

Jon S. Corzine
Governor

Kris Kolluri, Esq.
Board Chairman

Richard R. Sarles
Executive Director

NJ TRANSIT
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Newark, New Jersey 07105-2246
973-491-7000



July 9, 2008

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit a portion of 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, July 9, 2008.

Your early consideration of **Item No. 0807-50: Resolution of New Jersey Transit Corporation Relating to the Conversion and Remarketing and/or Refunding of 2003 Series Bonds Issued by the New Jersey Economic Development Authority for the Southern New Jersey Light Rail** would be greatly appreciated.

Sincerely,

Gwen A. Watson
Board Secretary

Enclosures

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

A portion of the minutes of 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, July 9, 2008.

Present:

Kris Kolluri, Chairman
Myron P. Shevell, Vice Chairman
James A. Carey, Governor's Representative
Patrick O'Connor, Treasurer's Representative
Flora Castillo
Kenneth E. Pringle
Susan L. Hayes

Richard R. Sarles, Executive Director
Lynn Bowersox, Assistant Executive Director, Communications & Customer Svc.
James Gigantino, Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Mala Narayanan, Deputy Attorney General
James Redeker, Vice President of Technology 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 Programs
Gwen A. Watson, Board Secretary
Howard Sperling, Acting Auditor General

Vice Chairman Myron P. Shevell convened the Open Session at 9:05 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations and attorney-client, litigation and personnel matters. A motion was made by Patrick O'Connor, seconded by Kenneth E. Pringle and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 10:00 am and asked for a motion to adopt the minutes of the June 11, 2008 meeting. A motion was made by Kenneth E. Pringle, seconded by Susan L. Hayes and unanimously adopted.

Executive Director Richard R. Sarles presented the following Action Item for approval:

0807-50: RESOLUTION OF NEW JERSEY TRANSIT CORPORATION RELATING TO THE CONVERSION AND REMARKETING AND/OR REFUNDING OF 2003 SERIES BONDS ISSUED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY FOR THE SOUTHERN NEW JERSEY LIGHT RAIL

In mid-1999 the New Jersey Economic Development Authority issued \$486 million of revenue bonds for construction of the RiverLINE. These notes were partially refunded in 2003 and have an annual debt service of about \$49 million per year through 2019. The auction rate market effectively collapsed in 2008 leaving a resulting increase of about \$600,000 in monthly interest expense. Authorization is requested to replace these bonds, which are auction rate security bonds, with fixed or variable rate notes. Authorization is requested to take all actions necessary to convert and remarket or refund these 2003 series bonds and to pay all fees associated with this transaction.

James A. Carey moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

ITEM 0807-50: RESOLUTION OF NEW JERSEY TRANSIT CORPORATION RELATING TO THE CONVERSION AND REMARKETING AND/OR REFUNDING OF 2003 SERIES BONDS ISSUED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY FOR THE SOUTHERN NEW JERSEY LIGHT RAIL SYSTEM

BENEFITS

Approval of this Item will allow NJ Transit to convert and remarket and/or refund the 2003 Series Bonds which have been negatively impacted by the failure of the auction rate market in 2008 causing NJ Transit's interest costs to increase.

PURPOSE

In August 1999, the New Jersey Economic Development Authority ('NJEDA') issued \$486 million of revenue bonds for the construction of the River LINE. In October, 2003 these bonds were partially refunded for savings with an additional \$35 million issued for construction. Annual debt service is approximately \$49 million per year through 2019.

The 2003 refunding bonds were issued as short-term 'auction rate' securities with 7 and 35 day interest rate periods. Interest rate risk was effectively managed by the NJEDA entering into two swap agreements with UBS and Morgan Stanley. Unfortunately, early in 2008 the auction rate market effectively collapsed due to concerns about its liquidity. The failure of the auction rate market has resulted in an increase of approximately \$600,000 in monthly interest expense.

Treasury has selected a financing team with Morgan Stanley acting as lead manager. Wilentz Goldman & Spitzer have been appointed as bond counsel to the NJEDA.

While it is anticipated that the NJEDA will convert and remarket the 2003 bonds with fixed interest rates to their maturity in 2019, the Resolution allows the flexibility to convert and remarket them as variable rate bonds and/or issue fixed or variable rate refunding bonds to refund the 2003 bonds should market conditions dictate.

ACTION

Staff seeks authorization to execute all documents relating to the conversion and remarketing and/or refunding of the 2003 Series Bonds issued by the New Jersey Economic Development Authority for Southern New Jersey Light Rail and to pay all fees associated with the transaction.

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

FISCAL IMPACTS

Requested Authorization:	Payment of all transaction fees
Projected Date of Completion:	August 2009
Anticipated Source of Funds:	Remarketing and/or Sale Proceeds
Diversity Goal	N/A

RESOLUTION

WHEREAS, in connection with the financing and construction of the Southern New Jersey Light Rail System (“SNJLR”), New Jersey Transit Corporation (the “Corporation”) has previously entered into (i) a Series A Lease, dated as of August 15, 1999, between the Corporation and the New Jersey Economic Development Authority (the “NJEDA”), as amended and supplemented by the First Supplemental Series A Lease, dated as of October 1, 2003 (collectively, the “Series A Lease”), and (ii) a Series A Sublease, dated as of August 15, 1999, between the NJEDA and the Corporation, as amended and supplemented by the First Supplemental Series A Sublease, dated as of October 1, 2003 (collectively, the “Series A Sublease”); and

WHEREAS, the NJEDA has previously issued its currently outstanding \$310,700,000 Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series A, and \$35,000,000 Transportation Project Sublease Revenue Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series B (collectively, the “2003 Series Bonds”); and

WHEREAS, the 2003 Series Bonds were issued to refinance certain bonds previously issued by the NJEDA to finance the costs of acquisition and construction of the SNJLR and to finance additional completion costs relating to the SNJLR; and

WHEREAS, the payments made by the Corporation to the NJEDA under the Series A Sublease are used by the NJEDA to pay debt service on the 2003 Series Bonds; and

WHEREAS, the Corporation’s payments to the NJEDA under the Series A Sublease are secured by a First Supplement to and Amended and Restated Series A Funding Agreement, dated as of October 1, 2003, made by the Corporation, with the approval of the Commissioner of Transportation of the State of New Jersey, to and in favor of the NJEDA (the “Series A Funding Agreement”), pursuant to which the Corporation has pledged to the NJEDA appropriations by the New Jersey Legislature in each fiscal year to the SNJLR in an amount up to, but not exceeding,

the amount necessary to make the Corporation's payments to the NJEDA under the Series A Sublease due in such fiscal year; and

WHEREAS, the 2003 Series Bonds were issued under and pursuant to the NJEDA's Transportation Project Sublease Revenue Bond Resolution, adopted on August 10, 1999, as amended and supplemented (the "General Bond Resolution"), including as supplemented by the First Supplemental Transportation Project Sublease Revenue Bond Resolution, adopted on September 16, 2003 (the "First Supplemental Resolution"), and a Series Certificate of the Authority dated October 9, 2003 (the "Original Series Certificate" and, together with the General Bond Resolution and the First Supplemental Resolution, the "Bond Resolution") (capitalized terms used in this Resolution and not otherwise defined have the meaning given to such terms in the Bond Resolution or in the Second Supplemental Resolution (as defined below); and

WHEREAS, the 2003 Series Bonds currently bear interest at an Auction Rate and, due to volatile conditions in the auction rate securities markets over the past several months, the Auction Rates for the 2003 Series Bonds have increased significantly and, in certain cases, Auctions of the 2003 Series Bonds have failed, thereby resulting in the 2003 Series Bonds bearing interest at the Maximum Auction Interest Rate; and

WHEREAS, in response to the recent significant increases in the Auction Rates for the 2003 Series Bonds and the continued volatile conditions in the auction rate securities markets, on June 10, 2008, the NJEDA adopted its Second Supplemental Transportation Project Sublease Revenue Bond Resolution (the "Second Supplemental Resolution"), which supplements the Bond Resolution and authorizes (i) the conversion and remarketing of all or any Series or subseries of the 2003 Series Bonds from an Auction Interest Rate Period to a Fixed Interest Rate Period or any other authorized Interest Rate Period, all as more fully provided in the Second Supplemental Resolution, (ii) the issuance of the NJEDA's Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A in an aggregate principal amount of not exceeding \$375,000,000 (the "2008 Series A Bonds"), to refund all or a portion of the

2003 Series Bonds in addition to, and/or as an alternative to, converting and remarketing all or any Series or subseries of the 2003 Series Bonds from the Auction Interest Rate Period to another authorized Interest Rate Period, and (iii) certain other transactions and proceedings in connection with such conversion and remarketing of the 2003 Series Bonds and/or the issuance of the 2008 Series A Bonds; and

WHEREAS, the Corporation desires to authorize certain officers of the Corporation to execute and deliver any and all such documents, and to take any and all such actions, as may be necessary, proper or desirable to effectuate, facilitate and carry out the conversion and remarketing of the 2003 Series Bonds, the issuance of the 2008 Series A Bonds and/or any of the other transactions and proceedings authorized by the Second Supplemental Resolution.

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

Section 1. The Chairman, Vice Chairman, Treasurer, Chief Financial Officer, Secretary and Executive Director of the Corporation, or any other officer of the Corporation who shall be appointed by the Executive Director to have the power to execute the documents and carry out the transactions contemplated by this Resolution, are hereby authorized and directed by, for and on behalf of, and in the name of, the Corporation, to execute and deliver any and all instruments, certificates, affidavits, opinions, directions, instructions and other documents, and to take any and all other actions, as may be necessary, proper or desirable to effectuate, facilitate and carry out the conversion and remarketing of the 2003 Series Bonds, the issuance of the 2008 Series A Bonds, the refunding of all or a portion of the 2003 Series Bonds, the amendment and/or termination, in whole or in part, of the Existing Swap Agreements, the entering into of one or more 2008 Swap Agreements, the obtaining of Credit Facilities and/or Standby Agreements for the 2003 Series Bonds and/or the 2008 Series A Bonds and any of the other transactions and proceedings authorized by the Second Supplemental Resolution, including, without limitation: (A) providing any written directions, instructions or requests to the NJEDA as may be necessary to (i) convert the Interest Rate Period for all or any Series or subseries of

the 2003 Series Bonds from the Auction Rate Period to any other authorized Interest Rate Period, (ii) change the length of any Auction Interest Period for all or any Series or subseries of the 2003 Series Bonds, or (iii) optionally redeem all or any portion of the 2003 Series Bonds in connection with the conversion and remarketing of all or any Series or subseries of the 2003 Series Bonds and/or the refunding of all or any portion of the 2003 Series Bonds, (B) executing and delivering any supplement or amendment to the Series A Lease, the Series A Sublease or the Series A Funding Agreement as may be necessary, proper or desirable to effectuate, facilitate and carry out any of the transactions authorized by the Second Supplemental Resolution, and (C) providing for the payment of any and all costs and expenses relating to any of the transactions authorized by the Second Supplemental Resolution.

Section 2. This Resolution shall take effect as provided in the New Jersey Public Transportation Act of 1979, as amended.

**NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY**

**SECOND SUPPLEMENTAL
TRANSPORTATION PROJECT SUBLEASE
REVENUE BOND RESOLUTION**

Authorizing

**The Conversion and Remarketing of All or a Portion of
the Authority's Transportation Project Sublease Revenue Bonds
(New Jersey Transit Corporation Light Rail Transit System Project)
2003 Series A and 2003 Series B**

And/Or

**The Issuance of Not Exceeding \$375,000,000
Transportation Project Sublease Revenue Refunding Bonds
(New Jersey Transit Corporation Light Rail Transit System Project)
2008 Series A**

Adopted June 10, 2008

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NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

SECOND SUPPLEMENTAL TRANSPORTATION PROJECT SUBLEASE REVENUE BOND RESOLUTION

Adopted June 10, 2008

WHEREAS, the New Jersey Economic Development Authority (the "Authority"), a public body corporate and politic, constituting an instrumentality of the State of New Jersey (the "State") created and existing under and by virtue of the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as heretofore and hereafter amended and supplemented from time to time (the "Act"), has previously issued its currently outstanding (A) \$310,700,000 Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series A, consisting of the following six subseries: (i) 2003 Series A-1 Bonds currently outstanding in the principal amount of \$47,225,000, (ii) 2003 Series A-2 Bonds currently outstanding in the principal amount of \$47,500,000, (iii) 2003 Series A-3 Bonds currently outstanding in the principal amount of \$54,950,000, (iv) 2003 Series A-4 Bonds currently outstanding in the principal amount of \$57,825,000, (v) 2003 Series A-5 Bonds currently outstanding in the principal amount of \$51,600,000, and (vi) 2003 Series A-6 Bonds currently outstanding in the principal amount of \$51,600,000 (collectively, the "2003 Series A Bonds"), and (B) \$35,000,000 Transportation Project Sublease Revenue Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series B (the "2003 Series B Bonds" and, together with the 2003 Series A Bonds, the "2003 Series Bonds");

WHEREAS, the 2003 Series Bonds were issued under and pursuant to the Authority's Transportation Project Sublease Revenue Bond Resolution, adopted on August 10, 1999, as amended and supplemented (the "General Bond Resolution"), including as supplemented by the First Supplemental Transportation Project Sublease Revenue Bond Resolution, adopted on September 16, 2003 (the "First Supplemental Resolution"), and a Series Certificate of the Authority dated October 9, 2003 (the "Original Series Certificate" and, together with the General Bond Resolution and the First Supplemental Resolution, the "Resolution") (capitalized terms used herein and not otherwise defined have the meaning given to such terms in the Resolution);

WHEREAS, the 2003 Series Bonds currently bear interest at an Auction Rate and are subject to an Auction Rate Period as provided in the Resolution;

WHEREAS, in connection with the issuance of the 2003 Series Bonds, the Authority entered into two interest rate swap agreements with UBS AG and two interest rate swap agreements with Morgan Stanley Capital Services, Inc. (collectively, the "Existing Swap Agreements") in order to manage its interest rate risk with respect to the 2003 Series Bonds;

WHEREAS, due to volatile conditions in the auction rate securities markets over the past several months, the Auction Rates for the 2003 Series Bonds have increased significantly and, in certain cases, Auctions of the 2003 Series Bonds have failed, thereby resulting in the 2003 Series Bonds bearing interest at the Maximum Auction Interest Rate; and

WHEREAS, given the recent significant increases in the Auction Rates for the 2003 Series Bonds and the continued volatile conditions in the auction rate securities markets, the Authority now desires to authorize (i) the conversion of the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds from the Auction Rate Period to the Fixed Interest Rate Period or any other Interest Rate Period which the Authorized Officers of the Authority (as hereinafter defined) shall determine would be in the best interest of the Authority and the State, (ii) the issuance of the Authority's Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A (the "2008 Series A Bonds"), to refund all or a portion of the 2003 Series Bonds in addition to, and/or as an alternative to, converting all or any Series or subseries of the 2003 Series Bonds from the Auction Interest Rate Period to another Interest Rate Period, (iii) certain other transactions and proceedings in connection with such conversion of the 2003 Series Bonds and/or the issuance of the 2008 Series A Bonds, including, without limitation, amending and/or terminating, in whole or in part, the Existing Swap Agreements, and/or entering into one or more 2008 Swap Agreements (as hereinafter defined), and obtaining Credit Facilities and/or Standby Agreements for the 2003 Series Bonds and/or the 2008 Series A Bonds, and (iv) the Authorized Officers of the Authority to approve and execute all contracts, agreements and other documents, and take all other actions, necessary or advisable to carry out any such determinations and consummate the transactions authorized by this Second Supplemental Resolution.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY AS FOLLOWS:

**ARTICLE I
AUTHORITY AND DEFINITIONS**

SECTION 101. Supplemental Resolution.

This Second Supplemental Transportation Project Sublease Revenue Bond Resolution is supplemental to the Resolution.

SECTION 102. Authority for this Second Supplemental Resolution.

This Second Supplemental Resolution is adopted (i) pursuant to the provisions of the Act, and (ii) in accordance with Article X of the General Bond Resolution.

SECTION 103. Definitions.

All terms which are defined in the Resolution shall have the same meanings, respectively, in this Second Supplemental Resolution as such terms are given in the Resolution.

In addition, in this Second Supplemental Resolution, the following terms shall have the meanings set forth below:

“Authorized Officer of the Authority” shall mean the Chairman, Vice Chairman, Chief Executive Officer, Chief Operating Officer or the Director of Program Services of the Authority or any other person or persons designated by the Authority by resolution to act on behalf of the Authority.

“Bond Counsel” with respect to the completion of the transactions contemplated by this Second Supplemental Resolution shall mean Wilentz, Goldman & Spitzer, P.A., having its offices at 90 Woodbridge Center Drive, Woodbridge, New Jersey 07095, and subsequent thereto, such firm or any other nationally recognized bond counsel reasonably satisfactory to the Authority and the Trustee.

“Bond Purchase Contract” shall have the meaning given to such term in Section 303 of this Second Supplemental Resolution.

“Continuing Disclosure Agreement” shall have the meaning given to such term in Section 308 of this Second Supplemental Resolution.

“Existing Swap Agreements” shall mean (i) the ISDA Master Agreement, dated as of October 7, 2003, including the Schedule and the Credit Support Annex thereto and Confirmations thereunder dated October 7, 2003, between UBS AG and the Authority, as amended and modified from time to time, which was entered into by the Authority to manage its interest rate risk with respect to the 2003 Series Bonds, and (ii) the ISDA Master Agreement, dated as of October 7, 2003, including the Schedule and the Credit Support Annex thereto and Confirmations thereunder dated October 2, 2003, between Morgan Stanley Capital Services, Inc. and the Authority, as amended and modified from time to time, which was entered into by the Authority to manage its interest rate risk with respect to the 2003 Series Bonds.

“Existing Swap Providers” shall mean, collectively, UBS AG and Morgan Stanley Capital Services, Inc., and their respective successors and assigns.

“Financial Advisor” shall mean the entity selected in accordance with Section 501 of this Second Supplemental Resolution to serve as financial advisor to the Authority in connection with the transactions authorized by this Second Supplemental Resolution.

“First Supplemental Resolution” shall mean the First Supplemental Transportation Project Sublease Revenue Bond Resolution adopted by the Authority on September 16, 2003.

“General Bond Resolution” shall mean the Authority’s Transportation Project Sublease Revenue Bond Resolution, adopted on August 10, 1999, as amended and supplemented from time to time.

"Long-Term Interest Rate Period" shall mean an Interest Rate Period for the 2003 Series Bonds which is at least 271 days in length but does not extend to the final maturity date of the 2003 Series Bonds and which is added into the Resolution pursuant to the authorization contained in subsection 4 of Section 201 of this Second Supplemental Resolution.

"Manager" shall mean Morgan Stanley & Co. Incorporated, and its successors and assigns.

"Maximum Rate" shall mean (i) with respect to 2008 Series A Bonds which have not been purchased by the Standby Purchaser pursuant to the 2008 Series Standby Agreement, the lesser of twelve percent (12%) per annum or the maximum rate of interest permitted by law, and (ii) with respect to 2008 Series A Bonds which have been purchased by the Standby Purchaser pursuant to the 2008 Series Standby Agreement, the lesser of twenty-five percent (25%) per annum or the maximum rate of interest permitted by law.

"Morgan Stanley Broker-Dealer Agreement" shall mean the Broker-Dealer Agreement, dated as of October 1, 2003, between The Bank of New York, as Auction Agent, and Morgan Stanley & Co. Incorporated, as Broker-Dealer, pursuant to which Morgan Stanley & Co. Incorporated is currently serving as a Broker-Dealer for the 2003 Series A-5 Bonds.

"Original Series Certificate" shall mean the Series Certificate of the Authority dated October 9, 2003, executed and delivered by the Authority in connection with the issuance of the 2003 Series Bonds.

"Preliminary Official Statement" shall have the meaning given to such term in Section 306 of this Second Supplemental Resolution.

"Preliminary Remarketing Circular" shall have the meaning given to such term in Section 208 of this Second Supplemental Resolution.

"Refunded Bonds" shall mean all or a portion of the 2003 Series Bonds as shall be determined by an Authorized Officer of the Authority in the 2008 Series Certificate as provided in clause (g) of Section 405 of this Second Supplemental Resolution.

"Remarketing Agent" shall mean Morgan Stanley & Co. Incorporated and any other firm or firms selected to serve as a remarketing agent for the 2003 Series Bonds pursuant to Section 202 of this Second Supplemental Resolution or as a remarketing agent for the 2008 Series A Bonds pursuant to Section 304 of this Second Supplement Resolution.

"Remarketing and Placement Agent" shall mean Morgan Stanley & Co. Incorporated and any other firm or firms selected to serve as a remarketing and placement agent for the 2003 Series Bonds pursuant to Section 202 of this Second Supplemental Resolution.

"Remarketing and Placement Agreement" shall mean the Remarketing and Placement Agreement, by and between the Authority and the Remarketing and Placement Agent, which is

executed by the Authority and delivered to the Remarketing and Placement Agent in accordance with Section 203 of this Second Supplemental Resolution.

“*Resolution*” shall mean the General Bond Resolution, as amended and supplemented from time to time, including as amended and supplemented by the First Supplemental Resolution and the Original Series Certificate.

“*Second Supplemental Resolution*” shall mean this Second Supplemental Transportation Project Sublease Revenue Bond Resolution.

“*Standby Agreement*” shall mean any standby bond purchase agreement, letter of credit and reimbursement agreement, line of credit, insurance policy or other similar agreement or instrument by and among the Authority, the Standby Purchaser and the Trustee or Tender Agent, providing for the purchase by the Standby Purchaser of 2003 Series Bonds or 2008 Series A Bonds, as the case may be, which are tendered or deemed tendered by the Holders thereof in accordance with the Resolution.

“*Standby Purchaser*” shall mean any bank, insurance company or other financial institution or entity which enters into a Standby Agreement.

“*Treasurer*” shall mean the Treasurer of the State.

“*2008 Series A Bonds*” shall mean the Authority’s Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A, authorized to be issued pursuant to Section 301 of this Second Supplemental Resolution.

“*2008 Series Certificate*” shall mean the Series Certificate or Certificates to be executed by an Authorized Officer of the Authority and approved in writing by the Treasurer in accordance with Section 405 of this Second Supplemental Resolution.

“*2008 Series Credit Facility Agreement*” shall have the meaning given to such term in Section 311 of this Second Supplemental Resolution.

“*2008 Series Escrow Agreement*” shall have the meaning given to such term in Section 309 of this Second Supplemental Resolution.

“*2008 Series Remarketing Agreement*” shall have the meaning given to such term in Section 305 of this Second Supplemental Resolution.

“*2008 Series Standby Agreement*” shall have the meaning given to such term in Section 312 of this Second Supplemental Resolution.

“*2008 Swap Agreement*” shall mean one or more Swap Agreements entered into by the Authority in accordance with Section 401 of this Second Supplemental Resolution.

"2003 Series A Bonds" shall mean the Authority's Outstanding Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series A.

"2003 Series B Bonds" shall mean the Authority's Outstanding Transportation Project Sublease Revenue Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series B.

"2003 Series Bond Insurance Policy" shall mean the municipal bond insurance policy relating to the 2003 Series Bonds which was issued by the 2003 Series Bond Insurer on the date of issuance and delivery of the 2003 Series Bonds.

"2003 Series Bond Insurer" shall mean Financial Security Assurance, Inc., and its successors and assigns.

"2003 Series Bonds" shall mean the 2003 Series A Bonds and the 2003 Series B Bonds.

"2003 Series Credit Facility Agreement" shall have the meaning given to such term in Section 206 of this Second Supplemental Resolution.

"2003 Series Escrow Agreement" shall mean the Escrow Deposit Agreement, dated as of October 1, 2003, between the Authority and the Trustee, as Escrow Agent, executed and delivered in connection with the issuance of the 2003 Series Bonds.

"2003 Series Remarketing Agreement" shall have the meaning given to such term in Section 204 of this Second Supplemental Resolution.

"2003 Series Standby Agreement" shall have the meaning given to such term in Section 207 of this Second Supplemental Resolution.

"Underwriters" shall mean the Manager and the other underwriters for the 2008 Series A Bonds named in the Bond Purchase Contract.

ARTICLE II
AUTHORIZATION OF CONVERSION AND
REMARKETING OF 2003 SERIES BONDS

SECTION 201. Conversion of the Interest Rate Period for the 2003 Series Bonds.

1. Pursuant to the provisions of the Resolution, including, specifically, the First Supplemental Resolution, and subject to the provisions of Article III of this Second Supplemental Resolution, the Authority hereby determines that the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds shall be converted from the Auction Rate Period to the Fixed Interest Rate Period or, in the alternative, any other Interest Rate Period (or the Long-Term Interest Rate Period), all as shall be determined by an Authorized Officer of the Authority in accordance with the following sentence. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, the Financial Advisor, Bond Counsel and the State Attorney General, to determine, based on the market conditions existing at the time of such determination, the availability of Credit Facilities and/or Standby Agreements for the 2003 Series Bonds at cost effective prices, the provisions of the Resolution and the Existing Swap Agreements, and such other factors as such Authorized Officer of the Authority and the Treasurer may deem relevant, to determine whether it would be in the best interest of the Authority and the State to (A) convert all or any Series or subseries of the 2003 Series Bonds to the Fixed Interest Rate Period, and/or (B) as an alternative to converting the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds from the Auction Rate Period to the Fixed Interest Rate Period, to (i) convert the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds from the Auction Rate Period to the Weekly Interest Rate Period, the Short-Term Interest Rate Period or the Long-Term Interest Rate Period, and/or (ii) issue the 2008 Series A Bonds to refund all or a portion of the 2003 Series Bonds as authorized in Article III of this Second Supplemental Resolution. Any such determinations made by an Authorized Officer of the Authority in accordance with the preceding sentence shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution.

2. The Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds shall be converted from the Auction Rate Period to the Weekly Interest Rate Period, the Short-Term Interest Rate Period, the Long-Term Interest Rate Period or the Fixed Interest Rate Period as shall be determined by an Authorized Officer of the Authority in accordance with subsection 1 of this Section 201 and such determination shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution, subject to the provisions of subsection 3 of this Section 201. Any conversion to a new Interest Rate Period (or the Long-Term Interest Rate Period) for all or any Series or subseries of the 2003 Series Bonds shall be accomplished in accordance with the provisions of this Second Supplemental Resolution and Article II of the First Supplemental Resolution and all other applicable provisions of the Resolution, and shall not take place unless the Authority shall deliver, or cause to be delivered, all of the documentation and other items required by Section 205 of the First Supplemental Resolution or any other provision of the Resolution. In addition, unless such requirement is otherwise appropriately waived, a conversion of all or any Series or subseries of the 2003 Series Bonds to the Weekly Interest Rate Period or

the Short-Term Interest Rate Period shall not take place unless the Authority shall deliver, or cause to be delivered, to the Trustee, a Standby Agreement satisfying the requirements of the Resolution.

3. Notwithstanding anything contained in the Resolution or this Second Supplemental Resolution to the contrary, if all or any Series or subseries of the 2003 Series Bonds are converted to (i) the Weekly Interest Rate Period or the Short-Term Interest Rate Period, the initial interest rate to be borne by the 2003 Series Bonds so converted shall not exceed six percent (6.0%) per annum and the Remarketing and Placement Agent's fees in connection with the remarketing of the 2003 Series Bonds so converted shall not exceed \$3.00 per \$1,000 of the 2003 Series Bonds so converted, or (ii) the Long-Term Interest Rate Period or the Fixed Interest Rate Period, the true interest cost on the 2003 Series Bonds so converted shall not exceed six percent (6.0%) per annum and the Remarketing and Placement Agent's fees in connection with the remarketing of the 2003 Series Bonds so converted shall not exceed \$6.00 per \$1,000 of the 2003 Series Bonds so converted.

4. Notwithstanding anything contained in the Resolution or this Second Supplemental Resolution to the contrary, if an Authorized Officer of the Authority shall determine, in consultation with the Treasurer, the Financial Advisor, Bond Counsel and the State Attorney General, that it is necessary or advisable, in order to facilitate and effectuate a smooth and efficient conversion and remarketing of the 2003 Series Bonds to be converted and remarketed, to amend, modify or revise the Resolution, including, specifically, the First Supplemental Resolution, to provide that the Interest Rate Period for the 2003 Series Bonds may be converted to the Long-Term Interest Rate Period in addition to any other Interest Rate Period currently authorized by the First Supplemental Resolution, then the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, the Financial Advisor, Bond Counsel and the State Attorney General, to amend, modify and revise the Resolution, including, specifically, amending and restating the First Supplemental Resolution in its entirety, in such manner as is necessary to provide that the 2003 Series Bonds may be converted to the Long-Term Interest Rate Period. Any such determination to amend, modify or revise the Resolution made by an Authorized Officer of the Authority in accordance with the preceding sentence, and the actual amendments, modifications and revisions to be made to the Resolution shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution.

SECTION 202. Selection of Remarketing and Placement Agents and 2003 Series Remarketing Agents.

In accordance with New Jersey Executive Order No. 26 ("Executive Order 26"), the Treasurer solicited qualifications (the "Remarketing Agent RFQ") from firms interested in performing remarketing services for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the Remarketing Agent RFQ, the State selected a pool of firms to perform such remarketing services and the pool has a term of three (3) years. Morgan Stanley & Co. Incorporated has been selected from the approved pool to (i) serve as the senior managing Remarketing and Placement Agent to purchase and remarket to the public any 2003 Series Bonds

which are tendered or deemed mandatorily tendered for purchase in connection with the conversion of the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds, and (ii) after such conversion, serve as a Remarketing Agent for any 2003 Series Bonds converted to the Weekly Interest Rate Period, the Short-Term Interest Rate Period or the Long-Term Interest Rate Period and perform the duties of a Remarketing Agent set forth in the Resolution in connection with any 2003 Series Bonds so converted. The Authority hereby approves the selection of Morgan Stanley & Co. Incorporated as the senior managing Remarketing and Placement Agent and as a Remarketing Agent for the 2003 Series Bonds to be converted. In accordance with Executive Order 26, the Authorized Officers of the Authority are hereby authorized to select, in consultation with the Treasurer, in accordance with the rules governing the selection from such pool, one or more additional Remarketing and Placement Agents and/or Remarketing Agents for the 2003 Series Bonds to be converted from the approved pool; *provided, however*, that any Remarketing and Placement Agent or Remarketing Agent so selected shall satisfy the requirements of a Remarketing Agent for the 2003 Series Bonds set forth in the First Supplemental Resolution. Such selections and appointments shall be evidenced by the execution by an Authorized Officer of the Authority of the Remarketing and Placement Agreement authorized by Section 203 of this Second Supplemental Resolution and/or the 2003 Series Remarketing Agreement authorized by Section 204 of this Second Supplemental Resolution.

SECTION 203. Authorization and Approval of Remarketing and Placement Agreement.

If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to another Interest Rate Period (or the Long-Term Interest Rate Period), the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Remarketing and Placement Agreement relating to the 2003 Series Bonds to be so converted, by and between the Authority and the Remarketing and Placement Agent (the "Remarketing and Placement Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the Remarketing and Placement Agreement; provided, that the provisions of the Remarketing and Placement Agreement shall be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and in no event shall (i) the interest rate or rates to be borne by the 2003 Series Bonds to be converted exceed the limitations set forth in subsection 3 of Section 201 of this Second Supplemental Resolution, and (ii) the amount of the compensation to be paid to the Remarketing and Placement Agent for remarketing services relating to the 2003 Series Bonds to be converted exceed the limitations set forth in subsection 3 of Section 201 of this Second Supplemental Resolution. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the Remarketing and Placement Agreement with the Remarketing and Placement Agent. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the Remarketing and Placement Agreement and to execute and deliver the Remarketing and Placement Agreement to the Remarketing and Placement Agent.

SECTION 204. Authorization and Approval of 2003 Series Remarketing Agreement.

If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to the Weekly Interest Rate Period, the Short-Term Interest Rate Period or the Long-Term Interest Rate Period, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Remarketing Agreement relating to the 2003 Series Bonds to be so converted, by and between the Authority and the Remarketing Agent (the "2003 Series Remarketing Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2003 Series Remarketing Agreement, provided, that (i) the provisions of the 2003 Series Remarketing Agreement shall require the Remarketing Agent to perform the duties of a Remarketing Agent set forth in the Resolution in connection with any 2003 Series Bonds so converted and shall otherwise be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General), and (ii) the amount of the compensation to be paid to the Remarketing Agent pursuant to the 2003 Series Remarketing Agreement shall not exceed .08% (eight basis points) per annum of the aggregate principal amount of the 2003 Series Bonds for which the Remarketing Agent is obligated to perform remarketing services. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2003 Series Remarketing Agreement with the Remarketing Agent. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2003 Series Remarketing Agreement and to execute and deliver the 2003 Series Remarketing Agreement to the Remarketing Agent.

SECTION 205. Selection of 2003 Series Credit Issuers and Standby Purchasers.

Based upon a competitive Request for Proposals ("RFP") process, the Treasurer has solicited, and may in the future solicit pursuant to a competitive bidding process, proposals from qualified banks and other qualified financial institutions interested in providing credit/liquidity facilities for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the RFP, the State has selected, and/or will select, a pool of banks and financial institutions to serve as credit/liquidity providers. If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to another Interest Rate Period (or the Long-Term Interest Rate Period), the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, to select, in accordance with the rules governing the selection from such pool, one or more banks and/or other financial institutions from the approved pool to serve as (i) a Credit Issuer for one or more Series or subseries of the 2003 Series Bonds to be so converted in accordance with the provisions of this Second Supplemental Resolution, and (ii) a Standby Purchaser for one or more Series or subseries of the 2003 Series Bonds to be converted to the Weekly Interest Rate Period or the Short-Term Interest Rate Period in accordance with the provisions of this Second Supplemental Resolution; provided that (i) any Credit Issuer and/or Standby Purchaser so selected shall have a long-term rating of AA- or Aa3 or better, or a short-term rating of A-1, VMIG-1 or F-1, by any two Rating Agencies, and (ii) the

Credit Facility and/or Standby Agreement issued by such Credit Issuer and/or Standby Purchaser shall comply with the provisions of the Resolution and the restrictions of Section 206 and/or Section 207 of this Second Supplemental Resolution, as applicable. Such selection and appointment of any Credit Issuer for one or more Series or subseries of the 2003 Series Bonds to be converted shall be evidenced by the execution by an Authorized Officer of the Authority of the 2003 Series Credit Facility Agreement authorized by Section 206 of this Second Supplemental Resolution. Such selection and appointment of any Standby Purchaser for one or more Series or subseries of the 2003 Series Bonds to be converted shall be evidenced by the execution by an Authorized Officer of the Authority of the 2003 Series Standby Agreement authorized by Section 207 of this Second Supplemental Resolution.

SECTION 206. Authorization and Approval of 2003 Series Credit Facility Agreement.

If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to another Interest Rate Period (or the Long-Term Interest Rate Period), the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a reimbursement agreement or other similar agreement by and between the Authority and each Credit Issuer for the 2003 Series Bonds to be so converted (the "2003 Series Credit Facility Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2003 Series Credit Facility Agreement; provided that the provisions of the 2003 Series Credit Facility Agreement shall be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and in no event shall (i) the term of the applicable Credit Facility extend beyond the final maturity date of the applicable Series or subseries of the 2003 Series Bonds, and (ii) the term-out period for the Authority to repay any amounts drawn under the applicable Credit Facility be less than three years. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2003 Series Credit Facility Agreement with the Credit Issuer, subject to the limitations set forth in the preceding sentence. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2003 Series Credit Facility Agreement and to execute and deliver the 2003 Series Credit Facility Agreement to the Credit Issuer.

SECTION 207. Authorization and Approval of 2003 Series Standby Agreement.

If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to the Weekly Interest Rate Period or the Short-Term Interest Rate Period, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Standby Agreement with each Standby Purchaser for the 2003 Series Bonds (the "2003 Series Standby Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2003 Series Standby Agreement; provided that the provisions of the 2003 Series Standby Agreement shall be acceptable to counsel to the

Authority (including Bond Counsel and the State Attorney General) and in no event shall (i) the interest rate on the 2003 Series Bonds purchased by the Standby Purchaser in accordance with the 2003 Series Standby Agreement exceed the lesser of twenty-five percent (25%) per annum or the maximum rate permitted by law, (ii) the term of the 2003 Series Standby Agreement extend beyond the final maturity date of the applicable Series or subseries of the 2003 Series Bonds, and (iii) the term-out period for the Authority to repay any amounts advanced by the Standby Purchaser under the 2003 Series Standby Agreement to purchase 2003 Series Bonds be less than three years. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2003 Series Standby Agreement with the Standby Purchaser, subject to the limitations set forth in the preceding sentence. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2003 Series Standby Agreement and to execute and deliver the 2003 Series Standby Agreement to the Standby Purchaser.

SECTION 208. Authorization and Approval of Preliminary Remarketing Circular.

If the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds is to be converted from the Auction Rate Period to another Interest Rate Period (or the Long-Term Interest Rate Period), the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or cause to be prepared, a preliminary remarketing circular or other similar disclosure document of the Authority relating to the 2003 Series Bonds to be so converted (the "Preliminary Remarketing Circular"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority deeming the same final in accordance with this Section 208. The Preliminary Remarketing Circular shall include as Appendix I thereto certain disclosure information relating to the State which shall be provided by the State. An Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel, to deem the Preliminary Remarketing Circular final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and to provide written evidence relating thereto in form acceptable to Bond Counsel.

SECTION 209. Authorization of Distribution of Preliminary Remarketing Circular.

The distribution of the Preliminary Remarketing Circular by the Remarketing and Placement Agent in connection with the remarketing of the 2003 Series Bonds to be converted, in the form deemed final by an Authorized Officer of the Authority in accordance with Section 208 of this Second Supplemental Resolution, is hereby authorized. Any Authorized Officer of the Authority is further authorized and directed to take all such other actions as such Authorized Officer of the Authority shall deem necessary or desirable to effect the remarketing of the 2003 Series Bonds to be converted.

**ARTICLE III
AUTHORIZATION OF 2008 SERIES A BONDS**

SECTION 301. Authorization of Refunding, Designation, Series, Principal Amount, Interest Rates and Payment of Interest.

1. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, to determine, based on the market conditions existing at the time of such determination, the availability of Credit Facilities and/or Standby Agreements for the 2003 Series Bonds at cost effective prices, the provisions of the Existing Swap Agreements, and such other factors as such Authorized Officer and the Treasurer may deem relevant, whether it would be in the best interest of the Authority and the State to refund all or a portion of the 2003 Series Bonds in addition to, and/or as an alternative to, converting all or any Series or subseries of the 2003 Series Bonds from the Auction Interest Rate Period to another Interest Rate Period (or the Long-Term Interest Rate Period) as authorized in Article II of this Second Supplemental Resolution. Any such determinations made by an Authorized Officer of the Authority shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution.

2. If an Authorized Officer of the Authority shall have determined to refund all or a portion of the 2003 Series Bonds as provided in subsection 1 of this Section 301, a Series of Bonds entitled to the benefits, protection and security of the provisions of the Resolution is hereby authorized to be issued in an aggregate Principal Amount of not exceeding \$375,000,000 under and pursuant to the Resolution. Such Series of Bonds shall be designated as, and shall be distinguished from the Bonds of all other Series by the title, "Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail System Project), 2008 Series A", as such title may be modified or amended as determined by an Authorized Officer of the Authority in the 2008 Series Certificate.

3. The 2008 Series A Bonds shall be dated, shall mature on such dates and in such Principal Amounts, shall be issued as variable interest rate Bonds, long-term interest rate Bonds or as Bonds with fixed interest rates to maturity, shall bear interest from their date payable on such dates, and shall be subject to redemption prior to maturity on such terms and conditions, as shall be determined by an Authorized Officer of the Authority in the 2008 Series Certificate; *provided, however*, that (i) the final maturity of the 2008 Series A Bonds shall be not later than May 1, 2019, (ii) if the 2008 Series A Bonds are issued as variable interest rate Bonds, the interest rate on the 2008 Series A Bonds shall not exceed the Maximum Rate and the initial interest rate to be borne by the 2008 Series A Bonds shall not exceed six percent (6.0%) per annum, (iii) if the 2008 Series A Bonds are issued as long-term interest rate Bonds or with fixed interest rates to maturity, the true interest cost on the 2008 Series A Bonds shall not exceed six percent (6.0%) per annum, and (iv) the redemption price for any 2008 Series A Bond shall not exceed one hundred three percent (103%) of the Principal Amount of such 2008 Series A Bond. The 2008 Series A Bonds may be issued in one or more subseries as shall be determined by an Authorized Officer of the Authority in the 2008 Series Certificate.

4. Notwithstanding anything in the Resolution to the contrary, interest on the 2008 Series A Bonds shall be paid on each interest payment date by check mailed by the Trustee to the Holders in whose names the 2008 Series A Bonds are registered on the books of the Authority kept by the Bond Registrar as of the close of business on the Record Date at the address of the Holders appearing on such books of the Authority; provided, however, that interest on the 2008 Series A Bonds will be paid by wire transfer to an account in the continental United States to any Holder of \$1,000,000 or more in principal amount of the 2008 Series A Bonds upon written instructions from such Holder received by the Trustee on or prior to the Record Date.

5. As provided in Section 201(3) of the Resolution, the 2008 Series A Bonds may be consolidated with any other Series of Bonds into a single Series of Bonds for purposes of issuance and sale as may be determined by an Authorized Officer of the Authority in the 2008 Series Certificate.

SECTION 302. Purpose.

The 2008 Series A Bonds shall be issued for the purposes of (a) refunding and defeasing the Refunded Bonds, and (b) paying Costs of Issuance of the 2008 Series A Bonds, including, without limitation, making any payment, including any termination payment, that may be due and owing by the Authority to an Existing Swap Provider if an Authorized Officer of the Authority, after consultation with the Treasurer, shall determine in the 2008 Series Certificate to optionally terminate one or both of the Existing Swap Agreements.

SECTION 303. Selection of Manager and Other Underwriters; Authorization and Approval of Bond Purchase Contract; Determination under Executive Order No. 26 and Authorization of Negotiated Sale.

In accordance with Executive Order 26, the Treasurer solicited qualifications (the "Underwriter RFQ") from qualified firms interested in performing senior manager and/or co-manager underwriting services for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the Underwriter RFQ, the State selected a senior manager pool of firms, a co-manager pool and a pool of firms to serve as a selling group. Each of the pools has a term of three (3) years. Morgan Stanley & Co. Incorporated has been selected from the approved pool to serve as the senior managing underwriter for the 2008 Series A Bonds (the "Manager"). The Authority hereby approves the selection of Morgan Stanley & Co. Incorporated as the senior managing underwriter for the 2008 Series A Bonds. In accordance with Executive Order 26, an Authorized Officer of the Authority is hereby authorized to select and appoint, in consultation with the Treasurer, any co-senior manager(s) and any other additional underwriter(s) for the 2008 Series A Bonds from the approved pools of underwriters in accordance with the rules governing the selection from such pools. Such selections and appointments shall be evidenced by the execution of the Bond Purchase Contract (as defined below) for the 2008 Series A Bonds. The purchase of the 2008 Series A Bonds by the Underwriters and the sale of the 2008 Series A Bonds by the Authority to the Underwriters shall be subject to the execution by the Authority and the Manager, as representative of the Underwriters, of a Bond Purchase Contract, (the "Bond Purchase Contract") dated the date of sale of the 2008 Series A Bonds (the "Bond Purchase Contract"), in customary form and in form and substance reasonably satisfactory to the

Authorized Officer of the Authority executing the Bond Purchase Contract. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the Bond Purchase Contract with the Manager. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the Bond Purchase Contract and to execute and deliver the Bond Purchase Contract to the Manager, as representative of the Underwriters; provided, that the provisions of the Bond Purchase Contract are acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and (i) the aggregate purchase price for the 2008 Series A Bonds, exclusive of accrued interest and net original issue discount/premium, shall not be less than ninety seven percent (97.0%) of the aggregate Principal Amount of the 2008 Series A Bonds, (ii) the amount of the compensation to be paid to the Underwriters does not exceed \$3.00 per \$1,000.00 of the 2008 Series A Bonds if the 2008 Series A Bonds are issued as variable interest rate Bonds and \$6.00 per \$1,000.00 of the 2008 Series A Bonds if the 2008 Series A Bonds are issued as long-term interest rate Bonds or with fixed interest rates to maturity, and (iii) the aggregate Principal Amount of the 2008 Series A Bonds, the final maturity date or dates of the 2008 Series A Bonds and the other terms and provisions of the 2008 Series A Bonds shall not exceed the limitations set forth in Section 301 of this Second Supplemental Resolution. In accordance with Executive Order 26, the Authority has determined that the 2008 Series A Bonds will be sold in accordance with the Bond Purchase Contract pursuant to a "negotiated sale" and that such negotiated sale is permissible as a result of the complex financing structure and volatile interest rate conditions. Any Authorized Officer of the Authority is hereby directed to file a copy of this Second Supplemental Resolution with the Treasurer within five (5) days after the adoption of this Second Supplemental Resolution.

SECTION 304. Selection of 2008 Series Remarketing Agents.

Pursuant to the Remarketing Agent RFQ, the Treasurer solicited qualifications from firms interested in performing remarketing services for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the Remarketing Agent RFQ, the State selected a pool of firms to perform such remarketing services and the pool has a term of three (3) years. Morgan Stanley & Co. Incorporated has been selected from the approved pool to serve as a Remarketing Agent for any 2008 Series A Bonds which are issued as variable interest rate Bonds and/or are subject to optional or mandatory tender for purchase by the Holders thereof as provided in the Resolution. The Authority hereby approves the selection of Morgan Stanley & Co. Incorporated as a Remarketing Agent for such 2008 Series A Bonds. In accordance with Executive Order 26, the Authorized Officers of the Authority are hereby authorized to select, in consultation with the Treasurer, in accordance with the rules governing the selection from such pool, one or more additional Remarketing Agents for such 2008 Series A Bonds from the approved pool; *provided, however*, that any Remarketing Agent so selected shall satisfy the requirements of a remarketing agent for the 2008 Series A Bonds set forth in the Resolution. Such selections and appointments shall be evidenced by the execution by an Authorized Officer of the Authority of the 2008 Series Remarketing Agreement authorized by Section 305 of this Second Supplemental Resolution.

SECTION 305. Authorization and Approval of 2008 Series Remarketing Agreement.

If any of the 2008 Series A Bonds are to be issued as variable interest rate Bonds and/or are to be subject to optional or mandatory tender for purchase by the Holders thereof as provided in the Resolution, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Remarketing Agreement relating to the 2008 Series A Bonds, by and between the Authority and the Remarketing Agent (the "2008 Series Remarketing Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2008 Series Remarketing Agreement, provided, that (i) the provisions of the 2008 Series Remarketing Agreement shall require the Remarketing Agent to perform the duties of a Remarketing Agent for the 2008 Series A Bonds set forth in the Resolution and shall otherwise be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General), and (ii) the amount of the compensation to be paid to the Remarketing Agent pursuant to the 2008 Series Remarketing Agreement shall not exceed .08% (eight basis points) per annum of the aggregate principal amount of the 2008 Series A Bonds for which the Remarketing Agent is obligated to perform remarketing services. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2008 Series Remarketing Agreement with the Remarketing Agent. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2008 Series Remarketing Agreement and to execute and deliver the 2008 Series Remarketing Agreement to the Remarketing Agent.

SECTION 306. Authorization and Approval of Preliminary Official Statement.

In connection with the issuance and sale of the 2008 Series A Bonds, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Preliminary Official Statement relating to the 2008 Series A Bonds (the "Preliminary Official Statement"), in form and substance reasonably satisfactory to the Authorized Officer of the Authority deeming the same final in accordance with this Section 306. The Preliminary Official Statement shall include as Appendix I thereto certain disclosure information relating to the State which shall be provided by the State. An Authorized Officer of the Authority is hereby authorized, with the advice of Bond Counsel, to deem the Preliminary Official Statement final within the meaning of Rule 15c-12 promulgated under the Securities Exchange Act of 1934, as amended, and to provide written evidence relating thereto in form acceptable to Bond Counsel.

SECTION 307. Authorization of Distribution of Preliminary Official Statement.

The distribution of the Preliminary Official Statement by the Underwriters in connection with the sale of the 2008 Series A Bonds, in the form deemed final by an Authorized Officer of the Authority in accordance with Section 306 of this Second Supplemental Resolution, is hereby authorized. Any Authorized Officer of the Authority is further authorized and directed to take all

such other actions as such Authorized Officer of the Authority shall deem necessary or desirable to effect the issuance and sale of the 2008 Series A Bonds.

SECTION 308. Rule 15c2-12.

The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Continuing Disclosure Agreement among the Treasurer, the Authority and the Trustee relating to the 2008 Series A Bonds (the "Continuing Disclosure Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the Continuing Disclosure Agreement. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the Continuing Disclosure Agreement with the Trustee. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the Continuing Disclosure Agreement and to execute and deliver the Continuing Disclosure Agreement to the Treasurer and the Trustee. The Authorized Officers of the Authority are hereby authorized and directed, with the advice of Bond Counsel and the State Attorney General, to execute such documents and instruments relating to continuing disclosure, if any, as may be necessary or desirable to enable brokers, dealers and municipal securities dealers to comply with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, in connection with the sale of the 2008 Series A Bonds.

SECTION 309. Authorization and Approval of 2008 Series Escrow Agreement.

1. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, an Escrow Deposit Agreement, by and between the Authority and the Trustee, providing for and effectuating the refunding and/or redemption of the Refunded Bonds (the "2008 Series Escrow Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2008 Series Escrow Agreement. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2008 Series Escrow Agreement with the Trustee. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2008 Series Escrow Agreement and to execute and deliver the 2008 Series Escrow Agreement to the Trustee.

2. If it is determined that the Authority is required to retain the services of a verification agent in connection with the refunding and/or redemption of the Refunded Bonds, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to select and appoint, pursuant to a competitive bidding process which satisfies the requirements of Executive Order 26, a firm of certified public accountants or other qualified

entity to serve as the verification agent in connection with the refunding and/or redemption of the Refunded Bonds.

3. In connection with the purchase of the Federal Securities are to be used to provide for the refunding and defeasance of the Refunded Bonds pursuant to the 2008 Series Escrow Agreement, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to select and appoint, pursuant to a competitive bidding process, a financial advisory or other qualified firm or entity to serve as a bidding agent for the Authority in connection with the purchase of any such Federal Securities which are to be purchased in the open market.

SECTION 310. Selection of 2008 Series Credit Issuers and Standby Purchasers.

Pursuant to the RFP, the Treasurer has solicited, and may in the future solicit pursuant to a competitive bidding process, proposals from qualified banks and other qualified financial institutions interested in providing credit/liquidity facilities for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the RFP, the State has selected, and/or will select, a pool of banks and financial institutions to serve as credit/liquidity providers. In connection with the issuance of the 2008 Series A Bonds, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, to select, in accordance with the rules governing the selection from such pool, one or more banks and/or other financial institutions from the approved pool to serve as (i) a Credit Issuer for the 2008 Series A Bonds, and/or (ii) a Standby Purchaser for any 2008 Series A Bonds which are subject to optional or mandatory tender for purchase by the Holder thereof; provided that (i) any Credit Issuer and/or Standby Purchaser so selected shall have a long-term rating of AA- or Aa3 or better, or a short-term rating of A-1, VMIG-1 or F-1, by any two Rating Agencies, and (ii) the Credit Facility and/or Standby Agreement issued by such Credit Issuer and/or Standby Purchaser shall comply with the provisions of the Resolution and the restrictions of Section 311 and/or Section 312 of this Second Supplemental Resolution, as applicable. Such selection and appointment of any Credit Issuer for the 2008 Series A Bonds shall be evidenced by the execution by an Authorized Officer of the Authority of the 2008 Series Credit Facility Agreement authorized by Section 311 of this Second Supplemental Resolution. Such selection and appointment of any Standby Purchaser for the 2008 Series A Bonds shall be evidenced by the execution by an Authorized Officer of the Authority of the 2008 Series Standby Agreement authorized by Section 312 of this Second Supplemental Resolution.

SECTION 311. Authorization and Approval of 2008 Series Credit Facility Agreement.

In connection with the issuance of the 2008 Series A Bonds, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a reimbursement agreement or other similar agreement relating to a Credit Facility, by and between the Authority and each Credit Issuer for the 2008 Series A Bonds (the "2008 Series Credit Facility Agreement"), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the

2008 Series Credit Facility Agreement; provided that the provisions of the 2008 Series Credit Facility Agreement shall be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and in no event shall (i) the term of the applicable Credit Facility extend beyond the final maturity date of the 2008 Series A Bonds, and (iii) the term-out period for the Authority to repay any amounts drawn under the applicable Credit Facility be less than three years. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2008 Series Credit Facility Agreement with the Credit Issuer, subject to the limitations set forth in the preceding sentence. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2008 Series Credit Facility Agreement and to execute and deliver the 2008 Series Credit Facility Agreement to the Credit Issuer.

SECTION 312. Authorization and Approval of 2008 Series Standby Agreement.

In connection with the issuance of the 2008 Series A Bonds, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or caused to be prepared, a Standby Agreement with each Standby Purchaser of the 2008 Series A Bonds (the “2008 Series Standby Agreement”), in customary form and in form and substance reasonably satisfactory to the Authorized Officer of the Authority executing the 2008 Series Standby Agreement; provided that the provisions of the 2008 Series Standby Agreement shall be acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and in no event shall (i) the interest rate on the 2008 Series A Bonds purchased by the Standby Purchaser in accordance with the 2008 Series Standby Agreement exceed the lesser of twenty-five percent (25%) per annum or the maximum rate permitted by law, (ii) the term of the 2008 Series Standby Agreement extend beyond the final maturity date of the 2008 Series A Bonds, and (iii) the term-out period for the Authority to repay any amounts advanced by the Standby Purchaser under the 2008 Series Standby Agreement to purchase 2008 Series A Bonds be less than three years. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to negotiate the terms and provisions of the 2008 Series Standby Agreement with the Standby Purchaser, subject to the limitations set forth in the preceding sentence. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed on behalf of the Authority to approve the terms and provisions of the 2008 Series Standby Agreement and to execute and deliver the 2008 Series Standby Agreement to the Standby Purchaser.

SECTION 313. Denomination, Numbers and Letters.

The 2008 Series A Bonds shall be issued in such denominations as shall be determined in the 2008 Series Certificate. Unless an Authorized Officer of the Authority shall otherwise determine in the 2008 Series Certificate, the 2008 Series A Bonds shall be lettered and numbered from one upward preceded by the letter “R” prefixed to the number. Unless an Authorized Officer of the Authority shall otherwise determine in the 2008 Series Certificate, the 2008 Series A Bonds shall be issued as Book-Entry Bonds. Subject to the provisions of the Resolution, the

form of the 2008 Series A Bonds and the Trustee's certificate of authentication thereon shall be as set forth in Section 318 of this Second Supplemental Resolution.

SECTION 314. Redemption.

The 2008 Series A Bonds shall be subject to redemption prior to maturity as provided in the 2008 Series Certificate and Section 301 of this Second Supplemental Resolution.

SECTION 315. Book-Entry Only System.

1. Except as provided in subsection 3 of this Section 315, the registered Holder of all of the 2008 Series A Bonds shall be, and the 2008 Series A Bonds shall be registered in the name of, Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as the securities depository for the 2008 Series A Bonds. Notwithstanding anything to the contrary contained in the Resolution, with respect to all 2008 Series A Bonds for which Cede & Co. shall be the registered Holder, payment of interest on such 2008 Series A Bonds shall be made by wire transfer to the account of Cede & Co. on the interest payment dates for such 2008 Series A Bonds at the address indicated for Cede & Co. in the registration books of the Authority kept by the Trustee, as Bond Registrar.

2. With respect to 2008 Series A Bonds so registered in the name of Cede & Co., the Authority and the Trustee shall have no responsibility or obligation to any DTC participant, indirect DTC participant, or any beneficial owner of the 2008 Series A Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in the 2008 Series A Bonds, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede & Co., of any notice with respect to the 2008 Series A Bonds, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other Person, other than DTC or Cede & Co., of any amount with respect to the principal of, premium, if any, or interest on the 2008 Series A Bonds. The Authority and the Trustee may treat DTC as, and deem DTC to be, the absolute registered Holder of the 2008 Series A Bonds for the purpose of (i) payment of the principal of and interest on the 2008 Series A Bonds, (ii) giving notices with respect to the 2008 Series A Bonds, (iii) registering transfers with respect to the 2008 Series A Bonds, and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of and interest on the 2008 Series A Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal and interest to the extent of the sum or sums so paid. No Person other than DTC shall receive a 2008 Series A Bond evidencing the obligation of the Authority to make payments of principal and interest thereon pursuant to the Resolution and this Second Supplemental Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in this Second Supplemental Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to the 2008 Series A Bonds at any time by giving written notice to the Authority and discharging its

responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

(b) The Authority (i) in its sole discretion and without the consent of any other Person, may discontinue the use of the system of book-entry only transfers through DTC (or a successor depository) with respect to the 2008 Series A Bonds, in which event certificates for such 2008 Series A Bonds are required to be printed and delivered to DTC, and (ii) shall terminate the services of DTC with respect to the 2008 Series A Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding 2008 Series A Bonds to the effect, that (A) DTC is unable to discharge its responsibilities with respect to the 2008 Series A Bonds; or (B) a continuation of the requirement that all of the Outstanding 2008 Series A Bonds be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the 2008 Series A Bonds.

(c) Upon the termination of the services of DTC with respect to all or any portion of the 2008 Series A Bonds pursuant to Section 315(3)(b)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to all or any portion of the 2008 Series A Bonds pursuant to Section 315(3)(a) or 315(3)(b)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, the 2008 Series A Bonds (or the applicable portion thereof) shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging such 2008 Series A Bonds shall designate, in accordance with the provisions of the Resolution. Upon the determination by any party authorized herein that the 2008 Series A Bonds (or any portion thereof) shall no longer be limited to book-entry only form, the Authority shall immediately advise the Trustee in writing of the procedures for transfer of such 2008 Series A Bonds from such book-entry only form to a fully registered form.

4. Notwithstanding any other provision of this Second Supplemental Resolution to the contrary, so long as any 2008 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on, and all notices with respect to, such 2008 Series A Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC.

5. In connection with any notice or other communication to be provided to the Holders of the 2008 Series A Bonds pursuant to the Resolution by the Authority or the Trustee with respect to any consent or other action to be taken by such Holders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

6. The Authority hereby authorizes the Treasurer, by and on behalf of the Authority, and in consultation with an Authorized Officer of the Authority, to determine from time to time, subject to confirmation and ratification by the Authority, whether or not it is advisable for the Authority to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

SECTION 316. Application of Proceeds of 2008 Series A Bonds.

Unless otherwise set forth in the 2008 Series Certificate, the proceeds of the 2008 Series A Bonds shall be applied simultaneously with the delivery of the 2008 Series A Bonds as follows:

(i) In the event the Authority purchases one or more Credit Facilities, including any municipal bond insurance policies, with respect to any maturities of the 2008 Series A Bonds, there shall be paid directly by the Manager to the issuer or issuers of such Credit Facilities such amounts as may be specified in the 2008 Series Certificate in payment of the fees or premiums for such Credit Facilities;

(ii) There shall be deposited in the Escrow Fund created and established under the 2008 Series Escrow Agreement an amount of the proceeds of the 2008 Series A Bonds as shall be specified in the 2008 Series Certificate to be applied to the purposes set forth in clause (a) of Section 302 of this Second Supplemental Resolution; and

(iii) There shall be deposited in the Costs of Issuance Account an amount of the proceeds of the 2008 Series A Bonds as shall be specified in the 2008 Series Certificate to be applied to the purposes set forth in clause (b) of Section 302 of this Second Supplemental Resolution.

SECTION 317. Appointment of Bond Registrar, Paying Agent and Tender Agent.

TD Bank, National Association (formerly Commerce Bank, National Association), with offices in Cherry Hill, New Jersey, is hereby appointed as Bond Registrar and Paying Agent for the 2008 Series A Bonds under the Resolution. TD Bank, National Association, is also hereby appointed to serve as the tender agent for any 2008 Series A Bonds which are issued as variable interest rate Bonds and/or are subject to optional or mandatory tender for purchase by the Holders thereof as provided in the Resolution.

SECTION 318. Form of 2008 Series A Bonds and Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, the form of the 2008 Series A Bonds and the Trustee's Certificate of Authentication thereon shall be of substantially the following tenor with such variations, omissions and insertions as are required or permitted by the Resolution:

[FORM OF THE 2008 SERIES A BONDS]

THE STATE OF NEW JERSEY (THE "STATE") IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (THE "AUTHORITY") PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THIS BOND. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

R- \$ _____

STATE OF NEW JERSEY
NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY
Transportation Project Sublease Revenue Refunding Bond
(New Jersey Transit Corporation Light Rail Transit System Project)
2008 Series A

<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Dated</u> <u>Date</u>	<u>CUSIP</u>
%			

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: \$

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY (the "Authority"), a public body corporate and politic and an instrumentality of the State of New Jersey (the "State"), created and existing under the laws of the State, acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefore, upon presentation and surrender of this Bond at the principal corporate trust office of TD Bank, National Association, located in Cherry Hill, New Jersey (such bank and any successor thereto being herein called the "Paying Agent"), the Principal Sum stated hereon, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on _____ in each year,

commencing _____ until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged, to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee hereinafter mentioned mailed to such Registered Owner who shall appear as of the fifteenth day (whether or not a Business Day) next preceding such Payment Date on the books of the Authority maintained by the Bond Registrar.

Upon the written request of any Registered Owner of at least \$1,000,000 in aggregate Principal Amount of the 2008 Series A Bonds, as such term is hereinafter defined, received by the Trustee and the Paying Agent on or prior to one Business Day preceding any Record Date for the 2008 Series A Bonds, payment of the principal of, premium, if any, and interest on such 2008 Series A Bonds shall be made by wire transfer of immediately available funds on such Payment Date to an account designated by such Registered Owner in such request.

This Bond is one of a duly authorized series of Bonds of the Authority designated "Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A" (herein called the 2008 Series A Bonds"), in the aggregate Principal Amount at issuance of \$ _____, issued under and in full compliance with the Constitution and Statutes of the State of New Jersey, and particularly the New Jersey Economic Development Authority Act, P.L. 1974, c. 80, as amended and supplemented (herein called the "Act"), and under and pursuant to a Resolution entitled "Transportation Project Sublease Revenue Bond Resolution (New Jersey Transit Corporation Light Rail Transit System Projects)", adopted by the Authority on August 10, 1999, as amended and supplemented, and a Series Certificate of the Authority, dated as of _____, _____ (collectively, the "Resolution"), pursuant to which TD Bank, National Association, with its corporate trust office located in Cherry Hill, New Jersey, is acting as trustee. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Resolution. The 2008 Series A Bonds are issued for the purposes of (i) currently refunding and refinancing \$ _____ aggregate principal amount of Bonds previously issued and outstanding under the Resolution, and (ii) paying the Costs of Issuance of the 2008 Series A Bonds.

As provided in the Resolution, the 2008 Series A Bonds, and all other Bonds issued under the Resolution on a parity with the Series Bonds (herein collectively called the "Bonds") are direct and special obligations of the Authority payable solely from and secured as to payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution solely by the applicable Pledged Property, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pledged Property under the Resolution includes (1) the proceeds of sale of the 2008 Series A Bonds, (2) all funds, moneys and Investment Securities deposited in the Series Accounts within the Funds and subaccounts within the Accounts established pursuant to the Resolution and/or any Supplemental Resolution or Series Certificate (other than the Rebate Fund, and any additional Funds or Accounts created pursuant to a Supplemental Resolution or Series Certificate and excluded from the pledge and lien of the Resolution), (3) the 2008 Series A Revenues, and (4) the 2008 Series A Funding Agreement, subject to the provisions of the Resolution permitting the application of the Pledged

Property for the purposes and on the terms and conditions set forth in the Resolution. All of the Authority's right, title and interest in and to the foregoing are pledged for the payment of Bond Payment Obligations and Credit Facility Payment Obligations in accordance with the terms and provisions of the Resolution. Copies of the Resolution are on file at the office of the Authority and at the above mentioned office of the Trustee, and reference is hereby made to the Act and the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this Bond shall cease to be entitled to any lien, benefit or security under the Resolution and for the other terms and provisions thereof. All covenants, agreements and obligations of the Authority under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this Bond if moneys or certain specific securities shall have been deposited with the Trustee.

As provided in the Resolution, Bonds may be issued from time to time pursuant to Supplemental Resolutions or Series Certificates in one or more series, in various Principal Amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate Principal Amount of Bonds which may be issued under the Resolution is not limited, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority, with the written consent of the holders of at least a majority in Principal Amount of the Bonds Outstanding under the Resolution at the time such consent is given, and, in case less than all of the several series of Bonds then Outstanding are affected thereby, with such consent of at least a majority, in Principal Amount of the Bonds of each series so affected and Outstanding; *provided, however*, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain Outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of the calculation of Outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption (including sinking fund installments) or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the Principal Amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

This Bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer

satisfactory to the. Bond Registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered Bond or Bonds in the same aggregate Principal Amounts, shall be issued to the transferee in exchange therefore as provided in the Resolution, and upon payment of the charges therein prescribed. The Authority, the Trustee and any Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The 2008 Series A Bonds are subject to redemption as follows:

[HERE INSERT APPLICABLE REDEMPTION PROVISIONS]

The Series Bonds are payable upon redemption at the above mentioned offices of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the Registered Owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the Bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the Registered Owner of any Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of Bonds.

THE STATE OF NEW JERSEY IS NOT OBLIGATED TO PAY, AND NEITHER THE FAITH AND CREDIT NOR TAXING POWER OF THE STATE OF NEW JERSEY IS PLEDGED TO THE PAYMENT OF, THE PRINCIPAL OR REDEMPTION PRICE, IF ANY, OF OR INTEREST ON THIS BOND. THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY, PAYABLE SOLELY OUT OF THE REVENUES OR OTHER RECEIPTS, FUNDS OR MONEYS OF THE AUTHORITY PLEDGED UNDER THE RESOLUTION AND FROM ANY AMOUNTS OTHERWISE AVAILABLE UNDER THE RESOLUTION FOR THE PAYMENT OF THIS BOND. THIS BOND DOES NOT NOW AND SHALL NEVER CONSTITUTE A CHARGE AGAINST THE GENERAL CREDIT OF THE AUTHORITY. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the series of Bonds of which this is a part, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State of New Jersey, including, particularly, the Act.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY has caused this 2008 Series A Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairman, Executive Director or Deputy Director, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

[SEAL]

**NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY**

By: _____

Name:

Title:

ATTEST:

Secretary or Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds delivered pursuant to the within mentioned Resolution.

**TD BANK, NATIONAL
ASSOCIATION, as Trustee**

By: _____
Authorized Signatory

Date of Authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

[Please type or print name, address (including postal zip code) and Social Security or other tax identification number of the transferee]

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ his/her attorney to transfer the within Bond on the books kept for the registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

**ARTICLE IV
AUTHORIZATION OF CERTAIN OTHER
TRANSACTIONS AND PROCEEDINGS**

SECTION 401. Termination or Amendment of the Existing Swap Agreements and Entry Into 2008 Swap Agreements.

1. In connection with the transactions authorized by Articles II and III of this Second Supplemental Resolution, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, the Financial Advisor, Bond Counsel and the State Attorney General, to determine, based on the market conditions existing at the time of such determination, the provisions of the Existing Swap Agreements and such other factors as such Authorized Officer of the Authority may deem relevant, whether it would be in the best interest of the Authority and the State to terminate the Existing Swap Agreements in whole or in part, amend the Existing Swap Agreements and/or enter into one or more 2008 Swap Agreements with respect to all or any Series or subseries of the 2003 Series Bonds or the 2008 Series A Bonds. Any such determination made by an Authorized Officer of the Authority in accordance with the preceding sentence shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution. If an Authorized Officer of the Authority shall have determined to terminate the Existing Swap Agreements in whole or in part, amend the Existing Swap Agreements or enter into 2008 Swap Agreements, such termination or amendment of the Existing Swap Agreements and/or the execution and delivery of any 2008 Swap Agreement shall be undertaken in accordance with the provisions of this Section 401.

2. If an Authorized Officer of the Authority determines that it would be in the best interest of the Authority and the State to enter into, execute and deliver a 2008 Swap Agreement as provided in subsection 1 of this Section 401, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to prepare, or cause to be prepared, a term sheet (the "Term Sheet") setting forth the terms and conditions under which the Authority is willing to agree to enter into any such 2008 Swap Agreement, which Term Sheet shall contain the terms and conditions set forth in clauses (k) and (l) of Section 405 of this Second Supplemental Resolution. The Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, after obtaining the consent of the Treasurer, to distribute and circulate the Term Sheet to at least three (3) potential counterparties as part of a request for proposals process (the "Request for Swap Proposals") whereby the Authority requests that proposals be submitted by potential counterparties to enter into one or more 2008 Swap Agreements.

3. If an Authorized Officer of the Authority determines that it would be in the best interest of the Authority and the State to do so as provided in subsection 1 of this Section 401, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized to amend or terminate, in whole or in part, the Existing Swap Agreements. Such amendments to the Existing Swap Agreements may include, without limitation, (a)

amendments which result in the Authority both paying and receiving a fixed rate pursuant to the Existing Swap Agreements, and (b) converting the Existing Swap Agreements to a basis swap, for the remainder of the stated term of the Existing Swap Agreements or for such shorter time period as such Authorized Officer of the Authority, in consultation with the Treasurer, may determine, provided, that (i) in no event shall the notional amount of the Existing Swap Agreements be increased or the stated termination date of the Existing Swap Agreements be extended as a result of any such amendments, (ii) to the extent that such amendments result in the Authority continuing to have an obligation to pay a fixed rate under the Existing Swap Agreements, such fixed rate payable by the Authority shall not exceed six percent (6.0%) per annum, and (iii) to the extent that such amendments, including any amendments converting the Existing Swap Agreements to a basis swap, result in the Authority having an obligation to pay a floating rate under the Existing Swap Agreements, the interest rate or index upon which such floating rate is based shall be the interest rate or index which such Authorized Officer of the Authority shall determine, in consultation with the Treasurer and with the advice of Bond Counsel and the State Attorney General, to be the most advantageous to the Authority and the State.

4. In addition to any amendments to the Existing Swap Agreements authorized by subsection 3 of this Section 401, an Authorized Officer of the Authority, in consultation with the Treasurer and with the advice of Bond Counsel, the State Attorney General and the Financial Advisor, is hereby specifically authorized to amend the Existing Swap Agreements to relinquish or modify the Authority's right to optionally terminate one or both of the Existing Swap Agreements or to provide the Existing Swap Providers with an option to terminate the Existing Swap Agreements on a future date or dates, in exchange for the payment by the Existing Swap Providers on the effective date of any such amendment of a premium, if such Authorized Officer of the Authority, in consultation with the Treasurer, determines that such amendment is necessary or desirable or in the best interest of the Authority and the State.

5. In addition to any of the transactions authorized by this Section 401, an Authorized Officer of the Authority is hereby authorized to amend and/or terminate and cancel any swap insurance policy relating to the Existing Swap Agreements, if such Authorized Officer of the Authority, in consultation with the Treasurer and with the advice of Bond Counsel, the State Attorney General and the Financial Advisor, determines that such amendment and/or termination and cancellation of such swap insurance policy is necessary or desirable or in the best interest of the Authority and the State.

6. The Authorized Officers of the Authority are each hereby authorized and directed, in consultation with Bond Counsel and the State Attorney General, to negotiate the terms of and to execute and deliver such documents and instruments as may be necessary or appropriate in connection with the termination of, or any amendments to, the Existing Swap Agreements, and the amendment and/or termination and cancellation of any swap insurance policy relating to the Existing Swap Agreements authorized pursuant to this Section 401, including, without limitation, any agreements and amended and restated confirmations.

7. In connection with the termination of the Existing Swap Agreements in whole or in part, the amendment of the Existing Swap Agreements or the entering into 2008 Swap Agreements by the Authority in accordance with this Section 401, the Authorized Officers of the

Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, to select and appoint from a pool of qualified swap advisors to be established by the Treasurer pursuant to a competitive request for qualifications process, a firm to serve as advisor to the Authority in connection with any such transactions for a fee not to exceed \$50,000.

SECTION 402. Amendment and Termination of Existing Bond Insurance Policies; Purchase of New Bond Insurance.

In connection with the transactions authorized by Articles II and III of this Second Supplemental Resolution, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized to (i) amend or terminate and instruct the Trustee to return the 2003 Series Bond Insurance Policy to the 2003 Series Bond Insurer, if such Authorized Officer of the Authority, in consultation with the Treasurer, determines that such amendment or termination is necessary or desirable, and (ii) to make any payment, or otherwise provide for the making of any payment, (a) required to be made to the 2003 Series Bond Insurer in connection with any such amendment or termination of the 2003 Series Bond Insurance Policy, or (b) of any incremental premium that may be required to be paid to the 2003 Series Bond Insurer in connection with the conversion and remarketing of all or any Series or subseries of the 2003 Series Bonds. Whether or not the 2003 Series Bond Insurance Policy has been amended, terminated, or returned to the 2003 Series Bond Insurer, an Authorized Officer of the Authority, is hereby authorized, in consultation with the Treasurer, to (i) purchase one or more new municipal bond insurance policies (collectively, the "New Bond Insurance Policy") with respect to any or all Series or subseries of the 2003 Series Bonds or the 2008 Series A Bonds or any subseries thereof if an Authorized Officer of the Authority, in consultation with the Treasurer, determines that the New Bond Insurance Policy is necessary or desirable, (ii) include in the Remarketing Circular or the Official Statement such provisions relating to the New Bond Insurance Policy as such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, deems appropriate, (iii) include in the 2008 Series Certificate such provisions relating to the New Bond Insurance Policy as such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, deems appropriate, and (iv) include on the form of any 2003 Series Bond or 2008 Series A Bond which is insured by the New Bond Insurance Policy a statement of insurance in the form requested by the issuer of the New Bond Insurance Policy.

SECTION 403. Restructuring of 2003 Series Escrow Fund. .

1. In connection with the transactions authorized by Articles II and III of this Second Supplemental Resolution, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, in consultation with the Treasurer, the Financial Advisor, Bond Counsel and the State Attorney General, to determine whether it would be in the best interest of the Authority and the State to sell, transfer or otherwise dispose of all or any portion of the Federal Securities which are currently on deposit in the Escrow Fund created and established under the 2003 Series Escrow Agreement and to substitute therefore other Federal Securities, all in accordance with the provisions of Section 5 of the 2003 Series Escrow Agreement. If an Authorized Officer of the Authority shall determine

that it is in the best interest of the Authority and the State to do so, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, to execute and deliver any and all documents, certificates and other instruments, and take any and all other actions, necessary or desirable in order to effectuate the sale, transfer and substitution of such Federal Securities in accordance with Section 5 of the 2003 Series Escrow Agreement.

2. In connection with the substitution of the Federal Securities currently on deposit in the Escrow Fund created and established under the 2003 Series Escrow Agreement as provided in the preceding paragraph, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized, in consultation with the Treasurer, Bond Counsel and the State Attorney General, to select and appoint, pursuant to a competitive bidding process, a financial advisory or other qualified firm or entity to serve as a bidding agent for the Authority in connection with the purchase of any substitute Federal Securities which are to be purchased in the open market.

SECTION 404. Appointment of Additional and/or Replacement Broker-Dealers.

In accordance with Executive Order 26, the Treasurer solicited qualifications (the "Broker-Dealer RFQ") from firms interested in performing broker-dealer services for the State or certain independent authorities of the State who issue auction rate obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the Broker-Dealer RFQ, the State selected a pool of firms to perform such broker-dealer services and the pool has a term of three (3) years. Based upon its appointment as Remarketing and Placement Agent for the 2003 Series Bonds and Underwriter for the 2008 Series A Bonds, Morgan Stanley & Co. Incorporated, which currently serves as a Broker-Dealer for the 2003 Series A-5 Bonds, has been selected to serve as an additional Broker-Dealer for the 2003 Series A-3 Bonds and the 2003 Series A-4 Bonds while such 2003 Series Bonds continue to bear interest at the Auction Rate, as permitted by the rules governing selection from the pool. The Authority hereby approves the selection of Morgan Stanley & Co. Incorporated as an additional Broker-Dealer for the 2003 Series A-3 Bonds and the 2003 Series A-4 Bonds and the Auction Agent is hereby directed to enter into an amendment to the Morgan Stanley Broker-Dealer Agreement to effectuate the selection and appointment of Morgan Stanley & Co. Incorporated as an additional Broker-Dealer for such 2003 Series Bonds. In accordance with Executive Order 26, the Authorized Officers of the Authority are, and each such Authorized Officer of the Authority is, hereby authorized and directed, to (i) select, in consultation with the Treasurer and in accordance with the rules governing the selection from such pool, one or more firms from the approved pool to serve as additional Broker-Dealers and/or replacement Broker-Dealers for the 2003 Series Bonds, and (ii) execute and deliver, and direct the Auction Agent to execute and deliver, any and all documents, certificates and other instruments, and take any and all other actions, necessary or desirable in order to effectuate the appointment of such additional and/or replacement Broker-Dealers for the 2003 Series Bonds.

SECTION 405. Additional Proceedings.

As additional proceedings of the Authority in connection with any of the transactions authorized by this Second Supplemental Resolution, there is hereby delegated to the Authorized

Officers of the Authority the power to take the following actions and make the following determinations by a 2008 Series Certificate or Certificates executed by any one such Authorized Officer of the Authority and approved in writing by the Treasurer:

(a) To determine, subject to the provisions of this Second Supplemental Resolution, (i) whether the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds shall be converted from the Auction Rate Period to the Fixed Interest Rate Period, the Weekly Interest Rate Period, the Short-Term Interest Rate Period or the Long-Term Interest Rate Period, (ii) the Interest Rate Period (or the Long-Term Interest Rate Period) to which all or any Series or subseries of the 2003 Series Bonds is to be converted, (iii) whether to issue the 2008 Series A Bonds as provided in Section 301 of this Second Supplemental Resolution, and (iv) any other matters in connection with the transactions authorized by this Second Supplemental Resolution which are necessary to comply with the Resolution and this Second Supplemental Resolution, or deemed necessary or advisable by such Authorized Officer of the Authority and which are not in conflict with or in substitution for the provisions of the Resolution or this Second Supplemental Resolution;

(b) To execute a final Remarketing Circular of the Authority relating to the 2003 Series Bonds to be converted and remarketed, substantially in the form of the Preliminary Remarketing Circular, with such insertions, revisions and omissions as may be authorized by the Authorized Officer of the Authority executing the same, with the advice of Bond Counsel, to deliver such final Remarketing Circular to the Remarketing and Placement Agent for the 2003 Series Bonds to be converted and remarketed and to authorize the use of such final Remarketing Circular and the information contained therein in connection with the remarketing of the 2003 Series Bonds to be converted and remarketed;

(c) To determine, subject to the provisions of this Second Supplemental Resolution, whether the 2008 Series A Bonds shall be issued in one or more subseries or consolidated with any other Series of Bonds into a single Series of Bonds for purposes of issuance and sale, the respective principal amounts, maturity dates, interest rate or rates or yield or yields to maturity or the methods of determining such interest rate or rates, interest payment dates, redemption provisions and denomination or denominations (not exceeding the aggregate principal amount of each maturity) of the 2008 Series A Bonds or each subseries thereof, the true interest cost for the 2008 Series A Bonds and any other provisions necessary to comply with the Resolution or deemed necessary or advisable by such Authorized Officer of the Authority and which provisions are not in conflict with or in substitution for the provisions of the Resolution;

(d) To execute a final Official Statement of the Authority relating to the 2008 Series A Bonds, substantially in the form of the Preliminary Official Statement, with such insertions, revisions and omissions as may be authorized by the Authorized Officer of the Authority executing the same, with the advice of Bond Counsel, to deliver such final Official Statement to the Underwriters for the 2008 Series A Bonds and to authorize the use of such final Official Statement and the information contained therein in connection with the offering and sale of the 2008 Series A Bonds;

(e) To determine the application of the proceeds of the 2008 Series A Bonds for the purposes stated in Section 302 of this Second Supplemental Resolution;

(f) To omit from, add to or incorporate into the designation and title of the 2008 Series A Bonds contained in Section 301 of this Second Supplemental Resolution any provision, or modify such designation or title in any other manner, which may be deemed necessary or advisable by such Authorized Officer of the Authority in connection with the issuance, sale and delivery of, and security for, the 2008 Series A Bonds and which is not inconsistent with the provisions of the Resolution or this Second Supplemental Resolution;

(g) To make the determination of whether all or a portion of the 2003 Series Bonds shall constitute the Refunded Bonds to be refunded with the proceeds of the 2008 Series A Bonds;

(h) In connection with any Credit Facility and/or Standby Agreement relating to the 2003 Series Bonds or the 2008 Series A Bonds, to include in the 2008 Series Certificate such provisions relating to such Credit Facility and/or Standby Agreement as such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, deems necessary or appropriate;

(i) In connection with any of the transactions authorized by this Second Supplemental Resolution, to make such amendments, modifications and revisions to the Resolution or this Second Supplemental Resolution, as (i) may be requested by any Rating Agency in connection with obtaining a rating on the 2003 Series Bonds to be converted and remarketed or the 2008 Series A Bonds from such Rating Agency, (ii) may be requested by the 2003 Series Bond Insurer, the issuer of the New Bond Insurance Policy, any Credit Issuer and/or any Standby Purchaser in connection with obtaining the New Bond Insurance Policy, any other Credit Facility or a Standby Agreement for the 2003 Series Bonds to be converted and remarketed or the 2008 Series A Bonds, (iii) as are authorized in subsection 4 of Section 201 of this Second Supplemental Resolution, or (iv) an Authorized Officer of the Authority may determine, in consultation with the Treasurer, Bond Counsel and the State Attorney General, are necessary or advisable in order to facilitate and effectuate a smooth and efficient conversion and remarketing of the 2003 Series Bonds to be converted and remarketed and/or the issuance of the 2008 Series A Bonds and to provide a mechanism for paying all or a portion of the costs and expenses incurred by the Authority in connection with the transactions contemplated by this Second Supplemental Resolution, including, without limitation, the costs and expenses described in clause (r) of this Section 405, provided that no such amendments, modifications or revisions shall be inconsistent with the provisions of the Resolution or this Second Supplemental Resolution;

(j) To receive proposals submitted in response to the Request for Swap Proposals and, if such Authorized Officer of the Authority, with the advice of Bond Counsel, the State Attorney General and after obtaining the consent of the Treasurer, so determines, to reject any proposal or all proposals submitted and, so far as permitted by law, to waive any irregularities or informalities in any proposal;

(k) To award each 2008 Swap Agreement to the counterparty or counterparties that propose to accept the lowest fixed rate or rates of interest to be paid or locked into by the Authority in exchange for the payment by such counterparty or counterparties of the rate or rates of interest specified in the Term Sheet; provided that (i) such Authorized Officer of

the Authority may accept a proposal stating a higher rate of interest if such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General and after obtaining the consent of the Treasurer, determines, based on other factors (including, without limitation, the credit quality of the counterparty or counterparties), that such higher proposal is more advantageous to the Authority, and (ii) any counterparty so selected shall have a long-term rating of AA- or Aa3 or better by any two Rating Agencies;

(l) To determine, subject to the provisions of this Second Supplemental Resolution, the notional amount, term, interest rate provisions and the effective date or dates and stated termination date or dates of each 2008 Swap Agreement and any other provisions deemed advisable by an Authorized Officer of the Authority which are not in conflict with or in substitution for the provisions of the Resolution or this Second Supplemental Resolution; *provided, however*, that (i) the notional amount of each 2008 Swap Agreement shall not exceed the then outstanding principal amount of the 2003 Series B Bonds or the 2008 Series A Bonds, as applicable, (ii) the maximum term of each 2008 Swap Agreement shall not extend beyond the final maturity date of the applicable Series or subseries of the 2003 Series Bonds or the 2008 Series A Bonds, (iii) if the Authority will be paying a fixed rate to the counterparty under any such 2008 Swap Agreement, the maximum fixed rate to be paid by the Authority under such 2008 Swap Agreement shall not exceed six percent (6.0%) per annum, and (iv) if the Authority will be paying a floating rate to the counterparty under any such 2008 Swap Agreement, the interest rate or index upon which such floating rate is based shall be the interest rate or index which such Authorized Officer of the Authority shall determine, in consultation with the Treasurer and with the advice of Bond Counsel and the State Attorney General, to be the most advantageous to the Authority and the State;

(m) To determine, subject to the provisions of this Second Supplemental Resolution and with the advice of Bond Counsel and the State Attorney General and after obtaining the consent of the Treasurer, whether the Swap Obligations of the Authority, including any Swap Termination Payment payable by the Authority, under any 2008 Swap Agreement shall be on parity with, or subject and subordinate to, the security interest granted and the pledge and assignment made in the Resolution to secure all Bonds issued under the Resolution;

(n) With the advice of Bond Counsel and the State Attorney General, to execute such documents, instruments and papers, including, but not limited to, one or more ISDA master agreements and attached counterparty schedules, credit support annexes and swap confirmation letters, as may be necessary or advisable in conjunction with any 2008 Swap Agreement;

(o) If such Authorized Officer of the Authority, with the advice of Bond Counsel and the State Attorney General, and after obtaining the consent of the Treasurer, so determines, to obtain a commitment or commitments for a swap insurance policy relating to any 2008 Swap Agreement;

(p) To make the determination, after consultation with the Treasurer and in accordance with the provisions of this Second Supplemental Resolution, whether to optionally terminate the Existing Swap Agreements, in whole or in part, and to pay any termination payment required in connection with such termination from any proceeds of any of the

transactions authorized by this Second Supplemental Resolution which are available to be used for such payment, or from any other source of funds of the Authority and available to be used for such payment;

(q) With the consent of the Treasurer and the advice of Bond Counsel and the State Attorney General, and upon receipt of an opinion of Bond Counsel, to transfer any 2008 Swap Agreement to another entity when it is in the best interest of the Authority and to enter into any and all documents necessary to effectuate such transfer;

(r) To determine, in consultation with the Treasurer, whether to pay any or all of the costs and expenses incurred by the Authority in connection with the transactions authorized by this Second Supplemental Resolution, including, without limitation, any and all legal fees, accounting fees, fees of the Remarketing and Placement Agent, the Remarketing Agent, Credit Issuers, Standby Purchasers, the Financial Advisor, Bond Counsel, the 2003 Series Bond Insurer, the issuer of the New Bond Insurance Policy, the Existing Swap Providers, the counterparty or counterparties to any 2008 Swap Agreement and any other fees and expenses incurred in connection with the termination or amendment of the Existing Swap Agreements, from any proceeds of any of the transactions authorized by this Second Supplemental Resolution which are available to be used for such payment, or from any other source of funds of the Authority and available to be used for such payment;

(s) If and to the extent that any of the 2003 Series Bonds are remarketed at a premium in connection with the conversion of the Interest Rate Period for all or any Series or subseries of the 2003 Series Bonds, to obtain one or more fairness opinions from the Financial Advisor relating to such premium;

(t) As and if necessary, to submit an excerpt of the minutes of the meeting of the Authority at which this Second Supplemental Resolution was adopted to the Governor of the State as may be required pursuant to the Act, and to receive, on behalf of the Authority, an approval letter from the Governor, if delivered to the Authority, of said excerpt as it relates to all actions taken by the Authority in connection with the transactions authorized by this Second Supplemental Resolution; and

(u) To make such other determinations, to execute such other documents, instruments and papers, including, without limitation, any supplement or amendment to the Series A Lease, the Series A Sublease or the Series A Funding Agreement, any subscriptions for the purchase and issuance of United States Treasury Securities - State and Local Government Series and any other documents, instruments and papers relating to the purchase of, and the solicitation of competitive bids for the purchase of, any other Federal Securities which the proceeds of the 2008 Series A Bonds may be invested in, and to do such acts and things as may be necessary or advisable in connection with the transactions contemplated by this Second Supplemental Resolution and which are not inconsistent with the provisions of the Resolution or this Second Supplemental Resolution, including, without limitation, all actions and other things necessary to redeem all or a portion of the 2003 Series Bonds in accordance with the provisions of the Resolution.

Any and all actions heretofore taken by the Authorized Officers of the Authority in connection with the transactions authorized and contemplated by this Second Supplemental Resolution are hereby ratified.

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

Any 2008 Series Certificate or Certificate executed by an Authorized Officer of the Authority pursuant to this Section 405 shall constitute a supplement to, and be deemed to supplement, the Resolution and all matters determined by an Authorized Officer of the Authority in such 2008 Series Certificate or Certificate shall be deemed matters incorporated into and a part of the Resolution.

**ARTICLE V
MISCELLANEOUS**

SECTION 501. Appointment of Financial Advisor.

In accordance with Executive Order 26, the Treasurer solicited qualifications (the "Financial Advisor RFQ") from financial advisory firms interested in performing financial advisory services for the State or certain independent authorities of the State who issue obligations backed by contracts, leases or appropriations from the State. Based upon a review of the responses to the Financial Advisor RFQ, the State selected a pool of firms to perform such financial advisory services and the pool has a term of up to three (3) years. In accordance with Executive Order 26, an Authorized Officer of the Authority is hereby authorized to select, in consultation with the Treasurer, a firm to serve as Financial Advisor to the Authority in connection with the transactions authorized by this Second Supplemental Resolution from the approved pool in accordance with the rules governing the selection from such pool, provided that the compensation to be paid to the Financial Advisor for its services shall not exceed \$80,000. Such selection and appointment shall be set forth in the 2008 Series Certificate executed by an Authorized Officer of the Authority in accordance with Section 405 of this Second Supplemental Resolution.

SECTION 502. Payment of Cost of Transactions.

All costs and expenses incurred by the Authority in connection with the transactions contemplated by this Second Supplemental Resolution, including, without limitation, any and all legal fees, accounting fees, fees of the Remarketing Agent, Liquidity Facility Issuers, the Financial Advisor, the State's Swap Advisor, the Insurer, the Existing Swap Provider, the counterparty or counterparties to any 2008 Swap Agreement and any other fees and expenses incurred in connection with the termination or amendment of the Existing Swap Agreement, which are not otherwise paid from any proceeds of the transactions authorized by this Second Supplemental Resolution as provided in clause (r) of Section 405 of this Second Supplemental Resolution shall constitute Series A Administrative Expenses and/or Series A Credit Facility Payment Obligations payable to the Authority pursuant to the Series A Sublease.

SECTION 503. Registration or Qualification of 2008 Series A Bonds Under Blue Sky Laws of Various Jurisdictions.

The Authorized Officers of the Authority are authorized and directed on behalf of the Authority to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption there from) of the 2008 Series A Bonds for issue, offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State of New Jersey) and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters.

**ARTICLE VI
EFFECTIVE DATE**

SECTION 601. Effective Date.

This Second Supplemental Resolution shall become effective at the earliest time permitted by law.

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



July 11, 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, July 9, 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, July 9, 2008.

Present:

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

Richard R. Sarles, Executive Director
Gwen A. Watson, Board Secretary
Howard Sperling, Acting Auditor General
Lynn Bowersox, Assistant Executive Director, Communications & Customer Services
James Gigantino, Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Mala Narayanan, Deputy Attorney General
James Redeker, Vice President of Technology 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

Vice Chairman Myron P. Shevell convened the Open Session at 9:05 a.m. in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss contract negotiations and attorney-client, litigation and personnel matters. A motion was made by Patrick O'Connor, seconded by Kenneth E. Pringle and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 10:00 a.m. and asked for a motion to adopt the minutes of the June 11, 2008 meeting. A motion was made by Kenneth E. Pringle, seconded by Susan L. Hayes and unanimously adopted.

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

Fiscal Year 2009 Operating and Capital Budgets

Executive Director Sarles said the Board has for its consideration the Fiscal Year 2009 operating and capital budgets. Both focus on delivering reliable service to meet historic levels of ridership demand in cost effective ways. The operating budget includes a \$60 million increase in State support thanks to Governor Corzine and Chairman Kolluri and helps offset extraordinary cost growth from fuel, train/bus parts and Access Link

Paratransit. The budget supports record ridership at a time when people are turning to public transportation, given the price of gasoline. Ridership exceeded 900,000 trips per weekday in the quarter that ended June 30, 2008, a significant milestone on a steady march to a million. It assumes no net service growth and reductions in administrative costs of 20 percent are already underway. Given the extreme volatility of fuel prices, there is a need to continue to carefully monitor both ridership demand and cost growth. Executive Director Sarles said NJ TRANSIT is already taking actions to curb fuel costs, including an energy audit and looking for opportunities to spend less on diesel fuel in particular. For example, next month's conversion of nine trains on the Morris & Essex Lines from diesel to electric locomotives will save approximately 150,000 gallons of diesel fuel.

Executive Director Sarles said the Capital budget includes a \$1.2 billion program to maintain a state-of-good-repair for existing systems, advances the Access to the Region's Core tunnel project, Portal Bridge, the Hudson-Bergen Light Rail extension to 8th Street in Bayonne and other key projects. It modernizes bus and rail fleets including 1,365 new buses, 279 Multilevel vehicles, 110 electric Multiple Units and 53 electric and dual-powered locomotives that add seats and reliability for customers. Rail station improvements at Newark Penn Station, Ridgewood and South Amboy are also included.

Dual-Powered Locomotives

Executive Director Sarles said today's agenda item seeks authorization to purchase 26 dual-powered locomotives that operate under diesel power (37 percent of the system in route-miles) and switch seamlessly to electric mode. Flexibility is important when the Access to the Region's Core project is completed, opening up the possibility for one-seat rides to Manhattan for customers starting their trips in non-electric territory. Replacing 26 aging diesel locomotives now will allow us to gain valuable experience with dual-powered locomotives and NJ TRANSIT will get immediate benefits: they are more efficient than the diesels they replace and they operate cleaner in electric mode, with better acceleration. A contract with the manufacturer, Bombardier, calls for delivery from mid-2011 until early 2013.

Bus Operations Communications

Executive Director Sarles was pleased to announce that the Bus Operations Communication center is up and running as of Monday. It was modeled after the Rail Operations Center to provide local and intrastate bus customers the same level of accurate and timely information that the interstate bus customers enjoy. He said now all bus customers can get up-to-the-minute information on their trips weekdays from 5:30 a.m.-10:00 p.m. through NJ TRANSIT's web page (njtransit.com), through dynamic signs and passenger announcements at terminals and by signing up for My Transit alerts, provided through customers' web-enabled portable communication devices

Tie Replacement and Rail Schedule Changes

Executive Director Sarles said the Amtrak tie replacement program on the Northeast Corridor is progressing on schedule and will be switching from outbound Track 4 to

inbound Track 1 on August 3. As reported last month, closure of Track 1 from New Brunswick to Trenton requires schedule changes. Platform bridges at Princeton Junction and Hamilton stations will be switched to the inbound side and inbound trips will be slightly longer to account for slower boarding and exiting. A few minutes will be trimmed from the length of outbound trips on some trains, and a trip to Jersey Avenue will be restored. NJ TRANSIT will continue to keep customers informed with station posters, seat drops, email alerts and website updates.

Executive Director Sarles said three new trains will be added on the Montclair-Boonton line, two with weekday reverse-peak service from Montclair State University to Hoboken, and one from Montclair State University to New York to accommodate ridership demand. Within the next month, NJ TRANSIT will add Multilevels for the first time on the Raritan Valley Line and Main/Bergen County Lines and provide customers with more comfort while expanding capacity.

Last month, Executive Director Sarles outlined other service adjustments on the North Jersey Coast Line, Raritan Valley Line, Morris & Essex Line and Main/Bergen County Lines, and those schedule details will be published for customers this month. Executive Director Sarles encouraged customers to pick up new schedules effective August 3, 2008 to plan their trips.

Newark Penn Station Retail Lease

Executive Director Sarles acknowledged Charlie Wedel and the staff in the Real Estate Department for their leadership in bringing a nationally recognized restaurant to Newark Penn Station. Au Bon Pain, which has been very popular with riders in Washington's Union Station and Philadelphia's 30th Street Station, is coming to Newark. The vendor was selected through a competitive bid and replaces the existing Café 1935, (which did not bid). This bolsters non-fare revenue with a five year lease plus a five year option, nearly \$2.5 million in base rent over 10 years. NJ TRANSIT is looking at other locations in Newark Penn Station for new proposals.

D.C. Agrawal

Executive Director Sarles announced that D.C. Agrawal will retire this summer. He said it is hard to summarize Mr. Agrawal's contributions to NJ TRANSIT, which span about a 30-year career of public service. Executive Director Sarles said when NJ TRANSIT bought Transport of New Jersey from PSE&G in 1980, Mr. Agrawal served as Chief Financial Officer and his name appeared on the company check. He has been at NJ TRANSIT since the very beginning and is clearly a founding staff member of this company. Mr. Agrawal has been, for the last several years, the Assistant Executive Director of the Corporate Strategy, Policy and Contracts department, leading the work with federal regulatory agencies such as the Federal Railroad Administration and Surface Transportation Board, and with sister agencies including Amtrak, Metro-North, MTA, SEPTA, and freight railroads, Conrail and CSX, all of which are important partners in NJ TRANSIT operations.

Mr. Agrawal's personal commitment to public service and good economics have saved NJ TRANSIT tens of millions of dollars over his years of service. He has been a key team member on virtually every important project, including the 7th Avenue Concourse, which proved a two-year long negotiation with Amtrak. His perseverance improved the daily commuting experience for many customers. NJ TRANSIT was very lucky to have Mr. Agrawal working at the New Jersey Department of Transportation in 1977 and to be part of our creation and to have him as a professional leader in this agency since its inception. In addition to his many business talents, Mr. Agrawal represents what is best in public service, a leader who is ethical and profoundly committed to always doing what is in the best interest of NJ TRANSIT.

Executive Director Sarles mentioned that Mr. Agrawal's long-time assistant, Linda Lanza, is also retiring. She has been with NJ TRANSIT and the predecessor companies, Erie Lackawanna and Conrail, for almost 40 years. Mr. Agrawal and Ms. Lanza will be deeply missed and NJ TRANSIT wishes them all the best in their retirement.

William Wright presented the Advisory Committee report. On July 24, 2008, the North and South Jersey Transit Advisory Committees will have a joint meeting in Trenton to discuss events linked to the northern and southern portions of the State. Mr. Wright was pleased that the State put in \$60 million to make transit more attractive in this time of great turmoil with high gas prices. Mr. Wright is concerned and saddened with the lack of action for not raising the gas tax and hopes Trenton will take action to equalize the subsidy for the transit riders as they do for the motorists.

Mr. Wright commented on the dual-powered locomotives and was pleased this is moving along. He said freight railroads do not want additional electrification hung over their lines and this type of locomotive will be beneficial. He also commented on the Access to the Region's Core agenda items and said THE Tunnel is essential if the system is to grow. It is essential to continue to plan ahead and he is personally concerned that inflation and the cost of steel may end the quest to get to Manhattan. He hopes NJ TRANSIT moves forward with 34th Street Station and direct connections to the subway. He was pleased to hear that Au Bon Pain will be a new tenant in Newark Penn Station.

Board Member Kenneth E. Pringle presented the Capital Planning, Policy & Privatization Committee report to the Board. The Committee reviewed both the operating and capital budgets for Fiscal Year 2009, as well as the two items on today's agenda which progress the Access to the Region's Core project. The Committee discussed the purchase of 26 dual-powered locomotives which will allow NJ TRANSIT to operate this equipment on either electrified or non-electrified territory with cleaner, more technologically advanced and fuel efficient cars. The Committee reviewed the scope of the Portal Bridge replacement, the progress on the Northern Branch Rail Corridor project and members were very pleased to hear that a nationally recognized brand name, Au Bon Pain, will be leasing the restaurant space in the Main Waiting Room of Newark Penn Station beginning later this year.

Board Member Flora Castillo presented the Administration Committee report to the Board. The Committee was updated on the Fiscal Year 2009 Operating Budget which includes expenditures of \$1.7 billion. Fuel expenses will be a challenge in the next fiscal year. The committee was also briefed on the \$1.29 billion Fiscal Year 2009 Capital Program which includes major initiatives for capital maintenance, Access to the Region's Core, rail rolling stock as well as major projects. The Committee was also briefed on the two items relating to the Access to the Region's Core which includes General Engineering Architectural Consultant Services and acquisition of real estate property interests and professional support services. These two items are critical elements in advancing this project. Ms. Castillo personally thanked Mr. Agrawal for his counsel and guidance over the last years and his passion and commitment to advancing NJ TRANSIT initiatives will be greatly missed.

David Peter Alan presented the Senior Citizen and Disabled Resident Transportation Assistance Program (SCDRTAP) report to the Board. Mr. Alan said Chairman Ernie Anamone authorized him to provide this report. Mr. Alan explained the Committee performs an important function of helping to improve mobility for senior citizens and persons with disabilities. The Committee has two items of concern, Casino Revenue Funds and Access Link.

Mr. Alan said over the next three months, the Committee will review applications from New Jersey's 21 counties for transportation assistance for senior citizens and disabled residents. Currently 7.5 percent of the Casino Revenue Fund is allocated for this program. However, Senate Bill 1830 would increase the share to 8 percent. The Committee strongly supports this initiative and urged NJ TRANSIT to do the same.

Mr. Alan said the Committee was concerned when they learned NJ TRANSIT eliminated the "800 number" for transit information and were concerned a similar number for Access Link reservations would also be eliminated. Mr. Alan said before today's meeting, Mr. Redeker assured him that the "800 number" for Access Link would remain in effect for Access Link reservations.

Mr. Alan commented that he would miss D.C. Agrawal who has always been very helpful on NJ TRANSIT and APTA issues and wished him well in his retirement.

There were four public comments on agenda items. Board Secretary Watson announced a three minute time limit for speakers.

David Peter Alan on behalf of the Lackawanna Coalition acknowledged his uneasiness with the new three minute time limit for statements before the Board. He said the Corporation is hurting itself by limiting the amount of vital information the public could provide. Mr. Alan said there is no information on the amounts of money that are allocated for the operating and capital budget items so the public cannot comment intelligently on them. He said the lack of information violates the "right to know" spirit of the Open Public Meetings Act and questioned the legality of the entire budget proceeding.

Regarding the Access to the Region's Core project, the Coalition makes the same objection to the expenditure of over \$90 million to Parsons Brinckerhoff and colleagues. He does not know how the money was spent and has reason to believe that much of this work could be done by other engineers at a considerable cost saving. The same is true for the real estate acquisition where NJ TRANSIT plans to "jump the gun" instead of waiting for the Final Environmental Impact Statement. Real estate prices are going down and it would make sense to wait before buying and to find out what the real needs are and save money too.

Mr. Alan said the current plan for the Portal Bridge makes no sense. It calls for a 50 foot high fixed span and a 40 foot high span with a ten foot lift capability. He said this would be far more expensive than two 40 foot liftable spans and he has not been told why the less expensive option is not under consideration. He urged the Board to adopt George Haikalis's proposal to route the new tunnel through Hoboken to Penn Station and save all of the money that would otherwise be spent on the Portal Bridge.

Mr. Alan said the price NJ TRANSIT intends to pay for locomotives, over \$11,600,000 per unit, strains credibility. This is five times the cost of other modern locomotives and it is proposed at a time when senior management claims that NJ TRANSIT eliminated off-peak rail service because fuel was too expensive.

Mr. Alan said money is short and everyone needs to think of creative ways to serve the rail-riding public whether they are commuters or occasional off-peak riders. Unfortunately, a spendthrift attitude pervades the entire Access to the Region's Core Tunnel and Portal Bridge proposal. Mr. Alan said it is time for the Board, under its fiduciary obligation to protect the public, to direct management to come to terms with financial reality and begin to plan accordingly.

Chairman Kolluri assured Mr. Alan that his right of expression will never be curtailed and although there is a three minute time limit for speakers, he has the right to submit his comments in writing and also said all engineering and construction projects are done in accordance with the law. Chairman Kolluri addressed Mr. Alan's concern about the budgets and said both the operating and capital budget board items are explicit.

Philip Craig supports the agenda item Purchase of 26 Dual-Powered Passenger Locomotives but is concerned about the option to purchase 63 additional locomotives that could cost approximately \$750 million. Mr. Craig said the era of cheap oil is over and suggested that the Board direct NJ TRANSIT staff to do an in-depth study of electrification as an alternative to the future purchase of locomotives. Mr. Craig suggested the Montclair-Boonton Line, North Jersey Coast Line between Long Branch and Bay Head and the Main-Bergen and Raritan Valley lines could be studied for electrification. Mr. Craig said his point is that, before NJ TRANSIT goes ahead with a sole source procurement for an additional 63 locomotives, a study be conducted to determine the operating, capital and maintenance costs to make sure the right decision is made.

Michael Lattif, Transit Committee of Bergen County, urged NJ TRANSIT to immediately initiate an electrification strategy of high volume diesel lines. Mr. Lattif read an article

from Mass Transit regarding high diesel prices and capacity issues. He said the article indicated the high cost of diesel and a bigger problem of supply. Mr. Lattif said the worst nightmare is not how much fuel costs, but what happens if the tank runs dry. He said the GM Company is thinking strategically and NJ TRANSIT should also take the opportunity to commence an electrification strategy on high diesel lines.

Al Cafiero, on behalf of Senator Cardinale, said NJ TRANSIT should address the problem of a massive fuel shortage that looms on the horizon. He said it is an emergency situation that changes all the priorities including THE Tunnel. Mr. Cafiero said THE Tunnel project was conceived in an era of cheap fuel and in light of the many changes in fuel costs, priorities may need to be changed. The physical and financial resources may not be available for completion of THE Tunnel. Mr. Cafiero believes the country is heading for a difficult period and conditions could be worse than the Great Depression and suggested that the best NJ TRANSIT could do to prepare for the future is to prepare for the worst.

Executive Director Sarles presented the following Action Items for approval:

0807-44: FISCAL YEAR 2009 OPERATING BUDGET

The Fiscal Year 2009 Operating Budget requests expenditures of \$1.7 billion offset by \$870 million in passenger and other revenues, \$358 million in state operating assistance which is \$60 million more than last year's assistance and \$475 million in other state and federal reimbursements. The proposed budget includes more than \$40 million in cost savings initiatives, with a 20 percent cut in the agency's administrative functions. The volatility of diesel fuel may require additional business actions in the upcoming fiscal year. Bus and rail service growth is basically eliminated and any new service can only be provided through parallel reductions in the system's less efficient service areas. This item also requests authorization to continue to expend funds to meet obligations until the adoption of a Fiscal Year 2010 Operating Budget.

Patrick O'Connor moved the resolution, Myron P. Shevell seconded it and it was unanimously adopted.

0807-45: FISCAL YEAR 2009 CAPITAL PROGRAM

NJ TRANSIT's Fiscal Year 2009 capital program of \$1.29 billion is focused on addressing the critical needs of transit infrastructure, ensuring the basic reliability and state-of-good-repair of the bus, rail and light rail systems. Sixty-seven percent of this money is targeted to state-of-good-repair and capital maintenance to maintain and improve this very large transportation system, with \$137 million for THE Tunnel advancement and \$15 million for the Hudson Bergen Light Rail extension to 8th Street in Bayonne. The program modernizes the bus and rail fleet with 1,365 new buses, 279 Multilevel vehicles, 110 electric multiple units and 53 electric and dual

powered locomotives that add seats and reliability. The remaining funds are dedicated to fixed expenses including more than \$129 million in debt service.

Flora Castillo moved the resolution, Susan L. Hayes seconded it and it was unanimously adopted.

0807-46: ACCESS TO THE REGION'S CORE: GENERAL ENGINEERING ARCHITECTURAL CONSULTANT SERVICES: THE PARTNERSHIP – CONTRACT AMENDMENT

The Federal Transit Administration's Record of Decision for THE Tunnel project is anticipated this fall. Approval is requested to continue the progress with advanced preliminary engineering which will allow for more geotechnical investigations including completion of borings in the Hudson River and uninterrupted development of the three design/build tunneling packages. This authorization will fund extended preliminary engineering with THE Partnership at a cost not to exceed \$8 million plus five percent for contingencies.

Myron P. Shevell moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

0807-47: ACCESS TO THE REGION'S CORE – ACQUISITION OF REAL ESTATE PROPERTY INTERESTS AND THE PROFESSIONAL SUPPORT SERVICES NECESSARY TO ACQUIRE NEW JERSEY PROPERTY INTERESTS FOR THE PROJECT

Another step in progression of THE Tunnel project, is a request to take all actions necessary to acquire real estate on the New Jersey side of the river for the Access to the Region's Core project, as well as to engage experts in appraisal, review, relocation and title search to support the acquisitions. One property not included in this request. is the property owned by the Hudson County Improvement Authority which is needed as a rail storage yard. Approval is requested for \$60.65 million plus five percent for contingencies to purchase those parcels after receipt of the Record of Decision as well as \$1,713,500 for support services from 10 specialized firms outlined in the Board item.

Susan L. Hayes recused herself from voting on Item No. 0807-47. Flora Castillo moved the resolution, Patrick O'Connor seconded it and it was adopted.

0807-48: DUAL-POWERED PASSENGER LOCOMOTIVES: PURCHASE OF 26 PASSENGER LOCOMOTIVES AND CONTRACT AMENDMENT FOR ENGINEERING ASSISTANCE

Currently NJ TRANSIT uses diesel locomotives which are more than 40

years old and in need of replacement. Approval is requested to replace this older generation with advanced technology dual-powered locomotives. Dual-powered locomotives can operate in either electrified or non-electrified territory, and are more efficient and cleaner than the older diesel fleet. Purchasing this new high tech equipment now will give us the opportunity to gain operational experience in anticipation of the Access to the Region's Core project completion which will provide one seat, direct rail service to New York from diesel territories. Approval is requested to contract with Bombardier Transit Corporation to purchase 26 dual-powered locomotives, with an option for 63 more, at a cost not to exceed \$309,921,369 plus five percent for contingencies. NJ TRANSIT will be partnering in this procurement with Montreal's Agence Metropolitaine de Transport which is purchasing 20 of these locomotives. NJ TRANSIT will act as the lead procurement agency and both agencies will share development costs. At the same time, authorization is requested to amend an existing contract with STV, Incorporated for design and engineering assistance during the manufacture of this equipment at a cost not to exceed \$7,904,000 plus five percent for contingencies.

Myron P. Shevell recused himself from voting on Item No. 0807-48. Kenneth E. Pringle moved the resolution, Patrick O'Connor seconded it and it was adopted.

Board Member Kenneth E. Pringle commented that NJ TRANSIT is taking an important and far reaching step in procuring the dual-powered locomotives. NJ TRANSIT made this arrangement with its sister agency in Montreal because this type of equipment does not exist in North America. The dual-powered locomotives will provide flexibility for both electric and diesel. Board Member Pringle said electricity costs will also go up with market prices and to have the ability to switch to diesel is an advantage.

0807-49: PORTAL BRIDGE CAPACITY ENHANCEMENT PROJECT: CONTRACT AWARD FOR PRELIMINARY ENGINEERING AND DESIGN

Amtrak's aging Portal Bridge on the Northeast Corridor began operation in 1910 and is nearing the end of its service life. Delays due to inadequate clearances and malfunctions after bridge opening result in numerous delays and its two track structure is outdated and incapable of adapting to present demands for rail service into Manhattan. Approval is requested to continue the Portal Bridge Capacity Enhancement Project and to begin the process of replacing this bridge with two parallel structures. one new three track fixed northern bridge and a new two-track moveable southern bridge. Hearings were held in March of this year and the Final Environmental Impact Statement has been delivered to the FRA for review. Authorization is requested to contract with Portal Partners for preliminary design and engineering services for this project at a cost not to exceed \$31,600,000 plus five percent for contingencies.

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

0807-50: RESOLUTION OF NEW JERSEY TRANSIT CORPORATION RELATING TO THE CONVERSION AND REMARKETING AND/OR REFUNDING OF 2003 SERIES BONDS ISSUED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY FOR THE SOUTHERN NEW JERSEY LIGHT RAIL

In mid-1999 the New Jersey Economic Development Authority issued \$486 million of revenue bonds for construction of the RiverLINE. These notes were partially refunded in 2003 and have an annual debt service of about \$49 million per year through 2019. The auction rate market effectively collapsed in 2008, leaving a resulting increase of about \$600,000 in monthly interest expense. Approval is requested to replace these bonds, which are auction rate security bonds, with fixed or variable rate notes. Approval is also requested to take all actions necessary to convert and remarket or refund these 2003 series bonds and to pay all fees associated with this transaction.

James A. Carey moved the resolution, Kenneth E. Pringle seconded it and it was unanimously adopted.

(ITEM #0807-50 WAS PREVIOUSLY FORWARDED TO THE GOVERNOR ON JULY 9, 2008.)

0807-51: CERTIFICATES OF PARTICIPATION: SERIES 2005A

In 2005, NJ TRANSIT issued Certificates of Participation to purchase Multilevel railcars under contract options with Bombardier. Equipment acquired with federal funds is not eligible for cross border leasing. In order to gain the benefit from cross border leases, approval is requested to pay for certain Multilevel railcars with non-federal funds as well as legal fees necessary to effect this change.

Myron P. Shevell moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

0807-52: NORTHERN BRANCH RAIL CORRIDOR ENVIRONMENTAL IMPACT STATEMENT: CONSULTANT CONTRACT AMENDMENT

The Northern Branch Rail Corridor project will reintroduce rail service in eastern Bergen County and marks a significant step toward congestion relief on overburdened roadways. NJ TRANSIT is in the process of completing the Environmental Impact Statement and obtaining a Record of Decision from the Federal Transit Administration. Authorization is requested to amend an existing contract with Jacobs Engineering Group

for anticipated additional work to complete the Draft Environmental Impact Statement and prepare the final. The cost will not exceed \$1,050,000 plus five percent for contingencies.

Flora Castillo moved the resolution, Susan Hayes seconded it and it was unanimously adopted.

0807-53: MINIBUS ROUTE SERVICES

NJ TRANSIT operates 12 minibus routes with annual ridership of 430,000 which are more effectively operated by private carriers and smaller bus equipment. Approval is requested to continue those services with four contracts with private carriers as detailed in the Board agenda to provide regular and flexible route minibus services for 36 months through October, 2011. The total cost will not exceed \$12,362,097 plus 10 percent for contingencies.

Myron P. Shevell moved the resolution, Patrick O'Connor seconded it and it was unanimously adopted.

0807-54: NEWARK PENN STATION – LEASE OF RETAIL SPACE MAIN WAITING ROOM

Through a competitive bid process, Au Bon Pain was selected as the food service/restaurant concession vendor in Newark Penn Station. This lease will provide non-farebox revenue to NJ TRANSIT and a recognized brand food service encompassing breakfast, lunch, dinner and snack items to NJ TRANSIT customers utilizing Newark Penn Station. Approval is requested to enter into a lease with ABP Corporation d/b/a Au Bon Pain for five years with a five year renewal option at an initial base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million.

Myron P. Shevell moved the resolution, Flora Castillo seconded it and it was unanimously adopted.

Executive Director Sarles presented the following Consent Item for approval:

0807-55: LEASE OF PAGERS

Authorization is requested to enter into a procurement-by-exception contract with USA Mobility for the lease of approximately 2,400 pagers and the associated network and operator services at a total cost not to exceed \$150,000 for a one-year contract.

The Consent Calendar was moved in its entirety by Flora Castillo and seconded by Myron P. Shevell.

(NJT BOARD -07/09/2008)

There were four public comments on non-agenda items.

Stephen J. Burkert, Train Conductor on the MidTOWN Direct service commented about an incident that took place on June 26, 2008. While preparing his train for departure from Penn Station New York, a fire started next to the train causing the train to fill with smoke. He knew if the train coach caught fire, there would be widespread panic. He implemented his past training and used a fire extinguisher to stop the flames. Due to his asthma, the chemicals from the extinguisher combined with the smoke caused him to be taken off the train by emergency medical staff and taken to a hospital. He was not medically qualified to work for six days. When he returned to work, he attempted to recoup his lost earnings and was told to talk to the Claims Department. Mr. Burkert spoke to the Claims Department on July 1st and as not been compensated. He said due to a past experience with the Claims Department the process could take years for completion. Mr. Burkert said he will not receive a paycheck this week and does not understand why. He said he is required to protect company property, which he did and asked to be treated fairly and with respect. Mr. Burkert requested that a committee be established to provide better service to employees and asked the Board's assistance in this matter.

Chairman Kolluri said that H. Charles Wedel will look into matter and will get back to Mr. Burkert.

Patrick Reilly, United Transportation Union, represents conductors and trainmen. Mr. Reilly thanked D.C. Agrawal for his service and said he worked with Mr. Agrawal on several projects. Mr. Reilly addressed Mr. Burkert's comments and said a procedure is in place and he will process Mr. Burkert's grievance through the proper channels. Mr. Reilly said awhile ago he addressed the Board about problems with the train doors. Since then, he has worked with Bill Duggan and Bobby Lavell and has seen improvements with the door problems. Mr. Reilly complimented Mr. Duggan and Mr. Lavell.

David Peter Alan, on behalf of the Lackawanna Coalition, said he regularly praised NJ TRANSIT management for the dialogue that existed between them and the riders' advocates but unfortunately can no longer say that due to the recent contemptuous acts of management toward rail riders. Until two months ago, riders on the Morris & Essex Lines enjoyed half hourly access from Newark to Dover on weekdays, both mid-day and evening. Many transit-dependent persons were attracted to the high level of service on the line and chose to live along the line. Mr. Alan said now the service is gone with a single act perpetrated and implemented in secret. There is only half the access along that line. Weekend service to Hoboken has been essentially obliterated and such a massive service reduction is unprecedented in the history of NJ TRANSIT. Mr. Alan alleged that the service reduction was done with disregard to NJ TRANSIT's statute, which requires a public hearing before an "abandonment or substantial curtailment" of service is implemented.

Mr. Alan said he was informed by senior rail management that the trains were eliminated because it is more cost-effective to buy fuel for a crowded peak hour train than for a less crowded midday or evening train. Yet Manhattan commuters, who are

among the wealthiest in the nation, pay less per ride than off-peak riders who are far less wealthy and often transit-dependent. To claim an inability or unwillingness to allow levels of mobility for riders who most need it and also use the least resources, while at the same time planning to spend ten billion dollars on a mega project that will not be needed is cruel, indifferent and contemptuous to the riders who count on NJ TRANSIT for their basic mobility.

Mr. Alan said the custom of secrecy remains. Rail managers know which trains they plan to eliminate in the next round of cuts but refuse to tell anyone. Mr. Alan said it is this Board's fiduciary obligation to protect the public interest and to continue to tolerate service cuts made in secret would constitute a serious breach of public duty. Rail managers claim they cannot afford to operate trains that ran two months ago. Like many compulsive spenders, NJ TRANSIT managers seem unable to serve transit riders and live within their means and it is the Board's obligation to show them how.

Mr. Alan agreed with Mr. Craig's and Mr. Lattif's comments regarding electrification of rail lines and urged the electrification of the line from Montclair State University to Denville to be done as soon as possible.

Al Cafiero, on behalf of Senator Cardinale, thanked Steve Santoro and his staff for a very good presentation regarding the 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 Myron P. Shevell, seconded by Patrick O'Connor and unanimously adopted.

The meeting was adjourned at approximately 11:05 a.m.

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

JULY 9, 2008

MINUTES

- **EXECUTIVE SESSION AUTHORIZATION** **40139**
- **APPROVAL OF MINUTES OF PREVIOUS MEETINGS** **40140**
- **EXECUTIVE DIRECTOR'S MONTHLY REPORT** **40141**
- **ADVISORY COMMITTEE REPORTS**
- **BOARD COMMITTEE REPORTS**
 - *Capital Planning, Policy & Privatization Committee-Shevell
 - *Administration Committee-Castillo
- **PUBLIC COMMENTS ON AGENDA ITEMS**

ACTION ITEMS

0807-44 FISCAL YEAR 2009 OPERATING BUDGET **40168**

Adoption of the proposed Fiscal Year 2009 Operating Budget as detailed in the item and on the attached exhibits.

0807-45 FISCAL YEAR 2009 CAPITAL PROGRAM **40175**

Adoption of the proposed Fiscal Year 2009 Capital Program totaling \$1.29 billion and authorization to seek and secure necessary funding and execute agreements, as required, to accept such funding. Authorization to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources. Authorization to make application, execute contracts and take whatever other actions are necessary to seek and secure unanticipated funds consistent with the basic intent of the capital program, which may become available subsequent to its adoption.

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0807-46 ACCESS TO THE REGION'S CORE: GENERAL ENGINEERING ARCHITECTURAL CONSULTANT SERVICES: THE PARTNERSHIP - CONTRACT AMENDMENT 40191

Authorization to fund Extended Preliminary Engineering to extend contract (No. 06-046) with THE Partnership, a joint venture between, Parsons Brinckerhoff, Inc., STV Inc., and DMJM Harris, Inc. of Newark, New Jersey, for General Engineering / Architectural Consultant for the Access to the Region's Core THE Tunnel Project at the cost not to exceed \$8,000,0000, plus five percent, for contingency, for a total contract authorization of \$90,493,869, plus five percent for contingency, subject to the availability of funds.

0807-47 ACCESS TO THE REGION'S CORE – ACQUISITION OF REAL ESTATE PROPERTY INTERESTS AND THE PROFESSIONAL SUPPORT SERVICES NECESSARY TO ACQUIRE NEW JERSEY PROPERTY INTERESTS FOR THE PROJECT 40194

Authorization to acquire all property interests in the State of New Jersey required for the construction of the project, except for the property rights needed for the mid-day rail storage yard from the Hudson County Improvement Authority, that will be sought at a later date, and the payment of relocation benefits in accordance with the Uniform Act at a cost not to exceed \$60,646,000, plus five percent for contingency. The property interests to be acquired may include fee, permanent and temporary surface, subsurface and riparian easements, leases, permits, licenses, right of entry or however else obtained subject to receipt of the Record of Decision from the Federal Transit Administration

NJ TRANSIT will also retain appraisers, review appraisers, relocation and other specialized consultants at a cost not to exceed \$1,713,500 plus five percent for contingency. Following a public process, ten sub consultants; who specialize as appraisers, railroad right-of-way appraisers, review appraisers, relocation firms, and other specialized firms have been selected. They include the following firms: Jerome Haims Realty, Stack, Coolahan & Stack, Izenberg Appraisal, Federal Appraisal & Consulting, RMI Midwest, Rail Trac Associates, Integra Realty Services, Universal Field Services, Phillips, Preiss, Shapiro, and O.R. Colon Associates.

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0807-48 DUAL-POWERED PASSENGER LOCOMOTIVES: PURCHASE OF 26 PASSENGER LOCOMOTIVES AND CONTRACT AMENDMENT FOR ENGINEERING ASSISTANCE 40199

Authorization to contract (No. 07-062) with Bombardier Transit Corporation of Bensalem, Pennsylvania, for the purchase of 26 Dual-Powered Locomotives, including spare parts, at a cost not to exceed \$309,921,369, plus five percent for contingencies, subject to the availability of funds.

Authorization to amend the contract (No. 05-098) with STV, Incorporated of New York, New York, for design and engineering assistance with the manufacture of the dual-powered locomotives at a cost not to exceed \$7,904,000, plus five percent for contingencies, for a total contract authorization of \$13,352,850, subject to the availability of funds.

0807-49 PORTAL BRIDGE CAPACITY ENHANCEMENT PROJECT: CONTRACT AWARD FOR PRELIMINARY ENGINEERING AND DESIGN 40203

Authorization to contract (No. 08-042) with Portal Partners of Audubon, Pennsylvania for consultant services in support of the preliminary design and engineering effort of the Portal Bridge Capacity Enhancement Project at a cost not to exceed \$31,600,000, plus five percent for contingencies, subject to the availability of funds.

0807-50 RESOLUTION OF NEW JERSEY TRANSIT CORPORATION RELATING TO THE CONVERSION AND REMARKETING AND/OR REFUNDING OF 2003 SERIES BONDS ISSUED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY FOR THE SOUTHERN NEW JERSEY LIGHT RAIL SYSTEM 40206

Authorization to execute all documents relating to the conversion and remarketing and/or refunding of the 2003 Series Bonds issued by the New Jersey Economic Development Authority for Southern New Jersey Light Rail and to pay all fees associated with the transaction.

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0807-51 CERTIFICATES OF PARTICIPATION: SERIES 2005A 40212

Authorization to pay for certain Multilevel cars with non-federal funds allowing it to cross-border lease equipment.

0807-52 NORTHERN BRANCH RAIL CORRIDOR ENVIRONMENTAL IMPACT STATEMENT: CONSULTANT CONTRACT AMENDMENT 40214

Authorization to amend the contract (No. 95CR062) with Jacobs Engineering Group Inc. of Morristown, New Jersey, for anticipated additional work to complete the Draft Environmental Impact Statement and for preparation of the Final Environmental Impact Statement for the Northern Branch Rail Service project at a cost not to exceed \$1,050,000 plus five percent for contingencies, for a total contract authorization of \$8,418,282, subject to the availability of funds.

0807-53 MINIBUS ROUTE SERVICES 40217

Authorization to enter into four contracts with private motorbus carriers, as detailed on Exhibit A, for the operation of regular and flexible route minibus services for an initial 36-month contract period from October 5, 2008 through October 1, 2011 at a combined cost not to exceed \$12,362,097, plus 10 percent for contingencies. Authorization to exercise the options to extend these contracts for the two 24-month option periods, from October 2, 2011 through September 28, 2013 and September 29, 2013 through September 26, 2015, in accordance with the RFP and the carriers' proposals, at a later date(s). Funding of these agreements shall be subject to the availability of funds and Board approval of NJ TRANSIT's operating budgets.

0807-54 NEWARK PENN STATION - LEASE OF RETAIL SPACE MAIN WAITING ROOM 40221

Authorization to enter into a lease with ABP Corporation d/b/a Au Bon Pain for the operation of a food service/restaurant concession consisting of approximately 2,700 square feet in the Main Waiting Room at Newark Penn Station for five years with a five-year renewal option at an initial annual base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million.

NEW JERSEY TRANSIT CORPORATION
NJ TRANSIT BUS OPERATIONS, INC.
NJ TRANSIT RAIL OPERATIONS, INC.
NJ TRANSIT MERCER, INC.
REGULARLY SCHEDULED BOARD OF DIRECTORS MEETING
JULY 9, 2008
MINUTES
PAGE 5

CONSENT CALENDAR

0807-55 LEASE OF PAGERS

40225

Authorization to enter into a procurement-by-exception contract with USA Mobility for the lease of approximately 2,400 pagers and the associated network and operator services at a total cost not to exceed \$150,000 for a one-year contract.

PUBLIC COMMENTS ON NON-AGENDA ITEMS

EXECUTIVE SESSION AUTHORIZATION

BE IT HEREBY RESOLVED pursuant to N.J.S.A. 10:4-12 and N.J.S.A. 10:4-13 that the Board of Directors of the New Jersey Transit Corporation hold an executive session to discuss contract negotiations and attorney-client, litigation and personnel matters; and

BE IT FURTHER RESOLVED that it is expected that discussions undertaken at this executive session could be made public at the conclusion of these matters as appropriate.

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 June 11, 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 June 12, 2008;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the June 11, 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

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



40141

TO: BOARD OF DIRECTORS
FROM: RICHARD R. SARLES *Richard Sarles*
DATE: JULY 9, 2008
SUBJECT: EXECUTIVE DIRECTOR'S REPORT – JULY 2008

Today we are seeking the Board's approval of the Fiscal Year 2009 (FY09) operating and capital budgets, which focus on the cost-effective delivery of reliable service to meet historic levels of ridership demand. I would like to thank Governor Corzine and Chairman Kolluri for securing a \$60 million increase in state support for our operating budget, which helps to offset cost growth from fuel, train and bus parts, and Access Link Paratransit.

The FY09 budget supports record ridership at a time when the high price of gasoline means that more people are turning to public transportation. In the quarter that ended June 30, ridership exceeded 900,000 trips per weekday—a significant milestone on our steady march to one million. The budget assumes zero net service growth and the reduction of corporate administrative costs by 20 percent, which is already underway. Given the extreme volatility of fuel prices, we will need to continue to carefully monitor both ridership demand and cost growth.

On the capital side, the \$1.2 billion program first maintains our existing system in a state-of-good-repair, while advancing key projects such as Access to the Region's Core, Portal Bridge replacement and Hudson-Bergen Light Rail extension to 8th Street in Bayonne. It also supports the modernization of our bus and rail fleet, with 1,365 new buses, 279 multilevel vehicles, 110 electric MUs, and 53 electric and dual powered locomotives that add seats and enhance reliability for customers. The program also provides for rail station improvements at Newark Penn, Ridgewood and South Amboy, among others.

Also before the Board today is an item to purchase 26 dual-powered locomotives, which can operate under diesel power and switch seamlessly to electric mode. By replacing aging diesel locomotives, we gain valuable experience with dual-powered locomotives and get immediate benefits, including better acceleration, more efficient operation, and cleaner operation in electric mode as well as reduced reliance on diesel fuel. The new locomotives will meet the latest federal emissions requirements, replacing the older locomotives that were grandfathered from having to meet the current emission standards. In addition, the dual-powered flexibility is important when ARC is completed, opening up the possibility for one-seat rides to Manhattan for customers starting their trips in non-electric territory.

Turning to our customer communications, I am pleased to announce that we are expanding our My Transit service to include local and intrastate bus routes in addition to interstate services, so that we can provide all of our bus customers the details they need to make informed decisions about their commute. Previously, My Transit alerts—which are provided through customers' web-enabled mobile devices—were available only to rail, light rail and interstate bus customers. Beginning this week, we have implemented a new functionality that enables our Bus Control Center in Maplewood to monitor traffic and other conditions that may impact bus routes, and convey them to riders within minutes.

The Amtrak tie replacement program on the Northeast Corridor is progressing on schedule, with the project shifting from the outbound Track 4 to inbound Track 1 on August 3. As I reported last month, the closure of Track 1 from New Brunswick to Trenton requires schedule changes. For example, with platform bridges at Princeton Junction and Hamilton stations being switched to the inbound side, inbound trips will be slightly longer to account for slower boarding and exiting. We will continue to keep customers informed with station posters, seat drops, email alerts and website updates.

Lastly, I would like to acknowledge Charlie Wedel and the Real Estate group for their leadership in bringing a nationally-recognized restaurant to Newark Penn Station. Au Bon Pain, which has been very popular with riders in Washington's Union Station and Philadelphia's 30th St. Station, is coming to Newark. The chain was selected through a competitive bid process, replacing the existing Café 1935. The new lease agreement bolsters non-farebox revenue with a five-year lease plus a five-year option, generating nearly \$2.5 million in base rent over ten years.

EXECUTIVE DIRECTOR'S MONTHLY REPORT JULY 2008

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

HIGHLIGHTS

NJ TRANSIT recognizes national “Dump the Pump” day

NJ TRANSIT joined public transportation agencies from coast to coast on June 19 to recognize the American Public Transportation Association’s (APTA) third annual national “Dump the Pump” day—a day designed to raise awareness that using public transportation helps save fuel—and the planet.

In honor of “Dump the Pump” day, NJ TRANSIT thanked its current customers who have already made the choice to ride public transportation by distributing a brochure with transit tips for both new and current commuters, as well as offering a sweepstakes contest with the chance to win “Staycation” packages to New Jersey destinations.

Transit tips for new and current commuters

With more riders than ever relying on NJ TRANSIT for their daily transportation needs, the system’s trains, buses and light rail vehicles are experiencing record ridership. To help customers have a better trip, NJ TRANSIT developed a “Dump the Pump” guide containing transit tips for new and current commuters, from the best times to ride to locations with available parking to money saving ticket options.

For example, the morning and afternoon “peak periods” see the heaviest travel—roughly from 6 a.m. to 9 a.m. and again from 4 p.m. to 7 p.m. each weekday. Customers with more flexible schedules are strongly recommended to travel before or after peak times. When riding NJ TRANSIT trains outside of peak periods, customers can save up to 15 percent off the cost of two regular one-way tickets by purchasing an Off-Peak Round-Trip (ORT) ticket.

With gas prices on the rise and parking availability limited, the “Dump the Pump” guide also highlighted alternatives to driving alone and other ways to access public transportation, such as NJ TRANSIT’s Zipcar car-sharing pilot program currently available at five locations, as well as ride-matching programs for carpools and vanpools offered through NJDOT and the state’s Transportation Management Associations. Also highlighted are details about NJ TRANSIT’s Bike Program, which provides free bicycle parking at most rail, HBLR and River LINE stations, as well as at several bus park/ride lots and bus terminals.

NJ TRANSIT’s “Dump the Pump” guide was distributed June 19 onboard trains, buses and light rail vehicles systemwide, as well as at key transportation hubs—the Port Authority Bus Terminal, Newark Penn Station, New York Penn Station, Hoboken Terminal and Trenton Transit

Center. In addition, at these locations customers were able to enter a sweepstakes to win a “Staycation” gift pack including tickets to an assortment of New Jersey attractions.

Did you know?

- At the current average gasoline price of \$4 per gallon, a typical NJ TRANSIT customer saves \$1,450 per year by not driving to work.
- Collectively, transit riders in New Jersey are saving about \$500 million annually.
- If NJ TRANSIT were not operating its transit services there would be an additional 589,000 metric tons of CO2 emitted into the air in New Jersey each year.
- One in four New Jersey communities hosts a rail station.
- Thirty percent of New Jersey residents live within walking distance of rail stations.
- Ten percent of New Jersey residents use mass transit for work trips.
- Public transportation is estimated to reduce CO2 emissions by 37 million metric tons annually.
- Use by a solo commuter switching his/her commute from a private vehicle can reduce CO2 emissions by 20 pounds per day—more than 4,800 pounds in a year.
- Use of public transportation saves the U.S. the equivalent of 4.2 billion gallons of gasoline annually—more than 11 million gallons of gasoline per day.

Easing the capacity crunch

NJ TRANSIT is currently in its fifth consecutive year of record-high ridership. With more first-time transit users making the switch due to higher gas prices, NJ TRANSIT is working to ease the capacity crunch to the extent possible, in light of the fact that capacity during peak periods is limited.

In the near term, the order of 279 new multilevel vehicles is enabling NJ TRANSIT to accommodate higher ridership as the cars are delivered. Currently, more than 130 multilevel rail cars are in service on the most heavily traveled lines—the Northeast Corridor, North Jersey Coast and MidTOWN DIRECT lines—offering 15-20 percent more seating capacity than the latest generation of single-level cars.

In addition, as multilevel cars are deployed, it allows for the redeployment of single level cars to other rail lines. NJ TRANSIT also routinely makes schedule adjustments to address capacity where possible across the rail, bus and light rail system.

To address the need for a long-term solution to the limits of existing infrastructure, NJ TRANSIT is advancing the Access to the Region's Core (ARC) project, with construction of a new trans-Hudson commuter rail tunnel as the centerpiece.

Wood-Ridge to gain new train station on Bergen County Line

On June 11, the NJ TRANSIT Board of Directors authorized an agreement that will provide a new train station for residents of Wood-Ridge in Bergen County, part of a plan to transform a former industrial site into a transit-friendly, mixed-use neighborhood.

The agreement between NJ TRANSIT and Wood-Ridge Development LLC, of Lakewood, NJ, will share the cost for design and construction of a new train station and parking facility on the Bergen County Line in the Borough of Wood-Ridge, on the site of the former Curtiss-Wright industrial plant. The train station will be known as Wesmont Station.

As part of the plan, NJ TRANSIT will realize \$37 million in improvements including a new infrastructure maintenance facility.

The Borough previously approved plans for redevelopment of the 78-acre property and selected Wood-Ridge Development LLC as the master developer. NJ TRANSIT has worked closely with the Borough and the developer on a plan that will provide a new, fully accessible rail station and parking facility to serve a transit-oriented, mixed-use community.

Construction of the new rail station is expected to begin in 2009, with completion in 2011.

CUSTOMER AND COMMUNITY INITIATIVES

Restored shelter reopens at historic Bloomfield Station

U.S. Representative Bill Pascrell, Jr. and NJ TRANSIT Executive Director Richard Sarles joined Bloomfield Mayor Raymond McCarthy and other officials on Monday, June 30, to celebrate the reopening of the newly restored shelter at the historic Bloomfield Station on the Montclair-Boonton Line.

Listed on the State and National Registers of Historic Places, the inbound shelter of Bloomfield Station suffered fire damage in 1991 and was stabilized in 2004 to preserve the structure for future rehabilitation. The completed project offers customers a restored and reopened shelter, with a climate-controlled waiting area, new lighting and seating.

Also on June 30, Bloomfield Township officials joined Congressman Pascrell to unveil a new vehicle received through NJ TRANSIT's Community Shuttle Program to expand the Township's jitney bus service. Communities that participate in the program receive mini-buses—leased at no charge—to operate commuter shuttles to train stations and bus corridors during peak hours.

In May 2007, the NJ TRANSIT Board of Directors awarded a \$1.3 million contract to Watertrol, Inc. of Cranford, NJ to rehabilitate the inbound shelter and restore the boarding platforms.

The project included installation of new windows, floor tiles, lighting and seating, as well as heating and air conditioning in the waiting area. The project also called for the repair and staining of the concrete platform and canopy, strengthening of roof supports and installation of new roofing tiles.

Serving more than 900 customers on a typical weekday, Bloomfield Station is NJ TRANSIT's third busiest outlying station on the Montclair-Boonton Line.

NJ TRANSIT introduces mobile "contact us" feature

Now NJ TRANSIT customers can submit their comments, questions and suggestions while riding their train or bus—or from anywhere else—thanks to a new feature on NJ TRANSIT's mobile website.

NJ TRANSIT Executive Director Richard Sarles announced the launch of the "Mobile Contact Us" feature at the regularly scheduled NJ TRANSIT Board meeting on June 11.

The new feature gives customers the ability to reach NJ TRANSIT with their ideas, concerns and questions while they are on the go, including the time they spend riding the system. This is another step in NJ TRANSIT's ongoing effort to use technology to improve the customer experience and give customers better and faster access to management.

The mobile contact us feature is now active on NJ TRANSIT's mobile website, which can be accessed from web-enabled mobile devices at www.njtransit.com. Introduced in September 2006, the mobile site gives NJ TRANSIT customers the ability to check schedules and fares from wherever they are, and to scan up-to-the-minute information about system operations and delays.

NJ TRANSIT adjusts bus service effective June 28

With ridership at record levels, NJ TRANSIT has added or extended trips on nine busy bus routes and adjusted the running times on 14 others to help customers make convenient transfers and to improve on-time performance.

Examples of schedule modifications to create convenient transfers include adjustments to the No. 419 bus operating between Camden and Burlington, restoring a five-minute connection to River LINE light rail service at Pennsauken/Route 73 Station, and an earlier departure time for a No. 833 bus trip to improve connections with other buses in Red Bank.

These adjustments were part of a scheduled system-wide bus timetable change. Customers were able to review new timetables available aboard buses, at customer service offices, online at www.njtransit.com or by calling the Transit Information Center.

NJ TRANSIT offers 'early getaway' rail service for Independence Day weekend

NJ TRANSIT offered "early getaway" rail service on Thursday, July 3 for the benefit of customers leaving work early for the Independence Day holiday. Extra outbound trains operated from New York Penn Station, Newark Penn Station and Hoboken Terminal between noon and 5 p.m. on the Northeast Corridor, North Jersey Coast, Raritan Valley, Morris & Essex, Pascack Valley and Port Jervis lines.

In addition, NJ TRANSIT's Family Super Saver Fare, which allows up to two children 11 and younger to travel free with each fare-paying adult, remained in effect from 7 p.m. Thursday, July 3 until 6 a.m. Monday, July 7.

EMPLOYEE RECOGNITION

NJ TRANSIT Bus Operations department presents safety awards

In May, NJ TRANSIT Bus Operations held its annual Bus Safety Awards ceremony at the Ferry Street building in Newark in recognition of both transportation and maintenance employees who have achieved various goals in maintaining their commitment to safety. The awards are given annually to employees based on their individual and collective achievements in reducing vehicle collisions and employee injuries.

The awards and their recipients for 2007 are:

30-Year Safe Driver Award:

- Philip Vicari, Ironbound Garage
- Ed Taylor, Hamilton Township Garage

20-Year Safe Driver Award:

Egg Harbor Twp. Garage

Louis Rothman

Jerry D. Torian

Stephen Gresko

Hamilton Twp. Garage

Anthony Pressely

Hilton Garage

Lois Robinson

Howell Garage

Bruce Dawson

Market St. Garage

Junior Lewis

Joseph Jackson

Meadowlands Garage

Maria Rivera

Newton Avenue Garage

Denise Holland

Joseph Marks

Washington Twp. Garage

Chino Cooper

Harry Donato

James Furtaw

Joel Kaplan

10-Year Safe Driver Award:

Big Tree Garage

Latisha Smith

Egg Harbor Twp. Garage

Steven Garrett

William Kenney, Sr.

Fairview Garage

Allen Davis

Geovonny Reynoso

Hamilton Twp. Garage

David Ford

Hilton Garage

Doris West

Howell Garage

Naeem Johnson

Nils Walsh

Ironbound Garage

Wade Davis

Michael Graham

Guness Naidoo

Market St. Garage

Ramon Cintron, Jr.
Allison Glover
Ephraim Hernandez
Anibal Villanueva

Oradell Garage

Lafayette Carthins, Jr.
Teofilo Herrera
Ross Johnson
Dennis McDonnell
Rohan Wright

Washington Twp. Garage

Sulemana Fusenini
Jerrie Lee
Claybrook Lindenmuth
Joseph Pietrafesa
Gregory Thornton
Michael Zorn

Meadowlands Garage

Louis Castro
Jose Espinosa
Thomas Leavy
Rolando Munoz

Orange Garage

James Benthall
Cynthia McKenzie
Koffi Nutakor
Michael Yancey

Wayne Garage

Darryl Clark
Arthur Ronne
Jaroslaw Strycharz
Veab Taipi
Deifa Torres
Sami Yousif

Newton Avenue Garage

Melvin McDonald, Jr.
Novella Turner
Nancy Wilson

Group Safety Awards:

Transportation

Wayne Garage
Howell Garage
Hamilton Twp. Garage

Maintenance

Greenville Garage
Hilton Garage
Newton Ave. Garage

Support Group

Service Supervision

NJ TRANSIT employees bid farewell after outstanding careers

Ten NJ TRANSIT employees retired in June with careers ranging from 11 to 33 years of service:

1. Thomas A. Hoyer Sr. (Levittown, PA) Hamilton Garage Bus Operator – 33 years
2. Giovanni Casillo (Little Falls) Wayne Garage Bus Operator – 32 years
3. Patricia Hennessee (Beverly) Newton Avenue Garage TIC Clerk – 25 years
4. Dorothy F. Balsavage (Browns Mills) Washington Township Bus Operator – 24 years
5. Rhonda C. Cornelius (Sicklerville) Washington Township Bus Operator – 23 years
6. Robert Mathis (Forest Hill, NY) Oradell Garage Foreman II – 22 years
7. Jean Lesperance (Irvington) Orange Garage Bus Operator – 18 years
8. Luz E. Camacho (Paterson) Wayne Garage Bus Operator – 17 years
9. Jean Francois H. Mont Louis (West Orange) Wayne Garage Bus Operator – 17 years
10. Marcos I. Mojena (Weehawken) Meadowland Garage Bus Operator – 11 years

DBE/MBE PROGRAM

NJ TRANSIT – Office of Business Diversity DBE/SBE Participation

Federally Funded Contracts

\$117,800,186 in federal funds were awarded during October through June of FY 08.* Disadvantaged Business Enterprises (DBEs) were awarded \$25,555,425 or 21.7 percent, which includes both race conscious and race neutral awards.

State Funded Contracts

\$155,524,618 in state-funded contract dollars were awarded during July through May FY 08. ** Of that total, Small Business Enterprises (SBEs) received \$40,605,295 or 26.1 percent. Category 1 SBEs received \$767,549 or 0.5 percent. Category 2 SBEs received \$3,044,845 or 1.9 percent. Category 3 SBEs received \$2,031,444 or 1.3 percent. Category 4 SBEs received \$1,061,915 or 0.7 percent. Category 5 SBEs received \$33,679,542 or 21.7 percent ***

Federal & State Contracts Total

\$273,324,804 in federal and state contract dollars were awarded by NJ TRANSIT during this reporting period. Of that total, \$66,160,720 or 24.2 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

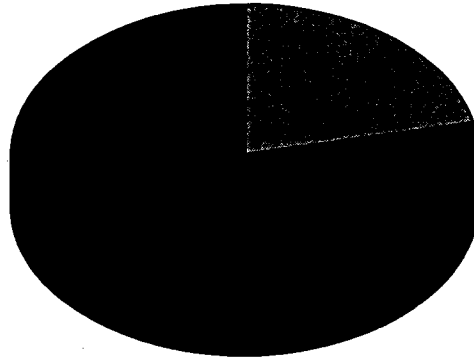
**Fiscal year beginning July 1, 2007

***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.

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

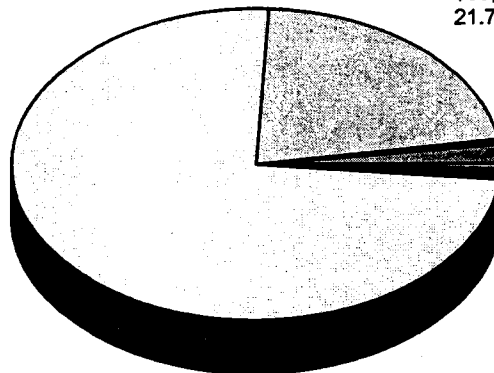
NON-DBE
FEDERAL
\$92,244,761
78.3%



DBE RACE
NEUTRAL & RACE
CONSCIOUS
\$25,555,425
21.7%

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

NON-SBE STATE
\$114,919,323
73.9%



SBE-5
\$33,679,542
21.7%

SBE-4
\$1,061,915
0.7%

SBE-2
\$3,044,845
1.9%

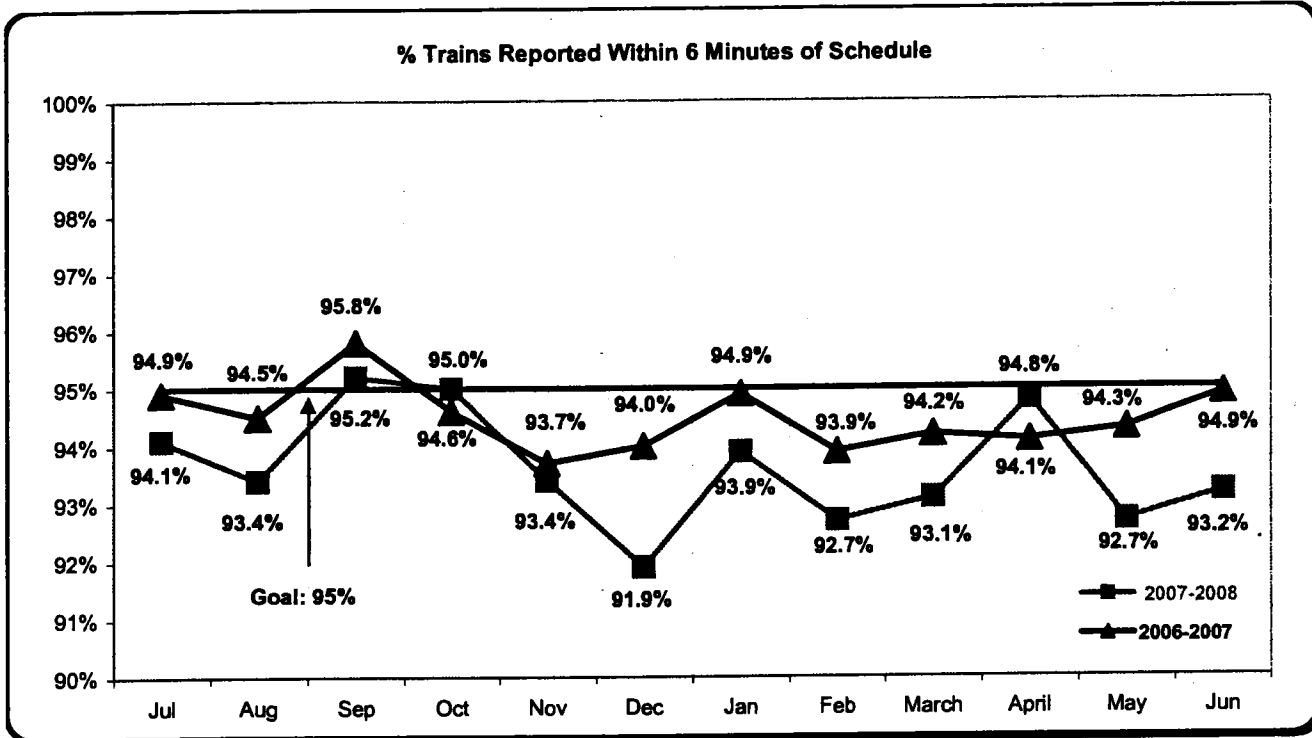
SBE-1
\$767,549
0.5%

SBE-3
\$2,031,444
1.3%

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

PERFORMANCE MEASURES

NJ TRANSIT ON-TIME PERFORMANCE RAIL JULY 2006 - JUNE 2008



	2007	2008	# Change
June Comparison	94.9%	93.2%	-1.7%

	2006-2007	2007-2008	# Change
12-Month Average July-June	94.5%	93.6%	-0.9%

Analysis:

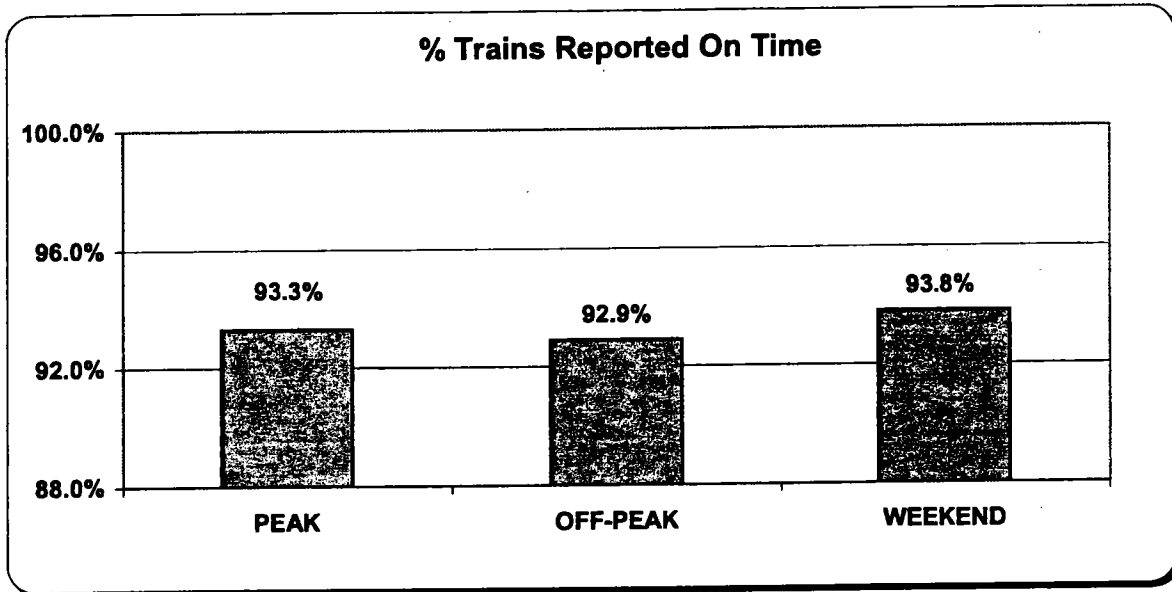
Rail On-Time Performance for June 2008 was 93.2%. Of the 19,082 trains that were scheduled to operate, 17,789 were on time, while 1,293 trains (or 6.8%) were delayed. Key causes of delay included:

- Ongoing speed restrictions due to Amtrak concrete ties showing premature wear.
- An Amtrak signal failure near Secaucus Junction on June 9th.
- Downed trees on the Montclair-Boonton and Main/Bergen County lines, and low voltage on the Northeast Corridor due to storms on June 10th.
- Continued impacts from fallen trees and an Amtrak signal failure near Newark International Airport Station on June 11th.

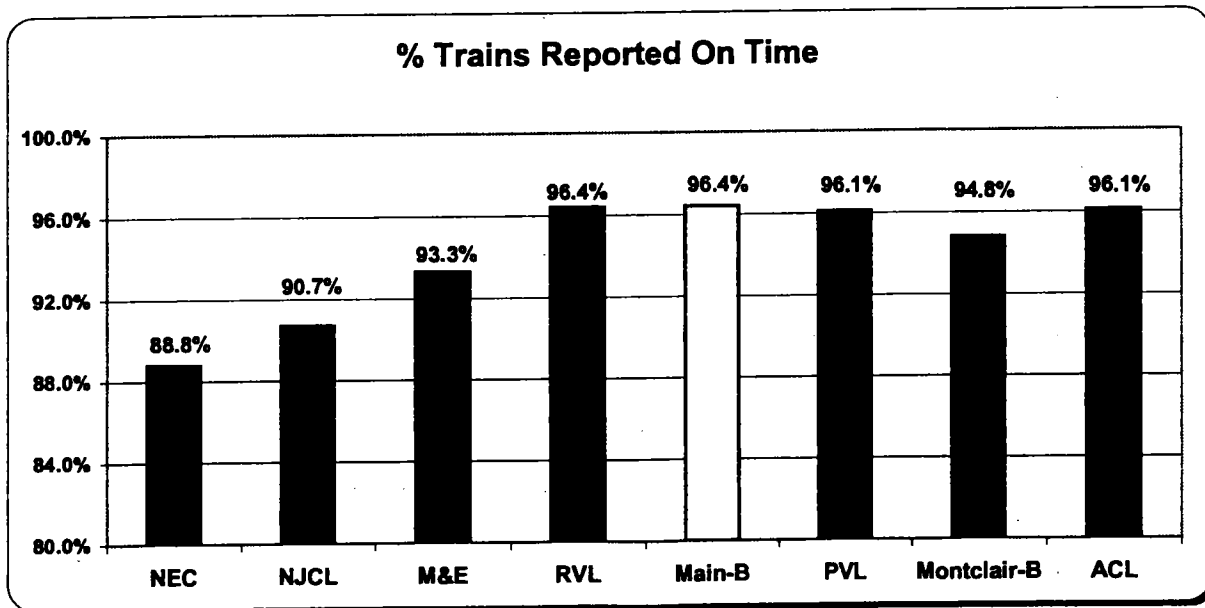
The 12-month average for Rail On-Time Performance for FY 2008 was 93.6%.

ON-TIME PERFORMANCE RAIL

SUMMARY BY TIME PERIOD JUNE 2008



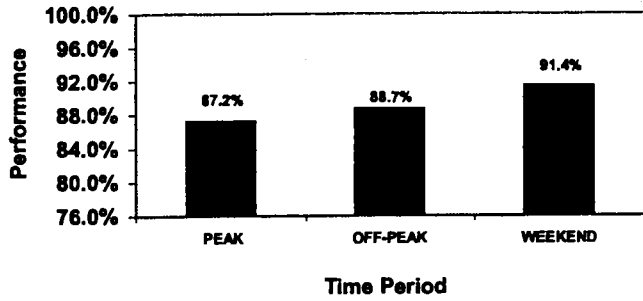
SUMMARY BY LINE JUNE 2008



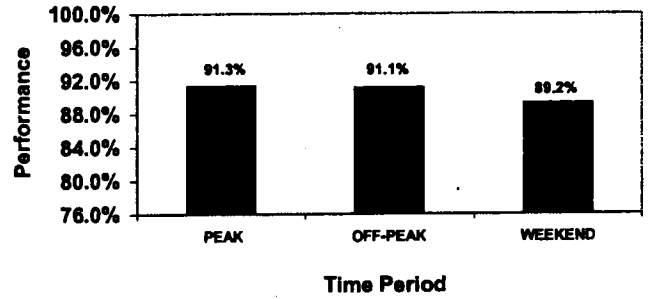
ON-TIME PERFORMANCE BY RAIL LINE & TIME PERIOD June 2008

40160

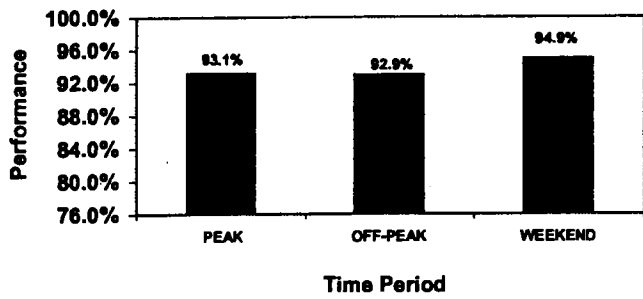
NORTHEAST CORRIDOR



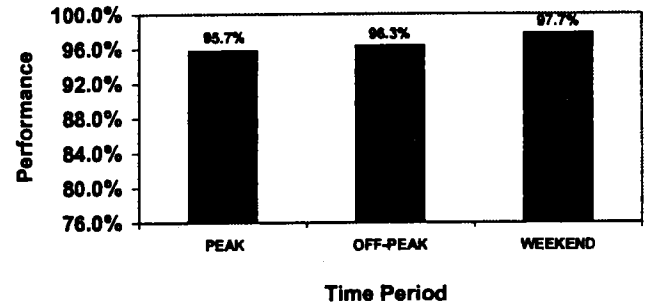
NORTH JERSEY COAST LINE



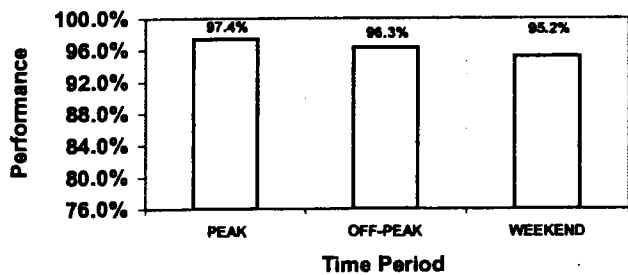
MORRIS & ESSEX



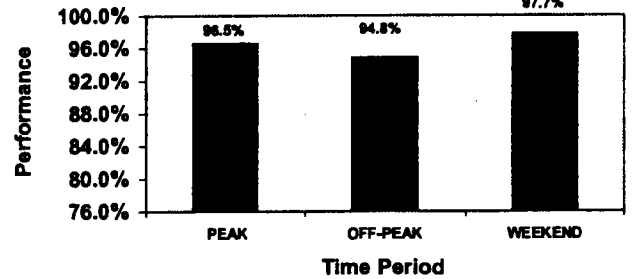
RARITAN VALLEY LINE



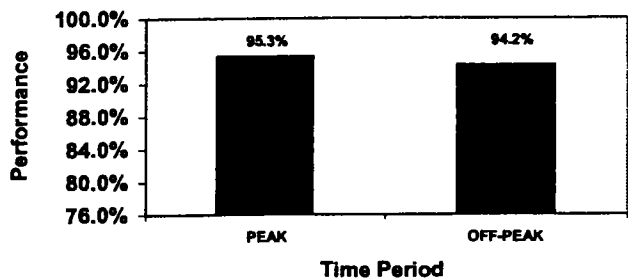
MAIN-BERGEN



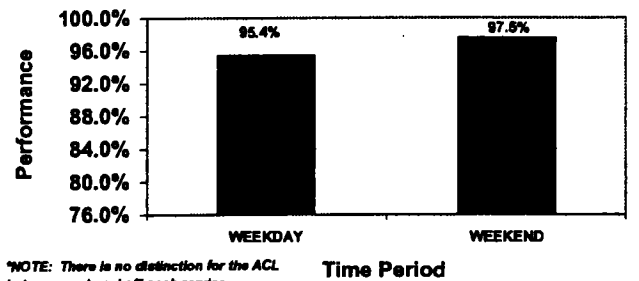
PASCACK VALLEY



MONTCLAIR-BOONTON

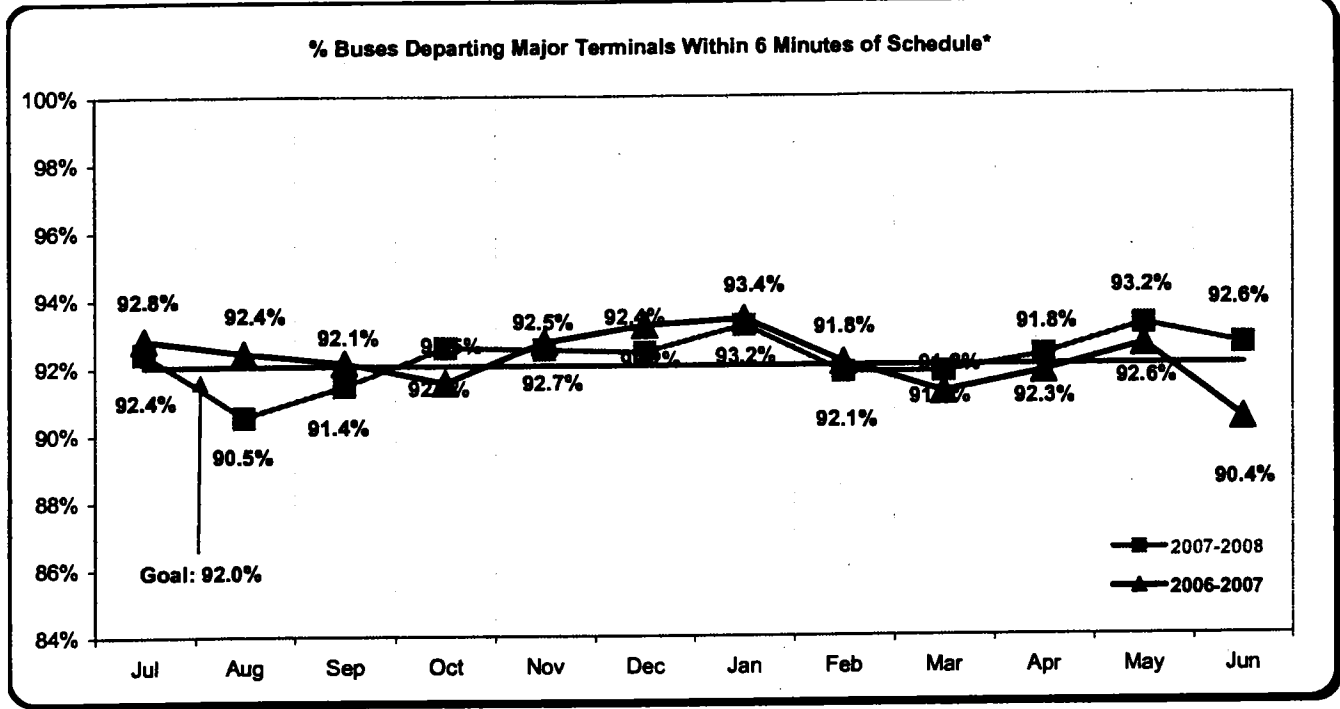


ATLANTIC CITY*



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

NJ TRANSIT ON-TIME PERFORMANCE BUS JULY 2006 - JUNE 2008



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

	2007	2008	% Change
June Comparison	90.4%	92.6%	2.2%

	2006-2007	2007-2008	% Change
12-Month Average July-June	92.2%	92.2%	0.0%

Analysis:

Bus On-Time Performance for June 2008 was 92.6%. Of the 31,253 monitored departures, 2,326 (or 7.4%) experienced delays. Key sources of delay included:

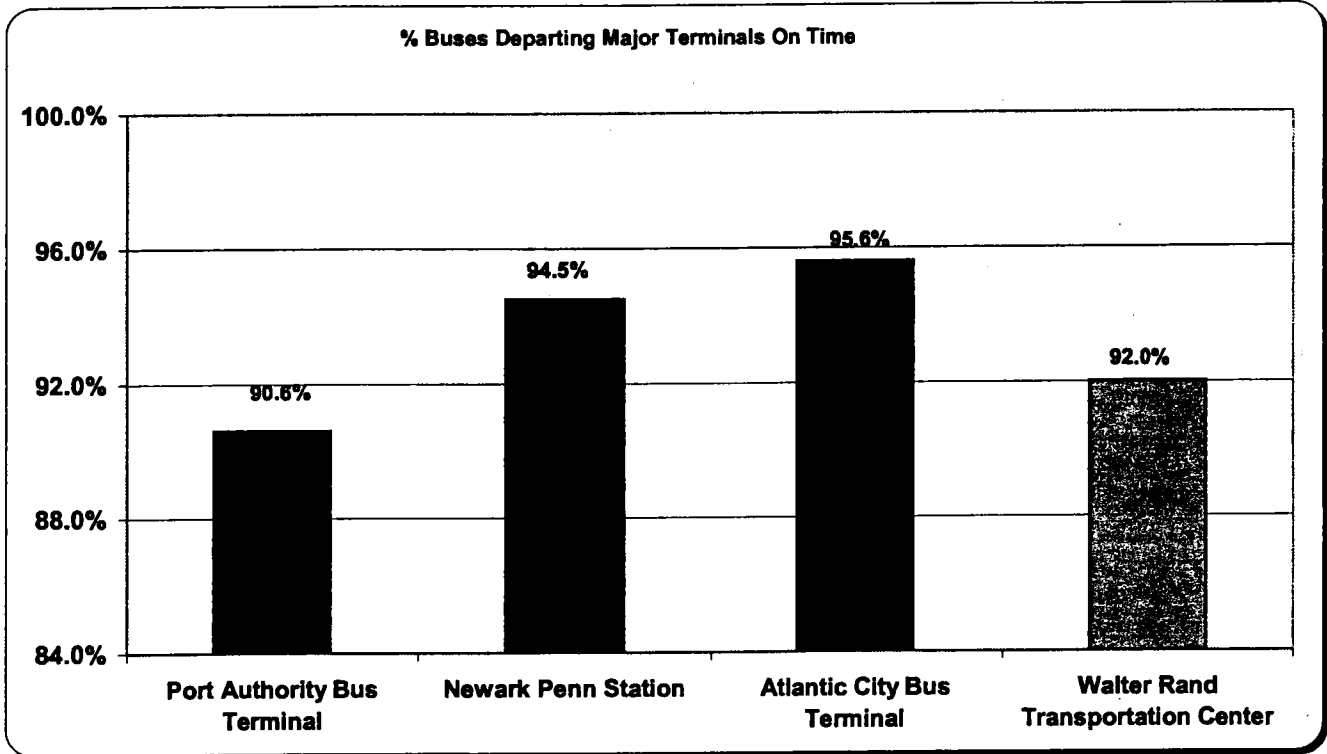
- Heavy traffic near the Walter Rand Transportation Center resulting from a concert on June 3rd.
- Bus equipment problems during rush hour near the Port Authority on June 9th.
- Heavy traffic on the Ben Franklin Bridge and on Market Street in Philadelphia on several days of the month.

The 12-month average for Bus On-Time Performance for FY 2008 was 92.2%.

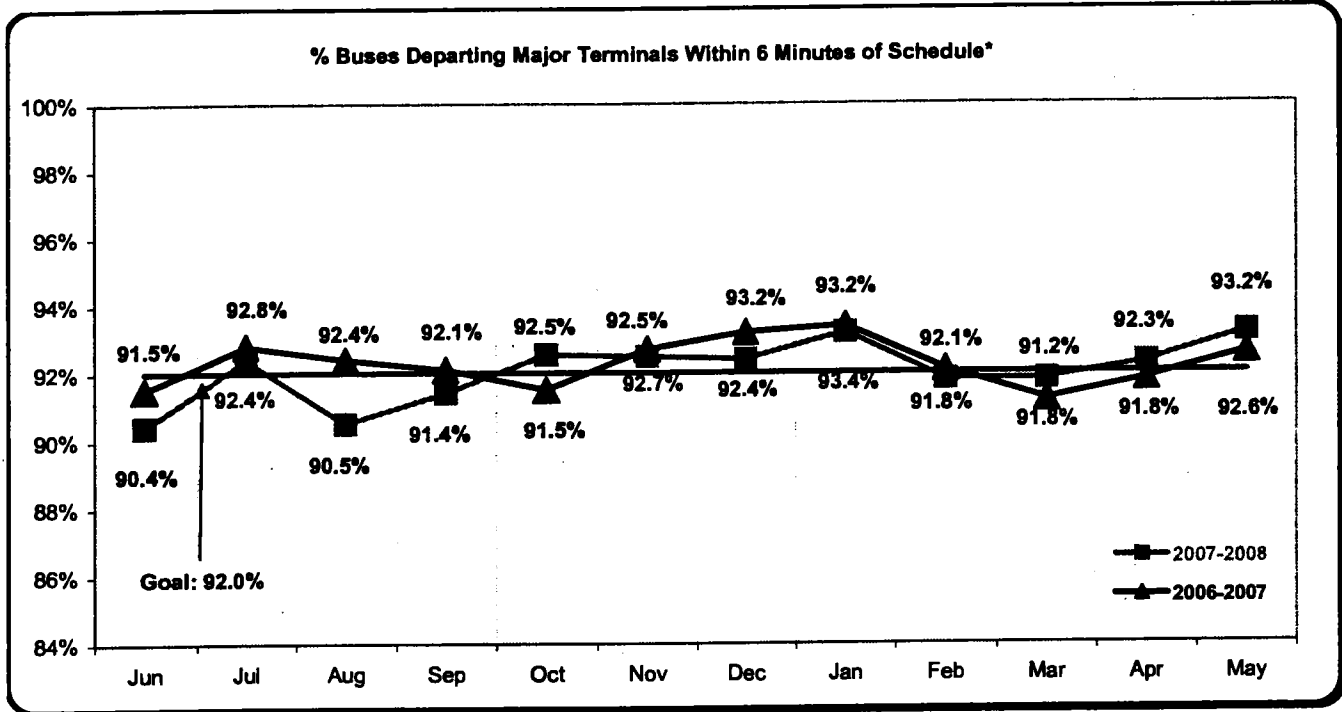
ON-TIME PERFORMANCE BUS

40162

SUMMARY BY TERMINAL JUNE 2008



NJ TRANSIT ON-TIME PERFORMANCE BUS JUNE 2006 - MAY 2008



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

	2007	2008	% Change
May Comparison	92.6%	93.2%	0.6%

	2006-2007	2007-2008	% Change
12-Month Average June-May	92.3%	92.0%	-0.2%

Analysis:

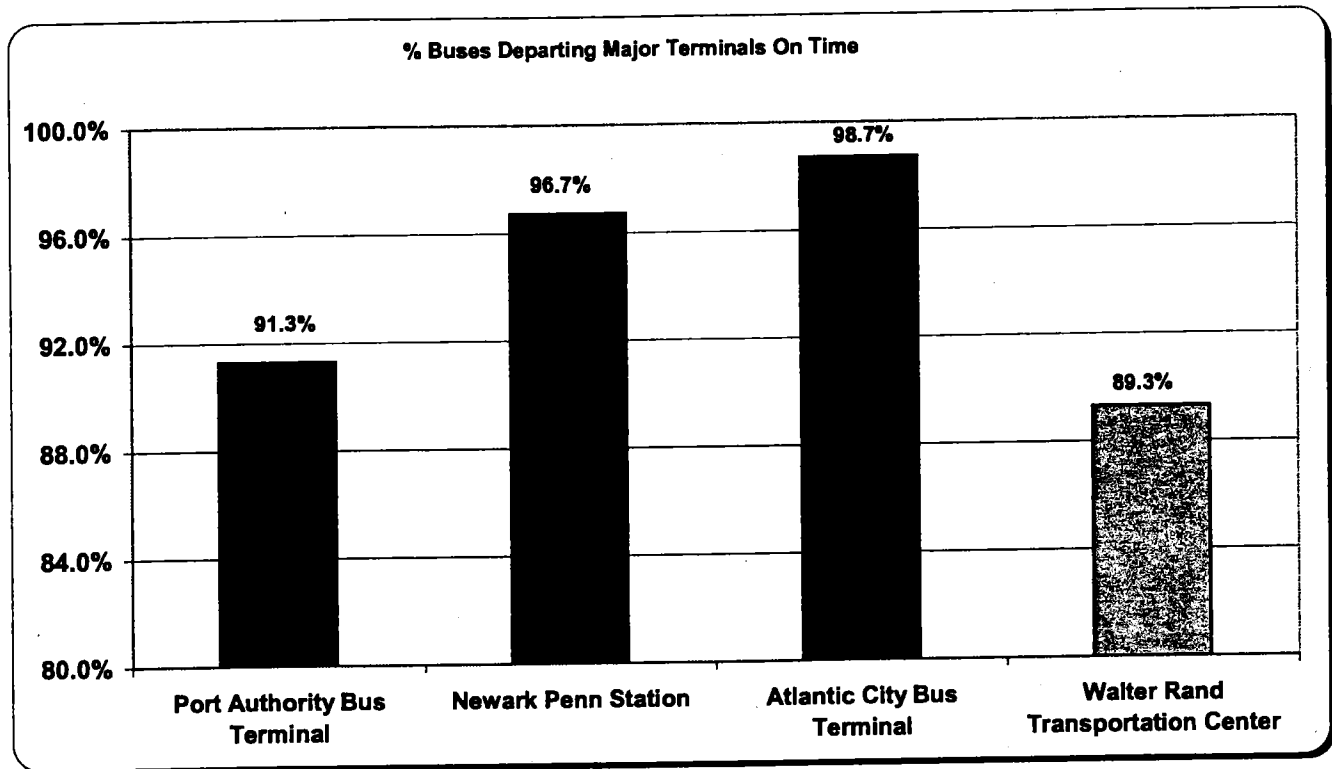
Bus On-Time Performance for May 2008 was 93.2%. Of the 31,691 monitored departures, 2,168 (or 6.8%) experienced delays. Key sources of delay included:

- A police funeral in Philadelphia on May 9th.
- Holiday traffic near the Walter Rand Transportation Center on May 23rd.
- An accident that closed the Lincoln Tunnel helix during rush hour on May 30th.

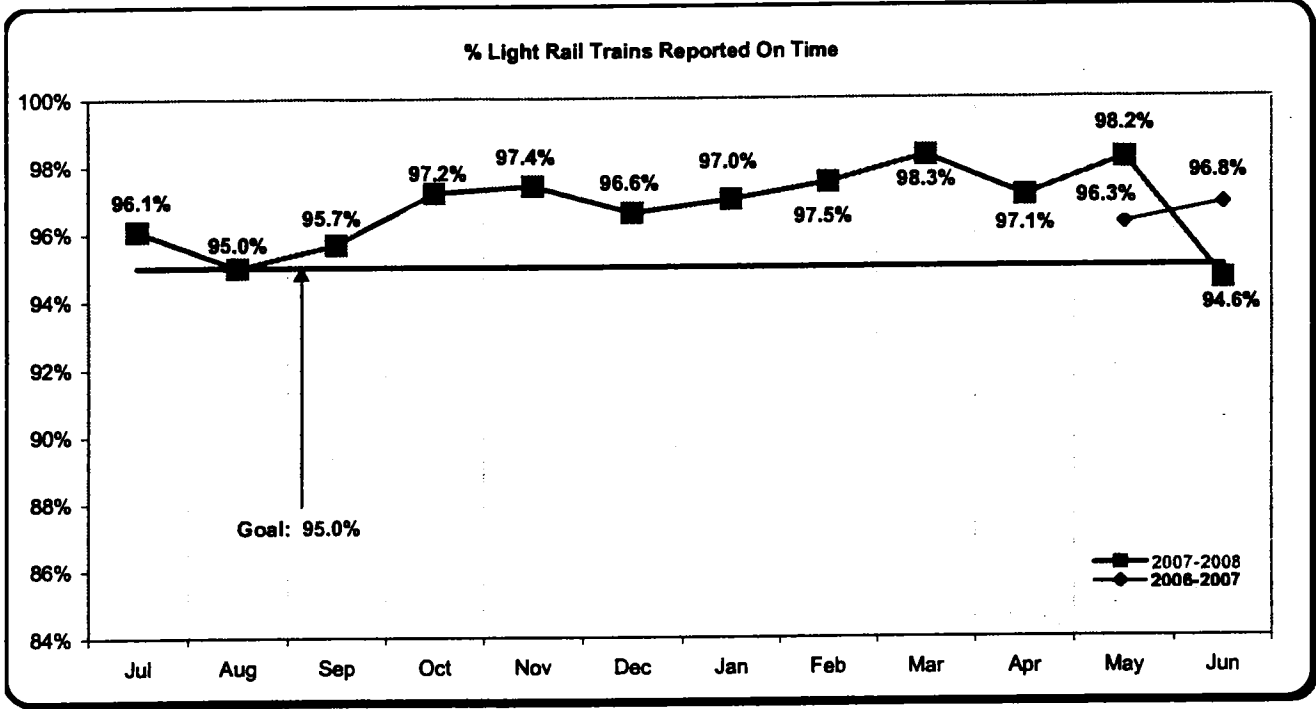
The 12-month average for Bus On-Time Performance for June 2007- May 2008 was 92.0%.

ON-TIME PERFORMANCE BUS

SUMMARY BY TERMINAL MAY 2008



NJ TRANSIT ON-TIME PERFORMANCE LIGHT RAIL - SYSTEMWIDE MAY 2007-JUNE 2008



*Note: Starting May 2007

	2007	2008	# Change
June Comparison	96.8%	94.6%	-2.2%

	2006-2007	2007-2008	# Change
12-Month Average July-June	N/A	96.7%	N/A

Analysis:

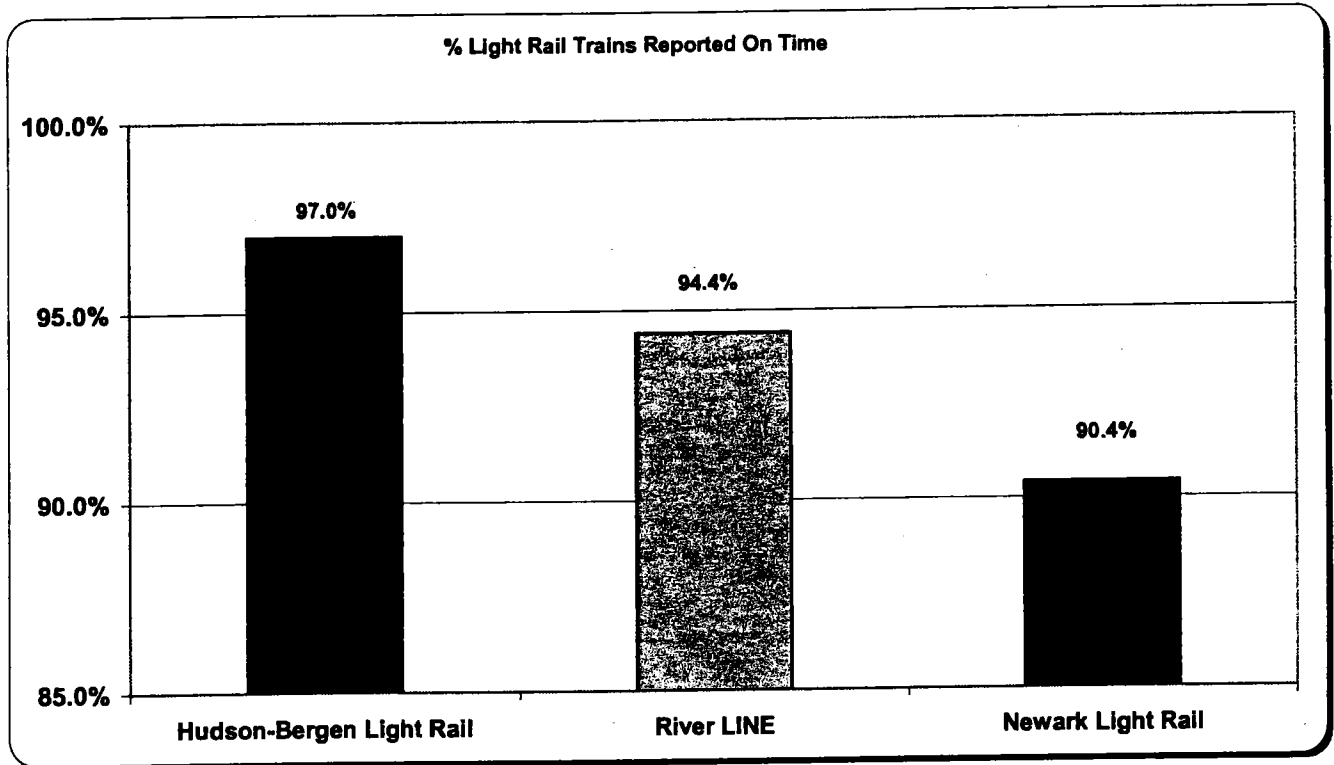
Light Rail On-Time Performance systemwide was 94.6% for the month of June 2008. Of the 29,619 scheduled trains, 1,602 (or 5.4%) experienced delays. Causes of delay during the month included:

- Heavy traffic in downtown Camden due to concerts at the Susquehanna Bank Center on several days of the month.
- Weather-related switch problems at two interlockings on the Newark Light Rail on June 9th.
- A catenary failure on the Hudson-Bergen Light Rail on June 14th.

The 12-month average for Light Rail On-Time Performance for FY 2008 was 96.7%.

ON-TIME PERFORMANCE LIGHT RAIL

SUMMARY BY LINE JUNE 2008



ACTION ITEMS

ITEM 0807-44: FISCAL YEAR 2009 OPERATING BUDGET

BENEFITS

Staff seeks the Board's adoption of the Fiscal Year 2009 Operating Budget and authorization to continue to expend funds to meet obligations until the adoption of a Fiscal Year 2010 Budget. The budget includes expenditures of \$1,704.5 million offset by \$870.6 million of passenger and other system generated revenues, \$358.2 million in State Operating Assistance and \$475.7 million from other State and Federal reimbursements. Approval of this budget is necessary to direct resources to support the continued operation of NJ TRANSIT Bus, Rail and Light Rail services.

The proposed Fiscal Year 2009 Operating Budget assumes an increase in expenses of \$64.5 million compared to the Fiscal Year 2008 Budget. This growth is essentially funded through an increase of \$60 million in State operating assistance and passenger revenue increases from favorable ridership trends.

The majority of the budgeted increase in expenses (\$49.2 million) is attributable to inflationary increases in core service costs. In addition, the budget funds extraordinary increases above inflation (\$15.3 million) such as bus and rail vehicle parts, station maintenance costs, fuel, and Access Link paratransit services. Given the extreme volatility of diesel fuel prices, expenses will be carefully monitored and additional business actions will be taken as needed to offset fuel cost growth.

The proposed Fiscal Year 2009 Operating Budget continues NJ TRANSIT's commitment to operating as efficiently as possible. To achieve this proposed budget, \$40 million in cost savings initiatives will be implemented. To minimize service impacts, cuts within administrative functions of nearly 20 percent are being taken.

Under this proposed budget, bus and rail service growth is virtually eliminated. To further minimize the impact of service adjustments on NJ TRANSIT customers, any new service can only be provided through commensurate reductions in less cost efficient service areas. This "putting the right service in the right places" concept targets low ridership, low cost recovery rail, light rail, and bus service while continuing to provide options for the transit dependent.

PURPOSE

As required under Article II, Section 4(C) of the agency's By-Laws, staff is requesting that the Board of Directors adopt a Fiscal Year 2009 budget for NJ TRANSIT as detailed on the attached exhibits. This budget includes appropriations for public transportation contained in the State Budget adopted by the New Jersey Legislature. With the approval of this item, the Board acknowledges and accepts its responsibility to set fares, administer a single, unified NJ TRANSIT budget and manage Federal Transit Administration assistance.

Approval of this item will also allow the execution of numerous agreements necessary to advance and continue its Private Carrier Capital Improvement Program, bus rehabilitation, timetable distribution, debit and credit card processing and settlement services and marketing programs and provide substitute service in support of NJ TRANSIT's capital program and for service interruptions. It will also allow NJ TRANSIT to provide local share and other in-kind services or act as a pass-through agency for Federal or State capital or operating funds.

In addition to seeking approval of the Fiscal Year 2009 Operating Budget, staff is requesting authorization to continue to expend funds to meet NJ TRANSIT's obligations until the adoption of a Fiscal Year 2010 budget. NJ TRANSIT is required by its By-Laws to adopt a final budget at its annual meeting in June if the State of New Jersey has completed the process of appropriating funds for public transportation purposes or at the first meeting subsequent to action by the State. Since the State budget process is often not completed before NJ TRANSIT's annual meeting in June, staff may not be able to make final recommendations to the Board on the Fiscal Year 2010 Budget prior to the start of the Fiscal Year. Therefore, authorization to expend funds to carry on NJ TRANSIT's day-to-day business is necessary.

ACTION

Staff recommends the Board's adoption of the proposed Fiscal Year 2009 Operating Budget as detailed in the item and on the attached exhibits.

This item has been reviewed and recommended by the Board Administration and Capital Planning, Policy and Privatization Committees.

FISCAL IMPACTS

Requested Authorization:	\$1,704.5 million
Total Project Cost:	N/A
Projected Date of Completion:	June 30, 2009
Anticipated Source of Funds:	Passenger and other revenues State operating assistance Other State and Federal reimbursements
Diversity Goal:	N/A
Related/Future Authorizations:	N/A

RESOLUTION

WHEREAS, Article II, Section 4(C) of the By-Laws requires the Board of Directors to adopt a final budget for NJ TRANSIT after the State of New Jersey has completed the process of appropriating funds for public transportation purposes; and

WHEREAS, the New Jersey Legislature has enacted a Fiscal Year 2009 State Budget which includes appropriations for public transportation purposes; and

WHEREAS, staff has recommended a proposed Fiscal Year 2009 operating budget for NJ TRANSIT as detailed in the item and Exhibits A, B and C attached hereto; and

WHEREAS, the proposed Fiscal Year 2009 Budget recognizes State operating assistance of \$358.2 million; and

WHEREAS, it is also necessary for NJ TRANSIT to enter into numerous agreements in order to advance and continue its Private Carrier Capital Improvement Program, bus rehabilitation, timetable distribution, debit and credit card processing and settlement services and marketing programs and provide substitute service in support of NJ TRANSIT's capital program and for service interruptions as described in the item attached hereto; and

WHEREAS, if the State's Fiscal Year 2010 Budget is not finalized prior to the June 2009 NJ TRANSIT Board meeting, the Board may defer adoption of the annual budget until the next special or regular Board meeting subsequent to the final actions by the State; and

WHEREAS, if the Board is unable to approve a Fiscal Year 2010 budget prior to July 2009, it will be necessary to expend funds after July 1, 2009, prior to the final adoption of the Fiscal Year 2010 Budget;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors acknowledges and accepts its responsibility to set fares, administer a single, unified NJ TRANSIT operating budget, and that the Board recognizes its responsibility to accept and manage State and Federal Transit Administration assistance; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is hereby authorized to continue or enter into any agreements and expend funds in order to continue NJ TRANSIT's Private Carrier Capital Improvement Program, bus rehabilitation, timetable distribution, debit and credit card processing and settlement services and marketing programs and provide substitute service in support of NJ TRANSIT's capital program and for service interruptions, subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to provide local share and other in-kind services or act as a pass-through agency for Federal or State capital or operating funds subject to the availability of funds; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to expend, in the normal course of business, the funds necessary to meet NJ TRANSIT's obligations, essentially in accordance with this Fiscal Year 2009 operating budget item, resolution and attachments and until the adoption and approval of the Fiscal Year 2010 Operating Budget.

EXHIBIT A

**FISCAL YEAR 2009
OPERATING BUDGET
REVENUES**

Overview - \$1,704.5m

NJ TRANSIT revenues are budgeted at \$1,704.5 million, an increase of \$64.5 million compared to the Fiscal Year 2008 Budget. Specific assumptions are described below:

Ridership/Passenger Revenue - \$780.2m

The Fiscal Year 2009 Budget includes passenger revenue of \$780.2 million, an increase of \$22.7 million over the Fiscal Year 2008 Budget. This increase is attributable to growth of approximately 3 percent above Fiscal Year 2008 budgeted levels as a result of continued favorable ridership trends; the fifth year of record ridership. This assumption is consistent with Fiscal Year 2008 trends that indicate actual year-over-year growth of approximately 3.5 percent over the first ten months of Fiscal Year 2008.

Other Commercial Revenue - \$90.4m

Other commercial revenues are budgeted at \$90.4 million, a decrease of \$18.2 million from the Fiscal Year 2008 Budget. The proposed budget reflects the loss of \$22.6 million in non-recurring revenues from lease defeasance, leveraged leases and billboard monetization. These losses are partially offset by revenue initiatives of \$4.4 million associated with projected trends and new revenue growth.

State Operating Assistance - \$358.2m

Consistent with the State Budget proposed by the Governor and adopted by the Legislature, State operating assistance is budgeted at \$358.2 million in Fiscal Year 2009, an increase of \$60 million over the Fiscal Year 2008 appropriation.

Other State and Federal Reimbursements - \$475.7m

Other State and Federal reimbursements are budgeted at \$475.7 million; which is flat compared to the Fiscal Year 2008 Budget. This revenue includes capital funding that is transferred to support eligible operating costs (maintenance and facility leases) as well as support for county pass-through programs and reimbursable project costs.

EXHIBIT B**FISCAL YEAR 2009
OPERATING BUDGET
EXPENSES****Overview - \$1,704.5m**

NJ TRANSIT expenses are budgeted at \$1,704.5 million, an increase of \$64.5 million compared to the Fiscal Year 2008 Budget. Specific assumptions are described below:

Labor and Fringes - \$978.0m

Labor and fringes are budgeted at \$978.0 million, an increase of \$23.1 million, or 2.4 percent, over the Fiscal Year 2008 Budget. The proposed budget includes contract increases in wages, salaries and fringe benefits for existing agreement and non-agreement employees, Rail operating positions to maintain the new multi-level railcars and a reduction of 150 administrative positions.

Fuel, Power, Materials and Supplies - \$298.1m

Fuel, power, materials and supplies costs are budgeted at \$298.1 million, an increase of \$19.3 million, or 6.9 percent, over the Fiscal Year 2008 Budget. Consistent with current market prices and new supply contracts, the proposed budget funds an increase in the cost of electric propulsion power; increases for Bus/Rail revenue vehicle parts necessary to repair and maintain NJ TRANSIT's revenue vehicle fleet; and a 6.5% increase in diesel fuel prices, to offset rising fuel costs.

Purchased Transportation - \$179.2m

Purchased transportation expenses are budgeted at \$179.2 million, an increase of \$9.8 million, or 5.8 percent, over the Fiscal Year 2008 Budget. This includes funding for increases in Access Link contract service costs consistent with current contractual agreements and projected service levels. The proposed budget also funds increases in Contract Bus Program costs primarily due to projected increases in Elderly & Handicapped Reduced Fare and Private Carrier Bus Card Programs resulting from higher anticipated ridership.

Other Expenses - \$249.2m

All other expenses are budgeted at \$249.2 million, an increase of \$12.3 million, or 5.2% over the Fiscal Year 2008 Budget. This includes funding for outside services, utilities, claims and insurance, tolls, trackage fees and other miscellaneous costs. The budgeted increase in these expenses is primarily due to station maintenance, credit card fees on increased ticket sales, utilities and increases in tolls and trackage fees.

EXHIBIT C

**NEW JERSEY TRANSIT CONSOLIDATED OPERATIONS
FISCAL YEAR 2009 PROPOSED OPERATING BUDGET
(\$ in millions)**

REVENUES:

Passenger Revenue	\$780.2
Other Revenue	<u>\$90.4</u>

TOTAL REVENUE	\$870.6
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OPERATING ASSISTANCE

State Operating Assistance	\$358.2
Capital Transfers	356.0
Other Reimbursements	<u>119.7</u>

TOTAL OPERATING ASSISTANCE	\$833.9
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<u>TOTAL REVENUE & OPERATING ASSISTANCE</u>	<u>\$1,704.5</u>
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EXPENSES:

Labor and Fringes	\$978.0
Services	102.8
Fuel & Power	137.3
Materials & Supplies	160.8
Utilities	40.7
Claims & Insurance	28.0
Purchased Transportation	179.2
Tolls & Trackage Fees	49.7
Other	<u>28.0</u>

<u>TOTAL EXPENSES</u>	<u>\$1,704.5</u>
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ITEM 0807-45: FISCAL YEAR 2009 CAPITAL PROGRAM**BENEFITS**

NJ TRANSIT's \$1.29 billion Fiscal Year 2009 Capital Program targets investments to make public transportation the "preferred choice of travel". The capital program advances initiatives to modernize the transit system while improving service and reliability.

NJ TRANSIT's \$1.29 billion Fiscal Year 2009 Capital Program emphasizes Governor Corzine's commitment to support mass transportation in the state of New Jersey. Foremost amongst these efforts is NJ TRANSIT's rolling stock modernization program which includes the procurement of 1365 new buses, 326 multilevel railcars, 53 electric and dual power locomotives, and 110 electric multiple units. Consistent with NJ TRANSIT's Capital Investment Strategy, the Fiscal Year 2009 Capital Program calls for continued investment in the state's transit infrastructure in order to improve the overall state of good-repair of the system, improving reliability and safety and ensuring continued satisfaction of NJ TRANSIT's customers.

The Fiscal Year 2009 Capital Program also includes projects that expand capacity of the existing system to meet projected growth, providing \$137 million for the advancement of THE Tunnel project and \$15 million for the extension of Hudson Bergen Light Rail to 8th Street in Bayonne.

Anticipated resources of \$1.29 billion are estimated to be available from federal, state and other sources in Fiscal Year 2009. A summary of the Fiscal Year 2009 Sources of Funds is presented in **Attachment 1**.

Attachments 2 and 3 summarize funds and percent of the total program by category. Approximately 49 percent of the Fiscal Year 2009 Capital Program – \$627 million – is dedicated to fixed expenses, as follows:

- \$129 million will be spent on debt service related to the acquisition of buses, trains, locomotives and the construction of light rail projects;
- \$142 million will be spent using funds mandated for a specific use including the federal rural transit program, the federal Job Access and Reverse Commute (JARC) program and other earmarks secured by the New Jersey Congressional Delegation; and
- \$356 million will be spent to pay for eligible federal and Transportation Trust Fund (TTF) eligible capital maintenance expenses for both rail and bus.

Approximately 51 percent of the program – or \$660 million – funds the basic capital program improvements needed to maintain and improve the transit system as follows:

- \$160 million will be invested in rail infrastructure improvement needs, including \$61 million to fund track and bridge improvements; \$15 million to fund the Portal

Bridge; \$16.32 million to fund electric traction and signal improvements on the railroad; \$6.96 million to continue funding for locomotive overhauls to maintain reliability; \$10.44 million to fund Hoboken Wheel True Replacement and \$18.22 million to fund the Meadows Maintenance Complex Improvements.

- \$108 million will be invested in bus and light rail infrastructure improvements, including \$7.91 million for the advancement of a new northern bus maintenance facility; \$7.33 million for bus on-board fare collection system improvements; \$7.66 million for Newark Light Rail infrastructure improvements; and \$71 million for replacement of 1,171 Transit-style buses, funded over the next five years.
- \$51 million will be invested in system-wide improvements, including \$6.55 million for technology upgrades that both improve efficiency and reduce annual operating costs.
- \$42 million will be invested in rail station improvements at Newark Penn Station, Ridgewood Station, and South Amboy Station among others.
- \$299 million is targeted for expansion projects such as THE Tunnel and the 8th Street extension of the Hudson-Bergen Light Rail.

PURPOSE

The annual capital program is formulated to guide NJ TRANSIT's capital investment plans for the coming year. The authority embodied in the Board's approval of this Capital Program permits staff to take the necessary steps to secure funds from various sources and to initiate individual capital projects (subject to subsequent contract authorization as required by the NJ TRANSIT By-Laws). The program is submitted to various Metropolitan Planning Organizations (MPOs) throughout the State, whose approvals are required as a prerequisite to Federal grant awards, as well as to the State Legislature as part of that body's annual appropriation process, and is consistent with the Capital Investment Strategy submitted to the Legislature.

ACTION

Staff seeks the Board's adoption of the proposed Fiscal Year 2009 Capital Program totaling \$1.29 billion and authorization to seek and secure necessary funding and execute agreements, as required, to accept such funding. Staff also seeks authorization to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources. Staff seeks further authorization to make application, execute contracts and take whatever other actions are necessary to seek and secure unanticipated funds consistent with the basic intent of the capital program, which may become available subsequent to its adoption.

This item has been reviewed and recommended by the Board Capital Planning, Policy and Privatization and Board Administration Committees.

FISCAL IMPACTS

Anticipated Source of Funds: Federal transit and highway funds
Transportation Trust Fund
Other capital sources

Diversity Goal: Included in individual contracts

Related/Future Authorizations: NA

**Impacts on Subsequent
Operating Budgets:** NA

RESOLUTION

WHEREAS, each year NJ TRANSIT's Board of Directors adopts a Capital Program for the upcoming year to enable staff to take the actions necessary to seek and secure capital funding which advances established priorities; and

WHEREAS, the Fiscal Year 2009 Capital Program will address the needs of existing transit riders by ensuring system reliability and safety through state of good repair investments; addressing system capacity demands; and investing in planned system expansion; and

WHEREAS, in Fiscal Year 2009, the Capital Program will be consistent with the Annual Capital Investment Strategy submitted to the State Legislature; and

WHEREAS, the Fiscal Year 2009 Capital Program is submitted to various Metropolitan Planning Organizations throughout the state whose approvals are required as a prerequisite to Federal grant awards; and

WHEREAS, the Fiscal Year 2009 Capital Program is submitted to the State Legislature for consideration as part of its annual budget appropriation process;

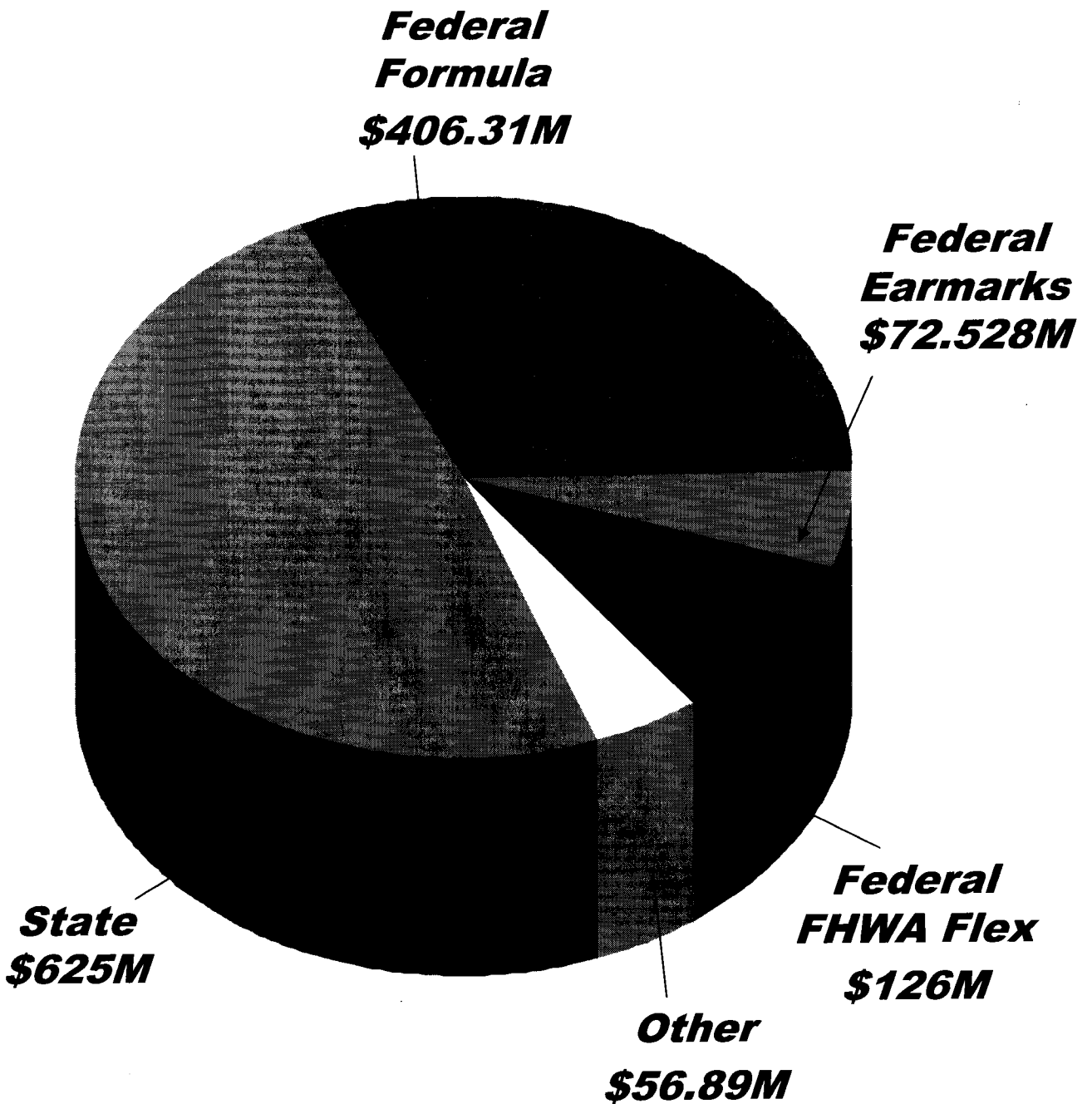
NOW, THEREFORE, BE IT RESOLVED that the NJ TRANSIT Board of Directors adopts the Fiscal Year 2009 Capital Program in the amount of \$1.29 billion, as described; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to take whatever actions are necessary to seek and secure the funds envisioned by this program; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to transfer funding sources and amounts among programmed projects as circumstances require in compliance with the terms and conditions of the grants and other funding sources; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to make application, execute contracts and take whatever other actions are necessary to seek and secure unanticipated funds, consistent with the basic intent of this program, which may become available subsequent to its adoption.

ATTACHMENT 1
NJ TRANSIT
FISCAL YEAR 2009 CAPITAL PROGRAM
Sources of Funds
\$1.287 Billion



**ATTACHMENT 2
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
SUMMARY**

(\$ in millions)

CATEGORY	AMOUNT	PERCENT
CAPITAL MAINTENANCE	\$355.995	27.7%
SYSTEM EXPANSION	\$299.363	23.3%
RAIL INFRASTRUCTURE IMPROVEMENTS	\$159.528	12.4%
PASS-THROUGH	\$142.034	11.0%
DEBT SERVICE	\$128.883	10.0%
BUS/LIGHT RAIL IMPROVEMENTS	\$108.089	8.4%
SYSTEMWIDE IMPROVEMENTS	\$50.734	3.9%
RAIL STATION IMPROVEMENTS	\$42.102	3.3%
TOTAL	\$1,286.728	100%

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

	----- FEDERAL FUNDING -----										Percentage of Total Program	
	URBAN 5307	FIXED GUIDEWAY 5309	RURAL/ DISABLED	NEW FREE DOM	EARMARK	FPGA	CMAQ	STP- TE	STATE	OTHER		TOTAL
Capital Maintenance												
RAIL												
Capital Maintenance	39.111	114.994	0.000	0.000	0.000	0.000	0.000	0.000	63.900	0.000	218.005	
RAIL SUBTOTAL	39.111	114.994	0.000	0.000	0.000	0.000	0.000	0.000	63.900	0.000	218.005	16.9%
=====												
BUS/LRT												
Capital Maintenance	98.690	0.000	0.000	0.000	0.000	0.000	0.000	0.000	34.900	0.000	133.590	
BUS/LRT SUBTOTAL	98.690	0.000	0.000	0.000	0.000	0.000	0.000	0.000	34.900	0.000	133.590	10.4%
=====												
SYSTEMWIDE												
Building Leases	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.400	0.000	4.400	
SYSTEMWIDE SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.400	0.000	4.400	0.3%
=====												
Capital Maintenance TOTAL	137.801	114.994	0.000	0.000	0.000	0.000	0.000	0.000	103.200	0.000	355.995	27.7%

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

	----- FEDERAL FUNDING -----											
	<u>URBAN</u>	<u>FIXED</u>	<u>RURAL/</u>	<u>NEW</u>				<u>STP-</u>				<u>Percentage</u>
	<u>5307</u>	<u>GUIDEWAY</u>	<u>DISABLED</u>	<u>FREE</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>of Total</u>
		<u>5309</u>		<u>DOM</u>								<u>Program</u>
Debt Service												
RAIL												
Rolling Stock-Rail	33.206	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	33.206	
RAIL SUBTOTAL	33.206	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	33.206	2.6%
=====												
BUS/LRT												
NERL MOS I	1.976	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.976	
Newark City Subway	3.489	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.489	
Rolling Stock-Bus	87.446	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	87.446	
BUS/LRT SUBTOTAL	92.911	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	92.911	7.2%
=====												
NEW INITIATIVES												
Hudson/Bergen LRT MOS II	0.000	0.000	0.000	0.000	0.000	1.104	0.000	0.000	0.000	0.000	1.104	
NERL LRT MOS I	1.662	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.662	
NEW INITIATIVES SUBTOTAL	1.662	0.000	0.000	0.000	0.000	1.104	0.000	0.000	0.000	0.000	2.766	0.2%
=====												
Debt Service TOTAL	127.779	0.000	0.000	0.000	0.000	1.104	0.000	0.000	0.000	0.000	128.883	10.0%

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
Pass-through												
RAIL												
Liberty Corridor New Brunswick Platforms	0.000	0.000	0.000	0.000	9.400	0.000	0.000	0.000	0.000	0.000	9.400	
Metro North Joint Benefits	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.690	0.690	
Morris County Park and Ride	0.000	0.000	0.000	0.000	0.490	0.000	0.000	0.000	0.000	0.000	0.490	
Morristown Station Rehabilitation	0.000	0.000	0.000	0.000	0.226	0.000	0.000	0.000	0.000	0.000	0.226	
Newark Penn Station	0.000	0.000	0.000	0.000	1.538	0.000	0.000	0.000	0.000	0.000	1.538	
Northern NJ Intermodal Stations Park and Ride	0.000	0.000	0.000	0.000	0.196	0.000	0.000	0.000	0.000	0.000	0.196	
NW NJ Intermodal Transit improvements	0.000	0.000	0.000	0.000	0.588	0.000	0.000	0.000	0.000	0.000	0.588	
Ridgewood Train Station Accessibility Improvements	0.000	0.000	0.000	0.000	3.077	0.000	0.000	0.000	0.000	0.000	3.077	
South Amboy Rail Station Reconstruction	0.000	0.000	0.000	0.000	2.296	0.000	0.000	0.000	0.000	0.000	2.296	
Trenton Train Station	0.000	0.000	0.000	0.000	6.144	0.000	0.000	0.000	0.000	0.000	6.144	
RAIL SUBTOTAL	0.000	0.000	0.000	0.000	23.955	0.000	0.000	0.000	0.000	0.690	24.645	1.9%
=====												
BUS/LRT												
Burlington County Vehicles and Equipment	0.000	0.000	0.000	0.000	0.903	0.000	0.000	0.000	0.000	0.000	0.903	
Community & Local Shuttles	0.000	0.000	0.000	0.000	0.863	0.000	0.000	0.000	0.000	0.000	0.863	
Cumberland County Bus Program	1.020	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.020	
East Windsor Community Shuttle	0.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.100	
Freehold Township Bus Facility	0.000	0.000	0.000	0.000	0.451	0.000	0.000	0.000	0.000	0.000	0.451	
Hudson County Intermodal Station Pedestrian Bridge	0.000	0.000	0.000	0.000	0.294	0.000	0.000	0.000	0.000	0.000	0.294	
Irvington Senior Shuttle Bus	0.000	0.000	0.000	0.000	0.392	0.000	0.000	0.000	0.000	0.000	0.392	
Lakewood Bus Service and Passenger Facility	0.000	0.000	0.000	0.000	1.989	0.000	0.000	0.000	0.000	0.000	1.989	
Liberty Corridor Bus Improvements	0.000	0.000	0.000	0.000	8.000	0.000	0.000	0.000	0.000	0.000	8.000	
Long Slip Walkway	0.000	0.000	0.000	0.000	1.018	0.000	0.000	0.000	0.000	0.000	1.018	
NCS Bloomfield ADA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	1.000	
Passenger Facilities	0.500	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.500	
Small Bus Programs	0.000	0.000	10.030	0.000	0.000	0.000	0.000	0.000	0.000	5.550	15.580	
South Brunswick Transit System	0.000	0.000	0.000	0.000	1.000	0.000	0.000	0.000	0.000	0.000	1.000	
Trenton Trolley	0.000	0.000	0.000	0.000	0.225	0.000	0.000	0.000	0.000	0.000	0.225	
West Orange Senior Shuttle Bus	0.000	0.000	0.000	0.000	0.196	0.000	0.000	0.000	0.000	0.000	0.196	
BUS/LRT SUBTOTAL	1.620	0.000	10.030	0.000	15.331	0.000	0.000	0.000	0.000	6.550	33.531	2.6%
=====												
NEW INITIATIVES												
ARC/THE Tunnel	0.000	0.000	0.000	0.000	14.700	0.000	0.000	0.000	0.000	0.000	14.700	
Hudson/Bergen LRT 8TH Street Extension	0.000	0.000	0.000	0.000	5.000	0.000	0.000	0.000	0.000	0.000	5.000	
Lackawanna Cutoff	0.000	0.000	0.000	0.000	1.312	0.000	0.000	0.000	0.000	0.000	1.312	
Monmouth-Ocean-Middlesex	0.000	0.000	0.000	0.000	0.980	0.000	0.000	0.000	0.000	0.000	0.980	
River Line Intermodal Improvements	0.000	0.000	0.000	0.000	0.226	0.000	0.000	0.000	0.000	0.000	0.226	
Transit Rail Initiatives	0.000	0.000	0.000	0.000	5.920	0.000	0.000	0.000	0.000	12.300	18.220	

Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)

----- FEDERAL FUNDING -----													
	<u>URBAN</u>	<u>FIXED</u>	<u>RURAL/</u>	<u>NEW</u>				<u>STP-</u>					<u>Percentage</u>
	<u>5307</u>	<u>GUIDEWAY</u>	<u>DISABLED</u>	<u>FREE</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>		<u>of Total</u>
		<u>5309</u>		<u>DOM</u>									<u>Program</u>
<u>NEW INITIATIVES SUBTOTAL</u>	0.000	0.000	0.000	0.000	28.138	0.000	0.000	0.000	0.000	12.300	40.438		<u>3.1%</u>
=====													
<u>SYSTEMWIDE</u>													
Casino Revenue Fund	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	33.350	33.350		
Job Access and Reverse Commute Program	0.000	0.000	0.000	0.000	4.000	0.000	0.000	0.000	0.000	4.000	8.000		
New Freedom Program	0.000	0.000	0.000	2.070	0.000	0.000	0.000	0.000	0.000	0.000	2.070		
<u>SYSTEMWIDE SUBTOTAL</u>	0.000	0.000	0.000	2.070	4.000	0.000	0.000	0.000	0.000	37.350	43.420		<u>3.4%</u>
=====													
<u>Pass-through TOTAL</u>	1.620	0.000	10.030	2.070	71.424	0.000	0.000	0.000	0.000	56.890	142.034		<u>11.0%</u>

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u> <u>5309</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
Rail Infrastructure Improvements												
RAIL												
Bridges	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	29.413	0.000	29.413	
Emergency Response Rail	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	0.000	2.000	
Fleet Overhauls	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.964	0.000	6.964	
Gladstone Branch -Catenary Pole Replacement	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.721	0.000	3.721	
Hoboken Wheel True Replacement	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	10.435	0.000	10.435	
Hudson Interlocking Reconfig./NEC Pocket Track	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.603	0.000	2.603	
Meadows Maintenance Complex Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	18.222	0.000	18.222	
NEC Joint Benefit Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	27.500	0.000	27.500	
Newark Drawbridge Rehabilitation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.690	0.000	7.690	
Non-Revenue Rolling Stock	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.818	0.000	0.818	
Portal Bridge Replacement	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	15.000	0.000	15.000	
Rail Rolling Stock Engineering Assistance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250	0.000	0.250	
Raritan Valley Line Bridge Rehab.	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.912	0.000	4.912	
Right of Way Fencing	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	
Signals&Communication/Electric Traction	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	10.000	0.000	10.000	
Track	0.000	9.016	0.000	0.000	0.000	0.000	0.000	0.000	9.984	0.000	19.000	
RAIL SUBTOTAL	0.000	9.016	0.000	0.000	0.000	0.000	0.000	0.000	150.512	0.000	159.528	12.4%
=====												
Rail Infrastructure Improvements TOTAL	0.000	9.016	0.000	0.000	0.000	0.000	0.000	0.000	150.512	0.000	159.528	12.4%

Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u> <u>5309</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
Rail Station Improvements												
<u>RAIL</u>												
Newark Penn Station	3.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	6.905	0.000	10.905	
Rail Station Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.081	0.000	2.081	
Ridgewood Train Station Accessibility Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	19.210	0.000	19.210	
South Amboy Rail Station Reconstruction	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.906	0.000	7.906	
Stars Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	
Station/Facilities Inspections/Repairs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	
<u>RAIL SUBTOTAL</u>	3.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	38.102	0.000	42.102	<u>3.3%</u>
=====												
Rail Station Improvements TOTAL	3.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	38.102	0.000	42.102	<u>3.3%</u>

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u> <u>5309</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
Bus/Light Rail Improvements												
BUS/LRT												
ADA Access Link Vehicles	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	0.000	2.000	
Bus Facilities Midlife Rehabilitation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	
Bus Maintenance Facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.910	0.000	7.910	
Bus On-Board Fare Collection System	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.330	0.000	7.330	
Bus Operations Support Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.000	0.000	1.000	
Bus Passenger Facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.800	0.000	0.800	
Emergency Response Bus Facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	0.000	2.000	
NCS Bloomfield ADA	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.000	0.000	6.000	
Newark City Subway	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.664	0.000	1.664	
Passenger Facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.250	0.000	0.250	
Private Carrier Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.100	0.000	2.100	
Small Bus Programs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.820	0.000	0.820	
Support Facilities/Equipment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.430	0.000	0.430	
Transit Bus Replacement (1171 buses)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	71.000	0.000	71.000	
BUS/LRT SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	104.304	0.000	104.304	8.1%
=====												
NEW INITIATIVES												
Hudson/Bergen LRT MOS I	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.472	0.000	2.472	
River Line Intermodal Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.313	0.000	1.313	
NEW INITIATIVES SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.785	0.000	3.785	0.3%
=====												
Bus/Light Rail Improvements TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	108.089	0.000	108.089	8.4%

**Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)**

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
Systemwide Improvements												
SYSTEMWIDE												
Capital Program Implementation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.540	0.000	20.540	
Claims Support	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.000	0.000	2.000	
Emergency Response Capital Planning & Programs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.048	0.000	3.048	
Emergency Response Headquarters	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.000	0.000	3.000	
Environmental Compliance	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.000	0.000	3.000	
Non-Revenue Rolling Stock	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.210	0.000	0.210	
Penn Plaza Consolidation and Relocation	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.300	0.000	1.300	
Photocopy Equipment Lease	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.800	0.000	0.800	
Physical Plant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.450	0.000	1.450	
Security Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.590	0.000	2.590	
Study & Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.701	0.000	4.701	
Travel Demand Management	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.650	0.000	0.650	
Vanpool Sponsorship Program	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.400	0.000	0.400	
Vital Records	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.500	0.000	0.500	
SYSTEMWIDE SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44.189	0.000	44.189	3.4%
=====												
TECHNOLOGY/CUSTOMER SERVICE												
Technology Improvements	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.545	0.000	6.545	
TECHNOLOGY/CUSTOMER SERVICE SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	6.545	0.000	6.545	0.5%
=====												
Systemwide Improvements TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	50.734	0.000	50.734	3.9%

Attachment 3
NJ TRANSIT FISCAL YEAR 2009 CAPITAL PROGRAM
(\$ in Millions)

----- FEDERAL FUNDING -----

	<u>URBAN</u> <u>5307</u>	<u>FIXED</u> <u>GUIDEWAY</u> <u>5309</u>	<u>RURAL/</u> <u>DISABLED</u>	<u>NEW</u> <u>FREE</u> <u>DOM</u>	<u>EARMARK</u>	<u>FFGA</u>	<u>CMAQ</u>	<u>STP-</u> <u>TE</u>	<u>STATE</u>	<u>OTHER</u>	<u>TOTAL</u>	<u>Percentage</u> <u>of Total</u> <u>Program</u>
System Expansion												
NEW INITIATIVES												
ARC/THE Tunnel	0.000	0.000	0.000	0.000	0.000	0.000	110.000	0.000	12.164	0.000	122.164	
Hudson/Bergen LRT 8TH Street Extension	0.000	0.000	0.000	0.000	0.000	0.000	15.000	0.000	0.000	0.000	15.000	
Transit Rail Initiatives	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	162.199	0.000	162.199	
NEW INITIATIVES SUBTOTAL	0.000	0.000	0.000	0.000	0.000	0.000	125.000	0.000	174.363	0.000	299.363	23.3%
=====												
System Expansion TOTAL	0.000	0.000	0.000	0.000	0.000	0.000	125.000	0.000	174.363	0.000	299.363	23.3%
	270.200	124.010	10.030	2.070	71.424	1.104	125.000	1.000	625.000	56.890	1,286.728	

ITEM 0807-46: ACCESS TO THE REGION'S CORE: GENERAL ENGINEERING ARCHITECTURAL CONSULTANT SERVICES: THE PARTNERSHIP - CONTRACT AMENDMENT

BENEFITS

In February 2008, NJ TRANSIT completed preliminary engineering for the Access to the Region's Core project. In anticipation of a Record of Decision from the Federal Transit Administration this year and in preparation for the start of construction next year, NJ TRANSIT is continuing advanced preliminary engineering on the project. The authorization for additional preliminary engineering services will allow continuation of geotechnical investigations including completion of borings in the Hudson River and uninterrupted development of the three design/build tunneling packages (Palisades, Hudson and Manhattan tunnels) as well as continued coordination with New Jersey and New York City police, fire, and emergency management organizations and completion of right-of-way plans.

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 investment in New Jersey, including 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 Midtown 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 ten 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 additional contract authorization for extended preliminary engineering services will continue design and geotechnical work on the Access to the Region's Core project pending an anticipated Record of Decision from the Federal Transit Administration this Fall. It is expected that subsequent authorizations will support the retention of the General Engineering / Architectural Consultant firm for Final Design and Construction Assistance.

ACTION

Staff seeks Board authorization to fund Extended Preliminary Engineering to extend contract (No. 06-046) with THE Partnership, a joint venture between, Parsons Brinckerhoff, Inc., STV Inc., and DMJM Harris, Inc. of Newark, New Jersey, for General Engineering / Architectural Consultant for the Access to the Region's Core THE Tunnel

Project at the cost not to exceed \$8,000,0000, plus five percent, for contingency, for a total contract authorization of \$90,493,869, plus five percent for contingency, subject to the availability of funds.

This item has been reviewed and recommended by the Board Capital Planning, Policy and Privatization and Board Administration Committees.

FISCAL IMPACTS

Requested Authorization:	\$8,000,000.00 + 5% contingency (Extended Preliminary Engineering Services) (General Engineering/Architectural Consultant)
	\$90,493,869 +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:	22%
Related/Future Authorizations:	Final Design (Phase II) and Construction Assistance for each contract (Phase III)
Impacts on Subsequent Operating Budgets:	NA

RESOLUTION

WHEREAS, NJ TRANSIT seeks to double commuter rail capacity to New York by construction of 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 continuance of Extended Preliminary Engineering for the General Engineering/Architectural Consultant Services will continue to ensure that the construction for THE Tunnel Project will be initiated in 2009, in accordance with the schedule for service operations by 2017;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract with THE Partnership, a joint venture between, Parsons Brinckerhoff, Inc. STV Inc., and DMJM Harris, Inc, for General Engineering / Architectural Consultant services for the Access to the Region's Core THE Tunnel Project at the cost not to exceed \$8,000,0000, plus five percent, for contingency, for a total contract authorization of \$90,493,869, plus five percent for contingency, subject to the availability of funds.

ITEM 0807-47: ACCESS TO THE REGION'S CORE – ACQUISITION OF REAL ESTATE PROPERTY INTERESTS AND THE PROFESSIONAL SUPPORT SERVICES NECESSARY TO ACQUIRE NEW JERSEY PROPERTY INTERESTS FOR THE PROJECT

BENEFITS

In August 2006, the Federal Transit Administration authorized NJ TRANSIT to initiate preliminary engineering for the Access to the Region's Core (ARC) project, also known as the Trans-Hudson Express (THE) Tunnel project. The ARC project, when completed, will double the existing rail capacity of the century-old trans-Hudson rail infrastructure, to meet the region's continuing demand for commuter rail services into Manhattan.

The ARC project will be constructed through the Meadowlands, under the New Jersey Palisades and Hudson River, to an expansion of Penn Station under 34th Street. The project is being advanced in partnership with The Port Authority of New York and New Jersey.

ARC will break the trans-Hudson bottleneck, by providing more commuter rail service, more express service, and more direct service from stations throughout the entire system. It will provide a transfer free, one seat ride to passengers on the Main, Bergen, Pascack Valley, Raritan Valley, North Jersey Coast Line, and other portions of the NJ TRANSIT system for passengers to New York City. The project will improve our region's environment, economy, and quality of life.

The project is expected to complete the National Environmental Policy Act process and receive a Record of Decision later this year. During the Preliminary Engineering phase, the New Jersey and New York property acquisition requirements have been identified. After the Federal Transit Administration issues the Record of Decision, NJ TRANSIT will proceed with the New Jersey acquisitions.

PURPOSE

A critical element of the project's schedule is the expeditious acquisition of property interests required for the project and the relocation of tenants and owner occupied businesses in accordance with Title 49 Part 24 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (the Uniform Act) for federally funded programs. NJ TRANSIT requires qualified appraisers, review appraisers, relocation firms, and title search companies to review, research, evaluate and assist in the acquisition of property interests in New Jersey.

ACTION (JUSTIFICATION – CORE SYSTEM CAPACITY)

Staff seeks authorization to acquire all property interests in the State of New Jersey required for the construction of the project, except for the property rights needed for the mid-day rail storage yard from the Hudson County Improvement Authority, that will be sought at a later date, and the payment of relocation benefits in accordance with the Uniform Act at a cost not to exceed \$60,646,000, plus five percent for contingency. The property interests to be acquired may include fee, permanent and temporary surface, subsurface and riparian easements, leases, permits, licenses, right of entry or however else obtained subject to receipt of the Record of Decision from the Federal Transit Administration.

NJ TRANSIT will also retain appraisers, review appraisers, relocation and other specialized consultants at a cost not to exceed \$1,713,500 plus five percent for contingency. Following a public process, ten sub consultants; who specialize as appraisers, railroad right-of-way appraisers, review appraisers, relocation firms, and other specialized firms have been selected. They include the following firms:

- Jerome Haims Realty
- Stack, Coolahan & Stack
- Izenberg Appraisal
- Federal Appraisal & Consulting
- RMI Midwest
- Rail Trac Associates
- Integra Realty Services
- Universal Field Services
- Phillips, Preiss, Shapiro
- O.R. Colon Associates

This item has been reviewed and recommended by the Board Capital Planning, Policy and Privatization and Board Administration Committees.

FISCAL IMPACTS

Requested Authorization: \$60,646, 000 plus 5% for contingencies– Property Acquisition Cost and Relocation Benefits
 \$1,713,500 plus 5% for contingencies– Appraisal, Relocation, Title and Other Services

Total Project Cost: \$7.646 Billion (total project)

Projected Date of Completion: 2017

Anticipated Source of Funds: TTF, CMAQ, FTA, PANYNJ

Diversity Goal: N/A

**Related/
Future Authorizations:** None

**Impacts on Subsequent
Operating Budgets:** N/A

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 Street in Manhattan, 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 from the existing commuter rail system to Midtown Manhattan and build upon recent transit investments in New Jersey; and

WHEREAS, the New Jersey Public Transportation Act of 1979, P.L.E. 1979, c. 150, authorizes NJ TRANSIT to lease, purchase, sell, or otherwise dispose of, on terms which NJ TRANSIT may prescribe, real and personal property; and

WHEREAS, in August 2006, the NJ TRANSIT Board of Directors authorized to contract for professional services for preliminary engineering project phase for THE Tunnel project; and during that effort the project alignment and the required real estate interests were identified and during the final engineering project phase additional property interests may be identified; and

WHEREAS, NJ TRANSIT requires qualified appraisers, review appraisers, relocation firms, title and other specialized firms to review, research, evaluate and assist in the acquisition of property interests in New Jersey;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to take all actions necessary to acquire all property interests in New Jersey whether in fee, easement, lease, permit, right of entry, licenses or however else obtained through agreement or condemnation for THE Tunnel project, except for the property rights needed for the mid-day rail storage yard from the Hudson County Improvement Authority that will be sought at a later date, and to provide relocation benefits in accordance with Title 49 Part 24 of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of

1970 at a cost not to exceed \$60,646,000 plus five percent for contingency subject to the availability of funds and receipt of the Record of Decision from the Federal Transit Administration; and

BE IT FURTHER RESOLVED that the Chairman or Executive Director is authorized to retain the appraisers, review appraisers, title, relocation and other specialized firms working as subconsultants to NJ TRANSIT at a cost not to exceed \$1,713,500 plus five percent for contingency.

ITEM 0807-48: DUAL-POWERED PASSENGER LOCOMOTIVES: PURCHASE OF 26 PASSENGER LOCOMOTIVES AND CONTRACT AMENDMENT FOR ENGINEERING ASSISTANCE

BENEFITS

NJ TRANSIT uses diesel locomotives, which are approximately 40 years old and in need of replacement, to operate its current rail service in non-electrified territories. Currently, 37 percent of the NJ TRANSIT commuter rail system (route miles) is not electrified. The purchase of the dual-powered locomotives is a cost-effective solution for operating in both electrified and non-electrified territory. The dual-powered locomotives will provide the flexibility to operate throughout the entire system as needed.

There are several benefits to replacing the diesel locomotives with the dual-powered locomotives. The dual-powered locomotives run more efficiently in diesel mode than the older diesel locomotives in the NJ TRANSIT fleet that they will replace. The dual-powered locomotives will also operate more cleanly in electric mode than the diesel locomotives, a direct benefit to the environment, and with better acceleration. The use of these locomotives will also allow NJ TRANSIT to develop operational experience with the dual power capability in anticipation of the Access to the Region's Core project which is designed to provide one-seat, direct rail service to New York City.

NJ TRANSIT and the Agence Métropolitaine de Transport (AMT) in Montreal, Quebec, are partnering in the procurement of these Federal Railroad Administration-compliant (FRA) dual-powered locomotives, with NJ TRANSIT acting as the lead procurement agency. Each agency will contract separately for the purchase of its locomotives. However, the development cost for the locomotives will be shared by both agencies.

By authorizing this action now using state Transportation Trust Fund (TTF) funding, NJ TRANSIT can also secure the locomotives at the best and final price provided by Bombardier. That price offer is set to expire on August 17, 2008. NJ TRANSIT anticipates seeking Board authorization for the issuance of federal Certificates of Participation (COPs) funding in the near future. Should that funding be approved and made available, the TTF funds used to purchase the locomotives would be refunded in favor of the federal funds.

PURPOSE

This contract is for the purchase of 26 Dual-Powered Passenger Locomotives for NJ TRANSIT with options for up to an additional 63 locomotives that may be exercised in the future. The scope of work includes an option for Computer-based training and expert service; additional Board authorization will be requested for these options.

To support the procurement of the Dual-Powered 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 dual-powered locomotives, and approved by the Board in September 2005.

ACTION (Justification: Capacity)

Staff seeks authorization to contract (No. 07-062) with Bombardier Transit Corporation of Bensalem, Pennsylvania, for the purchase of 26 Dual-Powered Locomotives, including spare parts, at a cost not to exceed \$309,921,369, plus five percent for contingencies, subject to the availability of funds.

Staff also seeks authorization to amend the contract (No. 05-098) with STV, Incorporated of New York, New York, for design and engineering assistance with the manufacture of the dual-powered locomotives at a cost not to exceed \$7,904,000, plus five percent for contingencies, for a total contract authorization of \$13,352,850, subject to the availability of funds.

FISCAL IMPACTS

Requested Authorization:

Bombardier Transit Corporation \$ 309,921,369 + 5% contingency

STV Incorporated This Authorization \$ 7,904,000 + 5% contingency
Total Authorization \$ 13,352,850

Total Project Cost: In an amount not to exceed \$492,309,500
(includes interest)

Projected Date of Completion: Delivery of 26th locomotive – September 2012

Anticipated Source of Funds: Federal Transit Administration
Transportation Trust Fund

Diversity Goal: Transit Vehicle Manufacturer
Engineering Assistance – 20% DBE

Related/Future Authorizations: Contract options for additional locomotives and Engineering Assistance for additional locomotives if options are exercised

Impacts on Subsequent Operating Budgets: \$4,500,000 (after full replacement of 26 older diesel locomotives)

RESOLUTION

WHEREAS, NJ TRANSIT currently operates diesel locomotives on its non-electrified lines; and

WHEREAS, these locomotives are in need of replacement; and

WHEREAS, these locomotives will allow operation in both electrified and non-electrified territory; and

WHEREAS, upon completion of a competitive procurement process it was determined that Bombardier Transit Corporation was the lowest responsive, responsible bidder; and

WHEREAS, NJ TRANSIT previously selected STV, Inc. through a competitive procurement process for engineering assistance for the dual-powered;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to contract with Bombardier Transit Corporation of Bensalem, Pennsylvania, for the purchase of 26 Dual-Powered Locomotives, including spare parts, at a cost not to exceed \$309,921,869, 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 the contract with STV, Inc. of New York, New York, for design and engineering assistance with the manufacture of the dual-powered locomotives at a cost not to exceed \$7,904,000, plus five percent for contingencies, for a total contract authorization of \$13,352,850, subject to the availability of funds.

**ITEM 0807-49: PORTAL BRIDGE CAPACITY ENHANCEMENT PROJECT:
CONTRACT AWARD FOR PRELIMINARY ENGINEERING AND
DESIGN**

BENEFITS

The existing Portal Bridge is a two-track movable swing-span bridge that was constructed by the Pennsylvania Railroad and began operation in 1910. The aging Portal Bridge, owned by Amtrak, is a bottleneck along the Northeast Corridor (NEC) that conflicts with marine traffic and impedes efficient and reliable passenger rail service. Given the Portal Bridge's age, the structure is nearing the end of its service life. The Portal Bridge has been opened an average 22 times per month over the last four years. In the past six months bridge openings have resulted in delays for 262 NJ TRANSIT trains, with monthly delays ranging from 33 trains to 90 trains.

The Portal Bridge Capacity Enhancement Project includes replacing the existing bridge with two parallel structures: a new three-track fixed northern bridge and a new two-track movable southern bridge. Additionally, the project includes the construction of new track between Swift Interlocking and Secaucus Junction; new ancillary equipment such as signal and communication systems, traction power supply and distribution, and catenary and communication support structures; and new rail bridges over Newark Turnpike, former Erie Newark-Paterson Branch right-of-way, Belleville Turnpike, former Erie Arlington Branch right-of-way, and the Boonton Line.

Hearings on the Draft Environmental Impact Statement were held in March 2008. The Final Environmental Impact Statement has been delivered to the Federal Railroad Administration (FRA) for review and is expected to be published in July 2008. A Record of Decision is anticipated to be issued by the FRA in August 2008.

Project design and construction efforts will be accomplished jointly between NJ TRANSIT and AMTRAK under a cooperative agreement with NJ TRANSIT acting as the contracting agency for preliminary engineering and final design.

PURPOSE

The authorization of this contract will provide professional engineering services for the development of preliminary design documents for the Portal Bridge Capacity Enhancement Project.

Future phases of this contract include options for Phase II – Final Engineering, Bid Package Preparation Bid Support, and Permit/Compliance Assistance; and Phase III – Construction Assistance Services and Permit Compliance/Assistance. Additional Board authorization will be requested for these future phases.

ACTION (Capital Program Justification: New System Start)

Staff seeks authorization to enter into a contract (No. 08-042) with Portal Partners of Audubon, Pennsylvania for consultant services in support of the preliminary design and engineering effort of the Portal Bridge Capacity Enhancement Project at a cost not to exceed \$31,600,000, 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 IMPACT

Requested Authorization:	\$ 31,600,000 + 5% contingency
Total Project Cost:	\$ 40,000,000 (Preliminary engineering phase)
Projected Date of Completion:	2010 (Preliminary engineering phase)
Anticipated Source of Funds:	Transportation Trust Fund
Diversity Goal:	22% DBE
Related/Future Authorizations:	Final engineering and design Construction Construction assistance services Construction management Land acquisition
Impact on Future Operating Budgets:	None

RESOLUTION

WHEREAS, NJ TRANSIT seeks to replace the aging Portal Bridge across the Hackensack River, expand capacity on the Northeast Corridor, reduce conflicts between rail and marine traffic, and decrease rail service interruptions; and

WHEREAS, replacing the Portal Bridge includes constructing two new bridges – a two-track moveable bridge and a three-track fixed bridge – as well as improvements to the approaches; and

WHEREAS, Amtrak, the current owner of the Portal Bridge, will be a partner with NJ TRANSIT on this work; and

WHEREAS, upon completion of a competitive procurement process it was determined that Portal Partners submitted the proposal that provides the best value and is in the best interest of NJ TRANSIT;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to enter into a contract with Portal Partners of Audubon, Pennsylvania for consulting services in support of the preliminary design and engineering effort of the Portal Bridge Capacity Enhancement Project, at a cost not to exceed \$31,600,000, plus five percent for contingencies, subject to the availability of funds.

ITEM 0807-50: RESOLUTION OF NEW JERSEY TRANSIT CORPORATION RELATING TO THE CONVERSION AND REMARKETING AND/OR REFUNDING OF 2003 SERIES BONDS ISSUED BY THE NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY FOR THE SOUTHERN NEW JERSEY LIGHT RAIL SYSTEM

BENEFITS

Approval of this Item will allow NJ Transit to convert and remarket and/or refund the 2003 Series Bonds which have been negatively impacted by the failure of the auction rate market in 2008 causing NJ Transit's interest costs to increase.

PURPOSE

In August 1999, the New Jersey Economic Development Authority ('NJEDA') issued \$486 million of revenue bonds for the construction of the River LINE. In October, 2003 these bonds were partially refunded for savings with an additional \$35 million issued for construction. Annual debt service is approximately \$49 million per year through 2019.

The 2003 refunding bonds were issued as short-term 'auction rate' securities with 7 and 35 day interest rate periods. Interest rate risk was effectively managed by the NJEDA entering into two swap agreements with UBS and Morgan Stanley. Unfortunately, early in 2008 the auction rate market effectively collapsed due to concerns about its liquidity. The failure of the auction rate market has resulted in an increase of approximately \$600,000 in monthly interest expense.

Treasury has selected a financing team with Morgan Stanley acting as lead manager. Wilentz Goldman & Spitzer have been appointed as bond counsel to the NJEDA.

While it is anticipated that the NJEDA will convert and remarket the 2003 bonds with fixed interest rates to their maturity in 2019, the Resolution allows the flexibility to convert and remarket them as variable rate bonds and/or issue fixed or variable rate refunding bonds to refund the 2003 bonds should market conditions dictate.

ACTION

Staff seeks authorization to execute all documents relating to the conversion and remarketing and/or refunding of the 2003 Series Bonds issued by the New Jersey Economic Development Authority for Southern New Jersey Light Rail and to pay all fees associated with the transaction.

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

FISCAL IMPACTS

Requested Authorization:	Payment of all transaction fees
Projected Date of Completion:	August 2009
Anticipated Source of Funds:	Remarketing and/or Sale Proceeds
Diversity Goal	N/A

RESOLUTION

WHEREAS, in connection with the financing and construction of the Southern New Jersey Light Rail System (“SNJLR”), New Jersey Transit Corporation (the “Corporation”) has previously entered into (i) a Series A Lease, dated as of August 15, 1999, between the Corporation and the New Jersey Economic Development Authority (the “NJEDA”), as amended and supplemented by the First Supplemental Series A Lease, dated as of October 1, 2003 (collectively, the “Series A Lease”), and (ii) a Series A Sublease, dated as of August 15, 1999, between the NJEDA and the Corporation, as amended and supplemented by the First Supplemental Series A Sublease, dated as of October 1, 2003 (collectively, the “Series A Sublease”); and

WHEREAS, the NJEDA has previously issued its currently outstanding \$310,700,000 Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series A, and \$35,000,000 Transportation Project Sublease Revenue Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2003 Series B (collectively, the “2003 Series Bonds”); and

WHEREAS, the 2003 Series Bonds were issued to refinance certain bonds previously issued by the NJEDA to finance the costs of acquisition and construction of the SNJLR and to finance additional completion costs relating to the SNJLR; and

WHEREAS, the payments made by the Corporation to the NJEDA under the Series A Sublease are used by the NJEDA to pay debt service on the 2003 Series Bonds; and

WHEREAS, the Corporation’s payments to the NJEDA under the Series A Sublease are secured by a First Supplement to and Amended and Restated Series A Funding Agreement, dated as of October 1, 2003, made by the Corporation, with the approval of the Commissioner of Transportation of the State of New Jersey, to and in favor of the NJEDA (the “Series A Funding Agreement”), pursuant to which the Corporation has pledged to the NJEDA appropriations by the New Jersey Legislature in each fiscal year to the SNJLR in an amount up to, but not exceeding,

the amount necessary to make the Corporation's payments to the NJEDA under the Series A Sublease due in such fiscal year; and

WHEREAS, the 2003 Series Bonds were issued under and pursuant to the NJEDA's Transportation Project Sublease Revenue Bond Resolution, adopted on August 10, 1999, as amended and supplemented (the "General Bond Resolution"), including as supplemented by the First Supplemental Transportation Project Sublease Revenue Bond Resolution, adopted on September 16, 2003 (the "First Supplemental Resolution"), and a Series Certificate of the Authority dated October 9, 2003 (the "Original Series Certificate" and, together with the General Bond Resolution and the First Supplemental Resolution, the "Bond Resolution") (capitalized terms used in this Resolution and not otherwise defined have the meaning given to such terms in the Bond Resolution or in the Second Supplemental Resolution (as defined below); and

WHEREAS, the 2003 Series Bonds currently bear interest at an Auction Rate and, due to volatile conditions in the auction rate securities markets over the past several months, the Auction Rates for the 2003 Series Bonds have increased significantly and, in certain cases, Auctions of the 2003 Series Bonds have failed, thereby resulting in the 2003 Series Bonds bearing interest at the Maximum Auction Interest Rate; and

WHEREAS, in response to the recent significant increases in the Auction Rates for the 2003 Series Bonds and the continued volatile conditions in the auction rate securities markets, on June 10, 2008, the NJEDA adopted its Second Supplemental Transportation Project Sublease Revenue Bond Resolution (the "Second Supplemental Resolution"), which supplements the Bond Resolution and authorizes (i) the conversion and remarketing of all or any Series or subseries of the 2003 Series Bonds from an Auction Interest Rate Period to a Fixed Interest Rate Period or any other authorized Interest Rate Period, all as more fully provided in the Second Supplemental Resolution, (ii) the issuance of the NJEDA's Transportation Project Sublease Revenue Refunding Bonds (New Jersey Transit Corporation Light Rail Transit System Project), 2008 Series A in an aggregate principal amount of not exceeding \$375,000,000 (the "2008 Series A Bonds"), to refund all or a portion of the

2003 Series Bonds in addition to, and/or as an alternative to, converting and remarketing all or any Series or subseries of the 2003 Series Bonds from the Auction Interest Rate Period to another authorized Interest Rate Period, and (iii) certain other transactions and proceedings in connection with such conversion and remarketing of the 2003 Series Bonds and/or the issuance of the 2008 Series A Bonds; and

WHEREAS, the Corporation desires to authorize certain officers of the Corporation to execute and deliver any and all such documents, and to take any and all such actions, as may be necessary, proper or desirable to effectuate, facilitate and carry out the conversion and remarketing of the 2003 Series Bonds, the issuance of the 2008 Series A Bonds and/or any of the other transactions and proceedings authorized by the Second Supplemental Resolution.

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

Section 1. The Chairman, Vice Chairman, Treasurer, Chief Financial Officer, Secretary and Executive Director of the Corporation, or any other officer of the Corporation who shall be appointed by the Executive Director to have the power to execute the documents and carry out the transactions contemplated by this Resolution, are hereby authorized and directed by, for and on behalf of, and in the name of, the Corporation, to execute and deliver any and all instruments, certificates, affidavits, opinions, directions, instructions and other documents, and to take any and all other actions, as may be necessary, proper or desirable to effectuate, facilitate and carry out the conversion and remarketing of the 2003 Series Bonds, the issuance of the 2008 Series A Bonds, the refunding of all or a portion of the 2003 Series Bonds, the amendment and/or termination, in whole or in part, of the Existing Swap Agreements, the entering into of one or more 2008 Swap Agreements, the obtaining of Credit Facilities and/or Standby Agreements for the 2003 Series Bonds and/or the 2008 Series A Bonds and any of the other transactions and proceedings authorized by the Second Supplemental Resolution, including, without limitation: (A) providing any written directions, instructions or requests to the NJEDA as may be necessary to (i) convert the Interest Rate Period for all or any Series or subseries of

the 2003 Series Bonds from the Auction Rate Period to any other authorized Interest Rate Period, (ii) change the length of any Auction Interest Period for all or any Series or subseries of the 2003 Series Bonds, or (iii) optionally redeem all or any portion of the 2003 Series Bonds in connection with the conversion and remarketing of all or any Series or subseries of the 2003 Series Bonds and/or the refunding of all or any portion of the 2003 Series Bonds, (B) executing and delivering any supplement or amendment to the Series A Lease, the Series A Sublease or the Series A Funding Agreement as may be necessary, proper or desirable to effectuate, facilitate and carry out any of the transactions authorized by the Second Supplemental Resolution, and (C) providing for the payment of any and all costs and expenses relating to any of the transactions authorized by the Second Supplemental Resolution.

Section 2. This Resolution shall take effect as provided in the New Jersey Public Transportation Act of 1979, as amended.

ITEM 0807-51: CERTIFICATES OF PARTICIPATION: SERIES 2005A

BENEFITS

Approval of this item will allow NJ TRANSIT to cross-border lease additional Bombardier Multilevel rail cars.

PURPOSE

In 2005 NJ TRANSIT issued Certificates of Participation ('COPs') to acquire Bombardier Multilevel cars under Options 'A' through 'C'. Repayment of the 2005 COPs will be made from future federal grants. Equipment acquired with federal funds is not eligible for cross-border leasing. Subsequent Multilevel deliveries beyond Option 'C' will be paid for from a variety of funds. NJ TRANSIT wishes to substitute this funding to pay for a number of cars being delivered under the first three options with the 2005A COPs paying for a number of cars delivered after Option 'C'. This substitution will allow NJ TRANSIT to cross-border equipment in 2008 rather than in 2009. The 2005A Special Counsel will be required to deliver an opinion to the Trustee to effect this change.

ACTION

Staff seeks authorization to pay for certain Multilevel cars with non-federal funds allowing it to cross-border lease equipment.

FISCAL IMPACTS

Requested Authorization: Payment of legal fees to effect substitution of funding estimated at \$12,500.

Projected Date of Completion: Fiscal Year 2009

Anticipated Source of Funds: N/A

Diversity Goal: N/A

RESOLUTION

WHEREAS, NJ TRANSIT issued Certificates of Participation in 2005 to finance the acquisition of Bombardier Multilevel cars under Options 'A' through 'C'; and

WHEREAS, equipment purchased with federal funds is not eligible for cross-border leasing; and

WHEREAS, subsequent Options will be paid from a variety of funding sources; and

WHEREAS, it is beneficial for NJ TRANSIT to pay for certain cars being delivered under Options 'A' through 'C' with non-federal funds so they may be cross-border leased as soon as possible;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into revised documentation required to pay for certain Bombardier railcars being acquired under Options 'A' through 'C' with non-federal funds and to allow certain cars delivered subsequent to Option 'C' to be paid for with federal funds, and authorizes the Chairman, Executive Director, the Chief Financial Officer and Treasurer, the Secretary or their designees to take all actions necessary to effect the aforementioned changes including the payment of special counsel fees.

ITEM 0807-52: NORTHERN BRANCH RAIL CORRIDOR ENVIRONMENTAL IMPACT STATEMENT: CONSULTANT CONTRACT AMENDMENT

BENEFITS

The Northern Branch Rail Corridor project will reintroduce rail service in eastern Bergen County to improve regional mobility, mitigate traffic congestion, and foster economic investment. The reintroduction of rail transit service will mark a significant step forward for congestion relief on local and county roads burdened by daily commuter traffic. The restoration of Northern Branch passenger rail service will provide a public transit alternative in areas underserved by the roadway network.

PURPOSE

NJ TRANSIT is working with the Federal Transit Administration (FTA) to complete the Environmental Impact Statement and obtain a Record of Decision from the FTA.

The current professional services contract with Jacobs Engineering Group Inc. (formerly Edwards and Kelcey, Inc.) would be amended to provide support to complete the Draft Environmental Impact Statement (DEIS) to reflect comments received from the FTA and the public as well as for the preparation of the Final Environmental Impact Statement (FEIS) resulting in the rendering of a Record of Decision in early 2009.

The consultant services contract, authorized by the Board in December 1995, was originally awarded to Jacobs Engineering Group Inc. through a competitive procurement process for consultant services for the preparation of the Environmental Impact Statement, and included an option for the preparation of the FEIS.

ACTION (Justification: System Expansion)

Staff seeks authorization to amend the contract (No. 95CR062) with Jacobs Engineering Group Inc. of Morristown, New Jersey, for anticipated additional work to complete the Draft Environmental Impact Statement and for preparation of the Final Environmental Impact Statement for the Northern Branch Rail Service project at a cost not to exceed \$1,050,000 plus five percent for contingencies, for a total contract authorization of \$8,418,282, 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 Authorization:	This Authorization	\$	1,050,000	+ 5% contingency
	Total Authorization	\$	8,418,282	

Total Project Cost:

Northern Branch EIS \$ 5,682,000

Projected Completion Date: 2009 (Environmental Impact Statement)

Anticipated Source of Funds: Federal Transit Administration
Transportation Trust Fund

Diversity Goal: 35% DBE

Related/Future Authorizations: Authorization to complete preliminary engineering, land acquisition, final engineering, construction, construction management, and construction assistance

Impacts on Subsequent Operating Budgets: NA

RESOLUTION

WHEREAS, NJ TRANSIT is working to improve the quality and expand the availability of the public transit system to make it the preferred choice for travel in New Jersey; and

WHEREAS, the Northern Branch Rail Corridor project will introduce rail service in eastern Bergen County to improve regional mobility, mitigate traffic congestion, and foster economic investment; and

WHEREAS, the environmental impact analysis is evaluating the use of two modes on the Northern Branch: Federal Railroad Administration-compliant diesel multiple unit rail cars and Hudson-Bergen Light Rail cars; and

WHEREAS, NJ TRANSIT previously contracted with Jacobs Engineering Group Inc. (formerly Edwards and Kelcey, Inc.) to undertake the environmental impact analysis for the Northern Branch as part of the West Shore Region environmental studies; and

WHEREAS, it is anticipated that additional analyses will be required to complete the Draft Environmental Impact Statement in response to comments from the Federal Transit Administration and the public; and

WHEREAS, the current consultant services contract contains an option for the completion of the Final Environmental Impact Statement for the Northern Branch Rail Corridor;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the contract (No. 95CR062) with Jacobs Engineering Group Inc. of Morristown, New Jersey, for anticipated additional work to complete the Draft Environmental Impact Statement and for preparation of the Final Environmental Impact Statement for the Northern Branch Rail Corridor project at a cost not to exceed \$1,050,000, plus five percent for contingencies, for a total contract authorization of \$8,418,282, subject to the availability of funds.

ITEM 0807-53: MINIBUS ROUTE SERVICES

BENEFITS

These four contracts will provide for the operation of regular and flexible route minibus services in four designated service areas within the State of New Jersey for a base 36-month contract and for two 24-month option periods. The twelve (12) routes (Exhibit A) comprising these services have a combined annual ridership of 430,000 passenger trips and generate annual revenues aggregating \$580,000. Continuation of these route services is important to our riders and the communities they serve and is consistent with our mission to provide for the operation of a coherent public transportation system in the most efficient and effective manner.

PURPOSE

Authorization will continue regular and flexible route minibus services, including routes previously initiated under the Suburban Initiatives Program (“Wheels” Service), which staff has identified as appropriate services that might be operated more economically by seeking competitive proposals for their performance. The carriers will comply with New Jersey’s Conscientious Employee Protection Act.

A Request for Proposals (RFP) was issued to request proposals from private motorbus carriers to provide regular and flexible route minibus services in four service areas for an initial contract period of 36 months and for two 24-month option periods. The RFP required prospective carriers to provide a proposed price for the operation of the service for the base contract period and the two option periods that may be exercised solely at the discretion of NJ TRANSIT. Only one private carrier proposal has been received for the contract for each of the four service areas and the four carriers are the incumbent operators for these services. NJ TRANSIT’s Selection Committee has reviewed the four private carrier proposals and has determined those proposals to be responsive to the RFP.

ACTION (Justification: Cost Efficiencies)

Staff seeks authorization to enter into four contracts with private motorbus carriers, as detailed on Exhibit A, for the operation of regular and flexible route minibus services for an initial 36-month contract period from October 5, 2008 through October 1, 2011 at a combined cost not to exceed \$12,362,097, plus 10 percent for contingencies. Staff will seek authorization to exercise the options to extend these contracts for the two 24-month option periods, from October 2, 2011 through September 28, 2013 and September 29, 2013 through September 26, 2015, in accordance with the RFP and the carriers’ proposals, at a later date(s). Funding of these agreements shall be subject to the availability of funds and Board approval of NJ TRANSIT’s operating budgets.

FISCAL IMPACTS

Requested Authorization:	\$12,362,097 (36 months) plus 10% for contingencies
Total Project Cost:	N/A
Projected Date of Completion:	September 26, 2015 for the base contract period plus both two-year option periods
Anticipated Source of Funds:	Fiscal Years 2009-2016 Operating Budgets
Diversity Goal:	Carriers are required to make a good faith effort to expend 5% of the value of the contract (excluding wages) on goods/services provided by Disadvantaged Business Enterprises
Related/Future Authorizations:	N/A
Impacts on Subsequent Operating Budgets:	Provides passenger revenue

RESOLUTION

WHEREAS, staff has determined that it is appropriate to provide regular and flexible route minibus service in four service areas and a Request for Proposals (RFP) was issued to seek competitive proposals from private motorbus carriers to provide these services; and

WHEREAS, only one private carrier proposal has been received for the contract for each of the four service areas and NJ TRANSIT's Selection Committee has reviewed the four private carrier proposals and has determined those proposals to be responsive to the RFP;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into four contracts with private motorbus carriers, as detailed on Exhibit A, and to take all other actions necessary to implement and administer these agreements, for the operation of regular and flexible route minibus services for an initial 36-month contract period from October 5, 2008 through October 1, 2011 at a combined cost not to exceed \$12,362,097, plus 10 percent for contingencies; and

BE IT FURTHER RESOLVED that funding of these agreements shall be subject to the availability of funds and Board approval of NJ TRANSIT's operating budgets; and

BE IT FURTHER RESOLVED that the carriers shall comply, as a condition of the present and future contracts with New Jersey's Conscientious Employee Protection Act.

EXHIBIT A

MINIBUS ROUTE SERVICES

Route No.	Description	Contract Amounts	
Service Area: Essex/Middlesex/Hudson			
Carrier: Red & Tan Tours, Inc. (Coach USA), Elizabeth, NJ			
305	Liberty State Park Shuttle	Base period	\$4,514,947
978	Newark – Raritan Express (RR)	1 st option period	3,264,043
979	Irvington – Raritan Express	2 nd option period	<u>3,482,818</u>
981	Port Liberte- Grove Street (8 peak period vehicles)	Total	\$ 11,261,808
Service Area: Hunterdon/Somerset/Union			
Carrier: Suburban Transit Corp. (Coach USA), New Brunswick, NJ			
884	Clinton – Somerville Connection	Base period	\$3,643,203
980	Centennial Ave. Employee Shuttle (RR)	1 st option period	2,677,261
986	Summit – Murray Hill – Plainfield (RR) (7 peak period vehicles)	2 nd option period	<u>2,855,873</u>
		Total	\$9,176,337
Service Area: Morris/Warren			
Carrier: First Student, Inc., Lafayette, NJ			
966	Convent Station (RR)	Base period	\$2,298,628
967	Sparta – Diamond Express	1 st option period	1,686,067
973	Downtown Hackettstown Shuttle (Flex) (6 peak period vehicles)	2 nd option period	<u>1,815,300</u>
		Total	\$5,799,995
Service Area: Warren			
Carrier: Delaware River Coach Lines, Phillipsburg, NJ			
890	South Main Street (Flex)	Base period	\$1,905,319
891	Heckman (North Main) (Flex) (3 peak period vehicles)	1 st option period	1,372,626
		2 nd option period	<u>1,448,446</u>
		Total	\$4,726,411
RR = Route provides feeder service to a railroad station			
Flex = Flexible route service			

Note: These four carriers are the incumbent operators for these services.

Total Cost – 4 contracts \$30,964,551

ITEM 0807-54: NEWARK PENN STATION - LEASE OF RETAIL SPACE MAIN WAITING ROOM

BENEFITS

NJ TRANSIT will receive annual base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million for five years, with a five-year renewal option from 2013-2018 for the operation of an Au Bon Pain restaurant in the Newark Penn Station (NPS) Main Waiting Room. The five year option rent will continue with the two percent annual escalation plus percent rent. NJ TRANSIT will receive approximately \$2.49 million in base rent over the ten year period. This lease will provide non-farebox revenue to NJ TRANSIT and a recognized brand food service encompassing breakfast, lunch, dinner and snack items to NJ TRANSIT customers utilizing the Newark Penn Station.

PURPOSE

This authorization provides for the lease of approximately 2,700 square feet within the NPS Main Waiting room for the operation of a food service/restaurant concession with ABP Corporation d/b/a Au Bon Pain, who was selected through a competitive bid process. The lease period is for five years from 2008 through 2013 with a five-year renewal option from 2013 through 2018 at the above rent amounts.

ACTION

Staff seeks authorization to enter into a lease with ABP Corporation d/b/a Au Bon Pain for the operation of a food service/restaurant concession consisting of approximately 2,700 square feet in the Main Waiting Room at Newark Penn Station for five years with a five-year renewal option at an initial annual base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million.

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

FISCAL IMPACTS

Requested Authorization:

Staff seeks authorization to enter into a lease with ABP Corporation d/b/a Au Bon Pain for the operation of a food service/restaurant concession consisting of approximately 2,700 square feet in the Main Waiting Room at Newark Penn Station for five years with a five-year renewal option at an initial annual base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million.

Total Project Cost:	N/A
Projected Date of Completion:	Leases to be executed by August 30, 2008
Anticipated Source of Funds:	N/A
Diversity Goal:	N/A
Related/Future Authorizations:	N/A
Impacts of Subsequent Operating Budgets:	Minimum of \$222,750 annually.

RESOLUTION

WHEREAS, the New Jersey Public Transportation Act of 1979, P.L. 1979, c. 150 authorizes NJ TRANSIT to lease, purchase and sell, or otherwise dispose of, on terms which NJ TRANSIT may prescribe, real and personal property; and

WHEREAS, NJ TRANSIT controls the Newark Penn Station; and

WHEREAS, ABP Corporation d/b/a Au Bon Pain was selected as the tenant for the operation of a food service/restaurant concession consisting of approximately 2,700 square feet in the Main Waiting Room at Newark Penn Station through a competitive bid process;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to enter into a lease with ABP Corporation d/b/a Au Bon Pain for the operation a food service/restaurant concession consisting of approximately 2,700 square feet in the Main Waiting Room at Newark Penn Station for five years with a five-year renewal option at an initial annual base rent of \$222,750, subject to a two percent annual escalation plus six percent of gross annual sales over \$3.7 million.

CONSENT CALENDAR

ITEM 0807-55: LEASE OF PAGERS

BENEFITS

NJ TRANSIT uses pagers to transmit vital information to personnel working in the field and to communicate after hours and on weekends. Various departments rely on pagers to receive timely information from dispatchers within the Bus and Rail Operations groups, Emergency Response Team and others. The corporate e-mail system is also directly tied to the paging network enabling rapid communication of messages from a desktop computer at any network location. These paging systems are integral to NJ TRANSIT's ability to disseminate information quickly to key support personnel dispersed throughout NJ TRANSIT's system. This method of communication enables the agency to immediately react to service disruptions and emergencies thus providing a higher level of customer service and a safer environment for passengers and field workers.

PURPOSE

The requested authorization includes equipment lease, pager service, excess page charges and replacement costs to pay for pagers that have been lost or physically damaged. Over the last two years, NJ TRANSIT has reduced its numbers of pagers from 3000 to 2400 for an operating budget savings of nearly \$30,000 annually.

Current service is provided by USA Mobility. Changing service providers would require the physical swap out of all 2400 pagers, causing serious disruption to operational personnel. Also, since all PIN numbers would change, updates would need to be made on all paging databases and contact information updated internally and to all outside agencies such as Amtrak and various law enforcement entities.

This authorization is for one year. Staff will competitively procure this service next fiscal year.

ACTION (Justification: Improved Passenger/Employee Safety and Continuity of Operations for the Lease of Equipment for Bus, Rail and Light Rail Operations)

Staff seeks authorization to enter into a procurement-by-exception contract with USA Mobility for the lease of approximately 2,400 pagers and the associated network and operator services at a total cost not to exceed \$150,000 for a one-year contract.

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

FISCAL IMPACTS

Requested Authorization: \$150,000

Projected Date of Completion: Ongoing

Anticipated Source of Funds:	FY09 Operating budget
Diversity Goal:	N/A
Related/Future Authorization:	N/A
Impacts of Subsequent	N/A

RESOLUTION

WHEREAS, NJ TRANSIT has issued pagers to personnel requiring immediate communication of information where a telephone is not available, and

WHEREAS, the paging systems allow personnel to respond quickly to service disruptions and emergencies; and

WHEREAS, these systems allow NJ TRANSIT to provide a higher level of customer service and safety; and

WHEREAS, a procurement by exception authorization is requested for the lease of specialized equipment for Rail, Bus and Light Rail Operations;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to enter into a procurement-by-exception contract with USA Mobility for the lease of approximately 2,400 pagers and the associated network and operator services at a total cost not to exceed \$150,000 for a one year contract subject to the availability of funds and the approval of the operating budget.