fees, charges and disbursements will not be affected.

In the event that a dispute arises between us relating to our fees, the Port Authority may have the right to arbitration of the dispute pursuant to Part 137 of the Rules of the Chief Administrator of the Courts of New York State, a copy of which will be provided to you upon request.

**Publicity.** The Firm will not issue or permit to be issued any press release, advertisement, or literature of any kind, which refers to either Client or the services performed in connection with the Project, unless the Firm obtains the written approval of such Client. Such approval may be withheld if for any reason the Client believes that the publication of such information would be harmful to the public interest or is in any way undesirable.

Please acknowledge that you have read this letter in its entirety, fully understand its terms, and that it accurately reflects our understanding by signing and returning to me the enclosed copy of this letter.

We look forward to representing you.

Very truly yours,

*Daniel F. Murphy, Jr.*

Daniel F. Murphy, Jr.

*[Handwritten signature]*

Agreed to and Accepted on this  
\_\_\_\_ day of July, 2012

*[Handwritten signature]*  
The Port Authority of New York  
and New Jersey

*[Handwritten signature]*  
The Chertoff Group

## SCHEDULE OF CHARGES AND DISBURSEMENTS

Effective July 3, 2012

Attached is a list of disbursements regularly made by Firm lawyers on behalf of clients and charges for services which our firm may provide in the course of a legal matter. Included is an explanation of the basis on which clients are billed for a disbursement or charge.

This schedule is subject to change from time to time.

If you have any questions, please feel free to direct them to Daniel F. Murphy, Jr., or to discuss them with the lawyer at our firm with whom you deal concerning billing issues.

### DISBURSEMENTS

The actual amount to be paid by the Firm to a third party vendor for the following services will be billed to the client:

- Client hand deliveries by outside vendors
- Copying and document retrieval fees charged by government agencies or service companies
- Expert Witness Fees
- Fees of registered agents and corporate service companies
- Filing Fees of Courts and Administrative Agencies
- Food service during conferences and other meetings on behalf of a client
- Messenger Service
- Outside Consultants, including accountants, other law firms, investigators and translators
- Postage
- Printing or Outside Reproduction charges including document binding
- Transcripts, Court Reporters
- Travel on client business, including transportation, lodging and meals provided by third parties
- Velobinding

CHARGES

The charges described below do not necessarily reflect the precise amount we pay to outside vendors, but are intended to compensate our firm for all aspects of the service provided. Thus, these charges may include as allocation of overhead expenses or other expenses we incur that are directly associated with the provision of the service in question.

<u>Type</u>	<u>How Client Is Billed</u>
Automobile travel on client business	\$.55 cents per mile
Computer aided research (Lexis, Westlaw, Nexis, etc.)	Standard rates set by vendor
Fax – incoming only	No charge
Fax – outgoing only	Actual price of cost per call
Overnight deliveries (UPS, etc.)	Provider standard rate tariff
Proofreading services	No charge
Reproduction – black & white	No charge for internal copies
Reproduction – color	No charge for internal copies
Secretarial overtime	\$40/hour
Telephone – local	No charge
Telephone – long distance	Equal to or less than the AT&T Measured Telecommunications Services Tariff
Word Processing services	No charge



ORRICK, HERRINGTON & SUTCLIFFE LLP  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019-6142

tel +1-212-506-5000  
fax +1-212-506-5151

WWW.ORRICK.COM

July 03, 2012

Mike Delikat  
(212) 506-5230  
mdelikat@orrick.com

VIA US MAIL

Executive Director Patrick Foye  
Deputy Executive Director William Baroni  
The Port Authority of New York and New Jersey  
225 Park Avenue South, 15th Floor  
New York, NY 10003

The Honorable Michael Chertoff  
The Honorable Richard Falkenrath  
Chertoff Group, LLC  
230 Park Avenue, South, 4th Floor  
New York, NY 10003

Dear Messrs. Foye, Baroni, Chertoff and Falkenrath:

Thank you very much for asking Orrick ("us" or the "Firm") to represent the Port Authority of New York and New Jersey and its subsidiaries and affiliates (collectively, the "Port Authority") and The Chertoff Group (each, a "Client," and collectively, "the Clients"), in connection with legal services related to the Port Authority's security-related programs, including but not limited to providing legal support to the transition team established by the Board of Commissioners Security Resolution of April 25, 2012 (the "Resolution"). As you know, the Firm has had preliminary discussions with The Chertoff Group, which was named in the Resolution, subject to the authority of Executive Director Patrick Foye and Deputy Executive Director William Baroni, as the entity responsible for overseeing the day-to-day affairs of the transition team.

We are writing to confirm the terms of our engagement regarding such representation. Unless otherwise agreed, the terms of this letter shall apply to this representation and any additional matters that we handle on behalf the Clients.

**Common Interest Privilege.** The Clients agree and understand that each entity is a client of the Firm and that they share a common interest in the successful completion of the Project, such that the sharing of information between the Clients regarding factual and legal issues presented in the Project is both expected and desirable. The Clients anticipate and acknowledge that litigation and/or contested matters may arise in connection with the Project and that they will share substantially similar legal interests in the event such litigation and/or contested matters do arise. The Clients further agree that these substantially similar legal interests establish a valid common-



O R R I C K

Executive Director Patrick Foye  
July 03, 2012  
Page 2

interest privilege between and amongst the Clients, the Firm, and any other counsel representing a Client individually with respect to the Project.

It is the Clients' mutual desire and intent by this letter to protect from disclosure any and all privileged information and/or documents shared exclusively among the Clients, the Firm, members or employees of the Firm, any other counsel representing the Clients, and experts, including, but not limited to, the sharing of counsel's thoughts, impressions and analysis of the issues concerning the Project, strategy, witness or other interviews and reports of experts and consultants, correspondence, interview notes, memoranda, drafts of documents, chronologies, digests, summaries, and documents reflecting oral or written communications between the Parties and counsel as well as oral communications (including, without limitation, communications among counsel, and interviews, whether conducted jointly or not, of potential witnesses) concerning or related to the Project (collectively referred to herein as "Common Interest Communications and Materials"), to the greatest extent allowed by applicable state, federal or other law and regardless of whether of any shared documents are marked "Confidential" or by any other designation.

The Clients desire to confirm in writing their understanding that the Clients and the Firm each intend that the sharing among and/or between them and/or counsel of Common Interest Communications and Materials shall neither constitute nor be construed as a waiver of any attorney-client, work product, or any other applicable privilege or protection and that all applicable privileges shall be and hereby are preserved to the full extent authorized by law. More specifically, shared Common Interest Communications and Materials shall remain confidential, protected and immune from disclosure to any third party, by the common-interest privilege, the attorney-client privilege, joint defense privilege, and the work product doctrine and all other privileges and immunities. Neither participation in this arrangement nor the exchange of Common Interest Communications and Materials shall waive any privilege or protection which otherwise might apply. Each Client to this letter shall handle the Common Interest Communications and Materials in a way that preserves and maximizes their confidentiality. If any third party requests or demands any Common Interest Communications and Materials from any of the Clients or the Firm, by subpoena or otherwise, the recipient of such request or demand will immediately notify the originating Client/Firm and each Client and/or the Firm so notified will take all steps necessary to permit the assertion of all applicable rights and privileges with respect to such Common Interest Communications and Materials, and shall cooperate fully with such other Client and/or the Firm in any judicial or other proceeding to protect against the disclosure of the Common Interest Communications and Materials.

Subject to the Port Authority's Freedom of Information Code, except as necessary to enforce the terms of this letter, no Client will disclose the existence of this letter to any third party, provided, however, that the Clients may disclose the existence of this letter to their respective agents or to a



ORRICK

Executive Director Patrick Foye

July 03, 2012

Page 3

court for purposes of enforcing the terms of this letter. This letter applies to all shared Common Interest Communications and Materials, including those oral communications that may have occurred, and documents that may have been exchanged, prior to the execution of this letter. The privileges and other disclosure immunities asserted pursuant to this letter may not be waived by any one party without the prior written consent of all the other parties to this letter, except that any party may disclose or use privileged communications or materials which it originated in its own discretion. The confidentiality obligations relating to the Common Interest Communications and Materials set forth herein shall survive and remain in full force and effect notwithstanding any termination of the Firm's representation of one or more of the Clients or the completion of the Project.

**Legal Fees.** We shall bill the Port Authority for services rendered for the Port Authority and The Chertoff Group based on the actual time spent on this matter. The Port Authority agrees to pay legal fees for any and all services rendered by the Firm for any of the Clients. This includes time spent in factual analysis, legal research, conducting interviews, preparation of memoranda, interoffice conferences among the legal team members, telephone calls, correspondence, e-mails, and travel to and from meetings on the Clients' behalf.

Our normal billing practice is to determine fees by multiplying the number of hours spent working on a matter by our regular and customary billing rates for similar services performed by the firm. The minimum billing increment is ordinarily 1/10 hour. **Provided payment is received on invoices issued within 60 days from issue**, the Firm agrees to discount its invoices for total fees for services rendered by partners and regular associates (excluding costs, expenses and disbursements) by 25 percent, based on the Firm's prevailing standard billing rates for timekeepers working on the Project. In the event payment is not received within the 60 day time frame, those deep discounts shall not apply and regular rates shall be in effect for such invoices.

One way that Orrick is able to offer the Port Authority unique value and efficiency is through the use of our career associate team and document review services. Orrick led our profession in establishing an in-sourcing center a decade ago in Wheeling, West Virginia (the "GOC") providing lawyers and support staff at rates significantly below those we charge in New York. Today, we have career associates both in our GOC and in our New York office. These "career associates" are full time Orrick lawyers who are expert at process driven tasks such as legal research, due diligence and document review management. We are able attract lawyers and other talent at a cost that is far less than that found at first tier law firms like Orrick, and what we charge for our regular New York based associates. — a savings we pass on to our clients. We continually identify elements of legal services that do not need to be performed at the higher rates of regular associates and partners shift them to our career associate team in New York and other resources the GOC. Our document review services are supervised by our team of full-time reviewers, all with JDs, and staffed with a



ORRICK

Executive Director Patrick Foye

July 03, 2012

Page 4

large pool of contract reviewers with whom we work regularly. We utilize the same information technology platform and security system as well as risk management and security policies that are in place in our practice offices.

You have already met two members of our career associate team, Matt Ahearn and Tricia Alberts who would have a lead role organizing the documents, information and primary legal research required by this project. Ms. Alberts is a managing ediscovery attorney, with extensive experience overseeing document collection and production as well as records and information management experience. Mr. Ahearn, a senior data analytics attorney with experience organizing and mining information and also has substantial experience in the public sector. Patricia would be charged at \$395 an hour and Matt at \$225. We believe Matt will be able to shoulder the majority of the burden on project management of this engagement and first level legal analysis. We have previously provided you with Patricia's and Matt's CV's. Other career associates would be provided at rates no higher than \$295 depending on seniority, and other document management experts at rates no higher than \$225.

The Firm and The Chertoff Group will have regular meetings to discuss projected fees in advance of particular projects related to work with The Chertoff Group. The Chertoff Group shall review those portions of the Firm's bills that relate to work with The Chertoff Group prior to submission to the Port Authority.

With the prior approval of the Port Authority, the Firm may engage additional, outside experts or services to support the transition team. As determined on a case-by-case basis, the fees for such outside experts or services may appear as an itemized expense on the Firm's invoices to the Port Authority and will be paid by the Port Authority.

**Disbursements.** We shall also bill for disbursements incurred in connection with this matter. These may include consultants' fees, filing fees, expert reports, messenger service, Federal Express, photocopies, telecopies, long distance telephone calls, word processing charges, administrative and support personnel overtime charges, and the cost of transportation and meals. In some cases, we may request that the Port Authority pay substantial third party disbursements in advance; in others, we may request that the Port Authority pay disbursements directly.

**Billing Procedures.** We will render monthly bills for legal fees and disbursements. All bills are due and payable upon receipt. If an amount due to us is not paid within 30 days of the date of our bill, the Port Authority agrees that we may suspend or stop any work or services on this matter. Any discount offered will also not be applicable if bills are not paid within 45 days of receipt. Upon receipt of our bills, you should review them promptly and bring to our attention any question or



O R R I C K

Executive Director Patrick Foye

July 03, 2012

Page 5

objection you may have. We will not charge the Port Authority for any time spent in preparing or discussing our bills.

Permitted Representations. The Firm is a large general service firm representing numerous clients, nationally and internationally, over a wide variety of industries and businesses and in a wide variety of matters.

Consequently, as an integral part of the engagement, this letter confirms our mutual agreement, that the Firm may represent current or future clients, whether with respect to counseling, transactional matters, or other non-litigation matters, whether or not on a basis adverse to the Clients so long as those matters are not related to the Project and so long as the Firm takes appropriate measures to separate the Firm's team representing the Clients and the Firm's team representing the other clients. Such matters are referred to as "Permitted Representations." Permitted Representations do not include the Firm's representation of adverse parties to the Clients in litigation matters.

This letter also confirms our mutual agreement that neither (a) the Firm's representation of the Clients, or (b) the Firm's actual, or possible, possession of confidential information belonging to the Clients, will be asserted as a basis to disqualify the Firm from representing other clients in Permitted Representations, and that Permitted Representations do not breach any duty that the Firm owes to the Clients. The Firm will take internal precautions in order to protect confidential information that is disclosed to the Firm by the Clients. The Clients understand that similar precautions shall be taken with respect to confidential information that is in its possession belonging to other clients.

Termination of Representation. Without limiting in any way our general legal and ethical rights to withdraw from representing the Parties for good cause, it is agreed that sufficient cause for withdrawal shall exist if any of our invoices to the Port Authority for legal fees, disbursements and/or charges remain outstanding for a period of 90 days. If we elect to terminate our services and decline to represent any of the Parties further, our right to be paid all our previously incurred, but unpaid fees, charges and disbursements will not be affected.

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In the event that a dispute arises between us relating to our fees, the Port Authority may have the right to arbitration of the dispute pursuant to Part 137 of the Rules of the Chief



ORRICK

Executive Director Patrick Foye  
July 03, 2012  
Page 6

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**Publicity.** The Firm not issue or permit to be issued any press release, advertisement, or literature of any kind, which refers to either Client or the services performed in connection with the Project, unless the Firm obtains the written approval of such Client. Such approval may be withheld if for any reason the Client believes that the publication of such information would be harmful to the public interest or is in any way undesirable.

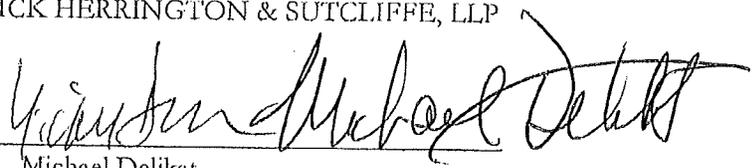
Please acknowledge that you have read this letter in its entirety, fully understand its terms, and that it accurately reflects our understanding by signing and returning to me the enclosed copy of this letter.

We look forward to representing you.

Very truly yours,

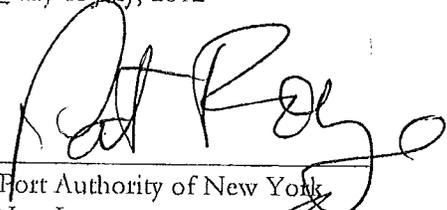
ORRICK HERRINGTON & SUTCLIFFE, LLP

By:

  
Michael Delikat

Agreed to and Accepted on this

3<sup>rd</sup> day of July, 2012

  
The Port Authority of New York  
and New Jersey

  
The Chestoff Group



ORRICK, HERRINGTON & SUTCLIFFE LLP  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019-6142  
*tel* +1-212-506-5000  
*fax* +1-212-506-5151  
WWW.ORRICK.COM

July 23, 2012

Mike Delikat  
(212) 506-5230  
mdelikat@orrick.com

*VIA E-MAIL*

Mr. John Drobny  
Director, Security Project Management  
The Port Authority of New York and New Jersey  
225 Park Avenue South  
New York, NY 10003

Dear Mr. Drobny:

In accordance with the Legal Fee provisions of our engagement letter dated July 3, 2012, we hereby request prior approval to engage FTI Technology for data hosting and team collaboration services. If approved, FTI Technology will implement an industry leading project management system built on Microsoft SharePoint technology under direction from Orrick and with input from the Transition Team. The FTI system, called Evident, is a collaborative, highly secure, Web-based extranet which provides 24/7 access to documents and project status.

**Ex. 1**

Design of the site, loading, and organizing the document collection will be a joint task performed by FTI, Orrick, and Chertoff Group team members guided by Orrick. Our goal is to use the most efficient qualified resource available for each task. We believe that the use of this FTI platform will allow the Transition Team to handle the documents in this matter and perform its responsibility in the most cost effective way. We anticipate that the FTI charges based on our estimate of the volume of documents and a project length of up to 1 year will be in the \$7,000 - \$10,000 range. FTI has agreed to waive its normal monthly hosting fee of \$2,000 for this project.

Once approved, a final definitive letter of engagement between Orrick and FTI Technology will be executed. Our intent is to treat the FTI Technology fees as an itemized expense on Orrick's invoices to the Port Authority.



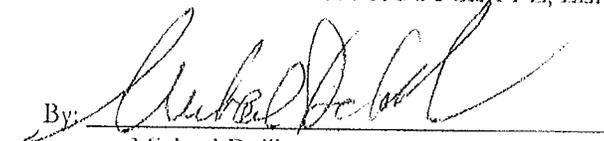
ORRICK

Mr. John Drobny  
Director, Security Project Management  
July 23, 2012  
Page 2

Please let us know if you have any questions, otherwise please sign and return a copy of this letter to the undersigned. The Chertoff Group has approved using this vendor to expedite the handling of relevant documents. Thank you.

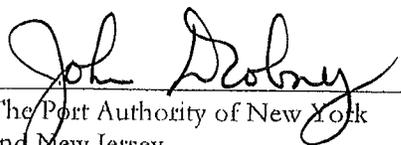
Very truly yours,

ORRICK HERRINGTON & SUTCLIFFE, LLP

By:   
Michael Delikat

Agreed to and Accepted on this

23 day of July, 2012

  
The Port Authority of New York  
and New Jersey

MD/ker

cc: Richard Falkenrath  
Lillian Valenti  
Darrell Buchbinder  
Matt Ahearn  
Elizabeth Cartter



ORRICK, HERRINGTON & SUTCLIFFE LLP  
51 WEST 52ND STREET  
NEW YORK, NEW YORK 10019-6142  
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July 23, 2012

Mike Delikat  
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VIA E-MAIL

Mr. John Drobny  
Director, Security Project Management  
The Port Authority of New York and New Jersey  
225 Park Avenue South  
New York, NY 10003

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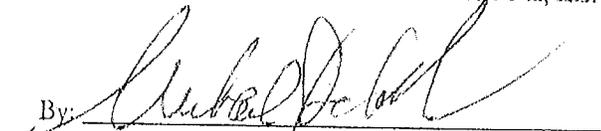
ORRICK

Mr. John Drobny  
Director, Security Project Management  
July 23, 2012  
Page 2

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Very truly yours,

ORRICK HERRINGTON & SUTCLIFFE, LLP

By:   
Michael Delikat

Agreed to and Accepted on this

23 day of July, 2012

  
The Port Authority of New York  
and New Jersey

MD/ker

cc: Richard Falkenrath  
Lillian Valenti  
Darrell Buchbinder  
Matt Ahearn  
Elizabeth Cartter

	Doc. Date	Amt in loc. cur.	Check number	Clearing	Date	I
C	07/06/2012	91,102.50-	1256751	08/30/2012		
C	03/30/2012	3,136.00-	1253823	07/27/2012	08/01/2012	
C	05/14/2012	50,000.00-	1253823	07/27/2012	08/01/2012	
C	06/18/2012	50,000.00-	1253823	07/27/2012	08/01/2012	
C	10/01/2011	1,571.45-	1243431	04/05/2012	04/13/2012	
L	02/17/2012	50,000.00-	1243431	04/05/2012	04/13/2012	
D	03/01/2012	50,000.00-	1243431	04/05/2012	04/13/2012	
D	12/31/2011	25,000.00-	1242645	03/28/2012	04/04/2012	
D	01/01/2012	25,000.00-	1242645	03/28/2012	04/04/2012	
D	01/01/2012	50,000.00-	1242645	03/28/2012	04/04/2012	
D	10/03/2011	50,000.00-	1231787	12/06/2011	12/13/2011	
D	11/01/2011	50,000.00-	1231630	12/05/2011	12/13/2011	
C	09/01/2011	50,000.00-	1227248	10/18/2011	10/26/2011	
C	08/01/2011	50,000.00-	1225209	09/26/2011	10/04/2011	
D	07/28/2011	75,000.00-	1221556	08/12/2011	08/19/2011	
*						
**	<input type="checkbox"/>					
*** Special G/L ind.						



**Chertoff Group, L.L.C.**  
 1110 Vermont Avenue N.W.  
 Suite 1200  
 Washington, DC 20005

ACCOUNTS PAYABLE

**Invoice**

11 AUG -9 AM 9:29

Invoice #: 15  
 Invoice Date: 7/28/2011  
 Due Date: 8/4/2011

**Bill To:**  
 Port Authority of NY & NJ  
 225 Park Avenue South  
 15th Floor  
 New York, NY 10003

Date	Description	Amount
7/28/2011	Consulting revenue 6/15-6/30/11	25,000.00
7/28/2011	Consulting revenue for 7/1-7/31/11	50,000.00
	Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565	

*5200886079*

Please remit payment to:  
 Ms. Debbie Baker  
 Chertoff Group, LLC  
 1110 Vermont Ave., N.W., Ste. 1200  
 Washington, D.C. 20005

Wiring Instructions:  
 First Citizens Bank  
 1717 Pennsylvania Ave. N.W., Ste. 750  
 Washington, D.C. 20006  
 ABA: 053100300  
 For further credit to: Chertoff Group, LLC  
 Account #/

<b>Total</b>	\$75,000.00
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$75,000.00



**Chertoff Group, L.L.C.**  
 1110 Vermont Avenue N.W.  
 Suite 1200  
 Washington, DC 20005

11 SEP 21 AM 10:48

# Invoice

Invoice #: 1010 ✓  
 Invoice Date: 8/1/2011 ✓  
 Due Date: 8/8/2011

**Bill To:**  
 Port Authority of NY & NJ  
 225 Park Avenue South  
 15th Floor  
 New York, NY 10003

Date	Description	Amount
8/1/2011	Consulting services for 8/1-8/31/11  Federal Tax ID # Ex. P.O. #4500062565 1/4	50,000.00 

Please remit payment to:  
 Ms. Debbie Baker  
 Chertoff Group, LLC  
 1110 Vermont Ave., N.W., Ste. 1200  
 Washington, D.C. 20005

Wiring Instructions:  
 First Citizens Bank  
 1717 Pennsylvania Ave. N.W., Ste. 750  
 Washington, D.C. 20006  
 PAY ONLINE at: <https://ipn.intuit.com/xpk34pcr>  
 A.B.A. 053108300  
 For further credit to: Chertoff Group, LLC  
 Account

<b>Total</b>	<b>\$50,000.00</b>
<b>Payments/Credits</b>	<b>\$0.00</b>
<b>Balance Due</b>	<b>\$50,000.00</b> 



**Chertoff Group, L.L.C.**  
 1110 Vermont Avenue N.W.  
 Suite 1200  
 Washington, DC 20005

ACCOUNTS PAYABLE

11 OCT 14 PM 1:25

# Invoice

Invoice #: 1050 ✓  
 Invoice Date: 9/1/2011 ✓  
 Due Date: 9/8/2011

**Bill To:**  
 Port Authority of NY & NJ  
 225 Park Avenue South  
 15th Floor  
 New York, NY 10003

P.O. Number: 4500062565

Terms: Net 7

Date	Description	Amount
9/1/2011	Consulting services for 9/1-9/30/11  Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565	50,000.00

Please remit payment to:  
 Ms. Debbie Eng  
 Chertoff Group, LLC  
 1110 Vermont Ave., N.W., Ste. 1200  
 Washington, D.C. 20005

Wiring Instructions:  
 First Citizens Bank  
 1717 Pennsylvania Ave. N.W., Ste. 750  
 Washington, D.C. 20006  
 ABA: 053100300  
 Pay online at: <https://ipn.intuit.com/xxhgntw4>  
 For further credit to: Chertoff Group, LLC  
 Account:

<b>Total</b>	/ \$50,000.00
<b>Payments/Credits</b>	\$0.00
<b>Balance Due</b>	\$50,000.00

V# 172593

NPP



**Chertoff Group, L.L.C.**

1110 Vermont Avenue N.W.  
Suite 1200  
Washington, DC 20005

ACCOUNTS PAYABLE

11 DEC -2 AM 11:22

**Invoice**

Invoice #: 1112 ✓  
Invoice Date: 11/1/2011 ✓  
Due Date: 11/8/2011

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500062565

Terms Net 7 ✓

Date	Description	Amount
11/1/2011	Consulting services for 11/1-11/30/11	50,000.00
	Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565 ✓	

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1110 Vermont Ave., N.W., Ste. 1200  
Washington, D.C. 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$50,000.00
Payments/Credits	\$0.00
Balance Due	\$50,000.00

V # 172593



**Chertoff Group, L.L.C.**  
1110 Vermont Avenue N.W.  
Suite 1200  
Washington, DC 20005

ACCOUNTS PAYABLE

# Invoice

11 DEC -2 AM 11:22

Invoice #: 1077  
Invoice Date: 10/3/2011  
Due Date: 10/10/2011

**Bill To:**  
Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500062565

Terms Net 7

*NPP*

Date	Description	Amount
10/3/2011	Consulting services for 10/1-10/31/11  Federal Tax ID #: <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565	50,000.00

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, L.L.C  
1110 Vermont Ave., N.W., Ste. 1200  
Washington, D.C. 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, L.L.C  
Account #

<b>Total</b>	<b>\$50,000.00</b>
<b>Payments/Credits</b>	<b>\$0.00</b>
<b>Balance Due</b>	<b>\$50,000.00</b>

**Chertoff Group, L.L.C.**

1110 Vermont Avenue  
Suite 1200  
Washington, DC 20005

**Invoice**

Invoice #: 1179  
Invoice Date: 1/1/2012  
Due Date: 1/8/2012

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 450006265

Terms Net 7

Date	Description	Amount
1/1/2012	Consulting services for 1/1-1/31/12	50,000.00
	Federal ID #. <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. # 50006265	
	Effective April 1, 2012 our offices are moving to: 1399 New York Avenue, NW Suite 900 Washington, DC 20005	

*Unbooked*  
*(SP)*  
*3/28/12*

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1110 Vermont Ave., Ste. 1200  
Writing Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$50,000.00
Payments/Credits	\$0.00
Balance Due	\$50,000.00 ✓

**Chertoff Group, L.L.C.**

1110 Vermont Avenue  
Suite 1200  
Washington, DC 20005

**Invoice**

Invoice #: 1178  
Invoice Date: 1/1/2012  
Due Date: 1/8/2012

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500062565

Terms: Net 7

Date	Description	Amount
1/1/2012	Consulting services for 12/16-12/31/11  Fed tax number: <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565  Effective April 1, 2012 our office are moving to: 1399 New York Avenue, NW Suite 900 Washington, DC 20005	25,000.00

## Please remit payment to:

Ms. Debbie Fng  
Chertoff Group, LLC  
1110 Vermont Ave., Ste. 1200

## Wiring Instructions:

First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300

For further credit to: Chertoff Group, LLC  
Account #

Total	\$25,000.00
Payments/Credits	\$0.00
Balance Due	\$25,000.00 ✓

**Chertoff Group, L.L.C.**

1110 Vermont Avenue  
 Suite 1200  
 Washington, DC 20005

**Invoice**

Invoice #: 1173  
 Invoice Date: 12/31/2011  
 Due Date: 1/7/2012

**Bill To:**

Port Authority of NY & NJ  
 225 Park Avenue South  
 15th Floor  
 New York, NY 10003

P.O. Number: 4500062565

Terms Net 7

Date	Description	Amount
1/9/2012	Consulting services for 12/1-12/15/11	25,000.00
	Federal Tax ID #: <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565	

Please remit payment to:  
 Ms. Debbie Eng  
 Chertoff Group, LLC  
 1110 Vermont Ave., Ste. 1200  
 Wiring Instructions:  
 First Citizens Bank  
 1717 Pennsylvania Ave. N.W., Ste. 750  
 Washington, D.C. 20006  
 ABA: 053100300  
 For further credit to: Chertoff Group, LLC  
 Account:

Total	\$25,000.00
Payments/Credits	\$0.00
Balance Due	\$25,000.00 ✓

V#172593

**Chertoff Group, L.L.C.**

1110 Vermont Avenue  
Suite 1200  
Washington, DC 20005

ACCOUNTS PAYABLE

12 APR -4 AM 10: 09

**Invoice**

Invoice #: 1211  
Invoice Date: 3/1/2012  
Due Date: 3/1/2012

**Bill-To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500062565

Terms

*NPP*

Date	Description	Amount
3/1/2012	Consulting services for 3/1-3/31/12  Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062565          Effective April 1, 2012 our offices will be moving to: 1399 New York Avenue Suite 900 Washington, DC 20005	50,000.00

Please remit payment to:  
Ms. Debbie Eng.  
Chertoff Group, LLC  
1110 Vermont Ave., Ste. 1200  
Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$50,000.00
Payments/Credits	\$0.00
Balance Due	\$50,000.00



V# 172593

**Chertoff Group, L.L.C.**

1110 Vermont Avenue  
Suite 1200  
Washington, DC 20005

ACCOUNTS PAYABLE

12 APR -4 AM 10: 09

**Invoice**

Invoice #: 1101 ✓  
Invoice Date: 10/1/2011  
Due Date: 10/8/2011

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500062565 ✓

Terms Net 7

*NPP*

Date	Description	Amount
	MISCELLANEOUS OUT-OF-POCKET REIMBURSABLE EXPENSES	
7/27/2011	Fogg - Secure Worker Access	334.37
7/27/2011	Falkenrath - Secure Worker Access	334.27
7/28/2011	Ahern - Secure Worker Access	334.27
8/10/2011	Merola - Secure Worker Access	334.27
8/31/2011	Nowicki - Secure Worker Access	334.27
	Reimbursable Expenses Subtotal	1,671.45
	Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span>	

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1110 Vermont Ave., Ste. 1200  
Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$1,671.45
Payments/Credits	\$0.00
Balance Due	\$1,671.45

**Chertoff Group, L.L.C.**

1399 New York Avenue  
Suite 900  
Washington, DC 20005

**Invoice**

Invoice #: 1338  
Invoice Date: 6/18/2012  
Due Date: 7/16/2012

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 45000082555

Terms Net 30

Date	Description	Amount
6/18/2012	Consulting services for 5/1-5/31/12  Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500082555  Project manager: Rich Falkenrath  <i>NPP</i>	50,000.00

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1399 New York Ave., Ste. 900  
Washington, DC 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$50,000.00
Payments/Credits	\$0.00
Balance Due	\$50,000.00

**Chertoff Group, L.L.C.**

1399 New York Avenue  
Suite 900  
Washington, DC 20005

**Invoice**

invoice #: 1307  
Invoice Date: 5/14/2012  
Due Date: 6/13/2012

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number: 4500052585

Terms Net 30

Date	Description	Amount
5/15/2012	Consulting services for 4/1-4/30/12  Federal Tax ID # <span style="border: 1px solid red; padding: 2px;">Ex. 1/4</span> P.O. #4500062585  Project manager Rich Falkenrath	50,000.00

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1399 New York Ave., Ste. 900  
Washington, DC 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$50,000.00
Payments/Credits	\$0.00
Balance Due	\$50,000.00

C.B. Linn  
3-21-12  
ou

**Chertoff Group, L.L.C.**

1399 New York Avenue  
Suite 900  
Washington, DC 20005

**Invoice**

Invoice #: 1241  
Invoice Date: 3/30/2012  
Due Date: 4/6/2012

**Bill To:**  
Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

*address  
change*

P.O. Number:

Terms Net 7

Date	Description	Amount
3/30/2012	Black & white copies for Bob Linn on the PANYNJ project  <div data-bbox="982 808 1144 976" style="border: 1px solid black; border-radius: 50%; width: 80px; height: 80px; display: flex; align-items: center; justify-content: center; margin: 10px auto;">NRP</div>	3,136.00

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1399 New York Ave., Ste. 900  
Washington, DC 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$3,136.00
Payments/Credits	\$0.00
Balance Due	\$3,136.00

**Chertoff Group, L.L.C.**

1399 New York Avenue  
Suite 900  
Washington, DC 20005

**Invoice**

Invoice #: 1389  
Invoice Date: 7/6/2012  
Due Date: 8/5/2012

**Bill To:**

Port Authority of NY & NJ  
225 Park Avenue South  
15th Floor  
New York, NY 10003

P.O. Number:

Terms Net 30

Date	Description	Amount
7/6/2012	June Consulting services	54,310.00
6/1/2012	Contract analysis	36,792.50

Please remit payment to:  
Ms. Debbie Eng  
Chertoff Group, LLC  
1399 New York Ave., Ste. 900  
Washington, DC 20005

Wiring Instructions:  
First Citizens Bank  
1717 Pennsylvania Ave. N.W., Ste. 750  
Washington, D.C. 20006  
ABA: 053100300, ACH transfers: 0550-0346-3  
For further credit to: Chertoff Group, LLC  
Account #

Total	\$91,102.50
Payments/Credits	\$0.00
Balance Due	\$91,102.50 