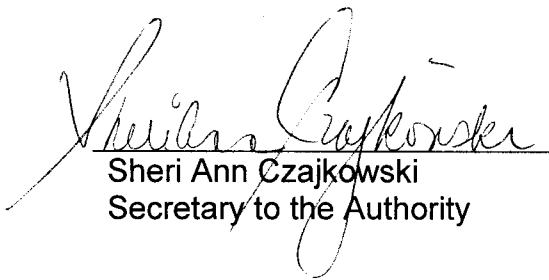


**CERTIFICATION
OF
NEW JERSEY TURNPIKE AUTHORITY**

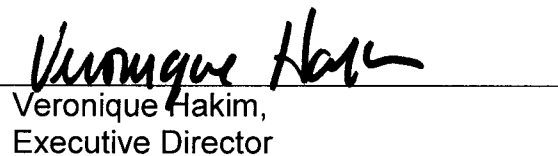
I, Veronique Hakim, hereby certify that I am the Executive Director of the New Jersey Turnpike Authority and as such **Executive Director** certify that the attached copy of PROCEEDINGS OF THE NEW JERSEY TURNPIKE AUTHORITY is a true and correct copy of the Minutes of the **January 28, 2014** Regular Meeting of the Authority.

IN WITNESS THEREOF, I have hereunto set my hand and affixed the official seal of the New Jersey Turnpike Authority **this 29th day of January, 2014.**

ATTEST:



Sheri Ann Czajkowski
Secretary to the Authority




Veronique Hakim,
Executive Director

Corporate Seal

JAN 29 2014

Date: January 29, 2014

**Received in the Governor's Office on January 29, 2014
(hand delivered)**

Received by: Lashana Kirk 
Print Name Signature

Veto Period Ends: February 12, 2014
(Write in the date the veto period ends)

(NJTA Board Meeting – 01/28/2014)

**PROCEEDINGS OF NEW JERSEY TURNPIKE AUTHORITY
BOARD MEETING**

Tuesday, January 28, 2014

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Chairman James Simpson called the Authority into session in the Executive Boardroom of the Authority's Administration Offices, Woodbridge, New Jersey, at 9:30 A.M.

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PRESENT

Present were Chairman James Simpson, Vice Chairman Ronald Gravino, Treasurer Michael DuPont; Commissioner Raymond Pocino; Commissioner Harold Hodes; Commissioner Ulises Diaz; Commissioner Daniel Becht; and Commissioner Walden. The meeting commenced at 9:30 a.m.

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ALSO PRESENT

Executive Director Veronique Hakim; Chief Operating Officer John O'Hern; Chief Engineer – Robert Fischer; General Counsel Bruce Harris; Chief Financial Officer Donna Manuelli; Human Resources Director Mary-Elizabeth Garrity; Director of Internal Audit James Carone; Director of Maintenance Joseph Lentini; Director of Operations Henry Eibel; Director of Procurement and Materials Management Andrea Ward; Chief Information Officer Barry Pelletteri; Director of Tolls Robert Quirk; Troop Commander Eric Heitmann, State Police Troop D; and Secretary to the Authority Sheri Ann Czajkowski.

Also present were: Governors' Authorities Unit Representatives Amy Herbold; Ryan Feeney State Treasurer's Office; additional individuals consisting of other NJTA employees; interested organizations; the general public; and from the media: The Star-Ledger, The Bergen Record, The Asbury Park Press, The Wall Street Journal, and News12.

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NOTICE OF MEETING

This is a regular 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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ACTION ON MINUTES

The Executive Director reported that ten days, excluding Saturdays, Sundays and holidays, have elapsed since Governor Chris Christie received the proceedings of the regular meeting of December 17, 2013; he did not exercise his power to veto any items in those minutes.

Upon motion made by Treasurer DuPont seconded by Commissioner Pocino the minutes of the meeting was unanimously approved.

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RECUSALS

The Executive Director reported recusals or abstentions submitted for the record:

- **Commissioner Hodes: 006-01-2014 and 014-01-2014**
- **Commissioner Pocino: 003-01-2014 through 016-01-2014**
- **Commissioner Becht: 008-01-2014**

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PUBLIC COMMENT

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Franceline Ehret, National Staff Representative, CWA

Ms. Ehret spoke about the Authority's pending RFP for electronic and manual toll collection services. Ms. Ehret stated that Governor Corzine attempted to monetize the Authority by leasing the roadways for 75 years to a public benefit corporation. The public hated the idea and he failed to be re-elected.

During his first gubernatorial election, Governor Christie said he would not privatize the Authority. But once he was elected, Governor Christie wanted to privatize toll collectors.

In early 2011, Local 194 waged a campaign to save the toll collectors jobs and on April 27, 2011, the Union was forced to sign an agreement or be privatized. The toll collectors took a \$16,000 pay cut and reductions in benefits.

Ehret stated that the original RFP to privatize toll collectors was only a few hundred pages, and the new RFP is over 1,700 pages. The RFP is cumbersome and complicated. The voluminous nature of the RFP will limit the number of companies that will be able to submit bids.

The SJTA RFP for privatizing manual toll collections was about 100 pages. It makes one wonder why it is so complicated because clearly it is geared toward a technical company that can build out a second phase for E-ZPass. A technical company will not have the expertise to manage manual toll collection, and will most likely subcontract out that aspect to another company, which will give everyone a piece of the pie.

Privatization does not work and it is not transparent, referencing various examples.

Ehret stated that Local 194 has made repeated attempts to meet with the Authority to negotiate the postponement of privatization. Soon after the toll collectors took a pay cut, tolls were raised 50% and the DED received a raise of almost \$20,000, which was a slap in the face to the toll collectors. Local 194 has made attempts to bargain in good faith, but the Authority is avoiding meeting with the Union. The Authority is asking maintenance and office workers to give up benefits which they have had for forty (40) years.

The toll collectors are wondering if they will have a job and they are distraught. The Board can stop the madness, stop the privatization, and save good employees.

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Mayor Steven Fulop, Jersey City

Mayor Fulop stated that this matter was brought to the attention of Jersey City and he looked at it from the perspective of how the RFP will impact Jersey City. After careful review of the RFP, Mayor Fulop said that the RFP should provide for a public review of the proposals in an open and transparent manner allowing people to contrast and compare the relevant measures of the proposals.

Mayor Fulop highlighted concerns on process, demands for immediate personnel, and that the RFP does not bar entities with labor violations from submitting a proposal.

Mayor Fulop further stated that a question remains, what happens when technology changes during the 10-year contract and will the NJTA be providing the best services to its motorists. Fulop also stated that the RFP appears to create a profit center for the potential bidder, which will add additional costs to the Authority.

Mayor Fulop stated that the timing of this RFP could not be less beneficial to Jersey City due to the closing of the Pulaski Skyway in the upcoming months. The inability to guarantee the workability of an automated Turnpike system could potentially negatively impact traffic flow on the Turnpike and into Jersey City.

Fulop stated that the tax payers will receive no significant financial benefit or guaranteed lower rates through privatization and the hard working employees will be sacrificed.

Fulop urged the Board to reconsider this RFP Process.

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Tonette Taylor, Local 194 Toll Collector

Ms. Taylor is a part-time toll collector, who also is a substitute teacher in Newark. Ms. Taylor stated that her toll collection job is the only steady work she can find. She stated that it was difficult to absorb the \$4 an hour pay cut, but she has been unable to find a full-time job, and she will be destitute without her toll collector job. Taylor stressed to the Board that they have the lives of the toll collectors in their hands and she asked that the Authority not privatize toll collection.

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Senator Linda Greenstein (14th District)

Senator Greenstein asked, "What is the point of privatization if there are no real savings?" Greenstein stated that the history of privatization in New Jersey is that privatization does not yield savings. Privatization has failed before. Private companies do not fall under OPRA regulations, have limited oversight, and lack accountability. Greenstein stated that there would be no public oversight of hiring, no prohibitions on pay-to-play, and privatizing would create a playground for abuse. New Jersey has seen several examples of privatization that have failed - healthcare in the prisons, the DMV, and halfway houses.

Time and again there are problems with privatization and the function goes back to the public entity. Governor Christie recently vetoed a bill that required all privatization efforts demonstrate that they save money and protect the services, Bill No. A9-98. Through this bill any privatization effort must show that it will have positive results and save money.

Senator Greenstein asked the Board to imagine that the manual toll collections services were privatized and then someone decided to create a problem at a toll plaza and closed toll lanes. Because private companies are not subject to OPRA, the public would never know why the lanes were ordered closed. Greenstein stated that the public needs to make sure that there is access to information, public oversight, and accountability.

Senator Greenstein closed by stating that the Authority should not privatize manual toll collection services.

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Mohammed Bensano, Local 194 Toll Collector

Mr. Bensano has been a part-time toll collector since June of 2005. Mr. Bensano is a father of three and he depends on this job to support his family. Mr. Bensano asked the Board to consider what will happen to the lives of the toll collectors who lose their jobs. Mr. Bensano asked not to privatize, he stated, "You can cut off my head but don't cut off the bread from my hands."

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Miriam Rivera

Ms. Rivera has been a toll collector for 18 years. Ms. Rivera is frightened by privatization because this job is the only way she can pay her bills. The toll collectors took the pay cut in 2011, but she was still thankful to have a job. These past few years have been difficult and hurt the morale of the toll collectors. Ms. Rivera stated that without this job she will have no healthcare or security. Rivera asked the Board to reconsider and do not privatize.

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Lizette Delgado,

Executive Director of the SEIU (“Service Employee’s International Union”)

Ms. Delgado said toll collectors are working class people who struggle to provide for their families, and they need their health benefits and pensions. Toll collectors’ working conditions are not always the best, but they stand in the booths and do their jobs with honor. Toll collectors took cuts to wages and benefits but they still are grateful to have their job. Ms. Delgado urged the Board to vote against privatization of these workers.

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Eric Richards, NJ State AFL-CIO

Mr. Richards stated that he supported good jobs and government officials should not be in a race to the bottom toward the destruction of middle-class jobs. Lowering wages through privatization will drive workers into poverty. The employees have already taken a \$16,000 pay cut, and newly hired toll collectors make \$12 per hour. The State AFL-CIO has concerns, not only about the workers, but the tax payers as well. The list of privatizations gone wrong in the State of New Jersey is a long one. Profit is the main motivation for corporations in privatizing services. There is often a conflict in the constant pursuit of increased profits with delivering public service. Citizens have expressed an outrage to privatization and Mr. Richards asked the Board to consider the lives of these workers and reject this privatization initiative.

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Greg Junemann, President of the IFPTE

Mr. Junemann is the President of the IFPTE, the parent Union with which Local 194 is affiliated. Mr. Junemann expressed his objection to privatizing toll collection. The workers have taken wage and benefit concessions. Under the current contract, the current employees are the best and most efficient way to provide manual toll collection services

Privatization results in the loss of control of the work and the employees have no sense of loyalty to their employer. Privatization means lower wages and less money flowing into the economy.

Mr. Junemann asked the Board to take a strong financial look at this privatization initiative.

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Jasper Parnell, NJ Working Families Coalition

Mr. Parnell read a letter from the President of Working Families United. The workers agreed to concessions totaling \$30 million. They are hardworking people with families and need a means of providing for their families. The workers are the caretakers of the major roads, the eyes and ears of the highways, and they take a great deal of pride in serving the state. There is no guarantee that privatization will save the Authority money and provide the same quality of

employees that we have today. New Jersey is faced with high unemployment, so why do you want to eliminate good jobs in exchange for bad jobs? Please vote against privatization of manual toll collection services on the Turnpike and Parkway.

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Nancy Pinkin, Assemblywoman (18th District)

Assemblywoman Pinkin said that New Jersey has tried privatization before and it has failed. Savings never materialize and the work eventually is transferred back to the public sector. The Department of Labor recently issued a report showing a dramatic drop in living wage jobs in New Jersey. Such jobs are needed to keep the economy afloat. And New Jersey is one of the most expensive states in which to live. As public officials, we want to keep people living in New Jersey and to do so people must have living wage jobs. Assemblywoman Pinkin requested that the Board not privatize jobs which provide a living wage.

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Kevin McCarthy, President of Local 194

Mr. McCarthy stated that toll collectors are real people with families who will be harmed greatly if their jobs are privatized. Privatization is a bad policy and it makes no sense. Employees will not have enough money to pay their bills, they will not have health insurance, and will not have any financial security in retirement. It is up to this Board to stop this process as they hold the lives of the toll collectors and their families in their hands. Please vote no to privatization.

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Frank Forst, Local 194

Mr. Forst read a quote from Governor Christie's Inaugural Address. "Each vote cast is an act of faith and trust, faith is the strength of the bonds we have built, trust in the hope that tomorrow will bring a better job for us, a better education for our children and a better day for all of our citizens." Mr. Forst stated that the workers are looking for better days ahead for them, their families, and everyone.

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Patricia Kerchner, Local 194

Ms. Kerchner has been a toll collector since 2005. Ms. Kerchner asked the Board not to privatize her toll collector job. It would be difficult to find a comparable job. The Turnpike has saved her financially, and she is grateful to be an Authority employee.

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COMMISSIONER'S COMMENTS

Chairman Simpson stated that each speaker was allowed extended time to speak on the RFP for Tolls Services because it is an important topic. Chairman Simpson stated that the Authority has not made any decisions and the Board members needs to become fully informed of the plans and the implications. Simpson stated that this is bigger than just the toll collectors and we need to mitigate the anxiety of the employees.

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EXECUTIVE DIRECTOR'S COMMENTS

ED Hakim updated the Board on the noise and safety issues raised by the residents of the Eastern Parkway neighborhood in Hillside, which abuts the Union Toll Plaza on the Garden State Parkway. In December of 2013, ED Hakim, NJTA staff, and a State Police representative met with Hillside Councilwoman Tonia Hobbs and the Mayor in Hillside to discuss this matter. As a result of that meeting, NJTA has committed to do following:

- in the area between the roadway and homes, has constructed two (2) elevated berms and planted trees on the berms;
- will plant more trees in this area in the Spring;
- will install heavy duty truck rated guiderail in the area;
- coordinated with State Police, which will have patrols assess whether commercial traffic is unlawfully using this part of the Parkway;
- added new line striping at the Union toll plaza which should reduce honking of horns; and
- began a public information campaign at Union Toll Plaza using the message – "Drive friendly. Be safe."

ED Hakim stated that there was a significant amount of snowfall in January 2014 and she acknowledged all of the departments who supported the Authority's snow removal efforts.

Hakim stated that in 2013 the Authority spent \$1 billion in its capital construction budget. She stated that the Interchange 6-9 widening should be completed by Thanksgiving in 2014.

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HUMAN RESOURCES

Director of Human Resources Mary-Elizabeth Garrity requested approval of item number 001-01-2014. Moved is the item as follows:

001-01-2014

Human Resources Director Garrity submitted the **Personnel Agenda**, dated January 28, 2014, and requested confirmation of the personnel matters contained therein. The Executive

Director certified the recommendations for consideration.

On motion by Treasurer DuPont and seconded by Commissioner Pocino employment of those named to serve at the pleasure of the Authority and other recommended personnel actions, were approved, ratified and confirmed, to become effective as of the dates specified and at the salaries listed.

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LAW

General Counsel Bruce Harris requested approval of item number 002-01-2014. Moved as a group those items are as follows:

002-01-2014

In a memorandum dated January 10, 2014, **Authorization for the Sale of Surplus Property Parcel 353X located at 14 Atlantic Street in the City of Elizabeth, County of Union, in the amount of \$38,000.00**, was approved.

New Jersey Turnpike Authority Surplus Property Parcel 353X (the "Property") is located at 14 Atlantic Street in Elizabeth, New Jersey, and consists of approximately 2,050 square feet of vacant land. The Board of Commissioners declared the Property surplus to the Authority's needs on April 12, 1977 and the Authority's Operations, Maintenance and Engineering Departments, and the Authority's Engineering Consultant HNTB, recertified as the property surplus in April 2013. In accordance with the Authority's Surplus Property Policy (the "Policy"), the property was offered for sale through a public bid process in November 2013 with an advertised minimum bid price of \$35,000.00. The highest qualified bid received was \$38,000.00.

The Law Department, as recommended by the Authority's Real Estate Consultant, recommends acceptance of the highest bid received for the Property of \$38,000.00 tendered by Ms. Clara M. Alvarez, whose address is 121 Mildred Terrace, Clark Township, New Jersey 07066. The Treasurer of the State of New Jersey has completed the review of all documents submitted by Ms. Alvarez pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008) and has no objection to same.

Accordingly, it is recommended that the Authority accept the bid of \$38,000.00 submitted by Ms. Alvarez. Furthermore, it is recommended that authorization be given to the Executive Director, in consultation with the Law Department, to execute all documents and take any steps necessary for the conveyance of Parcel 353X to Ms. Alvarez in accordance with the terms set forth above.

On motion by Treasurer DuPont and seconded by Commissioner Pocino, the Authority unanimously approved item number 002-01-2014; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ENGINEERING

Chief Engineer Robert Fischer requested approval of item numbers 003-01-2014 through 014-01-2014. Fischer stated that items 005 and 006 are the last two (2) construction contracts that will be awarded for the Turnpike 6-9 widening program. These two contracts will rehab the inner roadways. In total, there were 31 construction contracts awarded for the Turnpike 6-9 Widening project, totaling \$1.4 billion. The widening should be open in November, 2014.

Treasurer DuPont stated that this was an impressive achievement to reach the \$1 billion mark in capital construction spending in 2013. Job creation is very important. DuPont stated that under the Chairman's leadership, the capital program has been accounted for the creation of thousands of jobs. Treasurer DuPont commended all of the Authority's staff for being able to produce \$1 billion of work in a calendar year. The efforts of NJTA employees are keeping New Jersey residents working and the state's economy on stable footing. DuPont stated that the greatest asset of the Authority is the employees, who are top notch.

Moved are the items as follows:

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PUBLIC BID SOLICITATIONS – AWARD OF CONTRACTS

003-01-2014

In a document dated December 27, 2013, a **Recommendation to Award Contract No. T100.257 for the New Jersey Turnpike to Joseph M. Sanzari, Inc. for Bridge Repairs and Resurfacing, Mileposts 0 to 122, the Newark Bay-Hudson County Extension and the Pearl Harbor Memorial Turnpike Extension, Maintenance Reserve Fund No. 03010001, Funding Allocation: \$8,500,000.00 FY 2014; \$615,056.00 FY 2015; for an amount of \$9,115,056.00,** was approved.

This is the second of two Turnpike bridge deck repair contracts for the 2014 construction season, with bridge deck repairs concentrated in the southern sector of the Turnpike between Interchanges 1 and 9 and the Pearl Harbor Memorial Turnpike Extension. The work will also include substructure and steel repairs Turnpike wide. The work generally involves selective replacement of complete deck panels, concrete spall repairs, joint repairs, and replacement of existing asphalt wearing surface, substructure concrete spall repairs, reconstruction of bearing areas, bearing replacements, substructure waterproofing and related incidental items.

Five bid proposals were received on December 19, 2013 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$9,115,056.00 may be compared to the second low bid proposal in the amount of \$9,389,019.45. The low bidder, Joseph M. Sanzari, Inc. has performed work for the Authority

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and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. T100.257 be awarded to the low bidder, Joseph M. Sanzari, Inc. of Hackensack, New Jersey, in the amount of \$9,115,056.00 allocated as follows: \$8,500,000.00 in FY 2014 and \$615,056.00 in FY 2015. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

The General Consultant, HNTB Corporation, concurs with this recommendation.

004-01-2014

In a document dated January 15, 2014, a **Recommendation to Award Contract No. P100.266 for the Garden State Parkway to Joseph M. Sanzari, Inc. for Bridge Repairs and Resurfacing, Mileposts 0 to 126, Maintenance Reserve Fund No. 03020001, Funding Allocation: \$5,264,320.00 FY 2014; \$500,000.00 FY 2015, in an amount of \$5,764,320.00,** was approved.

This is the second of two Parkway bridge repair contracts to be awarded for the 2014 construction season, concentrated in the southern sector of the Parkway between Mileposts 0 and 126. The work generally involves selective replacement of complete deck panels, concrete spall repairs, joint repairs, replacement of existing asphalt wearing surface and miscellaneous substructure repairs.

Five bid proposals were received on January 14, 2014 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$5,764,320.00 may be compared to the second low bid proposal in the amount of \$6,192,311.18. The low bidder, Joseph M. Sanzari, Inc. has performed work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. P100.266 be awarded to the low bidder, Joseph M. Sanzari, Inc. of Hackensack, New Jersey, in the amount of \$5,764,320.00 allocated as follows: \$5,264,320.00 in FY 2014 and \$500,000.00 in FY 2015. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

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The General Consultant, HNTB Corporation, concurs with this recommendation.

005-01-2014

In a document dated January 8, 2014, a **Recommendation to Award Contract No. T869.120.904 for the New Jersey Turnpike to Crisdel Group, Inc. for Interchange 6 to 9 Widening Program for the NSI and SNI Roadway Rehabilitation Mileposts 47.4 to 61.0, Burlington and Mercer Counties, 10 Year Capital Program No. 39018001, in an amount of \$32,494,996.00**, was approved.

Contract T869.120.904 involves the rehabilitation of the inner roadway, including paving, installation of traffic detection devices and median barrier and bridge repairs, for the southern portion of the New Jersey Turnpike Interchange 6 to 9 Widening Program limits, Mileposts 47.4 to 61.0. The Contract also involves Reforestation in accordance with the previously approved No Net Loss Reforestation Plan and Riparian Mitigation Reforestation in accordance with the approved NJDEP permit. Construction is anticipated to commence in March 2014 and be completed in November of 2014.

Seven bid proposals were received on December 17, 2013 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$32,494,996.00 may be compared to the second low bid proposal in the amount of \$32,623,539.64. The low bidder, Crisdel Group, Inc. has performed work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. T869.120.904 be awarded to the low bidder, Crisdel Group, Inc. of South Plainfield, New Jersey, in the amount of \$32,494,996.00. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

The General Consultant, HNTB Corporation, concurs with this recommendation.

006-01-2014

In a document dated January 8, 2014, a **Recommendation to Award Contract No. T869.120.905 for the New Jersey Turnpike to PKF-Mark III, Inc. for the Interchange 6 to 9 Widening Program for NSI and SNI Roadway Rehabilitation Mileposts 61.0 to 82.4, Mercer and Middlesex Counties, 10 Year Capital Program No. 39018001, in an amount of \$26,389,946.86**, was approved.

Contract T869.120.905 involves the rehabilitation of the inner roadway, including paving,

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installation of traffic detection devices and median barrier and bridge repairs, for the northern portion of the New Jersey Turnpike Interchange 6 to 9 Widening Program limits, Mileposts 61.0 to 82.4. The Contract also involves Reforestation in accordance with the previously approved No Net Loss Reforestation Plan and Riparian Mitigation in accordance with the approved NJDEP permit. Construction is anticipated to commence in March 2014 and be completed in November 2014.

Five bid proposals were received on January 7, 2014 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$26,389,946.86 may be compared to the second low bid proposal in the amount of \$26,654,325.00. The low bidder, PKF-Mark III, Inc. has performed work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. T869.120.905 be awarded to the low bidder, PFK-Mark III, Inc. of Newtown, Pennsylvania, in the amount of \$26,389,946.86. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

The General Consultant, HNTB Corporation, concurs with this recommendation.

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ORDER FOR PROFESSIONAL SERVICES (OPS)

007-01-2014

In a document dated January 7, 2014, a **Recommendation to Issue Order for Professional Services No. T3500 for the New Jersey Turnpike to Greenman-Pedersen, Inc. for Engineering Services for the 2014 New Jersey Turnpike Authority Bridge Inspection Program, Turnpike Main Bridge Inspection – Part B, Maintenance Reserve Fund No. 03010005, Funding Allocation: \$2,064,855.00 FY 2014; \$300,000.00 FY 2015; in an amount of \$2,364,855.00**, was approved.

This Order of Professional Services will provide engineering services for annual bridge inspections on the New Jersey Turnpike, which include inspection of 225 bridges located between Milepost 0 and 67 including the Pearl Harbor Memorial Turnpike Extension, between Milepost E105 and E118 along the Easterly Alignment and between Milepost N0.0 and N8.0 on the Newark Bay-Hudson County Extension. The OPS also includes FHWA Structure Inventory and Appraisal (SI&A) form updates, New Jersey Turnpike Authority's Bridge Prioritization System inspections and data collection, and preparation of LRFR load ratings.

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This assignment is classified as a "Complex Project" since the scope of work is not clearly defined and likely to change during the course of the project, and the cost exceeds \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 34 engineering firms were prequalified and eligible under Profile Code: D280C – Bridges, NBIS Program, Complex. Five firms submitted EOIs by the closing date of October 28, 2013.

Subsequent to the scoring of EOIs by the Review Committee, the top three firms were requested to submit Technical and sealed Fee Proposals. The firms in the order of ranking are: 1) TranSystems Corporation; 2) Greenman-Pedersen, Inc.; and 3) HAKS Engineers, Architects and Land Surveyors, P.C. The Review Committee reviewed and evaluated each firm's Technical Proposal. Final scoring resulted in Greenman-Pedersen, Inc. being the highest technically ranked firm. The fee submitted by Greenman-Pedersen, Inc., has been reviewed, negotiated and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3500 be issued to the firm Greenman-Pedersen, Inc. of Lebanon, New Jersey, not to exceed the amount of \$2,364,855.00, allocated as follows: \$2,064,855.00 in FY 2014 and \$300,000.00 in FY 2015. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.80, based on a 10% allowance for profit and an overhead rate of 154.5% or, the firm's overhead rate as determined by Federal Audit Regulation (FAR) procedure, whichever is less, plus authorized, direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order No. 134) and Executive Order No. 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

008-01-2014

In a document dated January 2, 2014, a **Recommendation to Issue Order for Professional Services No. P3521 for Environmental Engineering Consultant to Hatch Mott MacDonald for Environmental Compliance Activities at the Vaux Hall, Brookdale North, Brookdale South and Montvale Service Areas, Non-departmental Operating: 010-00-892-446050, in an amount of \$1,435,000.00**, was approved.

The Authority requires the professional services of an environmental engineering Consultant to provide operation, maintenance and compliance monitoring of groundwater remediation systems, groundwater compliance monitoring and reporting, and necessary remedial investigations/actions at the above referenced service areas on the Garden State Parkway in

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accordance with current New Jersey Department of Environmental Protection regulations. The scope also includes remedial investigations and remedial actions as may be needed to further enhance and ensure the most effective remediation of the sites.

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 32 engineering firms were prequalified and eligible under Profile Codes: C195 – Soil & Groundwater Remediation Investigations; C196 – Soil & Groundwater Remediation Design; and C197 – Remediation Systems: Operation & Maintenance. Ten firms submitted EOIs by the closing date of December 3, 2013.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three firms. The firms in the order of ranking are: 1) Hatch Mott MacDonald; 2) Partner Engineering and Science, Inc. and 3) H2M Associates Inc. The fee submitted by Hatch Mott MacDonald has been reviewed, negotiated and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. P3521 be issued to the firm Hatch Mott MacDonald of Iselin, New Jersey, not to exceed the amount of \$1,435,000.00, allocated as follows: \$358,750.00 in FY 2014, \$358,750.00 FY 2015, \$358,750.00 FY 2016 and \$358,750.00 in FY 2017. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.8, based on a 10% allowance for profit and an overhead rate of 154.5% or, the firm's overhead rate as determined by Federal Audit Regulation (FAR) procedure, whichever is less, plus authorized, direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order No. 134) and Executive Order No. 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

009-01-2014

In a document dated January 2, 2014, a Recommendation to Issue Order for Professional Services No. P3522 for the Garden State Parkway to Gannett Fleming, Inc. for Supervision of Construction Services for Contract No. P100.266 - Bridge Repairs and Resurfacing, Parkway Mileposts 0 to 126, Maintenance Reserve Fund No. 03020001, Funding Allocation: \$1,100,000.00 FY 2014; \$234,000.00 FY 2015, in an amount of \$1,334,000.00, was approved.

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This Order of Professional Services will provide supervision of construction services for Contract No. P100.266, Bridge Repairs and Resurfacing, Mileposts 0 to 126.

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 51 engineering firms were prequalified and eligible under Profile Code B156: Bridge Repair Inspection and B157: Bridge Deck Repair/Replacement. Five firms submitted EOIs by the closing date of November 26, 2013.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three firms. The firms in the order of ranking are: 1) Gannett Fleming, Inc.; 2) IH Engineers, P.C.; and 3) Greenman-Pedersen, Inc. The fee submitted by Gannett Fleming, Inc. has been reviewed, negotiated and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. P3522 be issued to the firm of Gannett Fleming, Inc. of Mount Laurel, New Jersey, not to exceed the amount of \$1,334,000.00 allocated as follows: \$1,100,000.00 in FY 2014 and \$234,000.00 in FY 2015. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.11 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

010-01-2014

In a document dated January 7, 2014, a **Recommendation to Issue Order for Professional Services No. T3523 for the New Jersey Turnpike to Dewberry Engineers, Inc. for the Supervision of Construction Services for Contract No. T100.257 - Bridge Deck Repairs and Resurfacing, Mileposts 0 to 122, the Pearl Harbor Memorial Turnpike Extension and the Newark Bay-Hudson County Extension, Maintenance Reserve Fund No. 03010001, Funding Allocation: \$900,000.00 FY 2014; \$370,000.00 FY 2015, in an amount of \$1,270,000.00**, was approved.

This Order of Professional Services will provide supervision of construction services for Contract No. T100.257, Bridge Deck Repairs and Resurfacing, Mileposts 0 to 122, Newark Bay-Hudson County Extension and The Pearl Harbor Memorial Turnpike Extension.

(NJTA Board Meeting – 01/28/2014)

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 51 engineering firms were prequalified and eligible under Profile Code B156: Bridge Repair Inspection and B157: Bridge Deck Repair/Replacement. Five firms submitted EOIs by the closing date of December 2, 2013.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three firms. The firms in the order of ranking are: 1) Dewberry Engineers Inc.; 2) Jacobs Engineering Group; and 3) Greenman-Pedersen, Inc. The fee submitted by Dewberry Engineers, Inc. has been reviewed and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3523 be issued to the firm of Dewberry Engineers Inc. of Bloomfield, New Jersey, not to exceed the amount of \$1,270,000.00 allocated as follows: \$900,000.00 in FY 2014 and \$370,000.00 in FY 2015. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.35 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

011-01-2014

In a document dated January 10, 2014, a **Recommendation to Issue Supplement B to Order for Professional Services No. T3254 for the New Jersey Turnpike to Jacobs Engineering Group, Inc. for Design and Environmental Permitting for Improvements at Interchange 9, Ten Year Capital Program Fund No. 39003035, Original OPS Amount: \$3,090,000.00, Amount of Supplement A: \$1,397,000.00, Amount of Supplement B: \$499,000.00, for a Revised OPS Amount of \$4,986,000.00**, was approved.

This Order for Professional Services was issued at the August 2009 Commission Meeting in the amount of \$3,090,000.00 to provide for the final design and environmental permitting required for the construction of interchange improvements considered necessary to accommodate existing and future traffic volumes at Interchange 9 in East Brunswick Township, Middlesex County. Interchange 9 was identified in an earlier study as a prioritized interchange warranting operational, capacity and safety improvements.

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Supplement A was issued at the December 2011 Commission Meeting in the amount of \$1,397,000.00 providing for unanticipated design services including the widening of the Route 18/Naricon Place Bridge over Turnpike Ramp TW; a new utility support structure over ramps WT/TE; the design of three additional retaining walls; and the design of two temporary traffic signals and associated lighting.

Supplement B will compensate Jacobs for additional design services required for various tasks. These tasks include a detailed noise analysis, alternatives investigation and design efforts for the construction of a noise barrier between Route 18 southbound and the adjacent residential neighborhood. Additional geotechnical investigations, structural design, drainage design, utility relocations, public meetings and presentations related to the proposed noise barrier were also required. Other services include additional field survey; R.O.W. plan preparation and coordination with NJDOT; a redesign of the contract landscape plans not originally anticipated; and post design services associated with the review of shop drawings and Contractor coordination for the new work.

Jacobs Engineering Group, Inc. submitted a proposal in the amount of \$499,000.00 to provide the required services. The proposal has been reviewed, negotiated, and is considered fair and reasonable for the services to be provided.

It is, therefore, recommended that Supplement B to Order for Professional Services No. T3254 be issued to Jacobs Engineering Group, Inc. not to exceed the amount of \$499,000.00, with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$4,487,000.00 to \$4,986,000.00. The original contract was procured pursuant to N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

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NON-COMPETITIVE PROCUREMENTS

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MISCELLANEOUS

012-01-2014

In a document dated January 7, 2014, a **Recommendation to Enter Into Reimbursement Agreement No. 88-13 for the New Jersey Turnpike to National Railroad Passenger Corporation (AMTRAK) for the Contract No. T100.216, Repainting of Structural Steel, Seismic Retrofit, Catwalk, Lighting and Miscellaneous Improvements to the Delaware River Turnpike Bridge, Str. No. P0.00, Ten Year Capital Program Fund No. 39001034, in an amount of \$400,000.00**, was approved.

Request for authorization for the Executive Director to enter into a Force Account Agreement which provides for reimbursement to AMTRAK for their field services (track outages, flagmen and signaling modifications) and shop drawing reviews during construction of Contract

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No. T100.216, Repainting of Structural Steel, Seismic Retrofit, Catwalk, Lighting and Miscellaneous Improvements to the Delaware River Turnpike Bridge, Str. No. P0.00. Work on Spans 8-11 are over AMTRAK ROW. Contract No. T100.216 is scheduled to be awarded in March 2014, with construction commencing in June 2014 and spanning a three and a half year period. Negotiations related to the Force Account Agreement and contract document review is currently underway with AMTRAK through Agreement No. 55-12.

It is, therefore, recommended that the Executive Director be authorized to execute Agreement No. 88-13 with AMTRAK pursuant to the terms outlined above. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

013-01-2014

In a document dated January 10, 2014, **a Recommendation for a Type 3 Change Order to Contract No. P500.273 for the Garden State Parkway to Joseph A. Natoli Construction Corporation for Facilities Improvement Program, Construction of Troop D Bloomfield Barracks, MP 153 NB, Ten Year Capital Program Fund No. 39005013, in an amount of \$2,500,000.00,** was approved.

Joseph A. Natoli Construction Corporation (Natoli) was awarded Contract No. P500.273 in October 2012. It is recommended that a Type 3 Change Order be issued to the contract to construct a new motor vehicle facility at the Bloomfield State Police Barracks located in the Township of Bloomfield, Essex County. Natoli is currently constructing a new State Police Barracks (Bloomfield Barracks) at this site and it is scheduled to be completed in Fall of 2014. Contract No. P500.273 includes the demolition of the existing State Police Barracks and motor vehicle garage at the end of the contract. By engaging Natoli to commence immediately with the construction of the new motor vehicle facility the Authority will reduce the timeframe the State Police will be without the services of a garage from nearly a year to approximately two months. In addition to the time savings, the Authority will also realize cost savings with the elimination/reduction of contract startup items such as mobilization, field office and other similar items.

The Engineer's Estimate for the proposed motor vehicle facility is \$2,500,000.00. The work covered under this Change Order will be performed on a lump sum basis upon final cost negotiations with the Contractor.

It is, therefore, recommended that this Type 3 Change Order to Contract No. P500.273 be authorized in the amount not to exceed \$2,500,000.00 to Joseph A. Natoli Construction Corporation.

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**ACKNOWLEDGE REPORTS OF
ENGINEERING EXPENDITURES UNDER DELEGATED AUTHORITY**

014-01-2014

The Board acknowledges the reports of Engineering Expenditures Under Delegated Authority as indicated below:

- Construction Contract Progress Report
- Change Order Summary
- Utility Order Report

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Authority unanimously approved item numbers 003-01-2014 through 013-01-2014 (with the exception of items 006, 008, and 014, done separately), and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved item number 006-01-2014, and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda. The Authority unanimously accepted the reports contained in item number 014-01-2014 and received same for file.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Authority unanimously approved item number 008-01-2014, and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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MAINTENANCE

Director of Maintenance Joseph Lentini requested approval of item number 015-01-2014.

Chairman Simpson asked Lentini to explain this item. Lentini advised that this item allows the Maintenance Department to build upon an automated software system, created by Rutgers University, which provides real-time data regarding salt usage, manpower costs, and weather conditions during weather events.

Chairman Simpson stated that there is not a salt shortage in the state, there is a logistics problem because there are not enough trucks to distribute the salt.

Moved is the item as follows:

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SOLE SOURCE

015-01-2014

In a document dated January 14, 2014, **a Recommendation to Award Maintenance Agreement MAINT 01-04 for the New Jersey Turnpike/Garden State Parkway to Rutgers**

University – Center For Advanced Information Processing Laboratory for the On-Call Technical Support for Maintenance Department, Special Projects Reserve Fund No.: 04008087, in an amount of \$200,000.00, was approved.

Under Agreement No. 01-09 with Rutgers University, as approved by the Commissioners on August 25, 2009 and February 28, 2012, Rutgers Intelligent Transportation Systems Laboratory (RITS) has developed for the Authority a web-based interactive software application to automate and modernize maintenance and snow operations ("Snow/Storm App"). This Snow/Storm App is currently used by the Maintenance Department on both the New Jersey Turnpike and the Garden State Parkway Roadways.

To improve and expand the capabilities of this Snow/Storm App, the Maintenance Department recommends that the Authority enter into an additional agreement with Rutgers to provide for the further development, maintenance, and updating of functionalities of the Snow/Storm App, including the integration of more data into the App, the addition of photo upload and GPS tracking features, and the development of a prototype mobile phone app for snow data. This agreement will further include technical support by the RITS for the Snow/Storm App for one year.

This agreement will continue the modernization of the Maintenance Department's snow operations using web-based tools and customized applications for operators/dispatchers and staff, and the services and functionalities provided will be designed to fit the Authority's specific needs. RITS has submitted a proposal for these additional services in the total amount of \$200,000, which is considered fair and reasonable for the additional services to be provided.

The procurement of this agreement is authorized under N.J.A.C. 19:9-2.2(d)(3), promulgated under N.J.S.A. 27:23-1, et. seq., the Authority's enabling legislation, and Executive Order No. 37 (Corzine), which exempt contracts with the Federal or any state government or any agency or political subdivision thereof from public bid requirements.

It is, therefore, recommended that the Executive Director be authorized to enter into Maint. Agreement No. 01-14 with Rutgers University (Rutgers Intelligent Transportation Systems Laboratory at the Center for Advanced Information Processing), in accordance with the terms set forth above, in an amount not to exceed \$200,000. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

On motion by Vice Chairman Gravino and seconded by Commissioner Diaz, the Authority unanimously approved item number 015-01-2014, and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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PROCUREMENT AND MATERIALS MANAGEMENT (“PMM”)

Director of PMM Andrea Ward requested approval of item numbers 016-01-2014 through 021-01-2014. Moved as a group those items are as follows:

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PUBLIC BIDS SOLICITATIONS

016-01-2014

In a document dated January 16, 2014, **a Recommendation for 4-Wheel Drive Pick-up Trucks to Chas S. Winner, Inc. d/b/a Winner Ford, R-105629, Budget Code: 00 010 500 480060, in an amount of \$546,801.00 (3-Year Open-End Option)**, was approved.

At the February 26, 2013 Board of Commissioners Meeting (Agenda Item 071-02-2013), the Authority awarded a contract to Chas S. Winner, Inc. d/b/a Winner Ford, for the purchase of 4-wheel drive pick-up trucks. The contract included a 3-year option to purchase additional trucks which conform to the original specifications for three additional model years. For the final two years of the option, the vendor was permitted to request a price increase from the Authority if there had been an overall price increase of the trucks in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase 19 additional pick-up trucks. Pursuant to the contract, the vendor has requested a unit price of \$28,779.00 which represents a 2.8% increase due to new model-year manufacturing pricing. Both the Procurement and Maintenance Departments have deemed the increase acceptable, in line with current industry pricing and therefore recommend Board authorization of the price increase. These are replacements for older model equipment that have outlived their useful life. In addition, the replaced models will be sold at a public surplus sale if available buyers are found.

This contract was originally bid and awarded in accordance with N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.2, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This contract is in compliance with Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008).

Accordingly, authorization is requested to exercise the contract option to purchase additional 4-wheel drive pick-up trucks from Chas S. Winner, Inc. d/b/a Winner Ford, in a total amount not to exceed \$546,801.00.

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STATE CONTRACTS AND FEDERAL CONTRACTS

017-01-2014

(NJTA Board Meeting – 01/28/2014)

In a document dated January 10, 2014, **a Recommendation for Tires & Tubes (Modification) to Edwards Tire Company, Inc., RM-105499, Contract No. 1742, State Contract No. 82527 expiring 03/35/2015, Budget Code: Various, Current Authorized Amount: \$550,000.00, Requested Amount: \$250,000.00, New Authorized Amount: \$800,000.00**, was approved.

On October 11, 2012, the Authority awarded Contract No.1742 to Edwards Tire Co., Inc. to supply tires and tubes for Authority and State Police Vehicles. Vehicles include State Police patrol cars and Authority passenger, light and heavy duty trucks, tractors and mowing equipment. The New Jersey State Contract is scheduled to expire March 15, 2015 and additional funds are needed to purchase necessary tires through the remaining term of the contract. The majority of these tires are stocked in the Authority's inventory.

This contract was originally procured under State Contract (WSCA) No. 82527 in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 et seq., the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, approval is requested to **increase** the authorized amount of Contract No. 1742 with Edwards Tire Co. Inc. by \$250,000.00 for a new total authorized amount of \$800,000.00 through March 15, 2015, subject to funding availability at the time of order.

018-01-2014

In a document dated January 10, 2014, **a Recommendation for Electrical Equipment and Supplies to Jewel Electrical Supply Co., State Contract No. 85578 expiring 12/31/2015; Keer Electrical Supply Co. Inc., State Contract No. 85583 expiring 12/31/2015; and Pemberton Electrical Supply Co. State Contract No. 85579 expiring 12/31/2015, RM-105590, Budget Code: Various, in an amount of \$1,060,000.00 (2 Year Term)**, was approved.

The Maintenance Department has requisitioned contracts for electrical equipment and supplies used to maintain the Authority's buildings and facilities. These items include, but are not limited to wire, switches, transformers, motors, light fixtures and conduit. Authorization is requested to award separate contracts to Keer Electrical Supply Co., Inc., Jewel Electric Supply Co., and Pemberton Electrical Supply Co., LLC.

State Contract Nos. 85583 (Keer Electric), 85578 (Jewel Electric), and 85579 (Pemberton Electric) will be procured in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 et seq., the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permit the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

operations and would present a threat to the safety of the motoring public should they not be available. Jesco, Inc. is the sole distributor in the State of New Jersey for John Deere OEM parts and is authorized to provide qualified and trained service and repairs.

Accordingly, authorization is requested to award a sole source contract to Jesco, Inc. for John Deere OEM parts and repairs to Authority-owned John Deere heavy equipment for one year, in an amount not to exceed \$85,000.00. This award will be made under the sole source procurement authorization of N.J.A.C. 19:9-2.2(d)1 as promulgated under N.J.A.C. 27:23-6.1 and Executive Order 37 (Corzine 2006). A resolution, as required by N.J.A.C. 19:9-2.2(d)1, is attached hereto. The award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to the same. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendor.

021-01-2014

In a document dated January 16, 2014, a Recommendation for **Temporary Lane Control Signal System to** Backhaul Engineering, LLC, RM-105916, Budget Code: Various, in an amount of \$150,000.00 (3-year Contract), was approved.

The Engineering Department requisitioned a three-year service agreement to support the wireless communications that operates its temporary shoulder use lane control signal system (the "System") on the eastbound New Jersey Turnpike – Newark Bay Hudson County Extension ("NBHCE"). In July 2013, under Contract No. T100.034, the Board of Commissioners approved the installation of the System, which is essential to the operation of the NBHCE right shoulder as a third travel lane in the peak travel hours during the construction of the New Jersey Department of Transportation Pulaski Skyway project. The System is comprised of 11 electronic lane control signals, operated by a wireless communications system, placed over the right shoulder. This will indicate to patrons when use of the NBHCE right shoulder as a third travel lane is permitted.

Backhaul Engineering, LLC is the only manufacturer-authorized provider of the support services required by the Authority in the NBHCE service area. This support service contract provides for 24/7 remote support, 4-hour on-site emergency response, and twice-annual maintenance of the wireless communication system that operates the System. The support services are necessary and essential to safe movement and travel during the two to three years of the Pulaski Skyway reconstruction project.

Accordingly, authorization is requested to award a contract to Backhaul Engineering, LLC for the System support service and maintenance agreement in an amount not to exceed \$150,000.00 for the period February 15, 2014 through February 14, 2017, subject to funding availability at the time of service. The award will be made under the sole source procurement

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Accordingly, authorization is requested to award contracts to: 1) Keer Electrical Supply Co., Inc. in the amount of \$300,000.00 under State Contract No. 85583; 2) Jewel Electric Supply Co. in the amount of \$600,000.00 under State Contract No. 85578; and 3) Pemberton Electrical Supply Co., LLC in the amount of \$160,000.00 under State Contract No. 85579, each for a two-year term with an expiration date of 12/31/2015. The authorized amounts requested may be reallocated among the three vendors as required during the term of the contracts. The total authorized amount will not exceed \$1,060,000.00, based on funding availability at the time of the orders.

019-01-2014

In a document dated January 15, 2014, **a Recommendation for 2014 Ford Explorer 4-Door Vehicles to Celebrity Ford d/b/a Beyer Ford, LLC, R-105573, Budget Code: 00 010 500 480060, State Contract No. 83013, Expiring 10/29/2014, in an amount of \$74,904.00 (\$24,968.00 each)**, was approved.

The Maintenance Department requisitioned three 4-door, 4-wheel drive Ford Explorer vehicles. These vehicles are part of the Authority's Vehicle Replacement Program to replace old, high mileage vehicles which have become very expensive to maintain. These high mileage vehicles have greater than average maintenance and repair costs, and thus, replacement becomes more cost effective. The vehicles being replaced will be salvaged and sold at surplus auction.

These vehicles are available to be purchased from Beyer Ford, LLC under New Jersey State Contract No. 83013 at a unit price of \$24,968.00. This contract will be procured in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 et seq., the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006).

Accordingly, authorization is requested to award the referenced State Contract to Beyer Ford, LLC for a total amount not to exceed \$74,904.00.

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SOLE SOURCE

020-01-2014

In a document dated January 10, 2014, **a Recommendation for John Deere Heavy-Duty Parts and Repairs to Jesco, Inc., RM-103408, Budget Code: Various, in an amount of \$85,000.00**, was approved.

Authorization is requested to award a sole source contract to Jesco, Inc. for Deere & Company, d/b/a John Deere, original equipment manufacturer parts ("John Deere OEM parts") and repairs to Authority –owned John Deere heavy-duty equipment. This equipment is used for excavating and salt loading which must be readily available for the Authority's snow plow

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authorization of N.J.A.C. 19:9-2.2(d)1, as promulgated under N.J.S.A. 27:23-1 et seq., and Executive Order No. 37 (Corzine 2006). A resolution, as required by N.J.A.C. 19:9-2.2(d) 1, is attached hereto.

RESOLUTION FOR SOLE SOURCE PROCUREMENT

Temporary Lane Control Signal System Support

WHEREAS, the Engineering Department has requisitioned a three-year support contract for the Temporary Lane Control Signal System (the "System") on the eastbound New Jersey Turnpike – Newark Bay Hudson County Extension ("NBHCE"), for the period February 15, 2014 through February 14, 2017; and

WHEREAS, Backhaul Engineering, LLC, as the sole manufacturer-authorized service provider of the System, is the only vendor capable of providing all services and repairs to the System; and

WHEREAS, the Authority's cost for a three-year service and repair contract with Backhaul Engineering, LLC will not exceed \$150,000; and

WHEREAS, the Authority's regulations, pursuant to N.J.A.C. 19:9-2(d)1 promulgated under N.J.S.A. 27:23-6.1, permit sole source procurement when only one source for the required product exists.

NOW, THEREFORE, BE IT RESOLVED THAT the Authority's Commissioners hereby authorize and approve the award of a service and repair contract with Backhaul Engineering, LLC, to support the temporary lane control signal system on the NBHCE in an amount not to exceed \$150,000.00 for the period February 15, 2014 through February 14, 2017, as a sole source exception to procurement by public advertisement permitted by N.J.A.C. 19:9-2.2(d)1, promulgated under the Authority's enabling legislation, N.J.S.A. 27:23-6.1.

On motion by Vice Chairman Gravino and seconded by Commissioner Pocino, the Authority unanimously approved of item numbers 016-01-2014 through 021-01-2014; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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GENERAL BUSINESS

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OPERATIONS

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Director of Operations Henry Eibel requested approval of item number 022-01-2014. Moved the item as follows:

022-01-2014

Director of Operations Henry Eibel requested acceptance of the **Resume of All Fatal Accidents** for the Garden State Parkway and New Jersey Turnpike: Period 01/01/2013 through 01/10/2014; both with 2012-2013 Yearly Comparisons through December, 2013.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Authority unanimously approved item number 022-01-2014; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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STATE POLICE

Major Eric Heitmann requested for approval of item number 023-01-2014. Moved is the item as follows:

023-01-2014

Major Eric Heitmann requested acceptance of the **New Jersey State Police Troop D Activity Reports**, For December 2013, with 2012 – 2013 Yearly Comparisons.

On motion by Commissioner Pocino and seconded by Commissioner Diaz, the Authority unanimously accepted the reports contained in item number 023-01-2014 and received same for file.

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FINANCE

Chief Financial Officer (“CFO”) Donna Manuelli requested approval of item numbers 024-01-2014. Moved is the items as follows:

024-01-2014

Chief Financial Officer Donna Manuelli presented the **Financial Summary** for the twelve (12) months ended December 31, 2013.

On motion by Treasurer DuPont and seconded by Commissioner Hodes, the Authority unanimously approved of item number 024-01-2014; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

Treasurer DuPont commended CFO Manuelli on keeping NJTA within its 2013 Operating Budget.

025-01-2014

In a memorandum dated January 7, 2014, **a request for Authorization to Enter Into Memorandum of Understanding with the New Jersey Office of Emergency Management**, was approved.

Authority expenses related to hazard mitigation or public assistance programs for presidentially declared disasters may be reimbursable through grants issued by the Federal

Emergency Management Agency (FEMA). These grants are paid through the State of New Jersey Office of Emergency Management (NJOEM) as the designated State Grantee. The NJOEM distributes the funds to the Authority as the Subgrantee.

A Memorandum of Understanding (MOU) between the Authority and the NJOEM is required for the Authority to be eligible to receive the funding. Among other items, the MOU requires the Authority to be knowledgeable of the program, to maintain and provide all requested records relating to a reimbursable event, to obtain and maintain insurance that is reasonably available to protect against future loss and to comply with all federal or state laws and regulations that may affect grant requirements.

In return and in addition to other responsibilities, the NJOEM shall review applications for reimbursement and assist in correcting any deficiencies, shall communicate and provide technical assistance to assist with grant applications and shall notify the Authority of changes to the laws, regulations or policies relevant to grant requirements.

It is therefore recommended the Executive Director be authorized to execute the MOU with the NJOEM and to execute any other relevant documents that are necessary to allow the Authority to participate in FEMA grants for reimbursement of expenses related to hazard mitigation and presidentially declared disasters.

026-01-2014

In a memorandum dated January 16, 2014, **a Recommendation to Approve Action Plan to Establish an Internal Revenue Code (IRC) Section 115 Trust for Other Post Employment Benefit Obligations (OPEB) and establish Authority OPEB Committee**, was approved.

In June 2004, the Governmental Accounting Standards Board (GASB) released GASB Statement No. 45. GASB 45, which became effective for the Authority for the fiscal year ended December 31, 2009, establishes accounting and reporting standards for other post-employment benefits (OPEB) offered by state and local governments. OPEB are employee benefits, other than pensions, that are received after employment ends. OPEB includes the post-employment items such a medical and prescription medicine benefits.

GASB 45 requires that public entities, such as the Authority which prepare financial statements according to Generally Accepted Accounting Principles, calculate and record the expense and liability of their OPEB benefits. GASB 45 does not require the Authority to fund its OPEB obligations. Credit rating agencies and bond investors, however, review a governmental employer's financial statements for the adequacy of the employer's OPEB funding. Rating agencies have publicly stated that OPEB liabilities would be a factor in the overall credit assessment of an issuer. An issuer's unfunded OPEB liability is viewed much the same as an unfunded pension obligation. In compliance with GASB 45, the Authority has recorded a liability

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in its financial statements of \$245 million, representing the current portion of its net OPEB obligation. On an annual basis, the Authority's required contribution for its OPEB liability is approximately \$73 million, of which it pays approximately \$36 million, representing current payments for retiree medical and other benefits.

Since GASB 45 became effective, the Authority's management team has faced increasing questions from credit rating agencies and investors regarding the Authority's plan to fund any portion of its OPEB liability. Management recognizes that as part of its overall prudent financial planning, the Authority should take steps to establish a funding plan and funding mechanism for its OPEB obligation. This plan would also be important to Authority employees, who have worked to receive these benefits in retirement.

The preferred plan is to establish what is known as an OPEB Trust. Specifically, Authority management recommends establishing an Internal Revenue Code (IRC) Section 115 Trust, which is a trust that is used to fund an essential governmental function. The providing of retiree medical and other benefits may constitute an essential governmental function and thereby make the income of the trust exempt from taxation. The requirements of the trust are that: (1) employer contributions to the trust must be irrevocable; (2) the trust's assets must be dedicated to paying for retiree medical and other benefits; and (3) the trust's assets must be protected from the employer's general creditors. In most cases, on an annual basis, employers fund the OPEB Trust in an amount equal to the annual required contribution, so that no unfunded liability exists. That means the Authority would ideally deposit \$37 million into the OPEB Trust in addition to what it currently funds retiree medical and other benefits on a "pay as you go" basis. Not only does the OPEB Trust provide security to the Authority's employees and retirees, it will also reduce the Authority's total OPEB obligation because a long term interest rate assumption can be used by the actuary when calculating the OPEB obligation.

In order to establish the Trust, the Authority's outside counsel has recommended that the following plan be established:

- (1) The Board of Commissioners will appoint an OPEB Committee which will be responsible for the administrative duties under the OPEB Trust and will make recommendations to the Board of Commissioners regarding all OPEB funding-related decisions. It is recommended that the OPEB Committee be comprised of the following:
 - (a) Chief Operating Officer/Deputy Executive Director
 - (b) Chief Financial Officer
 - (c) Deputy Chief Financial Officer
 - (d) Director of Human Resources
 - (e) General Counsel

- (2) Authorize the Authority's current outside counsel to assist in the establishment of the OPEB Trust and any necessary procurement(s).
- (3) Issue Request for Proposals (RFPs) to engage an institutional trustee and an institutional investment manager/advisor for the plans assets. The award to the trustee and investment manager/advisor will be approved by the Board of Commissioners based on the recommendations made by the OPEB committee.
- (4) Develop and approve the OPEB Trust Agreement, which will include all necessary provisions required under IRC Section 115. The Trust Agreement will not commit the Authority to any required funding level and will require that funding levels, if any, will be approved by the Board of Commissioners as part of the annual budget process. The Trust Agreement will also specify that current payments for retiree medical and other benefits will be made from the Authority's Operating Budget, as is current practice, and any additional amounts contributed by the Authority to the OPEB Trust would be made from the General Reserve Fund.
- (5) Take all necessary steps to obtain a private letter ruling from the Internal Revenue Service (IRS) to ensure that the Trust is considered an essential governmental function so that interest income on the assets of the Trust is tax-exempt.
- (6) Obtain all necessary opinions from general counsel and bond counsel.
- (7) Adopt GASB Statement No. 43, which imposes financial reporting obligations on OPEB Trusts.
- (8) Appoint an external auditor to audit the financial statements of the OPEB Trust.

Over the past several years, credit rating agencies and investors have increased their focus on prudent financial management and planning for governmental entities, especially in the areas of retiree benefits – pension and other benefits. The Authority's management recognizes that funding OPEB is important for not only satisfying rating agencies and investors but also to meet its obligations to its employees and retirees. The OPEB Trust Agreement will be written to ensure that that annual contributions will not be at any mandated level, but will be based upon the annual budget process. Once made, however, the contributions are irrevocable and can be

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used only to pay the costs of retiree medical and other benefits. Accordingly, it is respectfully recommended that the Board of Commissioners approve the plan outlined herein, including the appointment of the OPEB Committee, and authorize management to take the steps necessary to implement the plan. It is further recommended that the Board of Commissioners authorize the Authority to spend no more than fifty thousand dollars (\$50,000) per calendar year, for so long as the OPEB Trust exists, to pay for the cost of the institutional trustee and an institutional investment manager/advisor for the OPEB trust plans assets.

027-01-2014

In a memorandum dated January 21, 2014, a Recommendation to Authorization to Adopt Debt Management Policy, was approved.

At its December 19, 2012 meeting, the Authority's Board of Commissioners adopted Financial Management Principles and Guidelines. Among other things, the Financial Management Principles and Guidelines require the Authority to adopt a Debt Management Policy.

The Debt Management Policy provides written guidelines, allowances, and restrictions, which guide the debt issuance practices of the Authority, including the issuance process, management of the debt portfolio, and adherence to various laws and regulations, including Internal Revenue Service post-issuance compliance policies and applicable State of New Jersey Executive Orders. This Debt Management Policy is intended to show compliance with all provisions of the New Jersey Turnpike Authority Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented (the "Act") relating to the issuance of debt, as well as provisions of the resolution of the Authority adopted on August 20, 1991 and entitled, "Turnpike Revenue Bond Resolution", as amended and restated on September 26, 1991, and as further amended and restated on November 22, 1991, as the same has been and will be further amended, restated, and supplemented from time to time (the "Bond Resolution").

The goal of the Debt Management Policy is to improve the quality of decisions, provide justification for the structure of debt issuance, identify policy goals, and demonstrate a commitment to long-term financial planning, including a multi-year capital plan. Adherence to a Debt Management Policy signals to credit rating agencies and investors that the Authority is well managed and has a plan to meet its obligations in a timely manner. Debt levels and their related annual costs are important long-term obligations that must be managed within available resources.

An effective debt management policy provides guidance for the Authority to manage its debt program in line with its current and projected future resources. The attached Debt Management Policy sets forth:

- Debt Limits
- Debt Structuring Practices
- Debt Issuance Practices
- Debt Management Practices
- Post-Issuance Compliance Policies

Based upon the requirements set forth in the Authority's Financial Management Principles and Guidelines, as well as management's commitment to fiscal prudence and transparency, your approval is respectfully requested to adopt the attached Debt Management Policy.

NEW JERSEY TURNPIKE AUTHORITY

Debt Management Policy

January 2014

I. INTRODUCTION

A. Purpose of Policy

This Debt Management Policy is intended to serve as a management tool to enable the New Jersey Turnpike Authority (the "Authority") to identify circumstances and transactions under which the Authority can issue and manage its bonds, notes and other obligations in the most efficient manner and provide for the full and timely repayment thereof. This policy is also intended to serve as guidance for management of the Authority with respect to:

- (i) the issuance and incurrence of Authority debt in appropriate amounts and types with the goals of achieving the lowest possible costs of capital within prudent risk parameters and ensuring ongoing access to the capital markets;
- (ii) compliance by the Authority with all provisions of the Act (as hereinafter defined) relating to bonds, notes or other obligations of the Authority, as well as all provisions of the Authority's Bond Resolution (as hereinafter defined);
- (iii) preservation of financial flexibility to maintain appropriate resources and funding capacity for present and future capital needs;
- (iv) management of interest rate risk exposure to promote the appropriate diversification within the debt portfolio to balance risk and liquidity and promote and maintain an acceptable balance between interest rate risk and the long-term cost of capital; and
- (v) securing of highly qualified professional services firms to assist with debt issuance in an open and competitive process.

B. The Authority

The Authority is a public body corporate and politic of the State of New Jersey created under and by virtue of the New Jersey Turnpike Authority Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented (the "Act").

C. Review

This Policy will be reviewed by the Authority no less than once every (2) two years and any changes to this Policy will be presented to and approved by the Authority's Board of Commissioners. This Policy will also be made available on the Authority's website (<http://www.state.nj.us/turnpike>).

D. Best Interests of the Authority

Although adherence to this policy is desirable, deviations from the policy may be appropriate at times to address: (i) changing financial goals; (ii) emerging financial products/debt structures; and/or (iii) unique market opportunities. Consequently, the general best interests of the Authority shall supersede any provision of the policy.

II. TURNPIKE REVENUE BONDS

A. Legal Authority

Pursuant to the Act, the Authority is authorized and empowered to issue and incur its bonds, notes and other obligations for the purposes and on the terms and conditions set forth in the Act. All currently issued and outstanding bonds of the Authority, and all future bonds, notes or other obligations of the Authority, have been or will be issued and incurred under and pursuant to, and/or in accordance with, the terms and provisions of the Act and a resolution of the Authority adopted on August 20, 1991 and entitled, "Turnpike Revenue Bond Resolution", as amended and restated on September 26, 1991, and as further amended and restated on November 22, 1991, as the same has been and will be further amended, restated and supplemented from time to time (the "Bond Resolution") (Capitalized terms used herein which are not otherwise defined shall have the meaning given to such terms in the Bond Resolution).

B. Approvals of Governor and State Treasurer

Pursuant to Section 3(F) of the Act (N.J.S.A. 27:23-3(F)), no resolution or other action of the Authority providing for the issuance of bonds, refunding bonds or other obligations or the fixing, revising or adjusting of tolls for the use of the Turnpike System shall be adopted or otherwise made effective by the Authority without the prior written approval of the Governor and the State Treasurer. Section 3(F) of the Act further provides that the powers conferred upon the Governor and the State Treasurer pursuant to such Section shall be exercised with due regard of the rights of the holders of the Authority's bonds at any time outstanding and nothing in such Section shall in any way limit, restrict or alter the obligation or powers of the Authority to carry out and perform each and every covenant, agreement or contract at any time made or enter into by or on behalf of the Authority with respect to its bonds or for the benefit, protection and security of the holders thereof.

C. Use of Debt Proceeds

As more fully described in this Policy, bonds, notes and other obligations will be issued by the Authority solely for the purposes of financing its essential capital activities or refunding outstanding debt. Debt will not be issued by the Authority to fund, in whole or in part, operation and maintenance costs of the Turnpike System or capital assets with average useful lives which are shorter than the average maturity of the associated debt. All bonds, notes and other obligations issued by the Authority will comply with the requirements of the Act and the Bond Resolution, as well as all other applicable federal and state laws, rules and regulations.

D. Types of Debt

Under the Bond Resolution, the Authority is authorized to issue Turnpike Revenue Bonds payable from and secured by a lien on and pledge of the Pledged Revenues of the Turnpike System on a parity with all Bonds Outstanding under the Bond Resolution from time to time and the reimbursement and payment obligations under certain Credit Facilities and Qualified Swap (as such terms are defined in the Bond Resolution). Specific types of debt that can be issued are as follows:

- (i) Long-Term Debt: Although the Statute and Bond Resolution allow debt to be issued up to forty (40) years, the Authority will limit its maturities to up to thirty (30) years from date of issuance to finance essential capital activities for the Turnpike System, including the acquisition, construction, and rehabilitation of major capital assets for and/or additions to the New Jersey Turnpike, the Garden State Parkway, and any other component of the Turnpike System.
- (ii) Short-Term Debt: Short-term debt with maturities of two (2) years or shorter may be used to provide interim financing for the acquisition, construction, and rehabilitation of capital assets for and/or additions to the Turnpike System and/or to reduce or hedge interest rate costs. Short-term debt obligations may include bond anticipation notes and variable rate bonds or notes, as well as any other appropriate instrument(s).
- (iii) Variable Rate Debt: In addition to fixed rate debt, the Authority may issue bonds/notes with a variable interest rate to: (i) diversify its debt portfolio; (ii) reduce interest costs; (iii) improve its match of assets to liabilities; and/or (iv) provide budgetary relief. Pursuant to and in accordance with the provisions of the Bond Resolution and its Interest Rate Swap Management Plan, the Authority may also enter Qualified Swap Agreements and/or Exchange Agreements to hedge its interest rate risk on variable rate debt where appropriate.

E. Purposes

The Authority may issue debt for either new money or refunding purposes.

- (i) **New Money**: New money debt may be issued by the Authority to provide funding for essential capital activities as described in the Section entitled "Types of Debt" above.
- (ii) **Economic Refunding**: The Authority may issue refunding debt to achieve debt service savings on its outstanding debt by redeeming outstanding debt with lower interest rate debt. The Authority may structure the savings from these refunding issues on a level, accelerated or deferred basis depending on the Authority's financing goals.
- (iii) **Non-Economic Refunding**: In certain instances, it may be advantageous for the Authority to issue refunding debt that does not produce positive economic savings but serves to restructure existing debt or retire debt in order to remove undesirable debt covenants. Prior to issuing non-economic refunding debt, the Authority will evaluate the benefits (both intangible and tangible) of issuing such debt as well as the economic cost of such debt.

F. Debt Limit

The amount of bonds to be issued is limited by the following in the Bond Resolution:

- (i) **Additional Bonds Test - New Money Purposes**: In accordance with Section 203 of the Bond Resolution, in order for the Authority to issue and sell its bonds for new money purposes, the Authority must, among other things, satisfy the following tests:
 - (a) the Net Revenues of the Authority (Pledged Revenues minus Operating Expenses) for any period of twelve (12) consecutive calendar months out of the twenty-four (24) calendar months next preceding the issuance of such bonds must equal or exceed the Net Revenue Requirement for such twelve (12) month period without regard to the bonds proposed to be issued; and
 - (b) the estimated Net Revenues for the first full five (5) calendar years after the financed asset is estimated to be placed in service must equal or exceed the Net Revenue Requirement for each such year and the estimated Net Revenues in the 5th such calendar year must equal or exceed the future maximum Aggregate Debt Service in any year.

In addition, all other requirements of the Bond Resolution relating to the issuance of bonds for new money purposes must be satisfied.

For purposes of the Bond Resolution, the "Net Revenue Requirement" in any year is the greater of: (i) the sum of the Aggregate Debt Service on all outstanding Authority bonds, the Maintenance Reserve Payments, the Special Project Reserve Payment and all deposits to the Charges Fund in such year; or (ii) 1.20 times the Aggregate Debt Service on all outstanding Authority bonds in such year.

- (ii) **Additional Bonds Test - Refunding**: In accordance with Section 204 of the Bond Resolution, in order for the Authority to issue and sell its bonds for refunding purposes, the Authority must, among other things, either (i) demonstrate that the Aggregate Debt Service on all outstanding Authority bonds is not increased in the then current or any future calendar year as a result of the issuance of such refunding bonds, or (ii) satisfy both of the tests described in clauses (a) and (b) of the preceding subsection of this policy entitled "Additional Bonds Test – New Money Purposes".

G. State Non-Impairment Agreement

Pursuant to Section 7 of the Act (N.J.S.A. 27:23-7), the State of New Jersey has pledged and agreed with the holders of the Authority's bonds that it will not limit or restrict the rights vested in the Authority to acquire, maintain, construct, improve, manage, repair, reconstruct and operate the Turnpike System, or to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to meet the expenses of maintenance and operation thereof and to fulfill the terms of any agreements made with the holders of the Authority's bonds or in any way impair the rights and remedies of the holders of such bonds until the bonds, together with interest thereon, are fully paid and discharged.

III. DEBT STRUCTURING

A. Maximum Term

The Authority will limit its maturities to a maximum of thirty (30) years from date of issuance. The average maturity of the Authority's bonds may not exceed the average remaining useful life of the assets being financed or the limitations set forth in the Act.

B. Bond and Debt Service Structure

Turnpike Revenue Bonds can be structured using discount, par, or premium coupons or any combination, utilizing the coupon structure, which produces the lowest True Interest Cost (TIC), taking into consideration the call option value of any callable maturities. When comparing yields associated with callable premium bonds and callable discount bonds of the same maturity, the yield-to-maturity should be evaluated in addition to the yield-to-call date. The use of capital appreciation bonds or zero-coupon bonds should be used only when necessary to meet minimum Net Revenue Requirement targets or minimum General Reserve Fund target balances as specified in the Authority's Financial Management Principles and Guidelines, or if they produce the lowest TIC compared to other structures. The Authority will structure its new money debt maturities to achieve either an overall level debt service structure for its debt portfolio or a standalone level debt service structure. The determination of debt service structure will consider Net Revenue Requirement targeted levels and minimum General Reserve Fund balance target levels as specified in the Authority's Financial Management Principles and Guidelines, as well as the TIC for various debt service structures to achieve the optimum structure.

C. Maturities

Bonds or notes may be serial bonds or notes, or term bonds or notes, or any combination thereof.

D. Composition of Debt

The aggregate amount of the Authority's long-term variable rate debt should not exceed 20% of its outstanding long-term debt.

E. Credit Enhancement

The Authority may secure credit and/or liquidity enhancement for all or a portion of each debt issuance, which may be in the form of municipal bond insurance, a letter/line of credit or a standby purchase arrangement. The Executive Director and the Chief Financial Officer shall make the final recommendation to use bond insurance for a particular debt issuance after taking into account such factors as the economic benefit of the enhancement, the Authority's available insurance capacity with the insurance community, and future secondary market trading conditions. The Authority will not secure credit enhancement through the final maturity date of a particular debt issuance unless it meets the minimum threshold of providing a net economic benefit to the transaction, assuming the debt remains outstanding until its final maturity date. With respect to bond insurance or any other form of credit enhancement which is paid for with an upfront premium, the Authority will analyze the economic benefit both to the final maturity date of the debt and to the first optional redemption date of the debt.

The Authority may also use a letter/line of credit and/or a standby purchase arrangement (collectively, a "Credit/Liquidity Facility") to provide credit and/or liquidity support for its debt. The Authority shall consider the following criteria when selecting the provider of a Credit/Liquidity Facility: (i) the long-term ratings of the provider, which shall be at least equal to or better than the Authority's long-term ratings; (ii) the short-term ratings of the provider, which shall be at least P-1/A-1; (iii) the legal and business terms and conditions of the agreement with the provider, which shall be acceptable to the Authority; (iv) a representative list of clients similar to the Authority for whom the provider has provided credit and/or liquidity support; (v) the costs to the Authority associated with the proposed Credit/Liquidity Facility, including the cost of the Credit/Liquidity Facility itself, the fees associated with any drawings on the Credit/Liquidity Facility, the fees and expenses of counsel to the provider and any other administrative costs associated with the Credit/Liquidity Facility, and (vi) the trading differential cost between the Authority's debt which is supported by the proposed Credit/Liquidity Facility and its unenhanced debt.

F. Capitalized Interest

Capitalized Interest may be used if needed for new money bonds but is limited to two (2) years.

G. Derivative Agreements

The Authority shall maintain an Interest Rate Swap Management Plan and the time to time use by the Authority of any Qualified Swap Agreements, Exchange Agreements, and other derivative agreements and instruments in connection with its debt shall comply with the terms of its Interest Rate Swap Management Plan as in effect. The Authority shall consult with its Bond Counsel and Financial/Swap Advisor in the event that the Authority is considering entering into any Qualified Swap Agreement, Exchange Agreement, and other derivative agreement or instrument in connection with any debt.

H. Call Provisions

Long-term fixed rate tax-exempt debt should generally be callable in ten (10) years. This provides flexibility to refund bonds if interest rates decline. An analysis should be performed to determine the economic benefit of utilizing call provisions shorter than ten (10) years.

I. Tax Status

The Authority may issue debt on a taxable or tax-exempt basis. The Authority has a preference for issuing debt on a tax-exempt basis to take advantage of the expected interest costs savings compared to issuing taxable debt.

IV. DEBT ISSUANCE

A. Sale of Bonds

The Authority shall determine the method of sale of its bonds (competitive versus negotiated) by evaluating the benefits that are associated with each method of sale, in addition to examining financial and market conditions. Due to the size and complexity of the Authority's debt issues, bonds are normally sold on a negotiated basis. Underwriters shall be selected through a Request For Proposal (RFP) process and the Authority will encourage the participation of minority-owned and women-owned business enterprises, and will take into consideration an applicant's presence in New Jersey. The RFP process will be in compliance with the Authority's procurement policies and Executive Order 37 (Corzine). The Authority will use the services of a financial advisor and bond counsel, each of which will be selected through an RFP process.

In accordance with Article IX of the Bond Resolution, the Authority shall appoint a Trustee, Paying Agent, and Registrar for the new bond series. All Fiduciaries shall accept all responsibilities as outlined in Article IX of the Bond Resolution.

B. Credit Ratings

The Authority shall have a ratings strategy that is guided by achieving the best economic results for the Authority, including attaining a proper balance between minimizing borrowing costs and maximizing financial flexibility for the Authority's debt program. The Authority shall strive to maintain or improve the credit ratings for its debt without adversely affecting the levels or types of debt that may be issued by the Authority to finance its essential capital activities, including the acquisition, construction and rehabilitation of major capital assets for and/or additions to the Turnpike System. The Authority recognizes and acknowledges, however, that as market conditions and financing needs change and evolve, so should the Authority's credit ratings strategy. The Authority may accept a lower credit rating or downgrade to its existing ratings (and thus incur a modest financing cost differential) in order to gain the flexibility needed to effect significant policy initiatives. The Authority will periodically review its credit rating strategy to assess whether market or capital plan developments warrant a revision in the Authority's approach to its ratings.

As of January 2014, the Authority is rated A3 by Moody's Investors Services, A+ by Standard and Poor's Ratings Services, and A by Fitch Ratings Inc. The Authority will receive ratings from at least two (2) of the four (4) nationally recognized credit rating agencies, which are currently Moody's Investors Services, Standard and Poor's Rating Services, Fitch Ratings Inc., and Kroll Bond Rating Agency. Selection of the ultimate number of ratings and credit rating agency will be based upon overall cost, service to the Authority, any investor requirements and the recommendation of the Authority's financial advisor.

The Authority will strive to communicate regularly and frequently with the credit rating agencies. To the extent possible and/or necessary, the Authority will forward periodic information to the credit rating agencies, arrange regular conference calls to update the rating analysts on any significant financial developments and communicate with the credit rating agencies prior to each Authority debt issuance. The Authority will also maintain periodic communication with its credit enhancement providers, updating them on financial developments as a means of facilitating future market participation with the credit enhancement community.

C. Economic Refunding Criteria

When identifying potential refunding candidates for economic refunding, the Authority will generally seek a minimum per transaction present value savings threshold of three percent (3%). Notwithstanding the above, the 3% savings threshold shall not apply for debt with a call date between one (1) and three (3) years from their stated maturity, or for small principal maturities and bonds that produce significant negative arbitrage. In addition, for an advance refunding, the Authority will consider the refunding efficiency of potential bond refunding, considering the negative arbitrage, if any, on the refunding escrow and will seek a minimum refunding efficiency percentage of at least seventy percent (70%).

V. DEBT MANAGEMENT

A. Investment of Funds

The Authority shall invest all of its funds (including the proceeds received from the sale of its bonds, notes or other obligations), which are not immediately needed for the purposes of the Authority, in Investment Securities as provided in the Bond Resolution. The Authority shall invest all of its funds in a manner that allows such funds to be available when needed to be applied for their intended purposes. Investments are further governed by the terms of the Authority's Investment Policy.

B. Compliance with Bond Resolution

The Bond Resolution, including specifically Article VII thereof, contains several covenants, requirements and other provisions which the Authority has agreed to comply with for the benefit, protection and security of the holders of its outstanding bonds issued from time to time under and pursuant to the Bond Resolution. The Authority shall at all times manage its debt portfolio and operate and manage the Turnpike System in a manner which results in the Authority being in compliance with all covenants, requirements, and other provisions of the Bond Resolution, including, without limitation, the Sections of the Bond Resolution more fully described below.

(i) Tolls and Charges

Pursuant to Section 713 of the Bond Resolution, the Authority has covenanted to, at all times, fix, charge and collect such tolls for the use of the Turnpike System as shall be required in order that in each calendar year the Net Revenues shall at least equal the Net Revenue Requirement for such year. Section 713 of the Bond Resolution furthers provides that, on or before December 1 in each year, the Authority shall complete a review of its financial condition for the purpose of estimating whether the Net Revenues for such year and the next succeeding year will be sufficient to meet the Net Revenue Requirement and shall by resolution of its Board of Commissioners make a determination with respect thereto. The Authority shall file a copy of its determination with the Trustee under the Bond Resolution on or before December 20 of each year. If the Authority determines that the Net Revenues may not be sufficient to meet the Net Revenue Requirement, the Authority shall cause its Traffic Engineers to make a study for the purpose of recommending a new schedule of tolls which will cause the Authority to have sufficient Net Revenues to meet the Net Revenue Requirement, and, as promptly as practicable, but by no later than the following April 1, the Authority shall adopt and place into effect the schedule of tolls recommended by the Traffic Engineers.

(ii) Annual Budget

Section 710 of the Bond Resolution contains certain covenants, agreements and provisions relating to the preparation, filing and adoption of the Authority's annual budget for each calendar year. The Authority shall at all times comply with the provisions of Section 710 in connection with the adoption of each annual budget.

(iii) Sale, Lease or Disposal of Property

Section 708 of the Bond Resolution provides that no part of the Turnpike System shall be sold, mortgaged, leased or otherwise disposed of, except as permitted by such Section. Among other things, Section 708 permits the Authority to sell, lease or exchange any property or facilities constituting part of the Turnpike System and not useful or necessary in the operations thereof, but any proceeds of any such transaction not used to acquire other property necessary or desirable for the safe and efficient operation of the Turnpike System shall be deposited in the Revenue Fund or the General Reserve Fund as the Authority may determine. The Authority shall at all times comply with the provisions of Section 708 of the Bond Resolution.

(iv) **Consulting and Traffic Engineers**

As required by Section 709 of the Bond Resolution, the Authority shall employ, at the times and in the manner set forth in Section 709, the services of separate, independently nationally recognized engineering firms or entities to perform the functions and duties of the Consulting Engineers and the Traffic Engineers, respectively, set forth in the Bond Resolution.

(v) **Books, Accounts, Records and Reports**

As required by Section 717 of the Bond Resolution, the Authority shall keep and maintain proper books of record and accounts in which complete and correct entries shall be made of all transactions relating to the Turnpike System and all Funds and Accounts established under the Bond Resolution. The Authority shall also prepare, or caused to be prepared, and file with the Trustee, the Consulting Engineers and, if applicable, the holders of any of the Authority's bonds, all financial and statistical reports, including its annual audited financial statements, required by the provisions of Section 717 at the times and in the manner required by the provisions of such Section. The Authority shall prepare and keep its books of record and accounts and its financial statements and reports in accordance with generally accepted accounting principles applicable to governmental entities in the United States of America. The Authority shall from time to time institute such controls as may be recommended by its independent auditor and other best practices deemed appropriate by its Chief Financial Officer.

(vi) **Debt Service Reserve Requirement**

In connection with the issuance of any bonds by the Authority, the Bond Resolution also requires that the Debt Reserve Fund created under the Bond Resolution must be funded to the Debt Reserve Requirement, which is the lesser of (i) the greatest amount of interest accruing on all outstanding bonds of the Authority any in calendar year, or (ii) the maximum amount permitted by the provisions of the Internal Revenue Code of 1986, as amended.

B. Compliance with Financial Management Principles and Guidelines

The Authority will comply with its Financial Management Principles and Guidelines as they pertain to the issuance, structure and management of debt.

C. Arbitrage and Rebate

The Authority will engage the services of an Arbitrage and Rebate Consultant to provide written reports to assist the Authority in monitoring yield on investments and calculating any rebate that may be due for all tax-exempt bonds. The consultant will provide written reports on the arbitrage liability, if any, on an annual basis. The Authority will file all required forms with the Internal Revenue Service and make any required payments when due.

D. Continuing Disclosure Agreement

In order to enable the underwriters of its bonds to comply with SEC Rule 15c2-12, the Authority enters into a Continuing Disclosure Agreement for each bond issue to provide for the timely filing of annual financial information, and material event notifications. Under its existing Continuing Disclosure Agreements, the Authority has agreed to provide, by May 1 of each year, its Audited Financial Statements, Annual Budget, and Financial Summary for the Twelve Months Ended December 31 and its Net Revenue Certification. A Continuing Disclosure Agreement will be executed for each bond issue.

E. Investor Relations

The Authority will maintain current and meaningful financial and other information on its website for the benefit of investors, credit enhancement providers and credit rating agencies. At a minimum, the Authority's investor relations website will contain traffic and revenue statistics, audited financial statements, trustee reports, and financial summaries.

VI. POST-ISSUANCE COMPLIANCE POLICY**A. Purpose**

This Post-Issuance Compliance Policy (the "Policy") sets forth policies of the Authority designed to monitor compliance of tax-advantaged obligations ("Obligations") issued by the Authority with applicable provisions of the Internal Revenue Code of 1986 as amended (the "Code") and regulations promulgated thereunder ("Treasury Regulations").

The Policy documents existing practices and describes various procedures and systems designed to identify on a timely basis facts relevant to demonstrating compliance with the requirements that must be satisfied subsequent to the issuance of Obligations in order that the

interest on such Obligations be, or continue to be, or would be but for certain provisions of the Code, excludable from gross income for Federal income tax purposes.

The Authority recognizes that compliance with applicable provisions of law is an ongoing process, necessary during the entire term of the Obligations. Accordingly, analysis of information and implementation of this Policy will require continual monitoring and likely, ongoing consultation with bond counsel. Further policies and procedures may be identified from time to time by Authority staff in consultation with bond counsel and the arbitrage and rebate consultant.

B. Policy Statement

After Obligations are issued, the compliance process includes a focus on use and investment of proceeds of the Obligations and includes:

- Tracking bond proceeds spending for qualified and nonqualified purposes;
- Maintaining detailed records of expenditures and investments;
- Ensuring that the facilities financed are used in a manner consistent with legal and tax requirements;
- Providing necessary disclosure information regarding financial and operating status;
- Maintaining adequate records.

C. Organizational Responsibility

The Executive Director has overall responsibility for post-issuance compliance for Obligations issued by the Authority and may delegate such responsibilities to a "Compliance Officer," who will have primary responsibility for post-issuance compliance to ensure and monitor post-issuance matters with respect to Obligations. The Executive Director shall be responsible for assuring an adequate succession plan for transferring post-issuance compliance responsibility when changes in staff occur.

In the case of Obligations for which the Authority must review and approve requisitions, the Authority's Finance Department shall review requisitions to assure that proceeds are expended on projects as authorized in the applicable bond documents, that reimbursement of pre-issuance costs are permissible, and to determine when projects are completed and/or placed in service, including for Build America Bonds. The Chief Financial Officer, or designee, shall direct investment of proceeds, review monthly bank statements from trustees or custodians and engage an Arbitrage and Rebate Consultant for each issue of Authority Obligations. The Chief Financial Officer, or designee, shall consult with the Authority's Bond Counsel if questions should arise.

D. Tracking Expenditures and Investment Earnings

The Authority shall maintain detailed records regarding the use and allocation of bond proceeds, including investment earnings, throughout the term of the bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate relating to the Bonds. The Authority's Accounting System will maintain copies of approved requisitions and invoices for expenditures, as well as investment earnings records, including bank statements. The Finance Department will maintain copies of bank statements if electronic statements are not available.

The Authority's Compliance Officer will monitor the application and use of bond proceeds on an ongoing basis and inform the Executive Director and bond counsel of events relating to use of bond proceeds which may result in issues which must be analyzed for compliance with Federal tax laws.

E. Records Retention

The Authority will maintain the following documents for the term of each issue of bonds plus at least three (3) years:

- The bond transcript of proceedings;
- All resolutions, including reimbursement resolutions, and minutes pertaining to the projects financed, if not included in the bond transcript;
- All surveys, feasibility or demand studies and any publications, brochures and newspaper articles with respect to the bonds, if not included in the bond transcript;
- All bond yield computations including supporting certificates and investment records, including trustee records, pertaining to the issue price of the bonds, proceeds of the bonds, investment agreements and related bidding documents, credit enhancement and liquidity documents, swap documents, rebate reports and rebate payments;
- All documents pertaining to the expenditure or granting of bond proceeds for the acquisition, construction or renovation of bond financed property including any trustee records, requisitions, reimbursements, draw schedules, draw requests, construction contracts, invoices, bills, land/project related appraisals, payment records, requisition statements, reimbursement records, cancelled checks, a final schedule of property

- financed by the bonds and final allocations of bond proceeds;
- All formal elections made for the bond financing (e.g., an election to employ an accounting methodology other than specific tracing);
- All records of trade or business use, purchase, lease, sublease or sale of bond financed property including any leasehold improvement contracts and ownership documentations such as joint venture arrangements, limited liability corporation arrangements or partnership arrangements;
- All management contracts and other service agreements, research contracts, and naming rights contracts;
- All accounting audits for bond financed property;
- All information reports filed for the bonds;
- All documentation pertaining to any prior IRS examination of Authority and/or tax-exempt bonds; and
- All correspondence related to the above including faxes, emails, and letters.

The Authority, in the Tax Certificate and/or other documents pertaining to the bonds that are finalized in connection with the issuance of the bonds, shall designate an employee responsible for retaining the records listed above. Records may be retained in electronic format.

F. Arbitrage and Rebate

The Authority will engage the services of an Arbitrage and Rebate Consultant to provide written reports to assist the Authority in monitoring yield on investments and calculating any rebate that may be due. The Consultant will work with the Chief Financial Officer to review the yield on investments to determine if there is a possible rebate liability. If the Consultant provides a written report that rebate is due, the Authority will make any required payments to the IRS and any required filings.

G. Credit Enhancement or Other Agreements Relating to Bonds

The Compliance Officer will monitor any extension or alteration of any credit enhancement relating to the Authority's tax-exempt debt or of any changes to other agreements relating to Authority Obligations such as guaranteed investment contracts or derivative products to assure that any changes meet post-issuance compliance requirements. The Compliance Officer will also monitor information relating to the ratings of counterparties to such agreements to assure that provisions of such agreements are fulfilled. The Compliance Officer will report any questions or issues to bond counsel.

H. Disclosures and Filings

The Authority will, according to the bond documents, enter into Continuing Disclosure Agreements with the trustee for the applicable Obligations and to comply with continuing disclosure requirements. In addition, the Authority will provide bond documents, as applicable, and copies of reports sent to credit providers and insurance companies and other parties to transactions, as well as financial information. The Authority's bond counsel will be responsible for completing any necessary material event notice filings.

I. Continuity and Training

The Compliance Officer will receive periodic training regarding the tax and other requirements applicable to Obligations and provide periodic training to staff with responsibilities relating to the procedures set forth above. Such training will cover the purposes and importance of these procedures. Training may be provided by bond counsel and shall include a review of the IRS Code and the IRS's web site established for the use of the tax-exempt bond community located at <http://www.irs.gov/taxexemptbond/index.html?navmenu=menu1>.

To provide for continuity of compliance with post-issuance debt requirements, the Authority will periodically review this policy but no less frequent than once every two (2) years, to assure that it comports with current law.

J. Remedial Action

Should the Authority become aware of events which may affect the permissible use and investment of bond proceeds the Authority will take steps, with advice from bond counsel, to seek remedial action with respect to such events.

On motion by Treasurer DuPont and seconded by Commissioner Hodes, the Authority unanimously approved of item numbers 025-01-2014 through 027-01-2014; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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EXECUTIVE SESSION

A motion to enter into Executive Session, not open to the public in accordance with the Open Public Meetings Act, N.J.S.A. 10:4-12(b), to discuss matters pertaining to:

- A. Personnel;
- B. Purchase, Lease or Acquisition of Real Property;
- C. Pending or Anticipated Litigation; and/or
- D. Contract Negotiations.

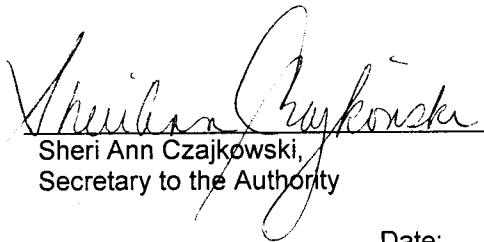
The motion was made by Treasurer DuPont and seconded by Commissioner Hodes, and, after the voice vote, the motion was duly adopted by the Board of Commissioners of the New Jersey Turnpike Authority.

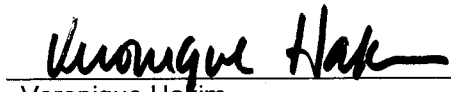
Executive Session was adjourned at 11:00 a.m.; Chairman Simpson resumed the public portion of the meeting.

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The motion to adjourn was made by Treasurer DuPont and seconded by Commissioner Hodes, and, after the voice vote, the motion was duly adopted. The Authority adjourned at 11:02 a.m., to meet on Tuesday, February 25, 2014, at 9:30 A.M.

ATTEST:


 Sheri Ann Czajkowski,
 Secretary to the Authority


 Veronique Hakim,
 Executive Director

Date: January 28, 2014