

**PROCEEDINGS OF NEW JERSEY TURNPIKE AUTHORITY  
SPECIAL MEETING  
MONDAY, FEBRUARY 9, 2009**

Chairman Dilts called the Authority into session in the Executive Boardroom of the Authority's Administration Offices, Woodbridge, New Jersey, at 12:01 PM.

**PRESENT**

Chairman Stephen Dilts; Treasurer Michael DuPont; Commissioner Harold Hodes; Commissioner Raymond Pocino; and Commissioner Troy Singleton (all participating via telephone).

Executive Director Diane Gutierrez-Scaccetti; Deputy Executive Director John O'Hern (both via telephone conferencing); Deputy Law Director Cavanaugh; Technology and Administrative Services Director Brian Gorman; and Secretary Rose Stanko.

Also present were: Special Bond Counsel John Kelly; and Sonia Frontera, Governor's Authorities Unit (both via telephone).

**NOTICE OF MEETING**

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

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**RECUSALS**

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

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At this juncture, Chairman Dilts opened the floor for public comment pertaining to the item being presented for Board approval. There was no response.

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

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**31-09**

Executive Director Gutierrez-Scaccetti presented the recommendation contained in her memorandum dated February 6, 2009 concerning authorization to **Adopt Resolution Authorizing the Execution and Delivery of a Qualified SWAP Agreement with Barclays Bank PLC Relating to the Authority's Turnpike Revenue Bonds, Series 2009 B, C and D.**

For the past several months, staff of the New Jersey Turnpike Authority has been working in conjunction with its Bond Counsel and Financial Advisor to convert certain Auction Rate Securities to Variable Rate Demand Bonds. The series under consideration include Series 2003 D-5, D-6, and D-9. Each of these series has an accompanying Interest Rate Exchange Agreement in place to hedge the variable nature of the underlying interest rate. Both the underlying bonds, and the Interest Rate Exchange Agreements, were insured by Financial Security Assurance ("FSA").

Once the Authority completes the conversion of the bonds as described above, the bond insurance will no longer be in place, which will cause the insurance on the Interest Rate Exchange Agreements to be cancelled. Two of the current counterparties, namely UBS and Citigroup, are not willing to amend the terms of the Interest Rate Exchange Agreements to address the loss of insurance without imposing additional constraints on the Authority such as the posting of collateral. The only other alternative the Authority has is to cancel the Interest Rate Exchange Agreements and pay termination fees to the counterparties at issue. The third counterparty, Morgan Stanley, has agreed to amend the existing Interest Rate Exchange Agreement without the need for such additional terms.

In order to mitigate the impact of the loss of the insurance, the Financial Advisor entered into discussions with several other underwriting firms to determine if there was interest in replacing the existing counterparties. Barclays Bank PLC has indicated that it is willing to enter into an Interest Rate Exchange Agreement, replacing UBS and Citigroup, and pay the termination fees to these firms, in return for an increase in the existing rate paid by the Authority expected to be approximately 25 basis points. This is a very favorable result for the Authority inasmuch as the adjusted interest rate will continue to be very competitive given market conditions.

On motion by Commissioner Pocino, seconded by Commissioner DuPont, the Authority unanimously approved the recommendation; authorized the Resolution for the Execution and Delivery of a Qualified SWAP Agreement with Barclays Bank PLC Relating to the Authority's Turnpike Revenue Bonds, Series 2009 B, C and D, as presented; received and filed the memoranda; and unanimously adopted the following **Resolution 31-09**:

**RESOLUTION AUTHORIZING THE EXECUTION AND  
DELIVERY OF A QUALIFIED SWAP AGREEMENT WITH  
BARCLAYS BANK PLC RELATING TO THE AUTHORITY'S  
TURNPIKE REVENUE BONDS, SERIES 2009 B, C and D**

Adopted February 9, 2009

**WHEREAS**, the New Jersey Turnpike Authority (the "Authority"), a public body corporate and politic of the State of New Jersey, organized pursuant to the New Jersey Turnpike Authority Act of 1948, constituting Chapter 454 of the Laws of 1948 of the State of New Jersey, as amended and supplemented (the "Act"), has previously issued and has currently outstanding (i) \$43,750,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2003 D-5 (the "Series 2003 D-5 Bonds"), (ii) \$43,750,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2003 D-6 (the "Series 2003 D-6 Bonds"); and (iii) \$50,000,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2003 D-9 (the "Series 2003 D-9 Bonds" and, together with the Series 2003 D-5 Bonds and the Series 2003 D-6 Bonds, the "Series 2003 D Bonds");

**WHEREAS**, the Series 2003 D Bonds are issued and outstanding under a resolution entitled "Turnpike Revenue Bond Resolution", initially adopted by the Authority on August 20, 1991, as amended and restated on September 26, 1991, as further amended and restated on November 22, 1991 and as further amended and supplemented from time to time in accordance with its terms (the "General Bond Resolution");

**WHEREAS**, the Series 2003 D Bonds are auction rate securities which bear interest at rates which are determined from time to time in accordance with certain auction procedures and are in effect for either a 7 day period or a 35 day period;

**WHEREAS**, in order to manage its interest rate risk with respect to the Series 2003 D Bonds, the Authority has previously entered into (i) two interest rate swap transactions in the aggregate notional amount of \$87,500,000 under and pursuant to the ISDA Master Agreement, dated as of May 9, 2003, including the Schedule and the Credit Support Annex thereto, dated as of May 9, 2003, and Confirmations thereunder dated June 13, 2003 and July 3, 2003, between UBS AG ("UBS") and the Authority, as amended and modified from time to time, which are used

by the Authority to manage its interest rate risk with respect to the 2003 Series D-5 Bonds and the 2003 Series D-6 Bonds (the "Existing UBS Swap Agreements"), and (ii) one interest rate swap transaction in the notional amount of \$50,000,000 under and pursuant to the ISDA Master Agreement, dated as of May 9, 2003, including the Schedule and the Credit Support Annex thereto, dated as of May 9, 2003, and Confirmation thereunder dated June 13, 2003, between Citibank, N.A. ("Citibank") and the Authority, as amended and modified from time to time, which is used by the Authority to manage its interest rate risk with respect to the 2003 Series D-9 Bonds (the "Existing Citibank Swap Agreement" and, together with the Existing UBS Swap Agreements, the "Existing Swap Agreements");

**WHEREAS**, the Existing Swap Agreements constitute "Qualified Swaps" for all purposes of the General Bond Resolution;

**WHEREAS**, the Authority's payment obligations to UBS and Citibank under the Existing Swap Agreements are currently insured by two swap insurance policies (the "Swap Insurance Policies") issued by Financial Security Assurance Inc. ("FSA") for the benefit of UBS and Citibank, respectively;

**WHEREAS**, the Authority has previously authorized the issuance of (i) \$50,000,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2009 B (the "Series 2009 B Bonds") for the purpose of refunding and defeasing the Series 2003 D-9 Bonds, (ii) \$43,750,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2009 C (the "Series 2009 C Bonds") for the purpose of refunding and defeasing the Series 2003 D-5 Bonds; and (iii) \$43,750,000 aggregate principal amount of its Turnpike Revenue Bonds, Series 2009 D (the "Series 2009 D Bonds" and, together with the Series 2009 B Bonds and the Series 2009 C Bonds, the "Series 2009 Bonds") for the purpose of refunding and defeasing the Series 2003 D-6 Bonds;

**WHEREAS**, the Series 2009 Bonds will be issued under and pursuant to the General Bond Resolution, as supplemented by the Series 2009 Turnpike Revenue Bond Resolution adopted by the Authority on December 9, 2008, as modified by a Certificate of Determination executed by the Executive Director of the Authority pursuant to Section 1003 thereof (the "Series 2009 Resolution");

**WHEREAS**, the Series 2009 Bonds will initially bear interest at rates determined weekly;

**WHEREAS**, upon the issuance of the Series 2009 Bonds and the refunding and defeasance of the Series 2003 D Bonds, the Authority had intended to use the Existing Swap Agreements to manage its interest rate risk with respect to the Series 2009 Bonds;

**WHEREAS**, upon the issuance of the Series 2009 Bonds and the refunding and defeasance of the Series 2003 D Bonds, the Swap Insurance Policies will be cancelled by FSA and UBS and Citibank will no longer have the benefit thereof;

**WHEREAS**, UBS and Citibank have both informed the Authority that, as a result of the cancellation of the Swap Insurance Policies, certain amendments must be made to the Existing Swap Agreements in order for the Existing Swap Agreements to remain in effect after the issuance of the Series 2009 Bonds and the refunding and defeasance of the Series 2003 D Bonds;

**WHEREAS**, after extensive negotiations, the Authority has been unable to agree with either UBS or Citibank upon the form and substance of any such amendments to the Existing Swap Agreements;

**WHEREAS**, after contacting several potential new swap providers to replace UBS and Citibank as the Authority's counterparties under the Existing Swap Agreements, the Authority has received a proposal from Barclays Bank PLC ("Barclays") which the Authority believes is in its best interest to accept;

**WHEREAS**, pursuant to the Barclays' proposal, the Existing Swap Agreements will be optionally terminated by the Authority on the date of issuance of the Series 2009 Bonds and any termination payments owed by the Authority to UBS and/or Citibank will be paid by Barclays on behalf of the Authority, and, simultaneously with the issuance of the Series 2009 Bonds and the termination of the Existing Swap Agreements, Barclays will enter into an ISDA Master Agreement, including a Schedule and a Credit Support Annex thereto, and three (3) Confirmations thereunder, with the Authority (collectively, the "Barclays Swap Agreement");

**WHEREAS**, the Barclays Swap Agreement will contain substantially the same material business, financial and legal terms and provisions terms as are currently contained in the Existing Swap Agreements, with the exception that the fixed rate or rates payable by the Authority under the Barclays Swap Agreement will increase by an amount to be hereafter agreed upon between the Authority and Barclays;

**WHEREAS**, one of the Confirmations under the Barclays Swap Agreement will evidence an interest rate swap transaction between the Authority and Barclays in the initial notional amount of \$50,000,000, which will be used by the Authority to manage its interest rate risk with respect to the Series 2009 B Bonds (the "Series 2009 B Confirmation");

**WHEREAS**, another one of the Confirmations under the Barclays Swap Agreement will evidence an interest rate swap transaction between the Authority and Barclays in the initial notional amount of \$43,750,000, which will be used by the Authority to manage its interest rate risk with respect to the Series 2009 C Bonds (the "Series 2009 C Confirmation");

**WHEREAS**, the final Confirmation under the Barclays Swap Agreement will evidence an interest rate swap transaction between the Authority and Barclays in the initial notional amount of \$43,750,000, which will be used by the Authority to manage its interest rate risk with respect to the Series 2009 D Bonds (the "Series 2009 D Confirmation");

**WHEREAS**, the Barclays Swap Agreement will constitute a "Qualified Swap" for all purposes of the General Bond Resolution; and

**WHEREAS**, the Authority now desires to (i) authorize and approve the Barclays Swap Agreement, and (ii) authorize the Executive Director of the Authority (the "Executive Director") to negotiate the fixed rate or rates to be paid by the Authority pursuant to the Barclays Swap Agreement and to execute and deliver the ISDA Master Agreement, including the Schedule and the Credit Support Annex thereto, and the three (3) Confirmations thereunder, which will comprise the Barclays Swap Agreement, and all other documents, agreements, certificates and instruments, and to take all other actions, which may be necessary or advisable to carry out and consummate the transactions contemplated by this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE NEW JERSEY TURNPIKE AUTHORITY**, as follows:

**SECTION 1.** The ISDA Master Agreement, including the Schedule and the Credit Support Annex thereto, between Barclays and the Authority (collectively, the "ISDA Master Agreement"), in substantially the form presented at this meeting, is hereby approved and the Executive Director of the Authority is hereby authorized, in consultation with the Authority's Chairman, Financial Advisor and Bond Counsel, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate, and to execute and deliver the ISDA Master Agreement to Barclays on behalf of the Authority.

**SECTION 2.** (a) The Series 2009 B Confirmation, in substantially the form presented at this meeting, is hereby approved and the Executive Director is hereby authorized, in consultation with the Authority's Chairman, Financial Advisor and Bond Counsel, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate, and to execute and deliver the Series 2009 B Confirmation to Barclays on behalf of the Authority; *provided, however*, that (i) the initial notional amount of the interest rate swap transaction evidenced by the Series 2009 B Confirmation shall be \$50,000,000 and shall amortize in accordance with the amortization schedule attached hereto as Exhibit A-1, (ii) the fixed rate to be paid by the Authority in accordance with the Series 2009 B Confirmation shall not exceed 3.35%, and (iii) the Effective Date of the Series 2009 B Confirmation shall be the date of issuance and delivery of the Series 2009 B Bonds.

(b) The Series 2009 C Confirmation, in substantially the form presented at this meeting, is hereby approved and the Executive Director is hereby authorized, in consultation with the Authority's Chairman, Financial Advisor and Bond Counsel, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate, and to execute and deliver the Series 2009 C Confirmation to Barclays on behalf of the Authority; *provided, however*, that (i) the initial notional amount of the interest rate swap transaction evidenced by the Series 2009 C Confirmation shall be \$43,750,000 and shall amortize in accordance with the amortization schedule attached hereto as Exhibit A-2, (ii) the fixed rate to be paid by the Authority in accordance with the Series 2009 C Confirmation shall not exceed 3.35%, and (iii) the Effective Date of the Series 2009 C Confirmation shall be the date of issuance and delivery of the Series 2009 C Bonds.

(c) The Series 2009 D Confirmation, in substantially the form presented at this meeting, is hereby approved and the Executive Director is hereby authorized, in consultation with the Authority's Chairman, Financial Advisor and Bond Counsel, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate, and to execute and deliver the Series 2009 D Confirmation to Barclays on behalf of the Authority; *provided, however*, that (i) the initial notional amount of the interest rate swap transaction evidenced by the Series 2009 D Confirmation shall be \$43,750,000 and shall amortize in accordance with the amortization schedule attached hereto as Exhibit A-3, (ii) the fixed rate to be paid by the Authority in accordance with the Series 2009 D Confirmation shall not exceed 3.35%, and (iii) the Effective Date of the Series 2009 D Confirmation shall be the date of issuance and delivery of the Series 2009 D Bonds.

**SECTION 3.** Pursuant to and in accordance with Section 201 of the General Bond Resolution, the Authority hereby finds and determines that the Barclays Swap Agreement will assist the Authority in more effectively managing its interest costs with respect to the Series 2009 Bonds.

**SECTION 4.** The Barclays Swap Agreement shall constitute a Qualified Swap for all purposes of the General Bond Resolution and any termination payments payable by the Authority under the Barclays Swap Agreement may be paid from proceeds of a Series of Bonds issued pursuant to Section 203 of the General Bond Resolution.

**SECTION 5.** The Authority hereby finds that the services to be provided by Barclays are professional in nature and that the Authority is authorized to select Barclays by negotiation pursuant to N.J.S.A. 27:23-6.1.

**SECTION 6.** As additional proceedings of the Authority in connection with the execution and delivery of the Barclays Swap Agreement, there is hereby delegated to the Executive Director the power to take the following actions and make the following determinations:

(a) In consultation with the Authority’s Chairman, Financial Advisor and Bond Counsel, to terminate or assign the Barclays Swap Agreement in whole or in part at any time and to pay any termination payment required in connection with such termination or assignment from the sources provided in the General Bond Resolution;

(b) To execute such certifications and/or other documents as may be required in connection with the Barclays Swap Agreement for tax purposes and, after consultation with the Authority’s Financial Advisor and Bond Counsel, to include in such certifications and/or other documents the Executive Director’s reasonable expectations with respect to the Series 2009 Bonds; and

(c) To make all other determinations, to execute all other documents, agreements, certificates and instruments, and to take all other actions, which may be necessary or advisable to carry out and consummate the transactions contemplated by this Resolution and which are not inconsistent with the provisions of the General Bond Resolution, the Series 2009 Resolution or this Resolution. Any and all actions heretofore taken by the Executive Director in connection with the execution, delivery and performance of the Barclays Swap Agreement are hereby ratified and approved.

All matters determined by the Executive Director under the authority of this Resolution shall constitute and be deemed matters incorporated into this Resolution and approved by the Authority, and, whenever the Executive Director is authorized or directed to take any action pursuant to this Resolution with or upon the advice, consent or consultation with or by any other person, agency, officer or official, a certificate of the Executive Director may be relied upon as being determinative that such advice, consultation or consent has in fact occurred and that such actions of the Executive Director are valid and binding.

**SECTION 7.** This Resolution shall take effect upon its adoption in accordance with the Act.

**EXHIBIT A-1**

**AMORTIZATION SCHEDULE FOR  
THE SERIES 2009 B CONFIRMATION**

<b><u>Notional Reduction Date</u></b>	<b><u>Notional Reduction Amount (USD)</u></b>	<b><u>Notional Amount Outstanding (USD)</u></b>
Effective Date	--	\$ 50,000,000
January 1, 2020	\$ 16,125,000	33,875,000
January 1, 2021	21,750,000	12,125,000
January 1, 2022	3,750,000	8,375,000
January 1, 2023	4,000,000	4,375,000
January 1, 2024	4,375,000	--

EXHIBIT A-2

AMORTIZATION SCHEDULE FOR  
THE SERIES 2009 C CONFIRMATION

<u>Notional Reduction Date</u>	<u>Notional Reduction Amount (USD)</u>	<u>Notional Amount Outstanding (USD)</u>
Effective Date	--	\$ 43,750,000
January 1, 2020	\$ 14,100,000	29,650,000
January 1, 2021	19,050,000	10,600,000
January 1, 2022	3,275,000	7,325,000
January 1, 2023	3,500,000	3,825,000
January 1, 2024	3,825,000	--

EXHIBIT A-3

AMORTIZATION SCHEDULE FOR  
THE SERIES 2009 D CONFIRMATION

<u>Notional Reduction Date</u>	<u>Notional Reduction Amount (USD)</u>	<u>Notional Amount Outstanding (USD)</u>
Effective Date	--	\$ 43,750,000
January 1, 2020	\$ 14,100,000	29,650,000
January 1, 2021	19,025,000	10,625,000
January 1, 2022	3,300,000	7,325,000
January 1, 2023	3,500,000	3,825,000
January 1, 2024	3,825,000	--

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The motion to adjourn was made by Commissioner Hodes, seconded by Commissioner DuPont and, after the voice vote, the motion was duly adopted. The Authority adjourned at 12:05 P.M.

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Rose Stanko  
Secretary

APPROVED:

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Stephen Dilts, Chairman and NJ Department of Transportation Commissioner

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Michael R. DuPont, Treasurer

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Harold L. Hodes, Commissioner

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David G. Evans, Commissioner (ABSENT)

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Raymond M. Pocino, Commissioner

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Clive S. Cummis, Commissioner (ABSENT)

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Troy Singleton, Commissioner