

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority (“Authority”) held at the Office of the Commissioner in the Main Office Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on October 10, 2012 at 9:00AM (EDT).

The following Authority members were present:

- Joseph Mrozek, Deputy Commissioner, New Jersey Department of Transportation (Designee for Commissioner James S. Simpson, NJTTFA Chairman)
- Steven Petrecca, Assistant State Treasurer, New Jersey Office of the Treasurer (Designee for the Honorable Andrew P. Sidamon-Eristoff, New Jersey State Treasurer)
- Gregory Lavee, NJ TTFA Vice Chairman - (Via teleconference)
- Robert Briant, Jr., NJ TTFA Public Member - (Via teleconference)
- Nelson Ferreira, NJ TTFA Public Member
- Joseph Ripa, NJ TTFA Public Member- (Via teleconference)

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJTTFA Executive Director; CFO, NJDOT
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL
- Kerstin Sundstrom, Governor’s Authorities Unit
- Linda Davino, NJTTFA Secretary
- Mina Tsintzas, NJTTFA Assistant Secretary
- Samuel Braun, Division of Accounting and Auditing, NJDOT
- Anthony Longo, Manager, Office of Public Finance
- Julius Bailey, Senate Majority Office

Deputy Commissioner Joseph Mrozek presided at the meeting and Linda Davino, Secretary, kept the minutes.

Deputy Commissioner Joseph Mrozek convened the meeting at 9:03 AM. He introduced himself and made the following statement:

"I wish to announce that adequate notice of today's meeting of the New Jersey Transportation Trust Fund Authority has been provided in accordance with the Open Public Meetings Act. Notice was filed with the Secretary of State. This notice was also e-mailed to five [5] newspapers of general distribution (The Trentonian, Trenton Times, Camden Courier Post, Star Ledger, and the Atlantic City Press); posted on the Authority's website, and posted in the main entrance of the New Jersey Department of Transportation's Headquarters."

Secretary Linda Davino called the roll. The following acknowledged their presence: Joseph Mrozek, Nelson Ferreira, Steven Petrecca, and via teleconference; Joseph Ripa, Robert Briant, Jr. and Gregory Lalevee.

After acknowledging that a quorum was present, Deputy Commissioner Joseph Mrozek chaired the meeting and called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting on August 2, 2012.

Mr. Lalevee moved the following resolution approving the Authority's August 2, 2012 meeting:

WHEREAS, Article II, Section 8 of the Bylaws of the New Jersey Transportation Trust Fund Authority provides that the minutes of actions taken at the meetings of the Authority be approved by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of August 2, 2012 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Mr. Ferreira. Deputy Commissioner Joseph Mrozek asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The members were polled with all members being in favor, and no members were in opposition; therefore the motion was carried.

Next, Deputy Commissioner Joseph Mrozek requested Gary Brune to lead a discussion pertaining to the resolution of the New Jersey Transportation Trust Fund Authority concerning certain litigation settlements with respect to Municipal Bond Derivatives.

Gary Brune stated that the proposed settlement relates to an out-of-court settlement that was entered into between certain issuers of municipal bond derivatives, including UBS, and 25 state attorneys general, including New Jersey. The conduct at issue in the settlements generally revolves around bid rigging. The proposed UBS settlement totals \$63.3 million, of which the NJTTFA would receive \$177,376 as restitution. The NJTTFA's share of the total reflects the degree to which the Authority had such municipal bond derivative transactions with UBS between January, 2001 and December, 2004 or had other financial transactions that were adversely impacted by UBS' conduct in these matters.

Besides this settlement with the state attorneys general, there is a separate, pending federal class action lawsuit that involves all 50 states and covers a different time period. Thus, the Authority essentially has three options. It could accept this UBS settlement, which would resolve UBS' liability with NJTTFA. Alternatively, NJTTFA could join the federal lawsuit for UBS and other financial services firms affected, or it could file its own lawsuit against UBS. The latter would likely generate significant legal costs and is not recommended. Also, the Attorney General's Office has assessed this proposed UBS settlement and considers it to be more favorable than restitution for UBS' conduct potentially available in the federal class action suit.

If the Board approves, the necessary forms to be submitted to the claims administrator must be postmarked no later than October 15, 2012. The New Jersey Attorney General's Office is seeking a global extension of the deadline with respect to the UBS Settlement; however it is unknown whether the extension will be granted or how much additional time would be provided.

A discussion ensued regarding the UBS Settlement. Board members asked how the settlement figure was arrived at and whether the amount was adequate. Deputy Attorney General Aimee M. Nason stated that the TTFA's portion of the UBS Settlement was based upon experts' reports. Access could not be gained to those reports due to the ongoing investigation so the experts' methodology could not be reviewed. However, DAG Nason noted that the amount the TTFA receives from the UBS settlement with the Attorneys General will likely be larger than what would be available from the federal class action because the settlement fund for the Attorneys General Settlement is larger, there are fewer participants and no legal fees will be paid. Assistant Treasurer Steven Petrecca pointed out that the amount the TTFA receives would be based upon the derivative transactions that it had with UBS and that it would be very difficult

to estimate what damages the TTFA suffered as a result of UBS' conduct. He noted that the settlement amount appear to be fair.

Deputy Commissioner Joseph Mrozek asked if there were any further discussion and then requested a motion to adopt the resolution entitled, "Resolution of the New Jersey Transportation Trust Fund Authority Concerning Certain Litigation Settlements With Respect To Municipal Bond Derivatives".

Mr. Ferreira moved the following Resolution:

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND
AUTHORITY CONCERNING CERTAIN LITIGATION SETTLEMENTS WITH
RESPECT TO MUNICIPAL BOND DERIVATIVES**

- WHEREAS:** The New Jersey Transportation Trust Fund Authority (the "Authority") was created pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, L. 1984, c. 73 etseq., as amended and supplemented (the "Act") and authorized to issue its bonds, notes and other obligations from time to time; and
- WHEREAS:** In connection with certain of the Authority's bonds, the Authority has entered into certain municipal bond derivative products including investment agreements and swap agreements with providers of such products (the "Municipal Bond Derivatives"); and
- WHEREAS:** As a result of investigations conducted by the United States Securities & Exchange Commission, the Internal Revenue Service and the United States Department of Justice Antitrust Division into alleged industry-wide price-fixing, bid rigging and other collusive practices, states, other governmental and quasi-governmental issuers and not-for-profit entities (the "Injured Parties") have initiated various lawsuits which have been consolidated in litigation known as *In re Municipal Derivatives Antitrust Litigation* (the "Federal Class Action Litigation") against providers of the Municipal Bond Derivatives, brokers, bidding agents and other alleged co-conspirators (the "Defendants"); and
- WHEREAS:** Certain Defendants have agreed or are expected to agree with the Attorneys General of twenty-five states, including the State of New Jersey, to settle
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claims similar in nature to those claims alleged in the Federal Class Action Litigation with respect to Municipal Bond Derivatives entered into by the issuers, such as the Authority, in connection with issues of bonds, such as the Authority's bonds (the "Attorneys General Settlements"); and

WHEREAS: The Authority has received a Notice Letter entitling it to participate in the Attorneys General Settlement with UBS AG; and

WHEREAS: Certain other Defendants have already agreed or are expected to agree with a class of Injured Parties certified by the presiding court to settle the Federal Class Action Litigation with respect to Municipal Bond Derivatives, including Municipal Bond Derivatives entered into by the Authority in connection with issues of the Authority's bonds (the "Federal Class Action Settlements"); and

WHEREAS: An Injured Party such as the Authority may need to decide whether to participate in the Attorneys General Settlements (if eligible), the Federal Class Action Settlement or neither settlement (the Attorneys General Settlements and the Federal Class Action Settlements are hereinafter referred to as the "Settlements"); and

WHEREAS: The Authority must execute releases and other documents relating to acceptance or rejection of such Settlements and carry out implementation of a Settlement if elected; and

WHEREAS: The Authority desires to authorize each Authorized Officer (as defined below) of the Authority to accept, on behalf of the Authority, the Attorney Generals Settlement with UBS AG, accept or reject on behalf of the Authority, any other such Settlements that such Authorized Officer deems to be in the best interest of the Authority, in consultation with the Attorney General of New Jersey (the "State Attorney General"), and to take any and all steps necessary or desirable to effectuate such acceptance or rejection, including, without limitation, the execution and delivery of the appropriate documents.

NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY THAT:

SECTION 1. Each of the Chairman, Vice Chairman and the Executive Director (each an "Authorized Officer") is hereby authorized to accept on behalf of the Authority the Attorneys General Settlement with UBS AG and to accept or reject, on behalf of the Authority, any other Settlement; provided that such Authorized Officer determines such acceptance or rejection of the Settlement to be in the best interest of the Authority, as evidenced by a certificate signed

by such Authorized Officer to such effect. The Authorized Officers are further authorized to execute and deliver the acceptance or rejection of such Settlements and any and all releases and other necessary documents in the forms approved by such Authorized Officers and reviewed and approved by the Attorney General of New Jersey. Any Secretary or Assistant Secretary is authorized to attest required documents in the form executed by an Authorized Officer.

SECTION 2. Each Authorized Officer is hereby authorized to take all steps the Authorized Officer deems necessary or desirable to effect acceptance or rejection of such Settlements and all prior actions taken by any Authorized Officer in implementing or rejecting such Settlements are hereby ratified and approved.

SECTION 3. This Resolution shall take effect in accordance with the Act.

The motion was seconded by Mr. Briant, and upon roll call the following members voted:

AYE: 6

NAY: 0

ABSTAIN: 0

ABSENT: 0

The Chair Designee thereupon declared said motion carried and said resolution adopted.

Finally, Deputy Commissioner Joseph Mrozek asked the Board if there were any other issues to be discussed. There being no further business coming from the Authority, Deputy Commissioner Joseph Mrozek requested a motion to adjourn the meeting. Mr. Briant moved that the October 10, 2012 meeting of the New Jersey Transportation Trust Fund Authority be adjourned, and Mr. Ripa seconded the motion, all members were in favor with no members opposed, and the motion was carried.

The New Jersey Transportation Trust Fund Authority meeting ended at approximately 9:15 AM.

Respectfully Submitted,

A handwritten signature in cursive script, reading "Linda M. Davino".

Linda M. Davino
Secretary of the Authority