

Jon S. Corzine
Governor

Kris Kolluri, Esq.
Board Chairman

Richard R. Sarles
Executive Director

NJ TRANSIT
One Penn Plaza East
Newark, New Jersey 07105-2246
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March 13, 2008

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the regularly scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc. Board of Directors held on Wednesday, March 12, 2008.

Sincerely,

Gwen A. Watson
Board Secretary

Enclosures

Honorable Jon S. Corzine
Governor, State of New Jersey
State House
Trenton, NJ 08625

Minutes of the actions taken at the Open Session of the regularly scheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Wednesday, March 12, 2008.

Present:

Kris Kolluri, Chairman
James Carey, Governor's Representative
Patrick O'Connor, Treasurer's Representative
Kenneth E. Pringle
Susan Hayes
Flora Castillo

Richard R. Sarles, Executive Director
Gwen A. Watson, Board Secretary
Warren A. Hersh, Auditor General
Lynn Bowersox, Assistant Executive Director, Corporate Communications & External Affairs
Stanley Wrobel, Acting Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Mala Narayanan, Deputy Attorney General
Donald Murphy, Acting Assistant Executive Director, Procurement & Support Services
James Redeker, Assistant Executive Director, Policy, Technology & Customer Services
Steve Santoro, Assistant Executive Director, Capital Planning and Programs
H. Charles Wedel, Chief Financial Officer & Treasurer
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Jan Walden, Assistant Executive Director, Diversity

Chairman Kris Kolluri convened the Open Session at 9:08 am in accordance with the Open Public Meetings Act.

Chairman Kolluri asked for a motion to adopt the minutes of the February 13, 2008 meeting. A motion was made by Flora Castillo, seconded by Patrick O'Connor and unanimously adopted.

Executive Director Richard R. Sarles highlighted the following from his monthly business report.

Budget

Executive Director Sarles said the Governor's budget addresses next year's inflationary cost growth with a proposed addition of \$60 million in NJ TRANSIT's state operating assistance. Under the Governor's proposal, there would be no fare increase. Executive Director Sarles recognized that this is extraordinary given the current budget constraints and thanked the Governor for his leadership to ensure that people who depend on transit can get to work. He said that new services and extraordinary expenses will not be covered at this level of funding. While NJ TRANSIT has made \$90 million in

business improvements over the last several years, including the \$20 million in savings identified this fiscal year, NJ TRANSIT will have to make deeper administrative cuts to balance the operating budget. Executive Director Sarles said he will return to the Board with a detailed budget in the coming months.

Access to the Region's Core (ARC) Public Hearings

Executive Director Sarles said he heard good news from Administrator Simpson of the Federal Transit Administration who reiterated his support of federal funding for ARC during the Governor's recent transportation summit. He commended NJ TRANSIT for completing preliminary engineering on time and under budget. Executive Director Sarles said the Federal Transit Administration approved the Supplemental Draft Environmental Impact Statement, which enables NJ TRANSIT to hold final public hearings in Newark on March 31, 2008 (3:00 -5:00 p.m. and 6:00 – 8:00 p.m. at North Jersey Transportation Planning Authority) and in New York on April 1, 2008 (3:00 -5:00 p.m. and 6:00 -8:00 p.m. at New York Metropolitan Transportation Council).

Google Transit

Executive Director Sarles was pleased to announce a new partnership with Google, a global leader in connecting people to information over the internet. NJ TRANSIT is the largest transit agency in the nation to become part of Google Transit and the first in the Northeast. A partnership with Google puts NJ TRANSIT service and trip information a mouse-click away for existing customers and visitors who might be using NJ TRANSIT for the first time. As more agencies partner with Google, opportunity for customers to build travel itineraries across transit agencies in one session will make regional connections easier. Executive Director Sarles invited James Redeker, Assistant Executive Director, Policy, Technology & Customer Service, to make a presentation. Mr. Redeker said only five years ago there was no website and only a hardcopy of timetables. He is pleased that NJ Transit is partnering with Google and is the first agency in the northeast to exchange data in this manner. Mr. Redeker demonstrated the website www.google.com/transit and said customers can access trip planning information from beginning to end. Mr. Redeker said this is a terrific beginning of this initiative and said he anticipates the bus system to be up and running by the summer. Mr. Redeker thanked the Board for their vision, encouragement and patience.. Mr. Redeker invited Tom Sly from Google to say a few words. Mr. Sly said he is part of the new business development team at Google and said the company's vision is to incorporate transit into Google maps. There are 30 agencies throughout the world with this technology and he is excited that NJ TRANSIT has joined. Google map users will discover transit and it will reach a new audience.

Executive Director Sarles thanked Board Member Pringle for his assistance and direction on this project and said this is part of the multimodal strategy (bus to train or light rail) that makes NJ TRANSIT the preferable choice for travel.

Board Member Castillo said the transit industry and the American Public Transit Association are looking to NJ TRANSIT as the pioneers of Google Transit. Ms. Castillo said she is pleased that NJ TRANSIT is partnering with Google.

Board Member Pringle thanked Jim Sly of Google as well as Jim Redeker and his staff for undertaking this important technology. People are not aware that transit is an option and NJ TRANSIT can deliver this information to them via technology by providing real time information on what transit options are available. Mr. Pringle expects to see an increase in ridership and is very excited about this project.

Amtrak Tie-Work Adjustments

Executive Director Sarles said Amtrak needs to replace deteriorating concrete ties on the Northeast Corridor. The ties which should have lasted 50 years are showing premature wear. This is a big job that will have significant impact on service starting in May 2008 when Amtrak will start replacing 26 miles of concrete track ties between Trenton and Jersey Avenue. This project requires taking a track out of service similar to taking a lane out of service on the busiest superhighway in North America. Executive Director Sarles said there will be some schedule adjustments, including adding a few minutes to trips for some customers and boarding changes for customers at Princeton Junction, Hamilton and Trenton stations. NJ TRANSIT is working with Amtrak to minimize schedule impacts in peak direction during peak periods when there are the most customers. As the project moves forward, NJ TRANSIT will issue a new Northeast Corridor Line timetable every eight to ten weeks to reflect the specific location and scope of the tie-replacement work and to minimize the impact for Northeast Corridor customers. NJ TRANSIT runs a very tight schedule on the Northeast Corridor and with one less track, it will be even tighter. Executive Director Sarles pointed out that this will have an aggravating affect on any service disruption. He said a comprehensive communication effort is being developed that begins today, about two months ahead of the project commencement, recognizing the impact. This effort will include station posters, seat drops, My Transit Alert updates, lunchtime Webchats where NJ TRANSIT invites customers to go on line to chat with operations staff, news releases to media, on-board announcements and customer newsletters. Executive Director Sarles said this is difficult news for customers and assured riders that NJ TRANSIT will do everything it can to minimize inconvenience during this time, including making an effort to deploy most of the Multilevel fleet on the Northeast Corridor to alleviate overcrowding.

Other Adjustments

Executive Director Sarles mentioned some other schedule adjustments. On the Northeast Corridor, weekend service with new inner zone round-trips between Rahway and New York will be added. This adds capacity and alleviates impact to the inner zone during Amtrak track work. There will be four new eastbound and five new westbound trains serving customers between Rahway and Newark/New York. They will operate ahead of the Northeast Corridor and North Jersey Coast Line locals to alleviate crowding on trains averaging 1,200 passengers. On the Morris & Essex Lines, a morning peak-period round trip for customers traveling to New York will be added. These new trains fill gaps in morning peak service and makes stops at Maplewood and South Orange. High demand inner zone stations serve about 3,000 customers per weekday.

Executive Director Sarles said the May timetables revisions also include: Raritan Valley Line: All weekend Raritan Valley Line service will terminate/originate at Newark Penn Station. This change affects about 100 Raritan Valley Line customers traveling to and from Hoboken each weekend. For travel between Hoboken and Newark, PATH service is available. Gladstone Branch: Weekend service on Gladstone Branch will remain hourly, but all trips will require a transfer at Summit and at Newark Broad Street for service to Hoboken. Morris & Essex Lines: Weekday off-peak and reverse-peak service will be adjusted to be consistent with other non-Northeast Corridor lines. Passengers traveling between Dover and Hoboken in off-peak hours and in reverse-peak direction will now have hourly service, (less frequent than current schedule) with a transfer required at Summit or Newark Broad. These off-peak trains have been operating for a number of years and ridership on them has been anemic, necessitating the consolidation.

Multilevel Update

Executive Director Sarles said NJ TRANSIT is about to receive the 100th Multilevel railcar, a real milestone in the program. Just last week, the Multilevel railcars were introduced on the Morris & Essex Lines, which brings to three the number of NJ TRANSIT rail lines offering service with the popular equipment. Executive Director Sarles said the customer reaction on the Morris & Essex Lines has been overwhelmingly positive. In fact, the ambassadors on board the trains shared some of the customer comments. On the train that departed Dover at 7:33 a.m. on February 27, 2008, customers said they enjoyed the extra leg room and the spacious mezzanine level. Executive Director Sarles said he received an email from a woman after her Multilevel trip on February 26, 2008 the 5:47 p.m. departure from New York. He quoted her saying “I have been commuting for 15 years and this was the best commute that I have ever experienced on NJ TRANSIT. The double-decker train is exactly what we needed! The train was quiet and the seats were roomy and comfortable!”

William Wright presented the Advisory Committee report. Mr. Wright was pleased to hear that transit information will be available on Google. With the energy crisis, more and more people are turning to transit and this is a good time to launch Google Transit. NJ TRANSIT is ahead of its time and he is happy to see this project moving along.

Board Member Flora Castillo presented the Administration Committee report to the Board. The Committee was updated on the Cross Border Leases for buses and Multilevel railcars. By extending the leveraged lease program and entering into a Swedish cross border lease for an estimated \$50 million of NABI buses, approximately \$1.5 million will be generated as an upfront benefit. Staff will also enter into cross border leases for the Bombardier Multilevel railcars. The Auditor General presented the agency’s first Audit Committee Charter to the Committee which will govern how the Audit Committee operates and discharges its duties.

Board Member Kenneth Pringle presented the Capital Planning, Policy & Privatization Committee report to the Board. The Committee reviewed Board items that will continue to progress the Access to the Region’s Core project and increase passenger seating on

the Raritan Valley Line by extending the track 5 platform. The Committee reviewed a preliminary assessment of NJ TRANSIT's Carbon Footprint, which is the net of carbon emissions from total energy consumption from all of the operations, stations and maintenance facilities, as well as carbon avoidance due to reduced auto trips. The Committee was advised of the impact that Amtrak's replacement of failing railroad ties on the Northeast Corridor will have on operations and schedule changes to accommodate Amtrak's work.

There were four public comments on agenda items.

Joseph Cliff said David Peter Alan was unable to attend the Board Meeting in person but asked Mr. Cliff to read his statement for the record. Mr. Alan said it was important to comment on the agenda items that pertain to the Access to the Region's Core (ARC) project and he is fully aware that his words on the subject have thus far always fallen on deaf ears. Mr. Alan stated his concerns for the record. On behalf of the Lackawanna Coalition, Mr. Alan takes strong exception to the characterization of the alleged benefits of the proposed project as stated in the agenda documents.

On Item 0803-13, it is claimed that the project "will break [a] trans-Hudson bottleneck" while giving riders a "transfer-free one-seat ride." A comment follows: "The project will improve the region's environment, economy and quality of life." Mr. Alan said the first statement is incorrect. In practice, there are now 25 trains running into the existing Penn Station during the busiest 60 minutes of the morning peak, even though NJ TRANSIT documents have stated that only 23 trains could be accommodated. Clearly, the "bottleneck" is not as bad as management claims.

The second statement is misleading. Everybody gets a one-seat ride to where the train goes. Raritan Valley Line riders get a one-seat ride to Newark, but they are not happy about it. Similarly, the ARC Project as currently devised will not give any New Jersey riders a one-seat ride to Manhattan's East Side and riders on the Morris & Essex and Montclair-Boonton will no longer enjoy a one-seat ride to the existing Penn Station. The third statement, naming purported benefits of the project, must not be confused with fact. It is pure opinion. It is a sales pitch, pure and simple, and can only be legitimately offered for that purpose.

Mr. Alan's statement said the laudatory material in the second descriptive paragraph on Item 0803-14 must be treated in a similar manner. It claims that the project, as currently devised, will create 6000 construction jobs and 44,000 jobs generally after 10 years. It also claims that the project "will improve regional mobility, reduce roadway congestion and spur economic investment." Again, this is merely sales talk. It is opinion, not fact. Any project, including the original "ARC" project that Mr. Alan and his allies support, will create construction jobs. Mr. Alan does not fathom NJ TRANSIT's claim concerning so many non-construction jobs, but he is sure that the original ARC project, including East Side Access for New Jersey commuters, will create many more. If the currently-devised project is as beneficial as management alleges, certainly the original ARC project will be far more beneficial in fact.

Mr. Alan said on several occasions, he has objected to expenditures, since the public

was not informed exactly what the riders and taxpayers would be getting for their money. Mr. Alan again objects to the two items on today's agenda. In Item 0803-14, there is no specification of the work to be done. Both agenda items fail the Open Public Meeting Act test. Mr. Alan said the public has a right to know where the money is going, especially since New Jersey is now in a time of fiscal austerity. Mr. Alan urged the rejection of these items until it is known exactly how management plans to spend the money.

Item 0803-15 calls for millions of dollars to be spent for "engineering assistance" for electric locomotives. The Lackawanna Coalition has consistently questioned the performance of electric locomotives on the Morris & Essex Lines and has, in fact, called for their replacement with electric multiple unit cars. Mr. Alan said he takes this item to be an admission that electric locomotives do not perform up to a reasonable standard. With this in mind, it is sheer folly to depend on the unproven technology of dual-mode locomotives to take people to Manhattan. It would make far more sense to put the dual-mode project "on hold" until the electric locomotives work properly.

Mr. Clift said that Item 0803-14 mentions that the consultant services for the final design will be initiated after the Federal Transit Administration grants permission to NJ TRANSIT to enter final design and asked why this item is going to the Board since it is months away from approval. Executive Director Sarles said there are two parts to this item and some work can only start after the Record of Decision but there is other work that can begin before the Record of Decision.

James T. Raleigh said he is concerned about the wording in Item 0803-14 that mentions extending preliminary engineering and final design for the ARC project. He asked if spending \$9 million on final design and pre-construction activities is the same as project controls and construction management. As announced earlier, the Federal Transit Administration approved the Supplemental Draft Environmental Impact State (SDEIS) so public hearings can be held. Mr. Raleigh said the public hearings should not be rushed since there is a budget problem. Mr. Raleigh said the Asbury Park Press reported that there will be a 50-50 split on the tunnel project. He suggested that several projects be linked together since there are two environmental impact statements and two independent studies. Mr. Raleigh said at the Governor's Middlesex town hall meeting, he asked about the Access to the Region's Core schedule and the Governor said the Port Authority is the lead agency and they are cooperating with Amtrak.

Chairman Kolluri said he also attended Governor Corzine's town hall meeting in Middlesex County and reiterated that the Governor said this is the State's single most important project and the Port Authority already committed to \$3 billion. The Governor made it clear that Amtrak is a partner and will continue to be a partner. This project has the unified support of the leadership of New York, New Jersey and the Metropolitan Transit Authority (MTA). Administrator Simpson also committed \$2.5 to \$3 billion and New Jersey will commit its share. Chairman Kolluri said that is the plan of action.

Mr. Raleigh said in the Governor's budget release, there are no Transportation Trust Fund monies.

Chairman Kolluri said the Transportation Trust Fund is not part of the operating budget of the State of New Jersey and the capital budget will be presented to the Legislature in March. The Governor said he would propose a 10 year capital plan.

William Wright said the Access to the Region's Core, as outlined with the new station under 34th Street, answers the rail transit growth needs for the NJ TRANSIT service area for the foreseeable future. He said MetroNorth and the Long Island Railroad have taken all the extra train slots at Grand Central and they have not invited NJ TRANSIT to go to Grand Central. Mr. Wright said this is not the fatal flaw as envisioned as the office growth is north and west of Grand Central. The existing subway connection affords a one seat subway ride to those destinations. The prime tourism destination has always been Times Square and the theatre district which is a short walk or a one stop subway ride away from the existing NY Penn Station. A new factor is the growth west and south of Penn Station which is underserved by any transit. The deep level station under 34th Street is dictated by both geology and geography of passing under the stations at Herald Square. If, at a later date, it is deemed feasible to continue east from Fifth Avenue, that crossing is already accounted for. Europe and the rest of the world handle crowds at deep level stations daily with no problem. The daily worsening energy/environmental picture has seen thousands switch to environmentally sensitive, economically viable energy efficient rail transit. Any delay to chase Grand Central only, is a waste and must be aside forever.

Al Papp Jr. said the Lackawanna Coalition, the New Jersey Association of Railroad Passengers and the National Association of Railroad Passengers have requested backup data for the 2003 MIS study. He said the study was paid for with public funds but the documentation for the 31 page report has not been received despite repeated requests. Mr. Papp said NJ TRANSIT staff said those documents are drafts and not releasable to the public. Mr. Papp requested Chairman Kolluri and Executive Director Sarles to provide the backup documentation which was paid for with public funds. Mr. Papp said the documents should be released to the public so they have an opportunity to study it prior to the Supplemental Draft Environmental Impact Statement public hearings.

Mr. Papp read a Resolution that was adopted by the Common Council of the City of Summit on March 4, 2008 opposing the Trans-Hudson Express Rail tunnel that is proposed by NJ TRANSIT. A copy of the Resolution is attached.

Executive Director Sarles presented the following Action Items for approval:

0803-14: ACCESS TO THE REGION'S CORE: PROJECT CONTROLS AND CONSTRUCTION MANAGEMENT SERVICES: THE CM CONSORTIUM – PHASE II – CONTRACT AMENDMENT

Preliminary engineering for the Access to the Region's Core project progresses and NJ TRANSIT is entering the next phase, extended preliminary engineering and funding for final engineering with a request for \$9 million to continue work through the end of this year. The CM Consortium, a joint venture of Tishman Corporation, Parsons Corporation

and ARUP, has been providing technical assistance since early 2007. This additional funding will address scheduling requirements, coordination with railroad forces and other agencies and utilities, building code and Americans with Disabilities Act (ADA) compliance, materials availability and costs and design interface between civil and systems work. Final design will commence as soon as the Record of Decision is received.

Patrick O'Connor moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0803-15: RAIL ROLLING STOCK PROGRAM: CONTRACT AMENDMENT FOR ENGINEERING ASSISTANCE FOR ELECTRIC LOCOMOTIVES

NJ TRANSIT'S fleet management plan details the need to equip the rail fleet with next-generation locomotives to accommodate anticipated ridership growth and continue to enhance the level of service reliability NJ TRANSIT wants to provide its customers. Twenty-seven new electric locomotives capable of pulling Multilevel trains with longer train lengths and better acceleration have been purchased. Authorization for technical support is requested throughout the procurement process with an amendment to an existing contract with STV, Inc. for continuing design and engineering assistance while the electric locomotives are being manufactured. The cost of this amendment will not exceed \$2,713,000, plus five percent for contingencies.

Susan Hayes moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0803-16: RARITAN VALLEY LINE DOCK INTERLOCKING MODIFICATIONS: RETAINING WALL CONSTRUCTION CONTRACT AWARD

The Raritan Valley Line serves 22,150 trips per weekday and NJ TRANSIT has begun a series of infrastructure improvement to increase seating capacity and make transfers to New York more convenient. Authorization is requested to contract with Northeast Remsco Construction Inc. to build a retaining wall at Dock Interlocking. This will allow NJ TRANSIT to stage longer trains on Track 5 and will increase seating capacity in the evening peak. Following construction of the wall, in-house forces will relocate a switch and extend Track 5. The contract will not exceed \$2,536,500 plus five percent for contingencies.

Patrick O'Connor moved the resolution, James Carey seconded it and it was unanimously adopted.

0803-17: BOMBARDIER MATERIAL SERVICE AGREEMENT: PROCUREMENT-BY-EXCEPTION

Approval is being sought today to partner with Bombardier Transportation, North America in a Material Service Agreement. This will allow NJ TRANSIT to jointly manage the supply chain for sole/single source maintenance parts and supplies and to align NJ TRANSIT's present material expenditures directly to maintenance schedules, equipment duty cycles and fleet acquisition and retirement. The terms of the agreement require Bombardier to maintain and inventory material at its Plattsburg, New York facility at mutually agreed upon stocking levels in sufficient quantities to support locomotive and passenger car fleets. Bombardier is required to provide delivery within three business days after receipt of the order, eliminating the production time needed for some parts, which is sometimes in excess of eight months. NJ TRANSIT expects a savings of eight to 10 percent due to this procurement arrangement. Authorization is requested to award a procurement-by-exception contract to Bombardier Transportation, North America, for the purchase of sole/single source maintenance parts and supplies required to support Bombardier manufactured rolling stock for a five year period at cost not to exceed \$71,500,000 subject to the availability of funds and future operating budgets.

Susan Hayes moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0803-18: REIMBURSEMENT RESOLUTION: ALP-46 LOCOMOTIVES AND MULTILEVEL RAILCARS

Approval of a Reimbursement Resolution is requested for initial mobilization payments to purchase 27 ALP-46 Locomotives and 37 Multilevel railcars. The tax code allows a reimbursement of payments made prior to the financing and within 60 days of the date of payment with an adopted resolution. The cost the equipment is approximately \$285 million and will be financed for from the proceeds of Certificates of Participation ('COPs').

Flora Castillo moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0803-19: CROSS BORDER LEASES: NABI BUSES AND MULTILEVEL RAILCARS

Authorization is requested to extend the leveraged lease program by entering into a Swedish cross-border lease with Handelsbanken for approximately \$50 million of NABI buses, generating an upfront benefit of approximately \$1.5 million and entering into one or more cross border leases with parties to be identified for Bombardier Multilevel railcars

delivered subsequent to the 100 railcar base order. NJ TRANSIT will begin negotiations with Handelsbanken and Societe Generale or other parties satisfactory to the Chief Financial Officer for leases on Bombardier Multilevel railcars delivered under the contract options. Board approval will authorize the Chairman, Executive Director, the Chief Financial Officer and Treasurer and the Secretary or their designees to take all actions necessary to close such leases, including the payment of all legal and other fees as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

Susan Hayes recused herself from voting on item #0803-19. Patrick O'Connor moved the resolution, Kenneth E. Pringle seconded it and it was adopted.

0803-20: BOMBARDIER CONTRACT TO MODIFY EIGHT MULTILEVEL RAILCARS

Eight Multilevel railcars purchased by NJ TRANSIT will be sold to Atlantic City Express Service, LLC, a consortium of casinos, for use in a New York - Atlantic City Demonstration Rail Service. The express rail service will begin in the fall and the cars are being modified to meet the specifications of the consortium. All costs will be fully funded by Atlantic City Express Service, LLC. Authorization is requested to enter into a procurement-by-exception with Bombardier, Inc. to perform modifications on eight rail cars purchased by Atlantic City Express Service, LLC for an amount not to exceed \$1.54 million plus five percent for contingencies and to amend NJ TRANSIT's existing agreement with Atlantic City Express Service, LLC to provide for the reimbursement by Atlantic City Express Service, LLC of NJ TRANSIT's costs associated with the modification work.

Flora Castillo moved the resolution, Patrick O'Connor seconded it and it was unanimously adopted.

CONSENT CALENDAR

0803-21: ADOPTION OF THE PROPOSED AUDIT COMMITTEE CHARTER

Authorization is requested to adopt the Audit Committee Charter for NJ TRANSIT.

The Consent Calendar was moved in its entirety by Flora Castillo, seconded by Kenneth E. Pringle and unanimously adopted.

There were four public comments on non-agenda items.

Benjamin Evans, President and Business Agent of the Amalgamated Transit Union, Local 819, updated the Board on an issue that he has been dealing with since January 2008. Mr. Evans said in December 2007 he had a meeting with NJ TRANSIT Bus

management to question why the Nova B Mid Life Overhaul Program was suddenly stopped. Mr. Evans asked who authorized the stoppage of the program and what would happen to the allocated funds for this program. Mr. Evans also discussed his concerns about work going to other locations rather than the Central Maintenance Facility, asked when work would be done on the CNG buses and about training for non-revenue department personnel who are faced with seeing their work contracted out because of new equipment and technologies. Mr. Evans also suggested that NJ TRANSIT do some of the warranty work in-house.

Mr. Evans said Mr. Gigantino sent a letter to John Costa with some explanations that Mr. Evans found to be questionable and lacking in facts and his questions remain unanswered.

Mr. Evans said he addressed the Board in January 2008 and presented his concerns and was assured his issues would be addressed. At that time, Mr. Gigantino corresponded with him but Mr. Evans' issues have not been fully answered and he has not heard from anyone in NJ TRANSIT Bus management. Mr. Evans asked the Board for its assistance in addressing his concerns.

Chairman Kolluri asked Executive Director Sarles to facilitate a meeting to address Mr. Evan's concerns.

James T. Raleigh, Friends of Monmouth Battlefield, commented on the Monmouth-Ocean-Middlesex project. He said it is a total waste of time studying historic sites that bear no reality to connections with cars and parking garages. Mr. Raleigh said NJ TRANSIT met with Fort Monmouth and discussed transit villages on the Red Bank line. A preliminary report should be issued shortly but that is another two to three year study. He would like to see the Matawan Connection built as soon as possible.

Patrick Reilly, General Chairman of the United Transportation Union, represents NJ TRANSIT's Conductors and Assistant Conductors. Mr. Reilly addressed the Board at its July 2007 meeting and criticized NJ TRANSIT for placing the blame of the Bradley Beach, New Jersey accident on the crew members. This was the accident where a passenger was caught in the train doors and died. Mr. Reilly said NJ TRANSIT went to the press and stated the doors were working and safe. Mr. Reilly said when he addressed the Board he proved the train doors were not working and were unsafe. As a result of newspaper articles, the Federal Railroad Administration and NJ TRANSIT reopened the case. Additional testing of the train and doors were conducted on August 2, 2007. In September 2007, the Federal Railroad Administration Inspector filed a violation report against NJ TRANSIT for operating a locomotive in an unsafe condition due to the problem with the doors. Mr. Reilly noted that no violations were filed against the crew members.

Since the time of the Bradley Beach accident, NJ TRANSIT management made several changes and modifications to the door policy and its equipment. However, crew members still fear for the passenger's safety as well as their own. Door problems still continue on the trains and equipment failure is an ongoing problem. Mr. Reilly cited

seven specific instances of door problems from February 11, 2008 to February 29, 2008.

In addition to the door problems, Mr. Reilly said the Comet V cars are built with a sill step mounted on the end of the cars. The purpose of this foothold is to allow a crew member to ride on the car when the door is closed which would occur in the yards. The sill is considered a safety appliance. All Comet V cars were built incorrectly as the sill step length did not meet the requirements of the Safety Appliance Act.

Mr. Reilly said the hand brakes on the Comet V cars are dangerous and do not meet the requirements of the Safety Appliance Act clearance requirements in many cases. Every single day the crew members have to operate defective hand brakes. Mr. Reilly noted that there is also a problem with the hand brake on the new Multilevel railcars.

Executive Director Sarles said his number one priority is safety on the railroad and he will provide a report to the Board with regard to the incidents cited by Mr. Reilly.

Joseph Clift, member of the Lackawanna Coalition and New Jersey Association of Railroad Passengers, formerly Director of Planning and Strategic Planning for the Long Island Railroad and lives in Manhattan. Mr. Clift said advocates want more service but there are money limitations. Mr. Clift provided the Board with a three page handout (copy attached) citing the biggest problems with the current Access to the Region's Core/THE Tunnel plan that is presented in the Supplemental Draft Environmental Impact Statement (SDEIS). Mr. Clift's handout also included a better solution to the financial dilemma, a plan that is rider-centric and taxpayer-centric instead of railroad-centric. His solution consists of going back to the 2007 Access to the Region's Core Draft Environmental Impact Statement and keep the Penn Station connection but remove the 34th Street Penn extension. The cost would be reduced by \$1.9 billion to \$5.7 billion which is a far more fundable price. He suggested developing, designing, funding and building a Penn Grand Central Terminal track connection in partnership with the MTA and Amtrak. Mr. Clift said this solution resolves both the access improvement failures and the financial dilemma produced by the Supplemental Draft Environmental Impact Statement.

Since there were no further comments or business, Chairman Kolluri called for adjournment and a motion to adjourn was made by Kenneth E. Pringle, seconded by Susan Hayes and unanimously adopted.

The meeting was adjourned at approximately 10:20 am.

**OPPOSE TRANS-HUDSON-EXPRESS RAIL TUNNEL
PROPOSED BY NEW JERSEY TRANSIT**

March 4, 2008

WHEREAS, New Jersey Transit (NJT) supported the *Access to Region's Core* (ARC) project at its inception in 1995 that called for expanded trans-Hudson rail capacity and extension of a one-seat ride beyond Penn Station Manhattan to Grand Central Terminal (GCT), giving New Jerseyans access to both the upper East and West Sides of New York City (known as Alternative "G"); and

WHEREAS, the current ARC plan abandons the connection from Penn Station Manhattan to GCT and focuses instead on construction of a tunnel, known as the Trans-Hudson Express (T.H.E. Tunnel) which would dead-end at a terminal 175 feet below West 34th Street in Manhattan, adding approximately 15 minutes to daily commuting time and creating potential rescue hazards in event of an emergency that far underground; and

WHEREAS, Morris & Essex Line trains (serving Summit) would be evicted from the existing Penn Station under the current proposal, eliminating convenient connections to Amtrak, Long Island Railroad, and other NJTransit service; and

WHEREAS, the Lackawanna Coalition of resident passengers, of which Summit is a member, feels this arrangement places New Jersey commuters at a significant disadvantage compared to riders from Connecticut, Westchester and Long Island who will have access to both Penn Station and GCT.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF SUMMIT as follows:

1. That, as the biggest station on the Morris & Essex Line, Summit strongly endorses the original goals and purposes of ARC, which were to reach GCT via a single-seat ride from New Jersey and to expand trans-Hudson rail capacity.
2. That the current "T.H.E. Tunnel" proposal ill-serves Summit and all riders on the Morris & Essex Lines by adding many minutes to commuting times, by not affording a one-seat ride to GCT, by displacing riders from the existing Penn Station, and by subjecting them to adverse safety-security conditions.
3. That it urges the Federal Transit Administration (FTA), the Port Authority of New York/New Jersey, and state funding agencies to invest in something that fulfills the original ARC goals, rather than the project currently proposed.
4. That copies of this Resolution be forwarded to the FTA, the Port Authority of NY/NJ, NJ Transit, Governor Jon Corzine, Congressman Michael Ferguson, State Senator Tom Kean, Jr, Assemblymen Jon Bramnick and Eric Munoz, the Freeholders of Union County, the North Jersey Transportation Planning Authority and municipalities along the Morris & Essex Line.

Dated: March 4, 2008

I, David L. Hughes, City Clerk of the City of Summit, do hereby certify that the foregoing resolution was duly adopted by the Common Council of said City at a regular meeting held on Tuesday evening, March 4, 2008.

A handwritten signature in black ink that reads "David L. Hughes". The signature is written in a cursive style with a large initial "D".

City Clerk

Statement of Joseph M. Clift
Member, Regional Rail Working Group
New Jersey Transit Board Meeting
March 12, 2008

Biggest problems with current ARC/T.H.E. Tunnel plan presented in SDEIS:

1. In effort to keep project price stable, critical element – **Penn Station connection – removed.**
2. **No Build Year or future one-seat East Side access – 90,000 stranded future daily riders put NJ in permanent 2nd-class status vs. Westchester, CT & Long Island – “Not Precluded” doesn’t mean practicable. Twice as many jobs within 10’ walking distance of GCT as of Penn.**
3. ½ of NJ Transit trains in 20-story deep 34th St “Penn Extension” – access time & security concerns.
4. Amtrak use of new tunnels lost – lost flexibility/reliability & no future service to East Side.
5. SDEIS Project costs more & does less – again!
 - DEIS scope reduced by \$1B, yet cost is up from \$7.4B to \$7.6B (\$8.8B w DEIS scope).
 - 34th St “Penn Extension” & connecting tracks priced at \$2.8B with high O&M cost.
 - True total price is now \$9B, including \$1.4B Portal Bridge Capacity Enhancement.
 - Total State/Local funding requirement is a daunting \$3B-\$4B, depending on FTA funds.

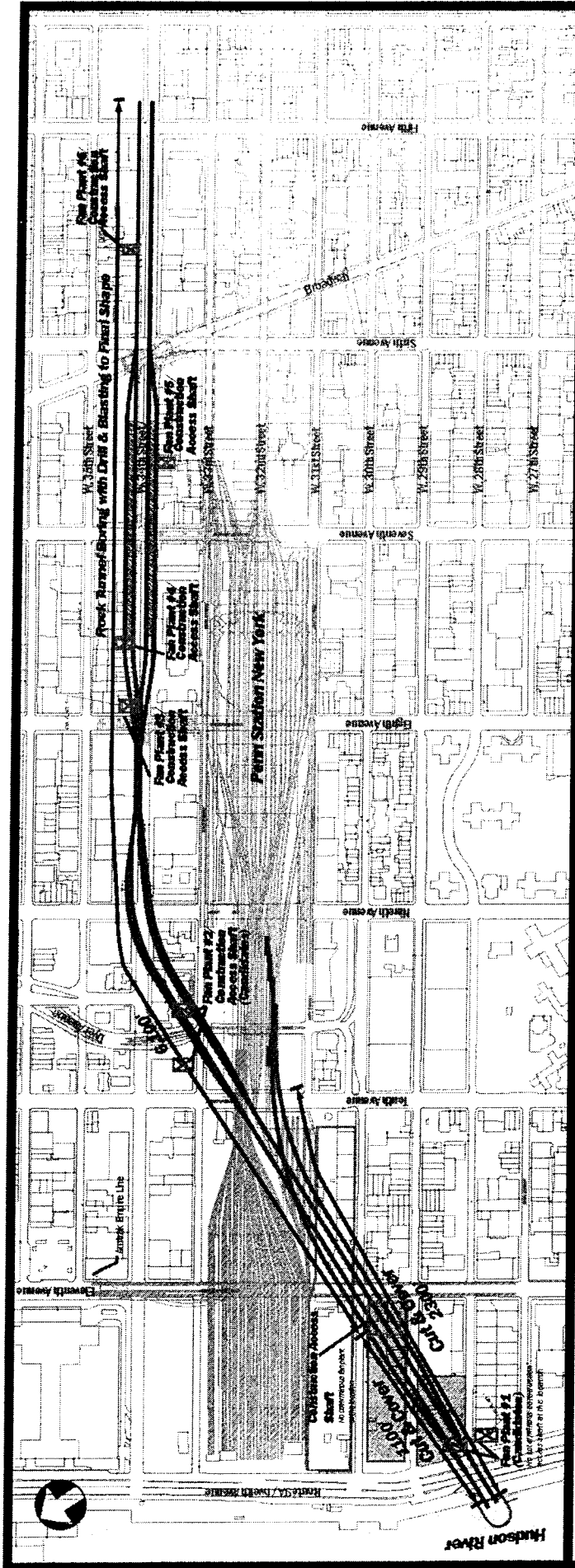
Opposition to the current ARC/T.H.E. Tunnel plan is increasing – recent resolutions by:

- National Association of Rail Passengers
- Common Council of the City of Summit, NJ.
- MTA Permanent Citizens’ Advisory Committee

A better solution to the financial dilemma than throwing away the future is needed. A plan that is rider-centric & tax payer-centric instead of railroad-centric should replace the current alternative:

1. **Go back to 2007 ARC DEIS & reverse actions taken in SDEIS – keep Penn Station connection & remove 34th St “Penn Extension”:**
 - **ARC cost reduced by \$1.9B to \$5.7B, a far more fundable price.**
 - Peak hour train capacity to meet 10-year+ need – 10-15 additional trains.
 - Amtrak flexibility/reliability with ARC tunnels & synergy w Moynihan & Penn redevelopment.
 - **Future provision of one-seat East Side ride – extension under 31st St/Park Ave to GCT.**
2. **Develop, design, fund & build a Penn-GCT track connection in partnership w MTA/Amtrak:**
 - 90,000 daily trans-Hudson riders “unstranded”.
 - Increased peak hour train capacity to meet 2030+ need.
 - 15,000+ daily Metro-North riders with one-seat West Side access.
 - Suburb-suburb trip opportunities.
 - Amtrak access to East Side market via GCT.

This solution resolves both the access improvement failures & the financial dilemma produced by the SDEIS ARC/T.H.E. Tunnel plan.



Access to the Region's Core
 Draft Environmental Impact Statement

Figure 2-6
 Build Alternative Proposed Construction Methods, Fan
 Plants/Construction Access Shafts & Construction Staging
 Areas (New York)

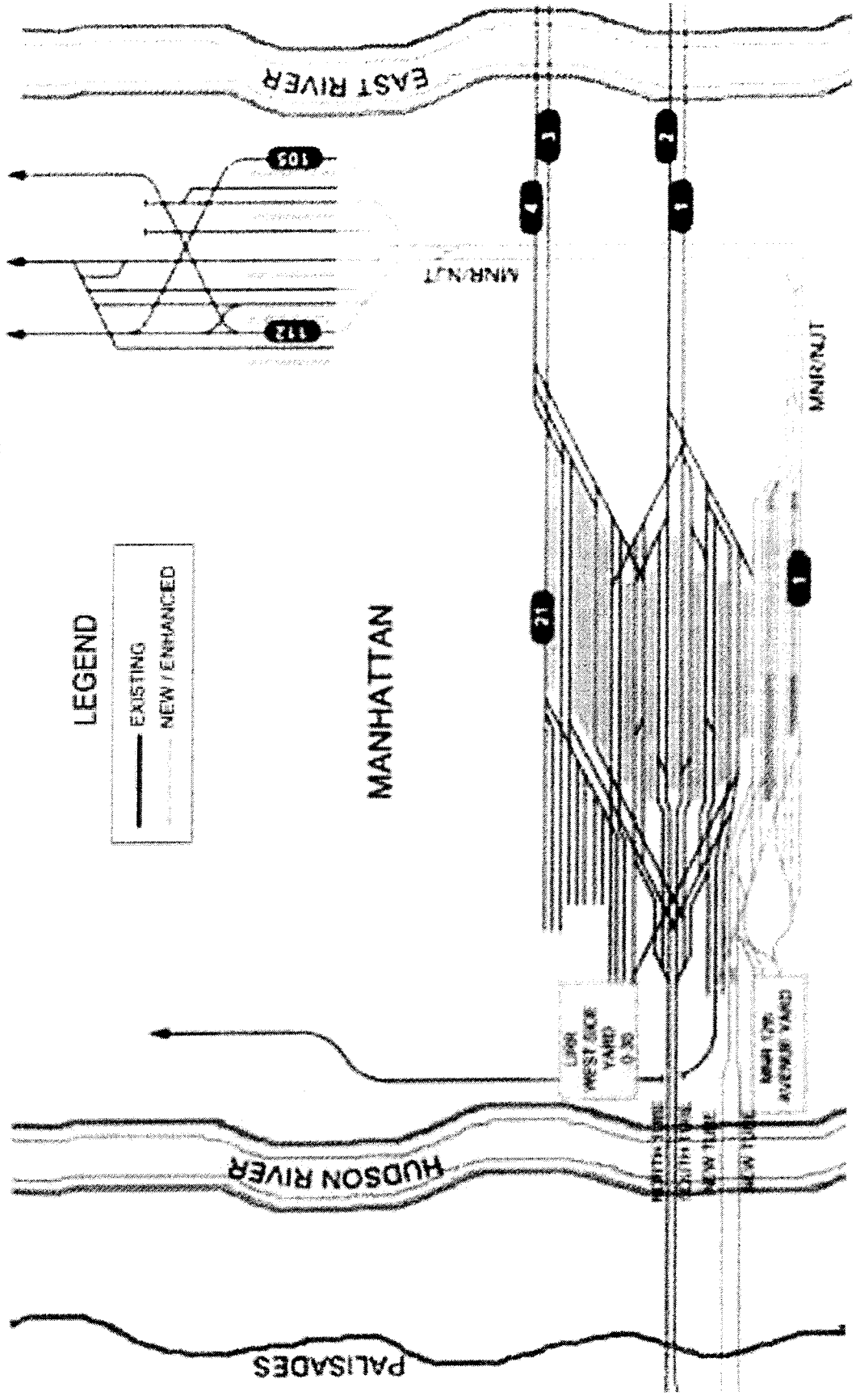
Source: Transit Link Consultants, 2006

Legend

- ARC Build Alternative
- ▨ Construction Staging Area
- ⊠ Fan Plant/Construction Access Shaft

Not to Scale

ALTERNATIVE G - Grand Central Terminal



NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS, INC.
NJ TRANSIT RAIL OPERATIONS, INC.
NJ TRANSIT MERCER, INC.
REGULARLY SCHEDULED BOARD OF DIRECTORS MEETING

MARCH 12, 2008

MINUTES

- APPROVAL OF MINUTES OF PREVIOUS MEETINGS 39723
- EXECUTIVE DIRECTOR'S MONTHLY REPORT 39724
- ADVISORY COMMITTEE REPORTS
- BOARD COMMITTEE REPORTS
 - *Capital Planning, Policy & Privatization Committee-Shevell
 - *Administration Committee-Castillo
- PUBLIC COMMENTS ON AGENDA ITEMS

ACTION ITEMS

- 0803-14 ACCESS TO THE REGION'S CORE: PROJECT CONTROLS AND CONSTRUCTION MANAGEMENT SERVICES: THE CM CONSORTIUM – PHASE II – CONTRACT AMENDMENT 39745

Authorization to fund Phase II - Extended Preliminary Engineering and Final Design through December 2008, for contract (No. 06-111) with THE CM Consortium of Newark, New Jersey, a joint venture of Tishman Corporation, Parsons Corporation, and ARUP for Project Controls and Construction Management Services to support final design and pre-construction activities for the Access to the Region's Core project at a cost not to exceed \$9,000,000, plus five percent, for contingencies, for a total contract authorization of \$14,000,000, plus five percent for contingencies, subject to the availability of funds. The consultant services for the final design will be initiated after the Federal Transit Administration (FTA) grants permission to NJ TRANSIT to enter final design.

**0803-15 RAIL ROLLING STOCK PROGRAM: CONTRACT AMENDMENT 39748
FOR ENGINEERING ASSISTANCE FOR ELECTRIC
LOCOMOTIVES**

Authorization to amend the contract (No. 05-098) with STV, Inc. of New York, New York, for design and engineering assistance with the manufacture of the electric locomotives at a cost not to exceed \$2,713,000, plus five percent for contingencies, for a total contract authorization of \$5,053,650, subject to the availability of funds.

**0803-16 RARITAN VALLEY LINE DOCK INTERLOCKING MODIFICATIONS: 39751
RETAINING WALL CONSTRUCTION CONTRACT AWARD**

Authorization to contract (No.07-116X) with Northeast Remsco Construction, Inc. of Farmingdale, New Jersey for the construction of a retaining wall on Track 5 at Newark Penn Station at a cost not to exceed \$2,536,500 plus five percent for contingencies, subject to the availability of funds.

**0803-17 BOMBARDIER MATERIAL SERVICE AGREEMENT: 39754
PROCUREMENT-BY-EXCEPTION**

Authorization to award a Procurement-By-Exception Contract (No. 08-610) with Bombardier Transportation, North America, for the purchase of sole/single source maintenance parts and supplies required to support Bombardier manufactured Rolling Stock fleets (Arrow III, Comet III/IV, Multilevel Passenger Cars and ALP-44, ALP-46, ALP-46A Electric Locomotives) for a five year period at cost not to exceed \$71,500,000, subject to the availability of funds and future operating budgets.

**0803-18 REIMBURSEMENT RESOLUTION: ALP-46 LOCOMOTIVES AND 39758
MULTILEVEL RAILCARS**

Adoption of Reimbursement Resolution to recover prior payments.

**0803-19 CROSS BORDER LEASES: NABI BUSES AND MULTILEVEL 39761
RAILCARS**

Authorization to enter into a Swedish cross-border lease on approximately \$50 million of NABI buses and authorization to

negotiate with Handelsbanken and Societe Generale or other parties satisfactory to the Chief Financial Officer for leases on Bombardier Multilevel railcars delivered under Options 'A' through 'H' and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, and the Secretary or their designees to take all actions necessary to close such leases, including the payment of all legal and other fees as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

0803-20 BOMBARDIER CONTRACT TO MODIFY EIGHT MULTILEVEL RAILCARS 39764

Authorization to enter into a procurement-by-exception with Bombardier, Inc. to perform modifications on eight railcars purchased by Atlantic City Express Service, LLC, to be used on the New York-Atlantic City Demonstration Rail Service, for an amount not to exceed \$1.54 million plus five percent for contingencies and to amend NJ TRANSIT's existing agreement with Atlantic City Express Service, LLC to provide for the reimbursement by Atlantic City Express Service, LLC of NJ TRANSIT's costs associated with the modification work.

CONSENT CALENDAR

0803-21 ADOPTION OF THE PROPOSED AUDIT COMMITTEE CHARTER 39769

Authorization to adopt the Audit Committee Charter for NJ TRANSIT

PUBLIC COMMENTS ON NON-AGENDA ITEMS

APPROVAL OF MINUTES

WHEREAS, the By-Laws provide that the minutes of actions taken at meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors be approved by the Board; and

WHEREAS, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the February 13, 2008 Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc. and NJ TRANSIT Mercer, Inc. were forwarded to the Governor on February 14, 2008;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the February 13, 2008 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. Board of Directors' meetings are hereby approved.

Jon S. Corzine
Governor

Kris Kolluri, Esq.
Board Chairman

Richard R. Sarles
Executive Director

NJ TRANSIT
One Penn Plaza East
Newark, New Jersey 07105-2246
973-491-7000



TO: BOARD OF DIRECTORS
FROM: RICHARD R. SARLES *Richard R. Sarles*
DATE: MARCH 12, 2008
SUBJECT: EXECUTIVE DIRECTOR'S REPORT – MARCH 2008

As you know, Governor Corzine's budget addresses next year's inflationary cost growth with a proposed addition of \$60 million in NJ TRANSIT's state operating assistance, with no fare increase. We recognize that this is extraordinary given the current budget constraints and thank the Governor for his leadership to ensure that people who depend on transit can get to work. However, new services and extraordinary expenses will not be covered at this level of funding. While we have made \$90 million in business improvements over the last several years—including the \$20 million in savings we identified this fiscal year—we will have to make deeper administrative cuts to balance the operating budget.

Last month, I reported that the Federal Transit Administration raised its rating for the Access to the Region's Core (ARC) project. We recently heard more good news from FTA Administrator James Simpson, who reiterated his support of federal funding for ARC during the Governor's recent transportation seminar. The FTA also approved the SDEIS, which enables us to hold final public hearings in Newark on March 31 and in New York on April 1.

Today, I am pleased to announce a new partnership with Google, a global leader in connecting people to information over the internet. NJ TRANSIT is the largest transit agency in the nation—and first in the Northeast—to become part of Google Transit, putting our service information a mouse-click away from existing customers and visitors who might be using NJ TRANSIT for the first time. As more agencies partner with Google, customers will be able to build travel itineraries across transit agencies in one session, making regional connections easier.

In May, Amtrak will begin a project to replace 26 miles of deteriorating concrete ties on the Northeast Corridor—a big job that will have significant impact on our service. In the first phase, Amtrak will replace ties on 14-miles of track between Trenton and Jersey Avenue, requiring a track to be taken out of service. This means some schedule adjustments for our customers, including slightly longer trip times for some customers, boarding changes and possible delays, particularly for customers at Princeton Junction, Hamilton and Trenton stations. As the project moves forward, NJ TRANSIT will issue a new Northeast Corridor timetable every 8-10 weeks to reflect the specific location and scope of the tie replacement work and minimize the impact for Northeast Corridor customers.

We are working with Amtrak to minimize schedule impacts on peak-period, peak-direction trains, where we have most of our customers riding. However, we already operate a very tight schedule on the Northeast Corridor. With one less track, it is important to note that any service disruption will have an aggravating effect on our operations. To that end, we are developing a comprehensive communication plan that begins today—about two months ahead of the project. This effort will include station posters, seat drops, My Transit alerts, news releases to media, on-board announcements, customer newsletters and lunchtime Webchats, where we invite customers to go online to chat with our operations staff.

We recognize that this is difficult news for our customers, and we will do everything we can to minimize inconvenience during this time, including making an effort to deploy most of our new multilevel fleet on the Northeast Corridor to alleviate crowding.

In addition, new rail timetables will take effect May 11, featuring additional weekend service on the Northeast Corridor with new inner zone round-trips between Rahway and New York. This will add capacity and alleviate the impact to the inner zone during Amtrak track work, with four new eastbound and five new westbound trains. On the Morris & Essex Lines, we are adding a morning peak-period trip for customers traveling to New York, filling a gap in morning peak period service.

Our multilevel vehicle program will soon reach a milestone, as we are about to receive the 100th rail car. Last week, we introduced multilevel rail cars on the Morris & Essex Lines, bringing to three the number of NJ TRANSIT rail lines offering service with the popular equipment. As with the Northeast Corridor and North Jersey Coast Line, customer reaction on the Morris & Essex Lines has been overwhelmingly positive, noting the quiet ride, extra leg room and spacious mezzanine level.

EXECUTIVE DIRECTOR'S MONTHLY REPORT MARCH 2008

- 1. HIGHLIGHTS**
- 2. CUSTOMER AND COMMUNITY INITIATIVES**
- 3. EMPLOYEE RECOGNITION**
- 4. DBE/MBE PROGRAM**
- 5. PERFORMANCE MEASURES**

HIGHLIGHTS

NJ TRANSIT begins customer surveys as part of northwest NJ bus study

From Sunday, March 9 through early May 2008, NJ TRANSIT will be conducting customer surveys as part of an effort to identify opportunities to improve transit services and facilities in several northwest New Jersey counties.

The surveys, part of the Northwest New Jersey Bus Study, will be conducted aboard selected NJ TRANSIT and private carrier bus routes to collect information about customers' travel patterns, including origin and destination, transfers and commute time. The study region includes Sussex, a significant portion of Morris, and northern Warren and Passaic counties.

Customer surveys will be conducted on the following routes:

- 75 Butler-Newark
- 79 Newark-Parsippany Express
- 193 Willowbrook-New York Express
- 194 Newfoundland-New York
- 195 Willowbrook-Cedar Grove-New York
- 196 Warwick-New York Express
- 197 Warwick-Wayne-New York
- 198 William Paterson University-Wayne-New York
- 324 Wayne Transit Center-New York Express
- MCM1 Morristown-Willowbrook
- MCM2 Morris County College
- MCM3 Livingston Mall-Morris County Offices
- MCM4 Dover-Honeywell
- MCM5 Morristown-Rockaway Mall
- MCM7 Milton-KMART Plaza
- MCM10 Morristown-Rockaway Mall
- 966 Convent Station Employer Shuttle
- 967 Sparta-Diamond Express
- 973 Downtown Hackettstown Shuttle
- 46 Dover-New York (Lakeland Bus Lines)
- 80 Sparta-Newton-New York (Lakeland Bus Lines)
- 77 Morristown-New York (Coach USA-Community Coach)

In addition, surveys will be distributed at NJ TRANSIT's Wayne/Route 23 Transit Center, Willowbrook Park & Ride and Mothers Park & Ride.

EMPLOYEE RECOGNITION

NJ TRANSIT employees bid farewell after outstanding careers

Twenty-five NJ TRANSIT employees retired in February with careers ranging from 7 to 42 years of service:

1. Allen S. Clark (Mount Laurel) Camden Mechanic "A" – 42 years
2. Ronald Moser (Morrisville, PA) Hamilton Garage Building Maintenance – 42 years
3. Rocco Galluzzo (Howell) Howell Garage Bus Operator – 38 years
4. George J. Hillary (Erial) Washington Township Bus Operator – 37 years
5. Arthur Williams (West Carteret) Port Authority Bus Terminal Station Starter – 34 years
6. John J. Bush (Toms River) Penn Plaza Dir. of Admin Supp. Police – 32 years
7. Rafael Bacallao (Palisades Park) Meadowlands Garage Bus Operator – 29 years
8. Michael Hutchinson (Robbinsville) Penn Plaza Dir. Budge Development – 29 years
9. Scott Korzeb (Spotswood) Howell Garage Repairman – 29 years
10. James A. McKenna (Hamilton) Penn Plaza Program Coordinator – 29 years
11. Margie Wiggins (Paterson) Wayne Garage Bus Operator – 29 years
12. Alvin Dingle (Jersey City) Greenville Garage Bus Operator – 28 years
13. Lester Mercer (Newark) City Subway Light Rail Operator – 28 years
14. Linda M. Sheppard (Mantua) Washington Township Clerk Dist. – 27 years
15. Dennis R. Seiller (Millford, PA) Big Tree Garage Bus Operator – 24 years
16. Ruben Cabrera (North Bergen) Meadowlands Garage Bus Operator – 23 years
17. Joanne Muse (Camden) Cooper Parkway Chief Clerk Tel. – 23 years
18. Robert L. Payne (Lawnside) Newton Avenue Garage Inspector Class "A" – 18 years
19. Dorothy Paulsen (Teaneck) Big Tree Garage Bus Operator – 17 years
20. Joseph Martello (Toms River) Howell Garage Bus Operator – 16 years
21. Pierce F. Robinson (Palisades Park) Meadowlands Garage Bus Operator – 14 years
22. Raymond Agard (Irvington) Hilton Garage Bus Operator – 12 years
23. James Footman (Hillside) Ironbound Garage Bus Operator – 12 years
24. Miguel Roca (Elmsford, NY) Penn Plaza Senior Mechanical Engineer – 8 years
25. Richard Tiencken (Wantage) Penn Plaza Rail Finance Principal Cap. – 7 years

Rail Operations honors Employee-of-the-Month award recipients

Rail Operations recognized and honored employees who demonstrated NJ TRANSIT's mission of putting the customer first, both internally or externally. The ceremony, which took place on Friday, February 8, 2008, recognized an employee-of-the-month from Transportation,

Infrastructure Engineering, and Mechanical departments, based on a set of criteria the employee must meet.

The 2007 recipients are as follows:

	<u>Mechanical</u>	<u>Infrastructure</u>	<u>Transportation</u>
January	Charlie Gozzer	Steve Hill	Bonita Lee
February	Tadeusz Zariczny	Louis Starita	Kevin Collins
March	Douglas Walter	Celia Davis	George Burke
April	Daryl Linton	Robert McGinty	Steve Nemchik
May	Steve Hawkins	Dave Keiffer	Keith Lair
June	Angela Davis	Kevin Coughlin	John Codichini
July	Alexander Chrzanowski	Thomas Earl	Leslie Johnson
August	Alison Cobb	Michael Santasieri	Rick Metro
September	Dave Olivera	Jack Morrone	Leonard Lucas
October	Eleanor Turkington	Joseph McMahan	Shaun Whitman
November	Ralph Rossi	Joseph Rybczynski	Angel Collins
December	Yolanda Green-Warren	Lou Webber	Sam Spears

Employees prepared as winter arrives

On Friday, February 22, NJ TRANSIT employees were up to the challenge of the first major winter storm, working through the night and into the morning to keep the system running smoothly.

The bulk of the credit goes to our operating departments, with more than 600 employees dedicated specifically to the storm effort. Crews from Bus Operations were deployed at all 16 garages, terminals and lots, clearing snow and salting surfaces. Light Rail Operations and maintenance employees spent the morning clearing station platforms and park & ride lots. Rail Operations personnel, armed with two jet-engine-powered snow blowers and 20,000 pounds of salt, worked to keep snow off the tracks, platforms and walkways.

Meanwhile, Access Link staff handled calls starting at 5 a.m. from more than half of their customers seeking to reschedule their reservations.

39732

Nearly fifty Emergency Response Team (ERT) members spent the morning, assisting customers and reporting conditions from across the system. As always, their feedback helped the operating departments and Customer Service to stay abreast of developments in the field.

39733

DBE/MBE PROGRAM

NJ TRANSIT – Office of Business Diversity DBE/SBE Participation

Federally Funded Contracts

\$46,203,285 in federal funds were awarded during October through February of FY 08.* Disadvantaged Business Enterprises (DBEs) were awarded \$7,817,729 or 16.9 percent, which includes both race conscious and race neutral awards.

State Funded Contracts

\$195,249,246 in state-funded contract dollars were awarded during July through February FY 08. ** Of that total, Small Business Enterprises (SBEs) received \$24,910,996 or 12.8 percent. Category 1 SBEs received \$742,549 or 0.4 percent. Category 2 SBEs received \$1,687,290 or 0.9 percent. Category 3 SBEs received \$449,496 or 0.2 percent. Category 4 SBEs received \$529,355 or 0.3 percent. Category 5 SBEs received \$21,482,306 or 11 percent ***

Federal & State Contracts Total

\$241,452,531 in federal and state contract dollars were awarded by NJ TRANSIT during this reporting period. Of that total, \$32,728,725 or 13.6 percent of federal and state contract dollars was won by DBEs and SBEs.

Hudson-Bergen Light Rail Transit System Project

Of \$1,433,024,411 in contract dollars awarded for the Hudson-Bergen Light Rail Transit System project****, \$180,729,496 or 12.6 percent has been received by DBEs. Of the \$180,729,496, 6 percent or \$86,823,647 has been won by Women Business Enterprises (WBEs) who are classified as DBEs.

*Fiscal year beginning October 1, 2007

**Fiscal year beginning July 1, 2007

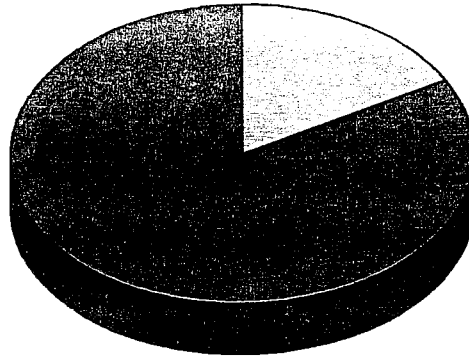
***Cat 1-Less than \$500,000 gross revenues, Cat 2-Less than \$5 million, Cat 3-Less than \$12 million, Cat 4 (construction)-Less than \$1 million, Cat 5 (construction)-Less than \$17,420,000

****This YTD figure reflects federal dollars expended on an annual basis; including change orders, for the period from December, 1996 through April 2005.

(Contract No. RFP07-035 for Electric Locomotive Procurement in the amount of \$229,453,866 was not included in the state total because it did not provide subcontracting opportunities.)

**DBE PARTICIPATION
FEDERAL CONTRACTS
FEDERAL FYTD (THROUGH FEBRUARY 08)***

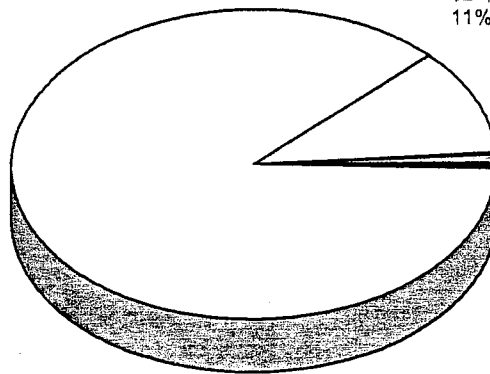
NON-DBE
FEDERAL
\$38,385,556
83.1%



DBE RACE
NEUTRAL & RACE
CONSCIOUS
\$5,186,750
16.9%

**SBE PARTICIPATION
STATE CONTRACTS
STATE FYTD (THROUGH FEBRUARY 08)****

NON-SBE STATE
\$170,338,250
87.2%



SBE-5
\$21,482,306
11%

SBE-4
\$529,355
0.3%

SBE-2
\$1,687,290
0.9%

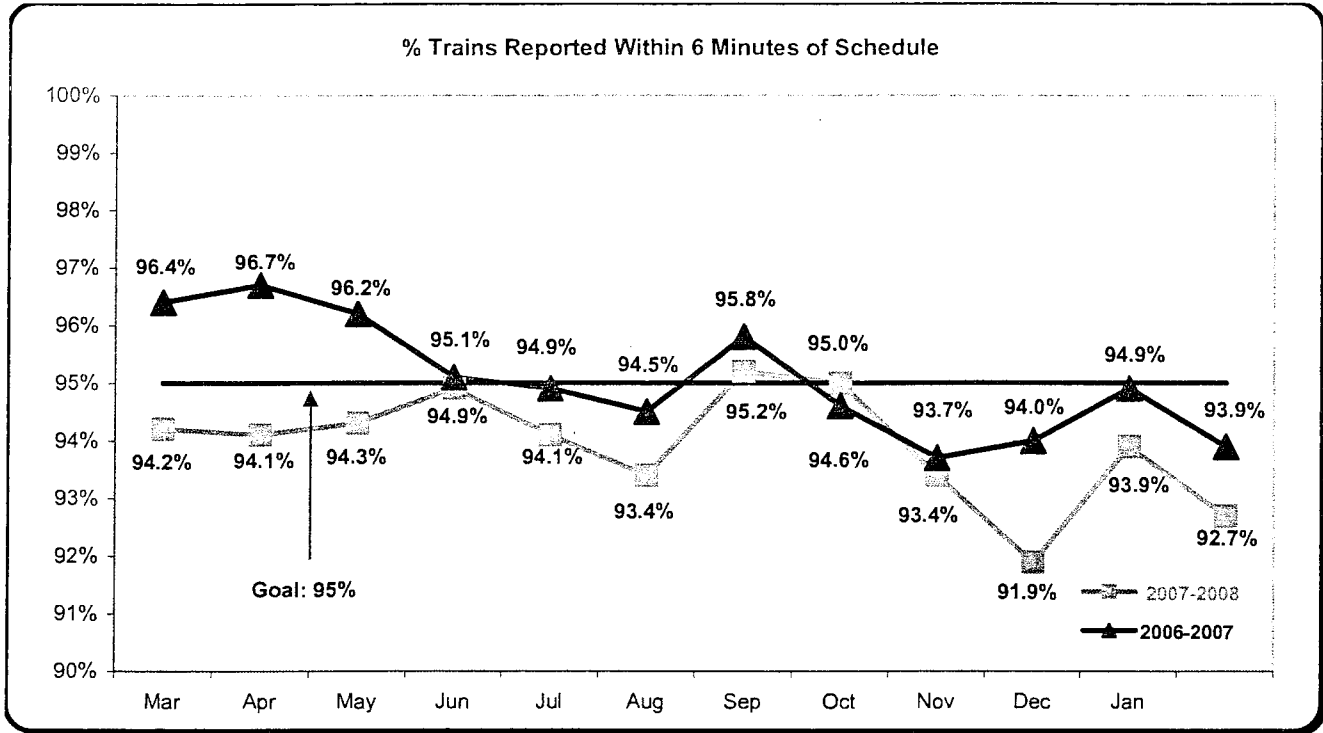
SBE-1
\$742,549
0.4%

SBE-3
\$449,496
0.2%

Fiscal Year Beginning October 1, 2007*
Fiscal Year Beginning July 1, 2007**

PERFORMANCE MEASURES

NJ TRANSIT ON-TIME PERFORMANCE RAIL MARCH 2006 - FEBRUARY 2008



	2006-2007	2007-2008	# Change
February Comparison	93.9%	92.7%	-1.2%

	2006-2007	2007-2008	# Change
12-Month Average March-February	95.1%	93.9%	-1.1%

Analysis:

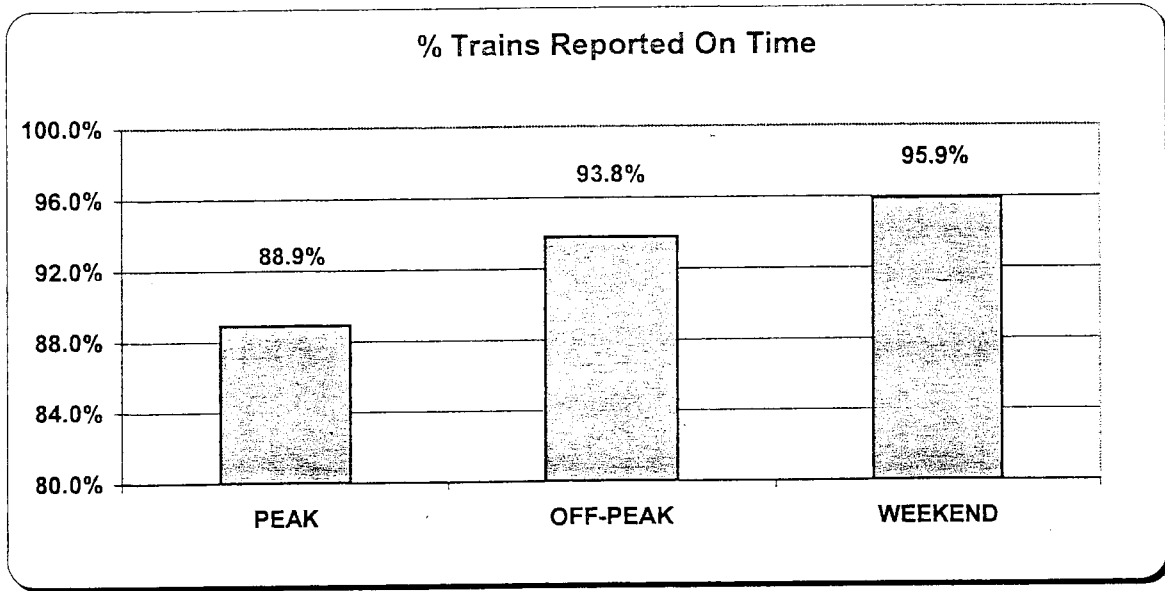
Rail On-Time Performance for February 2008 was 92.7%. Of the 18,797 trains that were scheduled to operate, 17,424 were on time, while 1,373 trains (or 7.3%) were delayed. Key causes of delay included:

- Amtrak speed restrictions due to concrete ties in need of replacement.
- Two separate openings of Portal Bridge on February 1st.
- Several incidents of equipment problems on February 1st, 20th, and 21st.
- A disabled train in the tunnel leaving New York on February 19th.
- Inclement weather on February 12th and 22nd.

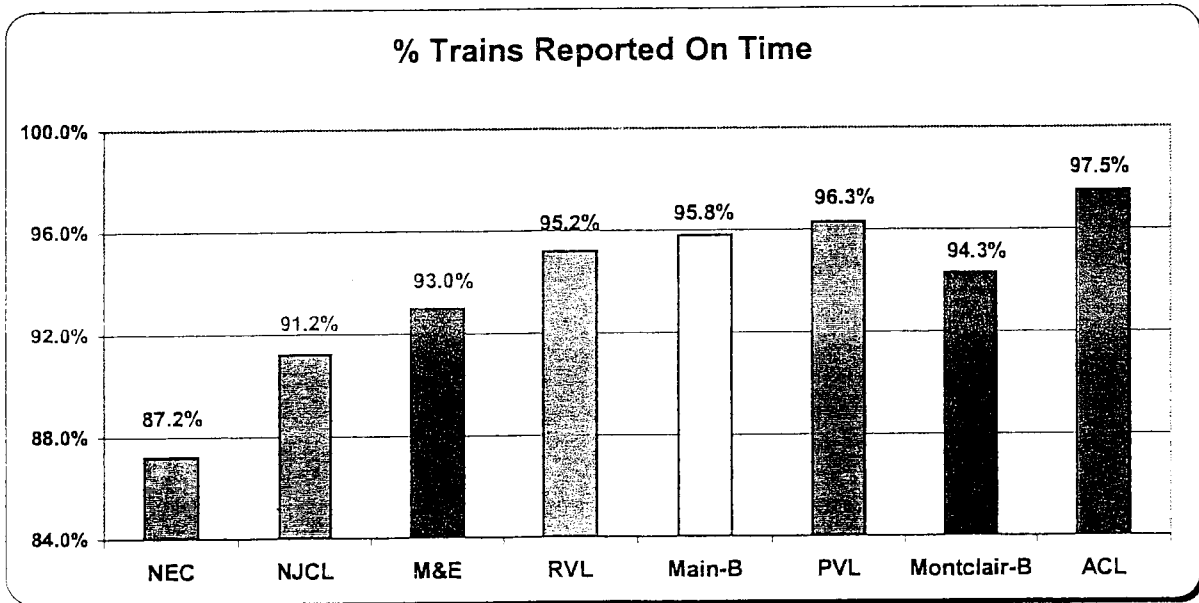
The 12-month average for Rail On-Time Performance for March 2007-February 2008 was 93.9%.

ON-TIME PERFORMANCE RAIL

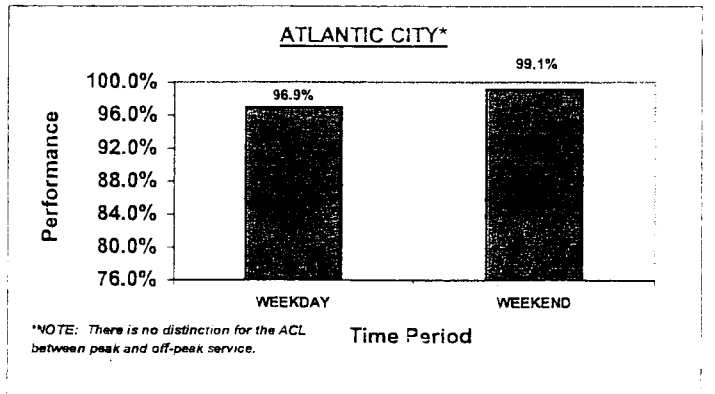
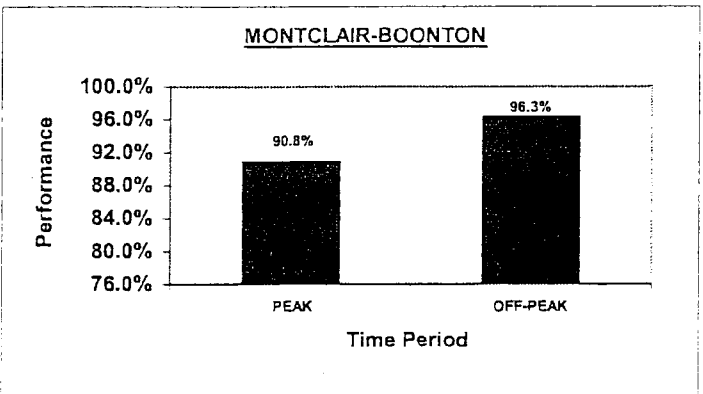
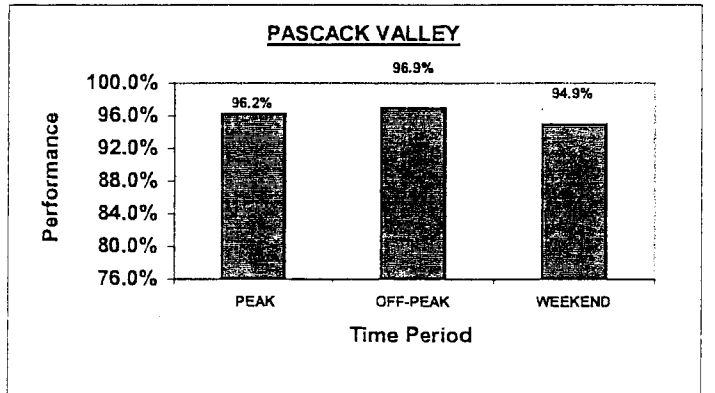
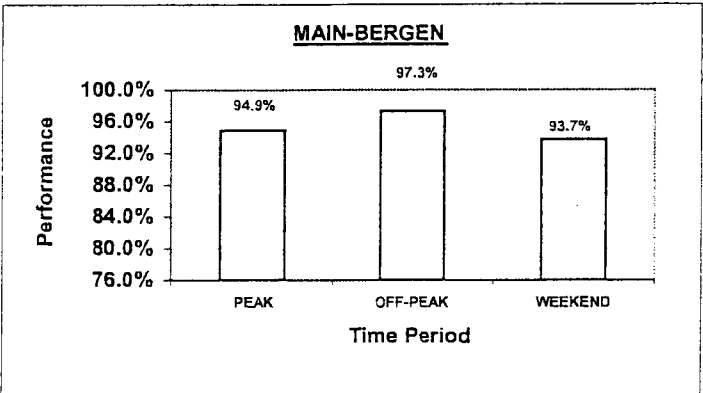
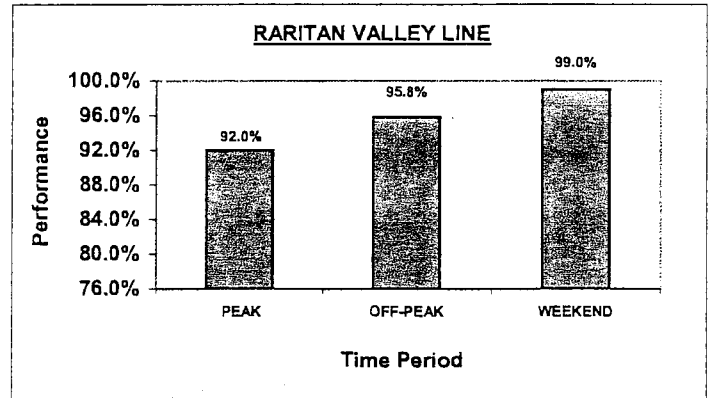
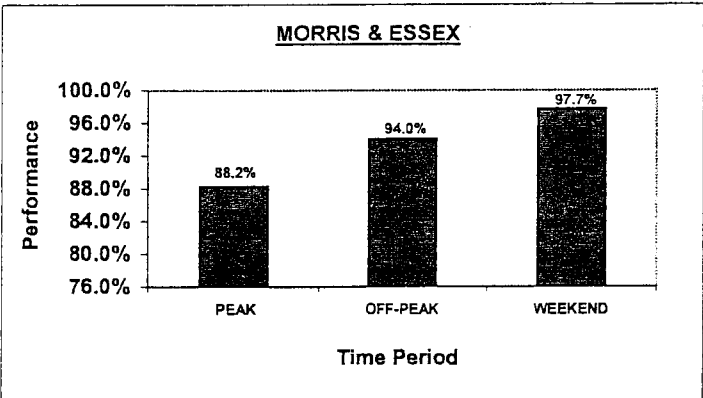
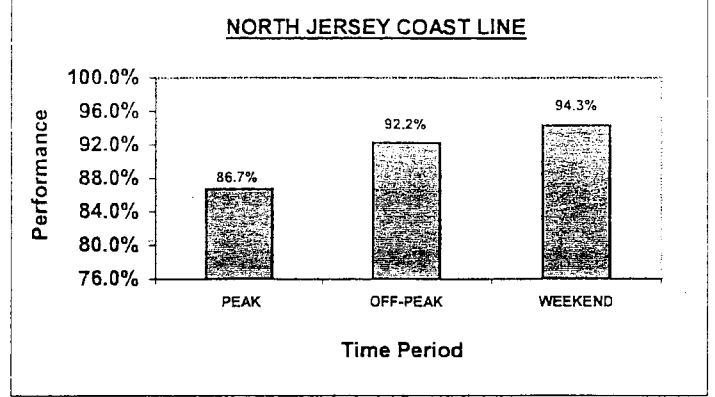
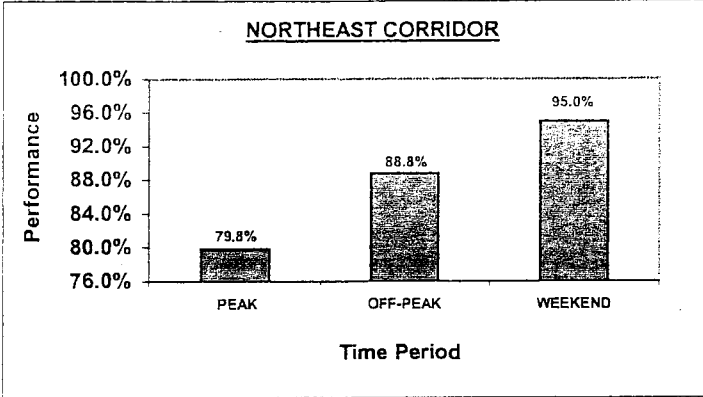
SUMMARY BY TIME PERIOD FEBRUARY 2008



SUMMARY BY LINE FEBRUARY 2008

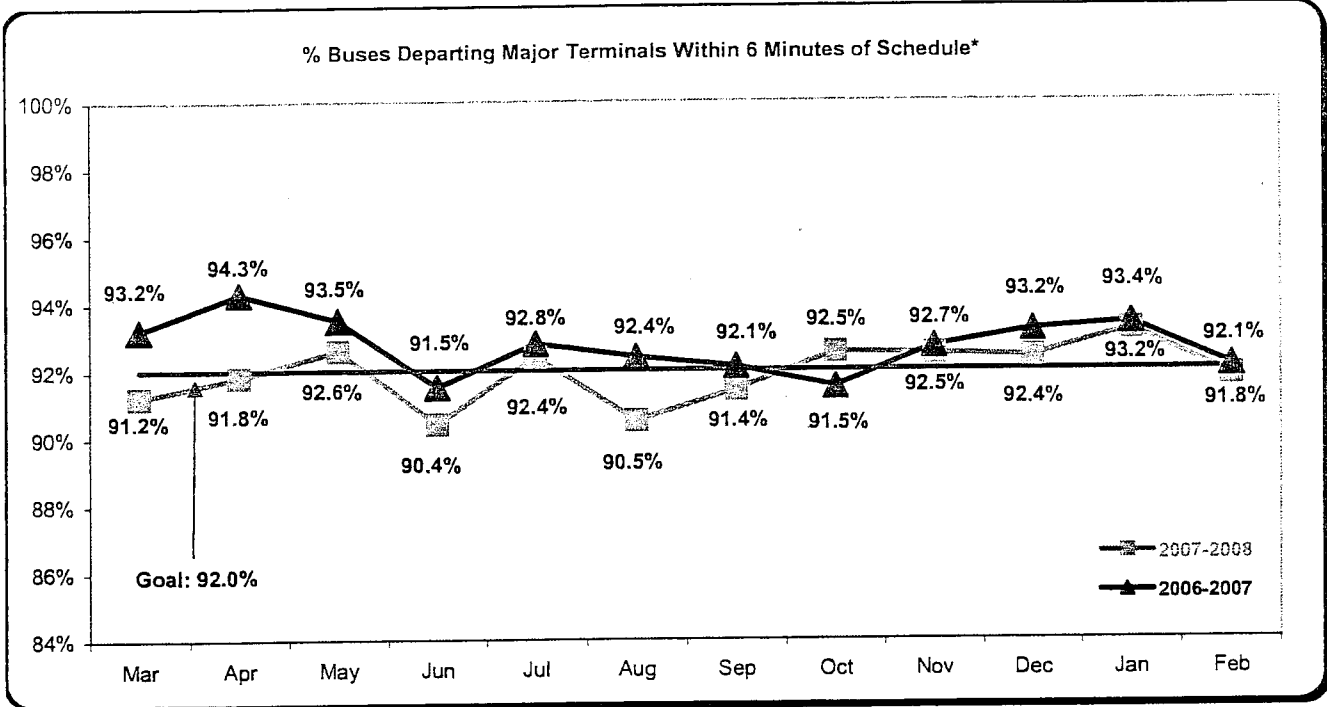


ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD February 2008



*NOTE: There is no distinction for the ACL between peak and off-peak service.

NJ TRANSIT ON-TIME PERFORMANCE BUS MARCH 2006 - FEBRUARY 2008



*Note: Includes the Walter Rand Transportation Center, Atlantic City Bus Terminal, Port Authority Bus Terminal and Newark Penn Station

	2006-2007	2007-2008	# Change
February Comparison	92.1%	91.8%	-0.3%
12-Month Average March-February	92.7%	91.9%	-0.8%

Analysis:

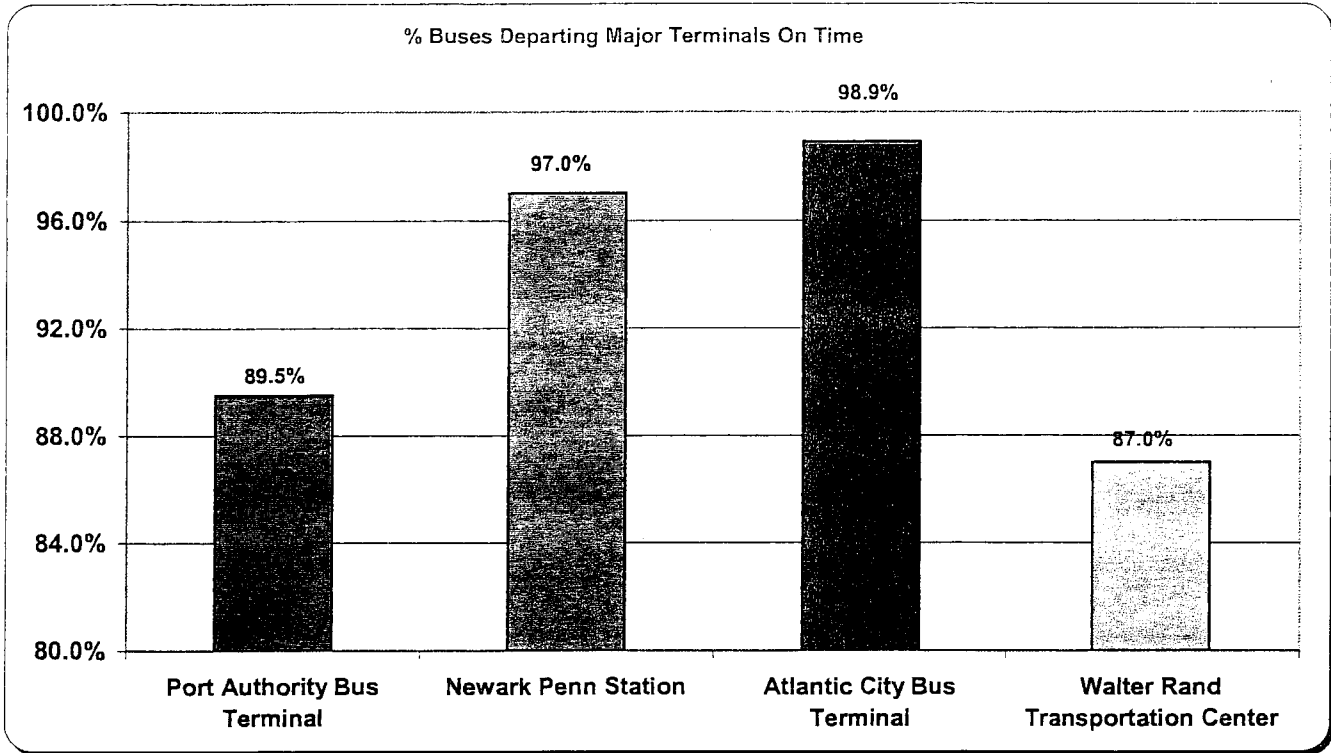
Bus On-Time Performance for February 2008 was 91.8%. Of the 31,040 monitored departures, 2,543 (or 8.2%) experienced delays. Key sources of delay included:

- Emergency pothole repair on Rt. 495 Westbound, affecting the Port Authority Bus Terminal, on February 14th.
- Heavy traffic conditions during the AM and PM rush hours on Routes 38, 47, and the Ben Franklin Bridge on February 25th.
- Adverse weather conditions on February 12th, February 22nd, and February 26th.

The 12-month average for Bus On-Time Performance for March 2007-February 2008 was 91.9%.

ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL FEBRUARY 2008

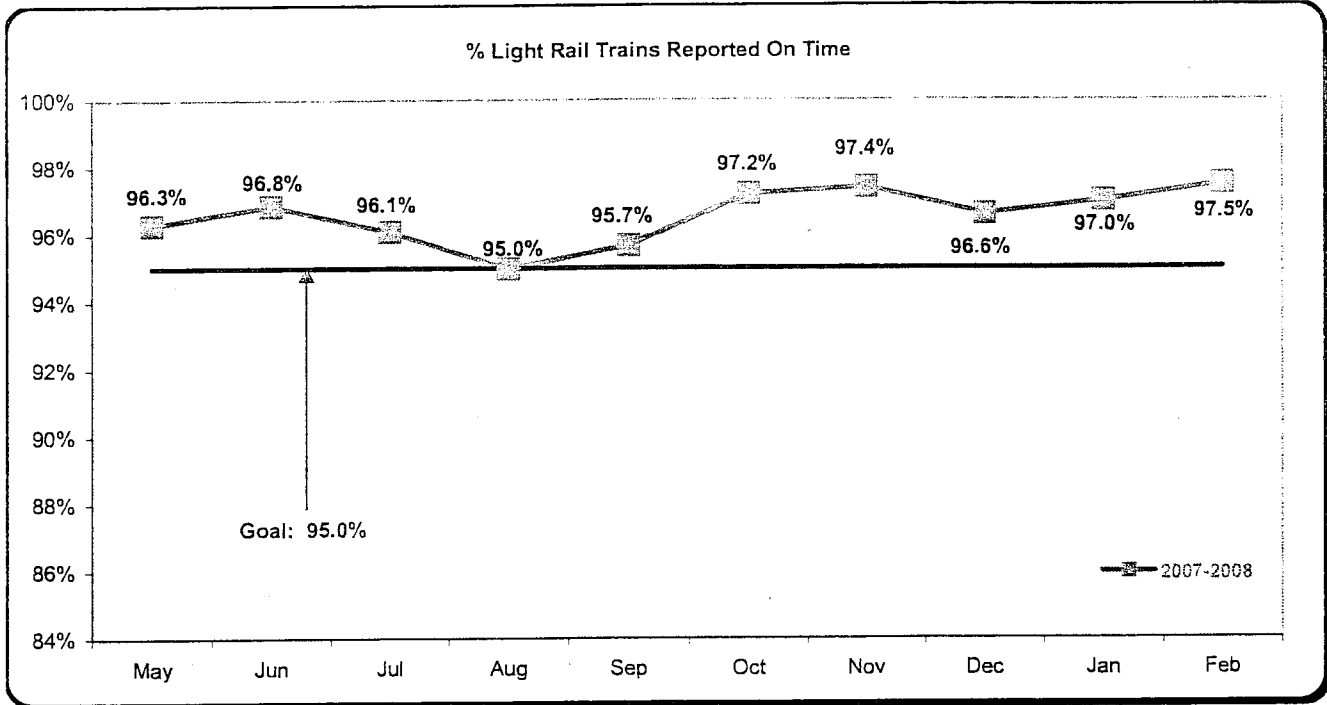


NJ TRANSIT

ON-TIME PERFORMANCE

LIGHT RAIL - SYSTEMWIDE

MAY 2007-FEBRUARY 2008



*Note: Starting May 2007

	2006-2007	2007-2008	# Change
February Comparison	N/A	97.5%	N/A
12-Month Average	N/A	N/A	N/A

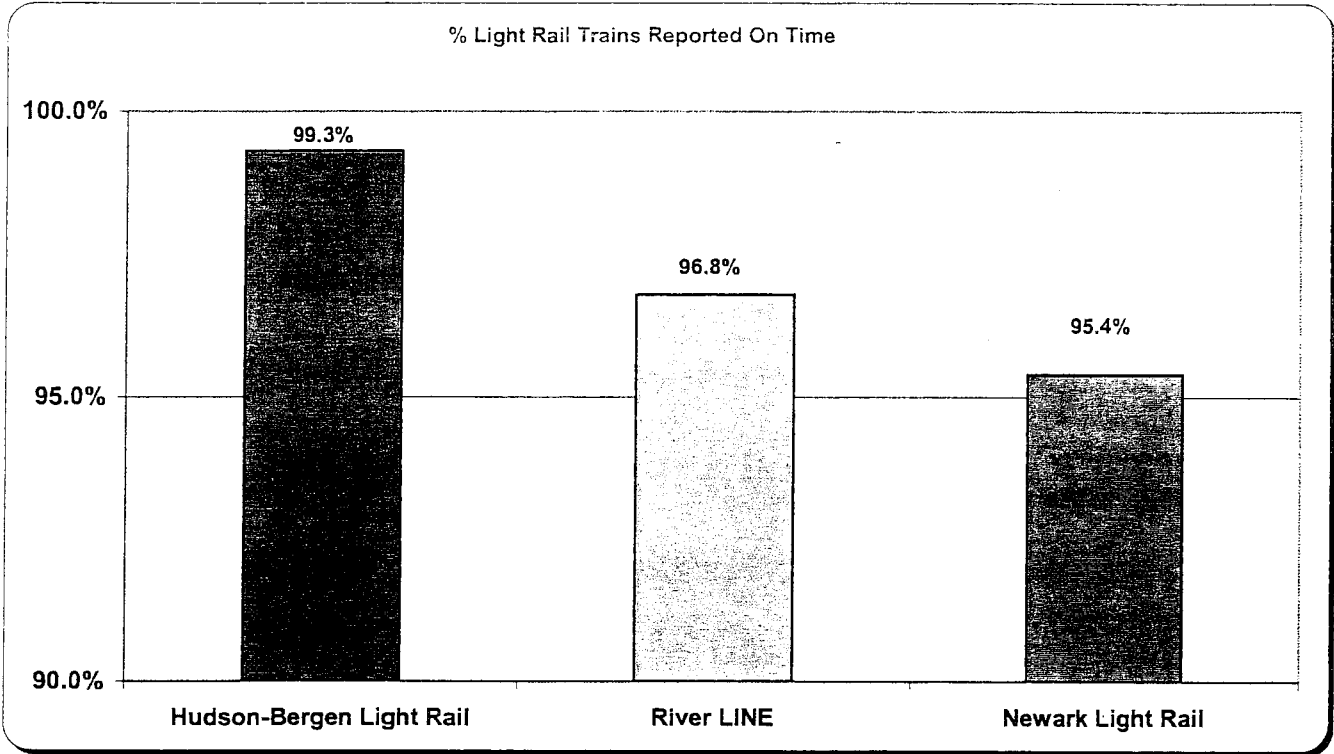
Analysis:

Light Rail On-Time Performance systemwide was 97.5% for the month of February 2008. Of the 32,021 scheduled trains, 787 (or 2.5%) experienced delays. Causes of delay during the month included:

- Inclement weather on the River LINE on both February 13th and February 22nd.
- Door problems at Silver Lake Station on Newark Light Rail on February 14th.
- A fire in Jersey City near the Hudson-Bergen Light Rail on February 29th.

ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE FEBRUARY 2008



ACTION ITEMS

ITEM 0803-14: ACCESS TO THE REGION'S CORE: PROJECT CONTROLS AND CONSTRUCTION MANAGEMENT SERVICES: THE CM CONSORTIUM - PHASE II – CONTRACT AMENDMENT

BENEFITS

In August 2006, NJ TRANSIT initiated preliminary engineering for the Access to the Region's Core project, also known as THE Tunnel Project. In January 2007, NJ TRANSIT initiated construction management services for the project to provide independent technical assistance, to assess alternative project designs, perform constructability reviews, perform value engineering workshops, develop risk analyses, and develop cost and schedule estimates.

A continuation of these services is required to ensure the project design is constructible on the budget and schedule established during the design phases of the project. Consultant will also implement and manage a document controls system for the project. Once construction begins, additional construction management services will be required to support the project through its completion.

NJ TRANSIT seeks to double commuter rail capacity to New York by constructing two new single-track tunnels under the Hudson River, an expanded Penn Station under 34th St in New York, a rail storage yard in Kearny, New Jersey, and signal and track improvements along and adjacent to the Northeast Corridor. When completed, the Access to the Region's Core project will open opportunities for direct rail service from the existing commuter rail system to Midtown Manhattan and build upon recent transit investments in New Jersey, including the Frank R. Lautenberg Rail Station at Secaucus Junction, MidTOWN DIRECT and the Montclair Connection. Raritan Valley, North Jersey Coast Line, Main, Bergen County and Pascack Valley Line commuters will all enjoy direct, transfer-free service to mid-town Manhattan and the project will provide the capacity to support future rail expansion projects.

Beyond the service benefits, the Access to the Region's Core project is poised to become an economic engine for the region. The project will create 6,000 jobs during construction and 44,000 jobs within 10 years after the project is completed. New Jersey communities and the region will be the beneficiaries of an expanded transit system that will improve regional mobility, reduce roadway congestion and spur economic investment.

PURPOSE

The construction management contract was awarded to THE CM Consortium of Newark, New Jersey following a competitive procurement process. Authorization for Phase II for the construction management firm will continue to ensure that the project design elements can be implemented efficiently and cost effectively. It is expected that subsequent authorizations will support the retention of the construction management firm through the completion of the project.

ACTION (JUSTIFICATION: CORE SYSTEM CAPACITY)

Staff seeks authorization to fund Phase II - Extended Preliminary Engineering and Final Design through December 2008, for contract (No. 06-111) with THE CM Consortium of Newark, New Jersey, a joint venture of Tishman Corporation, Parsons Corporation, and ARUP for Project Controls and Construction Management Services to support final design and pre-construction activities for the Access to the Region's Core project at a cost not to exceed \$9,000,000, plus five percent, for contingencies, for a total contract authorization of \$14,000,000, plus five percent for contingencies, subject to the availability of funds. The consultant services for the final design will be initiated after the Federal Transit Administration (FTA) grants permission to NJ TRANSIT to enter final design.

This item has been reviewed and recommended by the Board Capital Planning Policy and Privatization Committee.

FISCAL IMPACTS

Requested Authorization:	\$9,000,000.00 + 5% contingencies. Construction management support for Phase II – Extended Preliminary Engineering and Final Design through December 2008. \$14,000,000 +5% contingencies (total contract authorization)
Total Project Cost:	\$7.6 Billion (Year of Expenditure)
Projected Date of Completion:	2017
Anticipated Source of Funds:	FTA, TTF, CMAQ
Diversity Goal:	25%
Related/Future Authorizations:	Construction Management for Phase III
Impacts on Subsequent Operating Budgets:	NA

RESOLUTION

WHEREAS, NJ TRANSIT seeks to double commuter rail capacity to New York by constructing two new single-track tunnels under the Hudson River, an expanded Penn Station under 34th St in New York, a rail storage yard in Kearny, New Jersey, and signal and track improvements along and adjacent to the Northeast Corridor; and

WHEREAS, the Access to the Region's Core project will open new opportunities for direct and expanded rail service for the existing commuter rail system to Midtown Manhattan and build upon recent transit investments in New Jersey, including Frank R. Lautenberg Rail Station, MidTOWN DIRECT and Montclair Connection; and

WHEREAS, the construction management services contract was awarded to THE CM Consortium of Newark, New Jersey following a competitive procurement process; and

WHEREAS, the continuous support of a construction management firm to the Access to the Region's Core project team will ensure that the project design alternative developed during extended preliminary engineering and final design through December 2008 can be constructed efficiently and cost effectively;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract (No. 06-111) with the CM Consortium of New York, New Jersey a joint venture of Tishman Corporation, Parsons Corporation and ARUP for construction management of the extended preliminary engineering and final design through December 2008 for the Access to the Region's Core project at a cost not to exceed \$9,000,000, plus five percent for contingencies, for a total contract authorization of \$14,000,000, plus five percent for contingencies, subject to the availability of funds. The consultant services for the final design will be initiated after the Federal Transit Administration (FTA) grants permission to NJ TRANSIT to enter final design.

ITEM 0803-15: RAIL ROLLING STOCK PROGRAM: CONTRACT AMENDMENT FOR ENGINEERING ASSISTANCE FOR ELECTRIC LOCOMOTIVES

BENEFITS

NJ TRANSIT's fleet management plan outlines the need to equip the rail fleet with next generation locomotives to accommodate anticipated ridership growth. The next generation of locomotives will continue to enhance the level of service reliability NJ TRANSIT endeavors to provide its customers and will conform to the latest standards for safety and environmental quality.

The Electric Locomotives are required to pull the new Multilevel vehicle fleet. The new locomotives will be capable of pulling longer train lengths with better acceleration than the ALP-44 locomotive. The new electric locomotives will have similar performance characteristics to the ALP-46 locomotive currently in service, while running more efficiently.

PURPOSE

To support the procurement of the Electric Locomotives, NJ TRANSIT requires further engineering assistance to ensure a high level of quality from the manufacturer through the remaining design, production, testing and warranty phases of these programs.

The procurement process for engineering support services for the rail rolling stock program included four phases: Phase I – Concept Development for a New Locomotive Design; Phase II – Bid Specification and Contract Negotiation; Phase III – Engineering Assistance during Design and Testing; and Phase IV – Production and Warranty. Phases I and II are complete; Phases III and IV will provide engineering support services through the warranty period once the locomotives are delivered. The consultant contract was awarded to STV, Inc. through a competitive procurement process for engineering assistance for the electric locomotives.

ACTION (Capital Program Justification: Capacity)

Staff seeks authorization to amend the contract (No. 05-098) with STV, Inc. of New York, New York, for design and engineering assistance with the manufacture of the electric locomotives at a cost not to exceed \$2,713,000, plus five percent for contingencies, for a total contract authorization of \$5,053,650, subject to the availability of funds.

This item has been reviewed and recommended by the Board Capital Planning Policy and Privatization Committee.

FISCAL IMPACT

Requested Authorization: This Authorization \$ 2,713,000 + 5% contingency
Total Authorization \$ 5,053,650

Total Project Cost: \$ 377,667,000 (includes interest)

Projected Date of Completion: Delivery of final electric locomotive – January 2011

Anticipated Source of Funds: Certificates of Participation

Diversity Goal: 20% DBE

Related/Future Authorizations: Purchase of Dual-Powered Locomotives
Engineering Assistance for Dual-Powered Locomotives

Impact on Subsequent Operating Budgets: NA

RESOLUTION

WHEREAS, NJ TRANSIT'S fleet management plan outlines the need to equip the rail fleet with next generation locomotives; and

WHEREAS, the Electric Locomotives are required to pull the new Multilevels vehicle fleet; and

WHEREAS, the next generation of locomotives will continue to enhance the level of service reliability; and

WHEREAS, staff requires continued engineering assistance for remaining phases of the Electric Locomotives procurement; and

WHEREAS, NJ TRANSIT previously selected STV, Inc. through a competitive procurement process for engineering assistance for the electric locomotives;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the contract (No. 05-098) with STV, Inc. of New York, New York, for design and engineering assistance with the manufacture of the electric locomotives at a cost not to exceed \$2,713,000, plus five percent for contingencies, for a total contract authorization of \$5,053,650, subject to the availability of funds.

**ITEM 0803-16: RARITAN VALLEY LINE DOCK INTERLOCKING MODIFICATIONS:
RETAINING WALL CONSTRUCTION CONTRACT AWARD**

BENEFITS

The Dock Interlocking modifications are part of a series of capital investments to improve rail service on the Raritan Valley Line (RVL) from Newark Penn Station.

The current location of the switch that connects Track 5 to Track 4 used by westbound RVL trains allows for the staging of one six-car train and one seven-car train. The construction of the retaining wall, relocation of the switch 300 feet to the south, and extension of Track 5 will allow the staging of two eight-car RVL trains in the PM peak period, providing additional passenger seating.

The RVL currently carries approximately 22,150 trips per weekday.

PURPOSE

The proposed retaining wall construction in Dock Interlocking will support the extension of Track 5 that will permit the staging of longer trains thus increasing passenger seating capacity in the PM peak period. This contract will provide for the construction of the retaining wall.

ACTION (Capital Program Justification: Efficiencies)

Staff seeks authorization to contract (No.07-116X) with Northeast Remsco Construction, Inc. of Farmingdale, New Jersey for the construction of a retaining wall on Track 5 at Newark Penn Station at a cost not to exceed \$2,536,500 plus five percent for contingencies, subject to the availability of funds.

This item has been reviewed and recommended by the Board Capital Planning Policy and Privatization Committee.

FISCAL IMPACTS

Requested Authorizations:	\$2,536,500 + 5% contingency
Total Project Cost:	\$ 6,280,000
Projected Date of Completion	October 2008 (Construction of retaining wall)
Anticipated Source of Funds:	Transportation Trust Fund
Diversity Goal:	21% SBE
Future Related Authorizations:	None

**Impacts on Subsequent
Operating Budgets:**

None

RESOLUTION

WHEREAS, modifications to Dock Interlocking include the extension and relocation of Track 5 at Newark Penn Station used by westbound Raritan Valley Line (RVL) trains; and

WHEREAS, the longer track will allow the staging of two eight-car trains in the PM peak period; and

WHEREAS, the construction of the retaining wall is required prior to the extension of Track 5; and

WHEREAS, following the completion of a competitive procurement process, it was determined that Northeast Remsco Construction, Inc. was the lowest responsive and responsible bidder;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a contract (No.07-116X) with Northeast Remsco Construction, Inc. for construction of the retaining wall at a cost not to exceed \$2,536,500, plus five percent for contingencies, subject to the availability of funds.

**ITEM 0803-17: BOMBARDIER MATERIAL SERVICE AGREEMENT (MSA):
PROCUREMENT-BY-EXCEPTION**

BENEFITS

The intent of the Material Service Agreement is to partner with Bombardier Transportation, North America, (Bombardier) to jointly manage the supply chain for sole/single source maintenance parts and supplies and to align NJ TRANSIT's present material expenditures directly to maintenance schedules, equipment duty cycles and fleet acquisition and retirement.

The terms of the agreement require Bombardier to maintain an inventory of material at its Plattsburg, New York facility at mutually agreed upon stocking levels in sufficient quantities to support locomotive and passenger car fleets. Bombardier is required to provide delivery within three business days after receipt of order. NJ TRANSIT will be required to purchase the mutually agreed-upon estimated annual material usage during the contract term.

At a minimum, the proposed service parts agreement with Bombardier will:

- Reduce the initial costs associated with purchasing and maintaining large quantities of maintenance inventory;
- Ensure parts availability for periodic maintenance, seasonal preparation, component or system overhauls and emergency situations;
- Facilitate volume discounts and economies of scale purchases through the flow down of long-term agreements with Bombardier's subcontractors and suppliers;
- Reduce NJ TRANSIT's need to inventory, distribute and maintain excess material;
- Eliminate Out of Stock occurrences and material shortages;
- Eliminate excess or obsolete inventory disposition and restocking costs for material returns;
- Support warranty replacement and specification changes or modifications;
- Reduce or eliminate long lead times for delivery;
- Reduce the administrative costs of procurement;

In FY2007, NJ TRANSIT expended approximately \$6,275,530 with Bombardier for the purchase of inventory (non-capital) maintenance service parts. NJ TRANSIT estimates between an eight to 10 percent cost avoidance for this material based on an initial comparison of historical pricing to quoted pricing through the agreement.

The Material Service Agreement will also add value services to NJ TRANSIT's existing sole/single source material purchases from Bombardier at no additional cost to NJ TRANSIT.

Bombardier will provide on-site technical and engineering support specific to the material covered under this agreement. Bombardier will also provide assistance to identify and determine NJ TRANSIT's prospective material requirements as new fleets are acquired,

create alternate domestic sources of supply and provide configuration control for part supercession or approved equals due to supplier/part obsolescence.

The technical and engineering support identified in this agreement is separate and distinct from any existing warranty or field service assistance required through the passenger car and locomotive rolling stock acquisition contracts.

PURPOSE

NJ TRANSIT presently operates over 60 ALP Electric Locomotives, 148 Comet Passenger Cars manufactured by Bombardier and 230 Arrow III Electric Multiple Units remanufactured by ABB Transportation (Bombardier subsequently acquired ABB/ADTRANZ). NJ TRANSIT has a contract with Bombardier to manufacture 234 Multilevel Passenger Cars (91 have been delivered to date) and has received Board Authorization to order 45 additional cars.

NJ TRANSIT has also received Board Authorization to execute a contract with Bombardier for the manufacture of 27 ALP-46A Electric Locomotives.

The operation and service of the above-mentioned rolling stock fleets necessitate the purchase of critical service parts required for periodic maintenance, accident repairs, modifications, component or system overhauls, upgrades and warranty compliance. Due to long lead times, overseas foreign manufacture and post-production subcontractor/supplier obsolescence, NJ TRANSIT is often required to advance purchase and inventory this material until it is actually needed. This practice results in increased operating budget expenses directly related to the purchase, inventory and disposition of service material.

As the Original Equipment Manufacturer (OEM), Bombardier is determined to be the only firm capable of complying with the contract performance requirements and is therefore the sole source for this Material Service Agreement in accordance with NJ TRANSIT Procurement Regulations (N.J.A.C. 16:72-1.6) and Executive Order No. 37.

ACTION (Justification: State of Good Repair)

Staff requests authorization to award a Procurement-By-Exception Contract (No. 08-610) with Bombardier Transportation, North America, for the purchase of sole/single source maintenance parts and supplies required to support Bombardier manufactured Rolling Stock fleets (Arrow III, Comet III/IV, Multilevel Passenger Cars and ALP-44, ALP-46, ALP-46A Electric Locomotives) for a five year period at cost not to exceed \$71,500,000, subject to the availability of funds and future operating budgets.

This item has been reviewed and recommended by the Board Capital Planning Policy and Privatization Committee.

FISCAL IMPACTS:

Requested Authorization:	\$71,500,000
Total Project Cost:	\$71,500,000
Projected Date of Completion:	June 1, 2013
Anticipated Source of Funds:	FY2008-FY2013 Operating Budgets
Diversity Goals:	N/A
Related Authorization:	N/A

RESOLUTION

WHEREAS, NJ TRANSIT requires maintenance parts and supplies to support the operation of the Rolling Stock Fleets manufactured by Bombardier Transportation; and

WHEREAS, a material service agreement will provide a high level of maintenance support and greatly reduce the costs associated with the purchase and inventory of material; and

WHEREAS, in order to ensure parts availability, component performance, facilitate warranty replacements, specification compliance and to maximize the efficiency and costs of these requirements NJ TRANSIT has determined it is necessary to contract with a primary source of supply; and

WHEREAS, Bombardier Transportation is the only firm capable of complying with the contract performance requirements and is therefore certified to be the sole source for this agreement in accordance with NJ TRANSIT Procurement Regulations (N.J.A.C. 16:72-1.6) and Executive Order No. 37;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a Procurement-By-Exception Contract (No. 08-610) with Bombardier Transportation, North America, for the purchase of sole/single source maintenance parts and supplies required to support Bombardier manufactured Rolling Stock fleets (Arrow III, Comet III/IV, Multilevel Passenger Cars and ALP-44, ALP-46, ALP-46A Electric Locomotives) for a five year period at cost not to exceed \$71,500,000, subject to the availability of funds and future operating budgets.

ITEM 0803-18: REIMBURSEMENT RESOLUTION: ALP-46 LOCOMOTIVES AND MULTILEVEL RAILCARS

BENEFITS

Authorization of this reimbursement resolution will allow NJ TRANSIT to recover contractual amounts paid to Bombardier for ALP-46 locomotives and option Multilevel railcars during the sixty-day 'lookback' period permitted under the tax code.

PURPOSE

NJ TRANSIT is acquiring 27 ALP-46 locomotives and 37 Multilevel railcars at a contract cost of approximately \$285 million with the proceeds of a Certificates of Participation ('COPs') financing.

NJ TRANSIT will make mobilization payments to Bombardier based upon contractual milestones. NJ TRANSIT is permitted under the tax code to reimburse itself with subsequent note proceeds for payments made prior to the financing with the adoption of a reimbursement resolution within 60 days of the date of payment.

ACTION

Adoption of Reimbursement Resolution to recover prior payments.

This item has been reviewed and recommended by the Board Administration Committee.

FISCAL IMPACTS

Requested Authorization:	N/A
Total Project Cost:	N/A
Projected Date of Completion:	2008
Anticipated Source of Funds:	N/A
DBE Goal:	NA
Related/Future Authorizations:	N/A
Impact on Subsequent Operating Budgets:	NA

RESOLUTION OF NEW JERSEY TRANSIT CORPORATION DECLARING ITS OFFICIAL INTENT TO REIMBURSE ITSELF FROM THE PROCEEDS OF TAX-EXEMPT DEBT OBLIGATIONS FOR CERTAIN COSTS AND EXPENSES PAID PRIOR TO THE ISSUANCE OF SUCH DEBT OBLIGATIONS IN CONNECTION WITH THE ACQUISITION OF CERTAIN LOCOMOTIVES AND MULTILEVEL RAILCARS

Adopted March 12, 2008

WHEREAS, pursuant to N.J.S.A. 27:25-1 et seq. (the “Act”), New Jersey Transit Corporation (the “Corporation”) is authorized to purchase, lease as lessee, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, for any public or private entity;

WHEREAS, the Corporation intends to purchase approximately 27 locomotives, plus spare parts, and approximately 34 to 37 multilevel railcars (collectively, the “Equipment”) pursuant to contracts between the Corporation and Bombardier Transit Corporation;

WHEREAS, the Corporation reasonably expects that the cost of purchasing the Equipment, together with the costs of certain engineering services, internal quality control and other related costs associated the purchase of the Equipment (collectively, the “Project Costs”), will be financed on a long-term basis from the proceeds of debt obligations to be hereafter issued by the Corporation or by the State of New Jersey or an agency or authority of the State of New Jersey on behalf of the Corporation (the “Debt Obligations”);

WHEREAS, prior to the date of issuance of the Debt Obligations, the Corporation has paid (within 60 days prior to the date hereof), and may continue to pay, for certain Project Costs with funds of the Corporation that are not borrowed funds;

WHEREAS, the Corporation reasonably anticipates that the interest on the Debt Obligations will be excludable from gross income under Section 103 of the Internal

Revenue Code of 1986, as amended (the "Code") for purposes of federal income taxation; and

WHEREAS, the Corporation desires to preserve the right to treat an allocation of the proceeds of the Debt Obligations to the reimbursement of the Project Costs paid prior to the issuance of the Debt Obligations as an expenditure for such Project Costs to be reimbursed for purposes of Sections 103 and 141 through 150, inclusive, of the Code.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF NEW JERSEY TRANSIT CORPORATION AS FOLLOWS:

Section 1. The Corporation reasonably expects to reimburse the expenditure of Project Costs paid prior to the issuance of the Debt Obligations with the proceeds of the Debt Obligations.

Section 2. This Resolution is intended to be, and hereby is, a declaration of the Corporation's official intent to (a) incur and pay certain Projects Costs prior to the issuance of the Debt Obligations, and (b) reimburse itself for such Project Costs from the proceeds of the Debt Obligations in accordance with Treasury Regulations §1.150-2 promulgated under the Code.

Section 3. The maximum principal amount of Debt Obligations presently expected to be issued for the purpose of permanently financing the Project Costs (including, without limitation, costs of issuance, the funding of reserve funds, if any, and the amounts to be used to reimburse the Corporation for Project Costs paid prior to the issuance of the Debt Obligations) is \$325 million.

Section 4. The Project Costs to be reimbursed with the proceeds of the Debt Obligations will be "capital expenditures" within the meaning of Section 150 of the Code and Treasury Regulation §1.150-2(d)(3) promulgated thereunder, or a cost of issuance of the Debt Obligations.

Section 5. No reimbursement allocation of the proceeds of the Debt Obligations will employ an "abusive arbitrage device" under Treasury Regulations §1.148-10 to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147, inclusive, of the Code. The

ITEM 0803-19: CROSS BORDER LEASES: NABI BUSES & MULTILEVEL RAILCARS

BENEFITS

NJ TRANSIT wishes to extend its leveraged lease program by entering into a Swedish cross-border lease with Handelsbanken for approximately \$50 million of NABI buses generating an upfront benefit of approximately \$1.5 million and entering into one or more cross-border leases with parties to be identified on Bombardier Multilevel railcars delivered subsequent to the 100 railcar base order.

PURPOSE

NJ TRANSIT closed a Swedish cross-border lease with Handelsbanken in December 2007 on Bombardier Multilevel railcars with an additional closing scheduled for December 2008. Handelsbanken has expressed willingness to add the first \$50 million of NABI buses to the lease. Both Handelsbanken and Societe Generale have expressed interest in leasing additional Multilevel railcars. In addition, NJ TRANSIT seeks authority to extend the program to other lessors should the economics be compelling.

It is anticipated that Gibbons Del Deo will act as special counsel for this transaction. Staff also requests approval to indemnify other parties up to a total of \$250,000 should a transaction fail to close.

ACTION

Staff seeks authorization to enter into a Swedish cross-border lease on approximately \$50 million of NABI buses and authorization to negotiate with Handelsbanken and Societe Generale or other parties satisfactory to the Chief Financial Officer for leases on Bombardier Multilevel railcars delivered under Options 'A' through 'H' and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, and the Secretary or their designees to take all actions necessary to close such leases, including the payment of all legal and other fees as well as up to \$250,000 to indemnify other parties should a transaction fail to close.

This item has been reviewed and recommended by the Board Administration Committee.

FISCAL IMPACTS

Requested Authorization:

Swedish cross-border lease for approximately \$50 million of NABI buses with Handelsbanken and cross-border leases on Bombardier Multilevel railcars delivered under Options 'A' through 'H'.

Total Project Cost:	N/A
Projected Completion:	2010
Anticipated Source of Funds:	N/A
Diversity Goal:	N/A
Related/Future Authorizations:	Overhaul of Diesel Locomotives
Impact on Subsequent Operating Budgets:	N/A

RESOLUTION

WHEREAS, NJ TRANSIT is purchasing transit and suburban buses from NABI; and

WHEREAS, Handelsbanken has expressed an interest in closing on \$50 million of buses in calendar 2008; and

WHEREAS, NJ TRANSIT has entered into a Swedish cross-border leases with Handelsbanken for Multilevel railcars; and

WHEREAS, Handelsbanken has confirmed it is willing to lease the buses under the same documentation; and

WHEREAS, NJ TRANSIT is receiving additional Bombardier Multilevel railcars under Options 'A' through 'H'; and

WHEREAS, Handelsbanken and Societe Generale have both expressed interest in cross-border leasing the option Multilevel railcars;

WHEREAS, NJ TRANSIT wishes to consider other lessors for the multi-level cars if economically compelling; and

WHEREAS, the firm of Gibbons Del Deo will act as special counsel;

NOW, THEREFORE, BE IT RESOLVED that staff is authorized to enter into negotiations with Handelsbanken for a Swedish cross-border lease on up to \$50 million of NABI transit and suburban buses and with Handelsbanken or Societe Generale or other lessors acceptable to the Chief Financial Officer on Bombardier Multilevel railcars and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to close the lease including the payment of all legal and other fees as well as up to \$250,000 to indemnify other parties should the transaction fail to close.

ITEM 0803-20: BOMBARDIER CONTRACT TO MODIFY EIGHT MULTILEVEL RAILCARS

BENEFITS

NJ TRANSIT's contract with Bombardier, Inc. to perform modifications on eight Multilevel rail cars, originally purchased by NJ TRANSIT and then sold to Atlantic City Express Service, LLC for its use in the New York - Atlantic City Demonstration Rail Service, will protect the warranties on these cars and facilitate the timely commencement of the demonstration rail service, thereby promoting economic development in South Jersey. NJ TRANSIT's costs of this contract with Bombardier, Inc. will be fully funded by Atlantic City Express Service, LLC.

PURPOSE

On December 14, 2006, NJ TRANSIT entered into an agreement with Atlantic City Express Service, LLC and the Casino Reinvestment Development Authority to initiate a three-year demonstration express rail service on weekends only between Atlantic City, New Jersey, and Penn Station New York, with an additional stop in New Jersey.

To operate this service, Atlantic City Express Service, LLC., purchased from NJ TRANSIT eight Multilevel cars manufactured by Bombardier, Inc. As part of the agreement with NJ TRANSIT, Atlantic City Express Service, LLC, owns the cars and is responsible for the cost of any modifications to these eight cars to make them better suited for this demonstration service.

It is in the interest of all parties that Bombardier, Inc., the original manufacturer of these cars, performs the necessary modifications. This will ensure timely completion of such modifications as well as ensure quality workmanship and preserve warranty protection for the cars.

ACTION (Justification: Business Efficiencies)

Staff seeks authorization to enter into a procurement-by-exception with Bombardier, Inc. to perform modifications on eight railcars purchased by Atlantic City Express Service, LLC, to be used on the New York-Atlantic City Demonstration Rail Service, for an amount not to exceed \$1.54 million plus five percent for contingencies and to amend NJ TRANSIT's existing agreement with Atlantic City Express Service, LLC to provide for the reimbursement by Atlantic City Express Service, LLC of NJ TRANSIT's costs associated with the modification work.

This item has been reviewed and recommended by the Board Capital Planning Policy and Privatization Committee.

FISCAL IMPACTS

Requested Authorization: \$1.54 million + 5% contingency

Total Project Cost: N/A

Projected Date of Completion:	Spring 2008
Anticipated Source of Funds:	Atlantic City Express Service, LLC
Related/Future Authorization:	None
Diversity Goal:	Transit Vehicle Manufacturing
Impacts on Subsequent Operating Budgets:	None

RESOLUTION

WHEREAS, on December 14, 2006, Atlantic City Express Service, LLC, the Casino Reinvestment Development Authority and NJ TRANSIT entered into an agreement for a three-year demonstration rail service between Penn Station New York and Atlantic City, New Jersey; and

WHEREAS, the agreement outlined the Parties' respective responsibilities for the demonstration rail service, including, but not limited to, provision of property, facilities and equipment used in the demonstration rail service, costs of other services to be provided by NJ TRANSIT, payment schedules, assignment of liability, and insurance coverage; and

WHEREAS, to operate this service Atlantic City Express Service, LLC., purchased from NJ TRANSIT eight Multilevel cars manufactured by Bombardier, Inc. As part of the agreement with NJ TRANSIT, Atlantic City Express Service, LLC, owns the cars and is responsible for the cost of any modifications to these eight cars to make them better suited for this demonstration service; and

WHEREAS, Atlantic City Express Service, LLC desires to modify these Multilevel cars to make them appropriate for its services; and

WHEREAS, NJ TRANSIT and Atlantic City Express Service, LLC have agreed that it is in the interest of both parties to have NJ TRANSIT contract directly with Bombardier, the original manufacturer for this modification work, and Atlantic City Express Service, LLC has agreed to pay all of NJ TRANSIT's costs pursuant to its contract with Bombardier; and

WHEREAS, this procurement action is being processed in accordance with the provisions of Executive Order No. 37;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a procurement-by-exception contract with Bombardier, Inc. to perform modifications on eight railcars purchased by Atlantic

City Express Service, LLC, to be used on the New York-Atlantic City Demonstration Rail Service, for an amount not to exceed \$1.54 million plus five percent for contingencies subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to amend NJ TRANSIT'S existing agreement with Atlantic City Express Service, LLC to provide for the reimbursement by Atlantic City Express Service, LLC of NJ TRANSIT'S costs associated with the modification work.

CONSENT CALENDAR

ITEM 0803-21: ADOPTION OF THE PROPOSED AUDIT COMMITTEE CHARTER

BENEFITS

Since the inception of NJ TRANSIT, the NJ TRANSIT Audit Committee has been operating and effectively carrying out its responsibilities as a fundamental oversight component of the financial reporting and the internal and external audit process. Over the last seven years, the internal audit function of NJ TRANSIT has identified over \$10 million in cost savings based on its audits.

The adoption of the Audit Committee Charter (Charter) will allow the NJ TRANSIT Audit Committee to implement "best practices" by formalizing its activities, including: purpose, composition, roles and responsibilities, and authority. A comprehensive Charter enhances the effectiveness of the Audit Committee by serving as a road map for Committee members. This will allow the Committee to more effectively discharge its duties in accordance with Executive Order #122 (2004). Currently, there is no formal Audit Committee Charter for the NJ TRANSIT Audit Committee.

Public authorities, agencies and commissions of the State of New Jersey oversee billions of dollars in public funds. The independent auditing process is fundamental to the ability of those state authorities to oversee the public funds, to set appropriate financial policies, to ensure that management maintains effective internal controls and to ensure that financial statements are free from material misstatements. Boards of directors, management, internal auditors, and independent auditors each have an important role in the agency financial reporting and audit processes. Management is responsible for the financial reporting process and internal controls. Internal auditors are responsible for assessing whether internal controls established by management are functioning and effective. Independent auditors are responsible for publicly attesting to the fairness of financial statements, evaluating the effectiveness of internal controls and, through the issuance of management letters, making comments and recommendations which, when implemented, may improve the design or operation of internal control systems. An audit committee is a fundamental component of an effective financial reporting and audit process, responsible for overseeing the other participants in the process, for proactively ensuring the quality and integrity of the authority's financial reports, and for reporting any audit findings and recommendations to the Board of Directors for appropriate corrective action.

PURPOSE

The proposed Charter will assist the NJ TRANSIT Board of Directors in fulfilling its oversight responsibilities for: (1) the integrity and quality of NJ TRANSIT's financial statements, (2) NJ TRANSIT's compliance with legal, regulatory, and ethical requirements, (3) the independent auditor's performance and ability to perform, and (4) the performance of the NJ TRANSIT's internal audit function. In addition to the Charter, the Audit Committee operates in accordance with the requirements of Executive Order #122 (2004).

A strong written Charter is a “best practice” that specifies: purpose, authority, composition, meetings, and responsibilities. Specific responsibilities noted include: financial statements, internal control, internal audit, external audit, compliance, reporting, and other responsibilities.

ACTION (Justification: Business Efficiencies)

Authorization to adopt the Audit Committee Charter for NJ TRANSIT (Exhibit A attached).

This item has been reviewed and recommended by the Board Administration Committee.

FISCAL IMPACTS

Requested Authorization:	Adopt the proposed Audit Committee Charter.
Total Project Cost:	N/A
Projected Date of Completion:	N/A
Anticipated Source of Funds:	N/A.
Diversity Goal:	N/A – (No goods or services to be procured.)
Related/Future Authorizations:	N/A
Impacts on Subsequent Operating Budgets:	N/A

RESOLUTION

WHEREAS, the adoption of the Audit Committee Charter will allow the NJ TRANSIT Audit Committee to implement “best practices” by formalizing its purpose, composition, roles and responsibilities, and authority; and

WHEREAS, a comprehensive Charter enhances the effectiveness of the Audit Committee by serving as a road map for Committee members; and

WHEREAS, a comprehensive Charter will allow the Committee to more effectively discharge its duties in accordance with Executive Order #122 (2004); and

WHEREAS, there is currently no formal Charter for the NJ TRANSIT Audit Committee;

NOW, THEREFORE, BE IT RESOLVED that the Board adopt the Audit Committee Charter attached as Exhibit A.



EXHIBIT A

AUDIT COMMITTEE CHARTER

I. PURPOSE

To assist the NJ TRANSIT Board of Directors (Board) in fulfilling its oversight responsibilities for (1) the integrity and quality of NJ TRANSIT'S financial statements, (2) NJ TRANSIT's compliance with legal, regulatory, and ethical requirements, (3) the independent auditor's performance and ability to perform, and (4) the performance of NJ TRANSIT's internal audit and internal control functions. In addition to this Charter, the Audit Committee (Committee) operates in accordance with the requirements of Executive Order #122 (2004).

II. AUTHORITY

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- a. Oversee the activities of the NJ TRANSIT Internal Audit Department by reviewing planned scope of internal audit reviews; adequacy of staffing; actions to be taken as a result of internal audit findings; the adequacy of compliance with NJ TRANSIT's Code of Ethics; the effectiveness of information technology procedures and controls and related security programs. The Auditor General reports directly to the Committee.
- b. Appoint and oversee the work of any independent auditor firm employed. This firm will report directly to the Committee.
- c. Resolve any disagreements between management and the independent auditor regarding financial reporting.
- d. Approve all auditing and non-audit services.
- e. Retain accountants or others to advise the Committee or assist in the conduct of an investigation.
- f. Seek any relevant information it requires from employees (all of whom are directed to cooperate with the Committee's requests) or external parties.
- g. Meet with Agency officers, internal auditors, independent auditors, or legal counsel, as necessary.
- h. Recommend policies with respect to risk assessment and risk management.

III. COMPOSITION

The Committee will consist of three members of the Board. At least one member shall be a "financial expert," as defined by Executive Order #122. The Chair of the Board will appoint Committee members and the Committee chair. All Committee members shall be deemed independent if they meet the requirements of Executive Order #122. In addition, all Committee members should have knowledge of NJ TRANSIT functions, and sufficient time to accomplish the responsibilities of the Committee.



EXHIBIT A

AUDIT COMMITTEE CHARTER

IV. MEETINGS

The Committee will meet at least four times a year with authority to convene additional meetings, as circumstances require. All Committee members are expected to attend each meeting, in person or via tele- or video-conference. The Committee will invite members of management, auditors and others to attend meetings and provide pertinent information, as necessary. It will meet separately, periodically, with management, with internal auditors and with independent auditors. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared. Additional meetings may be held upon the request of a Committee member, a Board member, or the independent or internal auditor.

V. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

a. Financial Statements

1. Review significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.
2. Review with management and independent auditors results of the audit, including any difficulties encountered.
3. Review annual financial statements and consider whether they are complete, consistent with information known to Committee members, and reflect appropriate accounting principles.
4. Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information.
5. Review with management, independent auditor and internal auditor all matters required to be communicated to the Committee under *Generally Accepted Government Auditing Standards* (GAGAS) and/or *Generally Accepted Auditing Standards* (GAAS).
6. Understand how management develops interim financial information, and the nature and extent of internal and independent auditor involvement.
7. Review interim financial reports with management and the independent auditors before issuance, and consider whether they are complete and consistent with the information known to Committee members.
8. Review the annual management letter with the independent auditor and internal auditor.



EXHIBIT A

AUDIT COMMITTEE CHARTER

b. Internal Control

1. Consider the effectiveness of NJ TRANSIT's internal control system, including information technology security and control.
2. Understand the scope of internal and independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.

c. Internal Audit

1. Review with management and the Auditor General the charter, activities, staffing, and organizational structure of internal audit activity.
2. Have final authority to review and approve the annual audit plan and all major changes to the plan.
3. Ensure there are no unjustified restrictions or limitations on access to information or scope of audit work.
4. Review and concur in the appointment, replacement, or dismissal by the Board of the Auditor General.
5. At least once per year, review the performance of the Auditor General and concur with the annual compensation and salary adjustment.
6. Review the effectiveness of internal audit activity, including compliance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the *Generally Accepted Government Auditing Standards (GAGAS)*, issued by the Comptroller General of the United States.
7. On a regular basis, meet separately with the Auditor General to discuss any matters that the Committee or internal audit believes should be discussed privately.

d. External Audit

1. The Audit Committee shall assist the Board in selecting an independent auditor as outlined in Executive Order #122.
2. Review the performance of independent auditors and evaluate audit fees.
3. Review and approve independent auditors' proposed audit scope and approach and non-audit engagements, including coordination of audit effort with internal audit.
4. Review and confirm the independence of independent auditors by obtaining statements from auditors on relationships between auditors and the Agency, including non-audit services, and discussing the relationships with the auditors.
5. At least twice each year, meet privately with independent auditors to discuss any matters that the Committee or auditors believe should be discussed privately. One of these meetings shall be held prior to commencement of the audit and the other upon issuance of the final audit report. Additional meetings may be held upon the request of a Committee member, a Board member, or the independent auditor and may include such staff members as the Committee deems necessary.



EXHIBIT A

AUDIT COMMITTEE CHARTER

6. Regularly review with the independent auditor any audit problems, any risks of material statements due to fraud and difficulties with management's response (including restrictions or attempts to restrict the auditor's activities, restrictions on access to information, and significant disagreements with management) and responsibilities, budget, and staffing of NJ TRANSIT's internal audit and control functions.
 7. At least once every three years, obtain and review a report of the independent auditor describing for the preceding year: (1) the independent auditor's internal quality control procedures; (2) material issues raised by the most recent internal quality control peer review, or by reviews conducted by government or professional authorities; and (3) steps taken by the independent auditor to address such issues.
- e. **Compliance**
1. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.
 2. Review findings of any examinations by outside agencies, and any auditor observations.
 3. Review the process for communicating key policies to Agency personnel, and for monitoring compliance therewith.
 4. Obtain regular updates from management and legal counsel regarding compliance matters.
- f. **Reporting Responsibilities**
1. Regularly report to the Board about Committee activities, issues, and related recommendations.
 2. Provide an open avenue of communication between internal audit, the independent auditors, and the Board.
 3. Review any other reports the Agency issues that relate to Committee responsibilities.
- g. **Other Responsibilities**
1. Perform other activities related to this Charter as requested by the Board of Directors.
 2. Institute and oversee special investigations as needed, including seeking legal advice from the legal counsel.
 3. Review and assess the adequacy of the Charter annually, requesting Board approval for proposed changes.
 4. Confirm annually that all responsibilities outlined in this Charter have been carried out.
 5. Evaluate the Committee's and individual members' performance on a regular basis.
 6. Coordinate, as appropriate, with other NJ State departments, e.g., State Controller, State Auditor, etc.