

**PROCEEDINGS OF NEW JERSEY TURNPIKE AUTHORITY
SPECIAL MEETING
TUESDAY, MARCH 11, 2008**

Chairman Kolluri called the Authority into session in the Executive Boardroom of the Authority's Administration Offices, Woodbridge, New Jersey, at 9:45 A.M.

PRESENT

Chairman Kris Kolluri; Treasurer Michael DuPont; Commissioner Harold Hodes; Commissioner David Evans; Commissioner Raymond Pocino; and Commissioner Clive Cummis.

Executive Director Michael Lapolla; Deputy Executive Director/Secretary Diane Scaccetti; Chief Engineer Richard Raczynski; Electronic Toll Collection Director Dennis Switaj; Finance Director Benjamin Hayllar; Human Resources Director Mary Elizabeth Garrity; Internal Audit Director James Carone; Labor Relations Director John O'Hern; Law Director George Caceres; Deputy Law Director Kenneth Rotter; Operations Director Sean Hill; Purchasing Director Andrea Ward; Technology and Administrative Services Director Brian Gorman; Tolls Director Robert Quirk; and Assistant Secretary Rose Stanko.

Also present were: General Counsel John Hoffman; Co-General Counsel Ryan Scerbo; General Consultant James Bettie; Patricia Snyder, NJDOT Policy & Authority Coordination; Sonia Frontera, Governor's Authorities Unit; Dennis Enright, NW Financial Group; various individuals consisting of other NJTA employees, interested organizations and general public; and from the media: Larry Higgs, Asbury Park Press; and Zack Fink and Ron Wagner from NJ Network (NJN).

NOTICE OF MEETING

This is a special meeting of the New Jersey Turnpike Authority. Adequate notice of this meeting has been provided in accordance with Chapter 231, P.L. 1975 in that notice has been given to two newspapers and notice has been forwarded to the Secretary of State, Trenton, New Jersey. In addition, notice of said meeting has been and is being displayed in the main lobby of the Authority's Administration Headquarters in Woodbridge.

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RECUSALS

The Secretary reported that no advisements of recusal have been submitted.

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At this juncture, it was determined that a separate Executive Session was not required and Chairman Kolluri opened the floor for comment pertaining to the public items being presented for Board approval. There was no response.

The Members of the Authority then moved on the following matters being considered:

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67-08

Dennis Enright, the Authority's Financial Advisor, presented the request contained in Executive Director Lapolla's memorandum dated March 10, 2008 concerning authorization for **Delegation of Authority to Implement a Short Term Plan of Finance.**

The current issues facing municipal bond insurers have caused volatility with the Turnpike Authority's Auction Rate Securities (ARCs), and to a lesser extent its Variable Rate Demand Bond (VRDBs). Interest rates being paid against these securities have risen significantly over the past several months leading to a determination that the New Jersey Turnpike Authority ("the Authority") should act to replace this debt with a financial product that has a higher level of predictability.

The Authority's Financial Advisor, NW Financial Group, has presented several options for consideration as a Short Term Plan of Finance (the "Plan"). Staff is reviewing these options and will work with NW Financial to finalize a Short Term Plan of Finance that is in the best interest of the Authority. In the event that such a plan is finalized prior to the next scheduled Board meeting, it is requested that authority be delegated to the Executive Director to execute the financial instruments necessary to implement the Plan.

In addition, staff has recommended a minimal short-term borrowing in the amount of \$150 million to continue construction through the calendar year 2008. NW Financial has advised that it may be prudent to consider these transactions together. Thus, authorization is requested to initiate steps necessary to borrow \$150 million.

These recommendations have the concurrence of the Authority's Financial Advisor and General Counsel and approval is requested.

Mr. Enright continued by summarizing his submission to the Commissioners and reviewed the main points pertaining to background, other considerations and the 5-element Plan. He explained that the Plan, while requiring continual monitoring, is a conservative solution to deal with financial issues, controls the Authority's exposure and helps to minimize risk until the market corrects itself.

Commissioner Cummis, after hearing that one of the considerations would be a loss of bond insurance premiums in order to save the Authority from ongoing losses, questioned whether a claim could be made against the Bond Insurers given the significant premiums paid to them by the Authority. Chairman Kolluri instructed Law Director Caceres to initiate a review into the matter and determine if there are any legal options.

Chairman Kolluri asked Financial Advisor Enright to state what it would mean if the recommendations set before the Board were not done. Mr. Enright said that it could cost the Authority \$1.5 to \$2 million per month.

In addition to implementing a new financial strategy Executive Director Lapolla emphasized the importance of borrowing \$150 million to continue needed construction projects through 2008.

At this time, Chairman Kolluri clearly emphasized that the proposed Plan and borrowing transactions will not alleviate the need for a 45 percent toll increase to fund the widenings and necessary bridge construction.

On motion by Commissioner Evans, seconded by Commissioner DuPont, the Authority unanimously approved the recommendations; authorized delegating authority to the Executive Director to initiate steps to borrow \$150 million and to execute the financial instruments necessary to implement a Short Term Plan of Finance, as outlined; and received and filed the memoranda.

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68-08

Executive Director Lapolla presented the recommendation contained in his memorandum dated March 10, 2008, concerning authorization to **Enter into a Successor Collective Bargaining Agreement with Toll Supervisors of America Local 193** for the period of October 1, 2007 through September 30, 2011

A successor collective bargaining agreement between the Toll Supervisors of America Local 193 ("Local 193") and the New Jersey Turnpike Authority ("Authority") was submitted for consideration. The successor collective bargaining agreement is a four (4) year contract with a term of October 1, 2007 through September 30, 2011. Made a part hereof is an executive summary noting the major features of the agreement.

One of the most important features of the successor collective bargaining agreement is that retroactive to January 1, 2008, members of Local 193 will share the costs of health benefits. Specifically, retroactive to January 1, 2008, members of Local 193 will contribute \$600 per year for the administration of their health benefits and by the end of the contract they will contribute \$900 per year.

The terms of the agreement are fair and reasonable to both the employees represented by the Local 193 and the Authority. Special Labor Counsel joins in recommending that the Authority approve this agreement.

The membership of Local 193 has not had the opportunity to ratify the agreement. Therefore, approval of a successor collective bargaining agreement between Local 193 and the Authority for the four (4) year period of October 1, 2007 through September 30, 2011 is respectfully requested pending ratification by the membership of Local 193. Authorization is also sought to permit the Executive Director to execute the agreement on behalf of the Authority.

Executive Summary
Toll Supervisors of America Local 193
Successor Collective Bargaining Agreement

On March 10, 2008, Local 193 and the Authority reached an agreement on a successor collective bargaining agreement for the period of October 1, 2007 through September 30, 2011, subject to ratification by the membership of the union and approval by the Authority's Board of Commissioners.

The key provisions of the successor collective bargaining agreement are:

1. TERM: Four (4) years – October 1, 2007 through September 30, 2011
2. WAGE INCREASE:

10/1/07	3.0%	10/1/09	3.5%
10/1/08	3.0%	10/1/10	3.5%

The wage increase is the same as that the Authority negotiated with Local 97; Local 193C; Local 194; Local 196, Chapter 12; and AFSCME Local 3914.

3. HEALTH BENEFITS:

a) For the Point of Service and HMO Plans, employees shall pay the following:

1/1/08	\$600 per year	7/1/10	\$800 per year
7/1/09	\$700 per year	6/30/11	\$900 per year

b) Effective May 1, 2008, the Prescription Medicine co-payment at the retail level will be \$3 for generic drugs, \$10 for brand name where there is no generic equivalent or the doctor certifies that the employee is medically unable to take a generic version of the medication, and \$25 for brand name drugs when there is a generic equivalent. This prescription co-payment is the same as that the Authority negotiated with Local 97; Local 193C; Local 194; Local 196, Chapter 12; and AFSCME Local 3914.

On motion by Commissioner Pocino, seconded by Commissioner DuPont, the Authority unanimously approved entering into a Successor Collective Bargaining Agreement with Toll Supervisors of America Local 193; and authorized, as presented, the recommendation contained therein; and received and filed the memoranda.

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At this juncture, Chairman Kolluri opened the floor to public comment on other matters.

There was no response.

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The motion to adjourn was made by Commissioner DuPont, seconded by Commissioner Pocino and, after the voice vote, the motion was duly adopted. The Authority adjourned at 10:00 A.M., to meet on Wednesday, April 16, 2008, at 9:30 A.M.

Rose Stanko
Assistant Secretary

APPROVED:

Kris Kolluri, Chairman and NJ Department of Transportation Commissioner

Michael R. DuPont, Treasurer

Harold L. Hodes, Commissioner

David G. Evans, Commissioner

Raymond M. Pocino, Commissioner

Clive S. Cummis, Commissioner