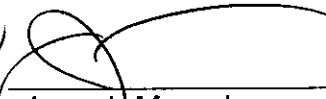


**CERTIFICATION
OF
NEW JERSEY TURNPIKE AUTHORITY**

I, Joseph Mrozek, hereby certify that I am the Executive Director of the New Jersey Turnpike Authority and as such, **Executive Director** certify that the attached copy of PROCEEDINGS OF THE NEW JERSEY TURNPIKE AUTHORITY is a true and correct copy of the Minutes of the January 31, 2017 Meeting of the Authority.

IN WITNESS THEREOF, I have hereunto set my hand and affixed the official seal of the New Jersey Turnpike Authority this **31st day of January, 2017.**

ATTEST:

 _____ Kim Schurman Secretary to the Authority	 _____ Joseph Mrozek, Executive Director
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Corporate Seal

Date: January 31, 2017

**Received in the Governor's Office January 31, 2017
(hand delivered)**

Received by:

David Muhn
Print Name



Signature

Veto Period Ends:

February 14, 2017
(Write in the date the veto period ends)

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

Tuesday, January 31, 2017

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Chairman Richard Hammer called the Authority into session in the Executive Boardroom of the Authority's Administration Offices at 1 Turnpike Plaza in Woodbridge, New Jersey, at 9:00 A.M.

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PRESENT

Present were Chairman Richard Hammer, Vice Chairman Ronald Gravino, Treasurer Michael DuPont, Commissioner Ulises Diaz, Commissioner Daniel Becht, and Commissioner John Minella. The meeting commenced at 9:00 A.M.

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ALSO PRESENT

Executive Director Joseph Mrozek; Chief Operating Officer John O'Hern; Chief Engineer Robert Fischer; Deputy General Counsel Maura Tully; Chief Financial Officer Donna Manuelli; Director of Human Resources Mary-Elizabeth Garrity; Director of Internal Audit James Carone; Director of Maintenance Kenneth McGoldrick; Director of Operations Henry Eibel; Deputy Director of Procurement and Materials Management Donna Wilser; Chief Information Officer Jose Dios; Director of Tolls Robert Quirk; New Jersey State Police Major Eric Heitmann, State Police Troop D; and Secretary to the Authority Kim Schurman.

Also present were: Governors' Authorities Unit Representative Labinot Berlaolli; additional individuals consisting of other NJTA employees; interested organizations; and the general public; and from the media: New Jersey Advanced Media.

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NOTICE OF MEETING

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

Executive Director Mrozek takes Roll Call:

1. Chairman Hammer
2. Vice Chairman Gravino
3. Treasurer DuPont
4. Commissioner Pocino (Absent)
5. Commissioner Diaz
6. Commissioner Becht
7. Commissioner Minella

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EXECUTIVE SESSION

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

- Contract Negotiations

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

Executive Session was adjourned at 9:41 a.m. Chairman Hammer resumed the public portion of the meeting at 9:45 a.m.

Executive Director Mrozek takes Roll Call:

1. Chairman Hammer
2. Vice Chairman Gravino
3. Treasurer DuPont
4. Commissioner Pocino (Absent)
5. Commissioner Diaz
6. Commissioner Becht
7. Commissioner Minella

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ACTION ON MINUTES

The Executive Director reported that ten days, excluding Saturdays, Sundays and holidays, have elapsed since Governor Chris Christie received the proceedings of the regular meeting of December 20, 2016; he did not exercise his power to veto any items in those minutes.

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

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RECUSALS

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

None

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PUBLIC COMMENT

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Murray Bodin, Concerned Grandparents

Mr. Bodin stated that he had come to speak to the Board of Commissioners about several of his concerns. But prior to the start of the meeting, Mr. Bodin spoke to Authority staff and learned that all of his concerns are being addressed.

Mr. Bodin stated that for more than forty (40) years he has worn eyeglasses. He recently

had surgery to repair his cataracts and he no longer needs to wear eyeglasses. He stated that he is having a difficult time adjusting to that change. He used his condition as a metaphor that the Authority must be prepare to change how it does its business. Change is coming and it cannot be stopped. He noted that a few years ago, people read the news on newspaper. Today, people read the news on their smart phones.

Mr. Bodin noted he has had a passion for line striping on highways. He is now concerned about aggressive drivers. They need to be addressed quickly because they are a hazard for all motorists.

Mr. Bodin stated this was a very encouraging meeting and thanked everyone for their help.

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EXECUTIVE DIRECTOR'S COMMENTS

None

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COMMISSIONER'S COMMENTS

None

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HUMAN RESOURCES

Director of Human Resources Mary-Elizabeth Garrity requested approval of item number 001-01-2017. Moved is the item as follows:

001-01-2017

Human Resources Director Garrity submitted the Personnel Agenda, dated January 31, 2017, and requested confirmation of the personnel matters contained therein. The Executive Director certified the recommendations for consideration.

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

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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LAW

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Deputy General Counsel Maura Tully requested approval of item numbers 002-01-2017 through 003-01-2017. Moved are the items as follows:

002-01-2017

In a memorandum dated January 18, 2017, **Authorization to Enter into Maintenance and Jurisdictional Agreement No. 128-16 with the Township of Mansfield**, was approved

In the Fall of 2014, the Authority completed construction on the New Jersey Turnpike Interchange 6 to 9 Widening Program (the "Program"). The Program impacted two municipal roadways in the Township of Mansfield (the "Township"), Mansfield Road West and Mill Lane.

As a result of the improvements made pursuant to the Program, the Authority and the Township have updated the Jurisdictional Limit Maps relative to the Turnpike, Mansfield Road West and Mill Lane. Therefore, it is recommended that the Authority enter into Maintenance and Jurisdictional Agreement No. 128-16 with the Township, with the new Jurisdictional Limit Maps attached thereto and incorporated by reference, to set forth the respective rights and responsibilities of the Authority and Township with respect to such improvements.

Accordingly, it is requested that the Board of Commissioners delegate to the Executive Director the authority to execute Maintenance and Jurisdictional Agreement No. 128-16 with the Township of Mansfield pursuant to the terms outlined above. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

003-01-2017

In a memorandum dated January 19, 2017, **Ratification of Action Taken and Authorization for the Acquisition of Property Interests Required for the New Jersey Turnpike Authority, Interchange 6-9 Widening Program, Amount: \$3,250,000.00 (\$2,150,000 previously approved, an additional \$1,100,000 is needed)**, was approved.

The New Jersey Turnpike Authority has undertaken an improvement program to widen the Turnpike between Interchange 6 in Mansfield Township, Burlington County and Interchange 9 in East Brunswick Township, Middlesex County (the "Widening Program"). Construction on the Widening Program was completed in November 2014 and the roadway has been widened to 12 lanes with major modifications constructed at four interchanges.

The acquisition of the necessary property interests in a timely manner was critical to the success of the Widening Program. Under Agenda Item Nos. 142-07 and 148-09, and subsequently clarified in Agenda Item No. 315-09-2011, the Authority's Commissioners authorized the Executive Director to take all steps necessary to prepare for the acquisition of property rights needed through final construction of the Widening Program, with final action being

brought to the Commissioners for ratification.

In June 2009, under Agenda Item No. 145-09, the Authority's Commissioners authorized the taking of the following property for \$ 2,150,000.00:

Design Section 6. Parcel Series 1087, Portion of Block 22, Lot 11. (Partial Taking), 66 Woodside Avenue, East Windsor Township, Mercer County, Owner: Milford Realty Associates, LLC ("Milford")

The property consists of approximately 74.18 acres of vacant land. The Authority acquired the following interests in a portion of the property: (a) a fee simple interest in 17.912 acres of the property (Parcel 1087); (2) a utility easement consisting of the right to install and maintain the Colonial Pipeline impacting 1.933 acres of the property (Parcel UE1087); (3) a conservation easement impacting 0.941 acres of the property for the benefit of the Delaware & Raritan Canal Commission (Parcel CE1087); (4) a conservation easement impacting 4.211 acres of the property (Parcel 2CE1087); (5) a temporary construction easement relating to relocation and construction of the Colonial Pipeline impacting 1.729 acres of the Property (Parcel C1087); and (6) a temporary construction easement relating to the realignment and regarding of Rock Brook impacting 0.147 acres or 6,411 square feet of the property (Parcel 2C1087).

Parcel Series 1087 was acquired through settlement of a condemnation action brought by the Authority in 2009. This settlement acknowledged that the Authority's partial taking severed Milford's remaining property into two remainder parcels, Parcel 1087RA-1 and Parcel 1087RA-2. The entire Milford tract previously had access to Milford Road and Woodside Avenue, but the Authority's taking severed Parcel 1087RA-1 from Woodside Avenue leaving it with only one point of access to Milford Road.

At the time of settlement, construction on the Widening Program was imminent as contracts had been awarded, and Parcel Series 1087 was one of the first properties needed for construction. Therefore, to avoid any costs associated with construction delays, the Authority agreed with Milford's requirement that a secondary point of access be provided as part of the settlement. Under the settlement agreement, if this access was not satisfactory, the Authority was required to condemn Parcel 1087RA-1.

It was the Authority's understanding that this secondary access point was only required for emergency purposes, and therefore the Authority's proposed secondary access point included roadway and a gate that connects the Authority's maintenance U-turn ramp, which would only be available to emergency vehicles. However, Milford asserted that the Authority was required to provide a full secondary access point for any type of traffic. Therefore, Milford rejected the Authority's proposal and filed a motion to compel the Authority to condemn the remainder Parcel 1087RA-1, which Milford valued at \$4 million.

Over the Authority's opposition, the Superior Court granted Milford's motion in 2014, and the Authority appealed. Oral argument was held before the Appellate Division in December 2016,

at which time the Court recommended that the parties participate in a settlement conference before Judge Carchman.

Judge Carchman has now recommended a settlement in which an additional \$1,100,000.00 will be paid to Milford for damages to the remainder Parcel 1087RA-1, but no secondary access point would be provided by the Authority. Milford has agreed to accept this settlement recommendation.

The Authority's outside counsel recommends and the Law Department agrees that the Authority accept should this settlement recommendation. This settlement will adequately compensate Milford for the damage to the remainder Parcel 1087RA-1, and also eliminate the risk and cost of proceeding with the litigation. Most importantly, it will preclude the Authority from having to provide access to the Authority's maintenance U-turn ramp, and will remove the risk that the Authority may have to compensate Milford up to an additional \$4 million to purchase Parcel 1087RA-1, which would effectively become surplus property of the Authority.

Accordingly, it is requested that the Authority's Commissioners authorize the Executive Director, with the assistance of the Law Department and outside counsel to settle the condemnation action described above for the additional amount of \$1,100,000.00. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

On motion by Vice Chairman Gravino and seconded by Treasurer DuPont, the Board unanimously approved item numbers 002-01-2017 and 003-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DUPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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ENGINEERING

Chief Engineer Robert Fischer requested approval of item number 004-01-2017 through 010-01-2017 and 035-01-2017 through 037-01-2017. Moved are the items as follows:

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PUBLIC BID SOLICITATIONS-AWARD OF CONTRACTS

004-01-2017

In a document dated January 3, 2017, Recommendation to Award Contract No. P100.378, RM-128688, Garden State Parkway, Joseph M. Sanzari, Inc., Bridge Repairs and Resurfacing, Milepost 0 to 126, Maintenance Reserve Fund No. 030C10001, Funding allocation: \$7,000,000.00 FY 2017, \$782,762.00 FY 2018, Amount: \$7,782,762.00, was

approved.

This is the second of two Parkway bridge repair contracts to be awarded for the 2017 construction season. This contract is concentrated in the southern portion of the Parkway. The work generally involves selective replacement of complete deck panels, concrete spall repairs, joint repairs, replacement of existing asphalt wearing surface, bearing replacement and miscellaneous substructure repairs.

Two bid proposals were received on December 16, 2016 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$7,782,762.00 may be compared to the Engineer's Estimate in the amount of \$6,838,310.00. The low bid, submitted by Joseph M. Sanzari, is approximately 14% higher than the Engineer's Estimate due to higher unit prices for Laminated Elastomeric Bearings and Hot Mix Surface Course. The higher unit costs can be attributed to the greater restrictions in accessing the bid work and limited lateral clearances as confirmed during a post-bid teleconference. Unit costs for Hot Mixed Surface Course were also comparatively higher than the Engineer's Estimate based on the limited tonnage placed during each mobilization of the specialized equipment. Both of these items also included the corresponding MPT costs to conduct the work. The low bidder, Joseph M. Sanzari, Inc. has performed similar work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. P100.378 be awarded to the low bidder, Joseph M. Sanzari, Inc. of Hackensack, New Jersey, in the amount of \$7,782,762.00 which is allocated as follows: \$7,000,000.00 for 2017 and \$782,762.00 for 2018. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

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

005-01-2017

In a document dated December 14, 2016, **a Recommendation to Award Contract No. T100.379, RM-128689, New Jersey Turnpike, Joseph M. Sanzari, Inc., Bridge Repairs and Resurfacing, Milepost 0 to 122, the Newark Bay - Hudson County Extension and the Pearl Harbor Memorial Turnpike Extension, Maintenance Reserve Fund No.: 030C10001, Funding Allocation: \$6,290,000.00 FY 2017, \$2,695,318.50 FY 2018, Amount: \$8,985,318.50**, was approved.

This is the second of two Turnpike bridge repair contracts for the 2017 construction

season. Bridge deck repairs are concentrated in the southern portion of the Turnpike. The work will also include substructure and steel repairs Turnpike wide. The work generally involves selective replacement of complete deck panels, concrete spall repairs, joint repairs, replacement of existing asphalt wearing surface, bearing replacement and miscellaneous substructure repairs.

Two bid proposals were received on December 8, 2016 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$8,985,318.50 may be compared to the Engineer's Estimate in the amount of \$9,229,713.50. The low bidder, Joseph M. Sanzari, Inc. has performed work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. T100.379 be awarded to the low bidder, Joseph M. Sanzari, Inc. of Hackensack, New Jersey, in the amount of \$8,985,318.50 which is allocated as follows: \$6,290,000.00 for 2017 and \$2,695,318.50 for 2018. This award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids for this work were procured, and the authorization being sought is to award this contract to the lowest responsible bidder, in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006).

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

035-01-2017

In a memorandum dated January 26, 2017, **a Recommendation to Ratify Contract No. T100.449, RM-129944, New Jersey Turnpike, Moretrench American Corporation, Emergency Repair Contract, Delaware River Turnpike Bridge, Structure No. P0.00, Foundation Construction, Maintenance Reserve Fund No. 039999999, Amount: \$3,500,000.00,** was approved.

On January 20, 2017 it was discovered that a critical structural steel member of a four span continuous deck truss on the Delaware River Turnpike Bridge had completely cracked and separated placing the structure in a severely compromised state. The New Jersey Turnpike Authority and the Pennsylvania Turnpike Commission took immediate action to close the bridge to all vehicular traffic. This bridge is a vital link to the transportation interstate system of the I-95 corridor and it spans the Delaware River linking the New Jersey Turnpike to the Pennsylvania Turnpike.

Immediate action was required to stabilize the compromised structure, make repairs to the structural steel member, assess the integrity of the structure and evaluate the possible repairs / replacement options that may be necessary to return the bridge to service on a long term basis. To stabilize the bridge structure, the Authority's team of professionals has recommended that

eight (8) steel towers (approximately 80 feet in height each) be constructed on micropile foundations to support the existing steel structure in the vicinity of the fractured member. After construction of the towers and the structure is stabilized, it is proposed to slowly, methodically and incrementally load the structure using jacks to determine if it will redistribute the loads within the structural steel members to allow vehicular traffic back on the bridge.

With time of the essence to take steps to stabilize the bridge, the Executive Director authorized the Chief Engineer to contact qualified contractors to perform this work. Moretrench American Corporation was contacted as it is well known in the construction industry for its underground and foundation work. Moretrench has worked on many difficult construction projects in the tri-state area including the World Trade Center site in NYC. Moretrench is prequalified with the Authority but has not performed work previously for the Authority. Moretrench is immediately available to provide construction services to assist the Authority in expediting the repair.

Work under this contract involves the construction of eight (8) foundations. Each one will consist of the installation of approximately six (6) production micropiles approximately 12 inches in diameter constructed to a depth of approximately 125 feet each with foundation pier caps as specified in the final design. Complicating this construction are local utilities and clearance issues for both micropile installation and equipment. The work will be done on a time and material basis and the estimated cost is approximately \$3,500,000.00.

Based on the immediate need to stabilize the bridge structure, the Executive Director has determined that an emergency exists. Upon the recommendation of the Chief Engineer, the Executive Director has issued Contract No. T100.449 to Moretrench American Corporation in an amount not to exceed \$3,500,000.00 in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006). It is, therefore, recommended that the Board of Commissioners ratify the Executive Director's declaration of emergency and award of Contract No. T100.449 to Moretrench American Corporation of Rockaway, New Jersey in an amount not to exceed \$3,500,000.00. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this ratification.

036-01-2017

In a memorandum dated January 26, 2017, **a Recommendation to Ratify Contract No. T100.450, RM-129939, New Jersey Turnpike, Cornell & Company, Inc., Emergency Repair Contract, Delaware River Turnpike Bridge, Structure No. P0.00, Structural Steel Fabrication and Erection, Maintenance Reserve Fund No. 039999999, Amount: \$1,750,000.00**, was approved.

On January 20, 2017 it was discovered that a critical structural steel member of a four

span continuous deck truss on the Delaware River Turnpike Bridge had completely cracked and separated placing the structure in a severely compromised state. The New Jersey Turnpike Authority and the Pennsylvania Turnpike Commission took immediate action to close the bridge to all vehicular traffic. This bridge is a vital link to the transportation interstate system of the I-95 corridor and it spans the Delaware River linking the New Jersey Turnpike to the Pennsylvania Turnpike.

Immediate action was required to stabilize the compromised structure, make repairs to the structural steel member, assess the integrity of the structure and evaluate the possible repairs / replacement options that may be necessary to return the bridge to service on a long term basis. To stabilize the bridge structure, the Authority's team of professionals has recommended that eight (8) steel towers (approximately 80 feet in height each) be constructed on micropile foundations to support the existing steel structure in the vicinity of the fractured member. After construction of the towers and the structure is stabilized, it is proposed to slowly, methodically and incrementally load the structure using jacks to determine if it will redistribute the loads within the structural steel members to allow vehicular traffic back on the bridge.

With time of the essence to take steps to stabilize the bridge, the Executive Director authorized the Chief Engineer to contact qualified contractors to perform this work. Cornell & Company, Inc. was contacted, as it is prequalified with the Authority and is currently performing work in the area as a subcontractor to Allied Painting, Inc. under Contract No. T100.216 - Repainting of Structural Steel, Seismic Retrofit, Catwalk, Lighting and Miscellaneous Improvements to the Delaware River Turnpike Bridge, Structure No. P0.00. As well, Cornell has performed work previously for the Authority as a subcontractor. Cornell is highly regarded in its abilities to perform structural steel repairs, especially complicated and difficult repairs. It is immediately available to provide construction services to assist the Authority in expediting the repair.

Work under this contract includes the fabrication and installation of splice plates to support the fractured steel member, the fabrication and erection of eight (8) steel towers approximately 80 feet in height each that will support and stabilize the bridge structure, the installation of temporary jacks to load the structure and other ancillary items as may be required as the work progresses, which are not known at this time. The work will be done on a time and material basis and the estimated cost is approximately \$1,750,000.00.

Based on the immediate need to stabilize the bridge structure, the Executive Director has determined that an emergency exists. Upon the recommendation of the Chief Engineer, the Executive Director has issued Contract No. T100.450 to Cornell & Company, Inc. in an amount not to exceed \$1,750,000.00 in accordance with N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.2, and Executive Order No. 37 (Corzine 2006). It is, therefore, recommended that the Board of Commissioners ratify the Executive Director's declaration of emergency and award of Contract

No. T100.450 to Cornell & Company, Inc. of Woodbury, New Jersey, in an amount not to exceed \$1,750,000.00. It is further recommended that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this ratification.

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ORDER FOR PROFESSIONAL SERVICES

006-01-2017

In a document dated December 21, 2016, **a Recommendation to Issue Order for Professional Services No. T3615, RM-128691, New Jersey Turnpike, Handex Consulting & Remediation, LLC, Environmental Compliance Services at Molly Pitcher Service Area 7S and Joyce Kilmer Service Area 8N, Non-Departmental Operating: 010-00-892-446050, Amount: \$417,812.00,** was approved.

This Order for Professional Services provides for professional services of an environmental engineering consultant to provide groundwater compliance monitoring and reporting and necessary remedial investigations/actions at the above referenced service areas on the New Jersey Turnpike in accordance with current New Jersey Department of Environmental Protection regulations.

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 27 engineering firms were prequalified and eligible under Profile Codes: C195 – Soil & Groundwater Remediation Investigations, C196 – Soil & Groundwater Remediation Design and C197 – Remediation Systems: Operation & Maintenance. Seven firms submitted EOIs by the closing date of October 12, 2016.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three technically ranked firms. The firms in the order of ranking are: 1) Handex Consulting & Remediation, LLC.; 2) Mott MacDonald, LLC. and 3) Dresdner Robin. The fee submitted by Handex Consulting & Remediation, LLC. has been reviewed and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3615 be issued to the firm of Handex Consulting & Remediation, LLC. of Windsor, New Jersey, in an amount not to exceed \$417,812.00 allocated as follows: \$105,000.00 in 2017; \$105,000.00 in 2018; \$105,000.00 in 2019 and \$102,812.00 in 2020. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.68 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected

awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

007-01-2017

In a document dated December 21, 2016, **a Recommendation to Issue Order for Professional Services No. P3626, RM-128678, Gannett Fleming, Inc., Garden State Parkway, Supervision of Construction Services for Contract No. P100.378, Bridge Repairs and Resurfacing, Milepost 0 to 126, Maintenance Reserve Fund No.: 030C20001, Funding Allocation: \$1,321,964.00 FY 2017 \$ 200,000.00 FY 2018, Amount: \$1,521,964.00,** was approved.

This Order for Professional Services provides supervision of construction services for Contract No. P100.378, Bridge Repairs and Resurfacing, Milepost 0 to 126.

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 50 engineering firms were prequalified and eligible under Profile Codes: B156, Bridge Repair Inspection and B157, Bridge Deck Repair/Replacement Inspection. Five firms submitted EOIs by the closing date of November 7, 2016.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three technically ranked firms. The firms in the order of ranking are: 1) Gannett Fleming, Inc.; 2) Parsons Brinkerhoff, Inc. and 3) KSE/JMT JV. The fee submitted by Gannett Fleming, Inc. has been reviewed, negotiated and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. P3626 be issued to the firm of Gannett Fleming, Inc. of Marlton, New Jersey, in an amount not to exceed \$1,521,964.00 00 allocated as follows: \$1,321,964.00 in 2017 and \$200,000.00 in 2018. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.39 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

008-01-2017

In a document dated November 28, 2016, **a Recommendation to Issue Order for Professional Services No. T3628, RM-128680, HAKS Engineers, Architects and Land Surveyors P.C., New Jersey Turnpike, Supervision of Construction Services for Contract No. T100.379, Bridge Repairs and Resurfacing, Milepost 0 to 122, Newark Bay-Hudson County Extension and the Pearl Harbor Memorial Turnpike Extension, Maintenance Reserve Fund No. 030C10001, Funding Allocation: \$1,207,500.00 FY 2017, \$ 402,500.00 FY 2018, Amount: \$1,610,000.00,** was approved.

This Order for Professional Services provides supervision of construction services for Contract No. T100.379, Bridge Repairs and Resurfacing, Milepost 0 to 122, Newark Bay-Hudson County Extension and the Pearl Harbor Memorial Turnpike Extension.

This assignment is classified as a "Simple Project" based on the scope of work being clearly defined and not likely to change during the course of the project, and the cost not exceeding \$2,000,000.00. The solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 52 engineering firms were prequalified and eligible under Profile Codes: B156, Bridge Repair Inspection and B157, Bridge Deck Repair/Replacement Inspection. Five firms submitted EOIs by the closing date of November 17, 2016.

Subsequent to the scoring of EOIs by the Review Committee, Fee Proposals were requested from the top three technically ranked firms. The firms in the order of ranking are: 1) HAKS Engineers, Architects and Land Surveyors P.C.; 2) Parsons Brinckerhoff, Inc. and 3) STV Incorporated. The fee submitted by HAKS Engineers, Architects and Land Surveyors P.C. has been reviewed, negotiated and is considered to be fair and reasonable for the services to be provided.

It is, therefore, recommended that Order for Professional Services No. T3628 be issued to the firm of HAKS Engineers, Architects and Land Surveyors P.C. of Iselin, New Jersey, in an amount not to exceed \$1,610,000.00 allocated as follows: \$1,210,000.00 in 2017 and \$400,000.00 in 2018. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.35 to cover the cost of fringe benefits, overhead and profit, plus authorized direct non-salary expenses. The award is contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee, pursuant to Public Law 2005, Chapter 51 (formerly Executive Order 134) and Executive Order 117 (Corzine 2008), and having no objection to same. These professional services were procured, and the recommended firm was selected, in accordance with N.J.S.A. 52:34-9.1, et seq., N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.8, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

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MISCELLANEOUS

037-01-2017

In a document dated January 26, 2017, **a Recommendation to Approve Emergency Response Actions and Authorize Delegated Authority for OPS Supplements in connection with Delaware River Turnpike Bridge, Structure No. P0.00, HNTB Corporation – \$1,850,000, Greenman-Pedersen, Inc. – \$925,000, PB Americas, Inc. – \$325,000, STV Incorporated – \$800,000, Amount: \$ 3,900,000.00**, was approved.

On January 20, 2017 it was discovered that a critical structural steel member of a four span continuous deck truss located on the Pennsylvania side of the Delaware River Turnpike Bridge had completely cracked and separated. The New Jersey Turnpike Authority's (Authority) General Consulting Engineer, HNTB Corporation, was consulted and they advised the Authority to immediately close the bridge given the severely compromised state of the bridge's structural integrity. Accordingly, the Authority and the Pennsylvania Turnpike Commission took immediate action to close the bridge to all vehicular traffic in both directions. In addition, local roads beneath the bridge in the vicinity of the fractured member were also closed to thru traffic. This bridge is a vital link to the transportation interstate system of the I-95 corridor and it spans the Delaware River linking the New Jersey Turnpike to the Pennsylvania Turnpike.

With time of the essence to take steps to stabilize the bridge, the Executive Director authorized the Chief Engineer to contact a number of consultants currently under contract with the Authority to request their assistance in assessing the situation, develop an approach to address the short term needs and implement the agreed upon recommendations. These efforts and decisions have been coordinated with the Pennsylvania Turnpike Commission ("PTC") given the PTC's joint ownership of the bridge.

Immediate action was taken to install splice plates on the fractured steel member to provide structural support by bridging the gap in the beam. To stabilize the bridge structure, the Authority's team of professionals has recommended that eight (8) steel towers (approximately 80 feet in height each) be constructed on micropile foundations to support the existing steel structure in the vicinity of the fractured member. To accomplish this work, the Authority has issued two (2) emergency repair contracts, which are the subject of separate Agenda Items being presented to the Board of Commissioners today. In addition, assistance is required by Allied Painting, Inc. to provide maintenance and protection of traffic to close local roads and perform other ancillary activities as needed to support the construction efforts. This will be accomplished by change order to Contract T100.216– Repainting of Structural Steel, Seismic Retrofit, Catwalk, Lighting and Miscellaneous Improvements to the Delaware River Turnpike Bridge, Structure No. P0.00, currently being performed by Allied Painting. The emergency work to construct the foundations

and towers are estimated to take three to four weeks, pending possible underground obstructions and unforeseen field conditions that may be encountered during construction.

After the towers are constructed and the structure stabilized, it is proposed to slowly, methodically and incrementally load the structure using jacks to determine if it will redistribute the loads within the structural steel members to allow vehicular traffic back on the bridge. The pending results will determine the next course of action. Since that result cannot be predicted or the resulting work effort estimated with any degree of certainty at this time, it is not known what actions will be required to return traffic to the bridge. Accordingly, no scope of work or cost estimates is included herewith for future long term action.

In addition to the contractors, the Authority requires the assistance of the following consultants in resolving this emergency situation. Each of these firms is currently providing services to the Authority under different Orders for Professional Services, and the approval of supplements to each of these OPS's is requested to allow for these additional services. While the number of firms may appear excessive, each one plays a vital role based on their expertise and need to ensure the accuracy of each recommendation being made and action taken. The roles of each firm are as follows:

HNTB Corporation (OPS No. A3584): The New Jersey Turnpike Authority's General Consulting Engineer with expertise in structural design and analysis. HNTB has been engaged to perform on-site assessment, support and coordination along with office design services for structural analysis both of the compromised structure and possible long term repair alternatives, which will be dependent on the results of the jacking operation. Estimated fee: \$1,850,000.00

PB Americas, Inc. (OPS No. A3575): Has been engaged to provide an independent peer review and checking of HNTB's work. PB Americas, Inc. has performed structural analysis of this specific bridge and is using an independent model to check and verify HNTB's design, analysis and recommendations. It is also assisting with traffic engineering and modeling and has developed an overall traffic management plan that has been coordinated with the various transportation entities and organizations whose facilities are impacted by the bridge closure. Estimated fee: \$325,000.00

Greenman-Pederson, Inc. (OPS No. A3291): Is currently engaged by the Authority to provide bridge inspection services and was on-site performing inspection activities on this bridge at the time the fractured steel member was discovered. Greenman-Pedersen will provide additional hands-on inspection services to assess the remaining critical structural members. Estimated fee: \$925,000.00

STV Incorporated (OPS No. A3526): Is currently engaged by the Authority to provide construction management and inspection services on Contract No. T100.216 – Repainting of Structural Steel, Seismic Retrofit, Catwalk, Lighting and Miscellaneous Improvements to the Delaware River Turnpike Bridge, Structure No. P0.00. STV will provide construction

management, supervision and support services for the immediate repairs to the compromised structural steel member and will oversee the work to construct the foundations and towers to stabilize the structure. Estimated fee: \$800,000.00

Given the exigent nature of the situation, the consultants and contractors have provided senior level personnel with expertise in their fields and have committed their firms' resources to ensure this effort is priority one. Accordingly, they are working on good faith based on the Authority's commitment, reputation and past performance of fairness with the consultant and contracting communities. The scope of work and costs specific for this emergency work for these consultants is not included in their original scope of services, although the emergency services are similar in nature to those in their OPS'. Because this work is out of scope, it will be necessary to issue supplements to each OPS listed above.

In summary, the Turnpike Authority, in conjunction with the Pennsylvania Turnpike Commission, has taken immediate and decisive action to safeguard the motoring public, residents, workers and the crippled bridge structure itself. Steps were immediately taken to expedite the installation of the splice plates to support the fractured member and an action plan is in place and work has commenced to perform emergency work to construct the towers beneath the bridge to support the structure temporarily. Once the bridge is supported and stabilized, the structure will be loaded using jacks to redistribute the loads within the structural members. At that time, additional data and information will be obtained to allow further analysis of the structure in order to make recommendations as to the next steps to be taken to make permanent repairs to the structure with the ultimate goal of returning the bridge to service.

It is, therefore, recommended that the Board of Commissioners approve the emergency response actions taken by the Executive Director and Authority staff associated with the structural failure of the Delaware River Turnpike Bridge, Structure No. P0.00. It is further recommended that the Board of Commissioners delegate to the Executive Director the authority to execute Supplemental OPS's to HNTB Corporation (OPS No. A3584), PB Americas, Inc. (OPS No. A3575), Greenman-Pederson, Inc. (OPS No. A3291) and STV Incorporated (OPS No. A3526) in amounts not to exceed the amounts set forth above. It is further recommended that the Board of Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

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FINAL ACCEPTANCE

009-01-2017

In a document dated January 13, 2017, a recommendation for final acceptances for Contract T200.370 Resurfacing, MP 0 to 83 and PHMTE \$165,472.00, Contract P300.198 Interchange 88 Improvements, MP 88.5 to 90.5 \$697,816.64, Contract T500.304 Rehabilitation of Toll Utility Buildings & Tunnels – North, Interchanges 14B, 14C, 15E, 15W, 16E-18E, 16W, 17 and 18W \$236,574.27, Contract T600.102C Installation of Variable Message Signs at New and Existing, Locations on the Turnpike \$81,715.36, Amount Due to Contractors: \$1,181,578.27, Fund No's.: Various Funds, was approved.

All work performed on each of the construction contracts listed below have been completed in accordance with the contract documents and to the satisfaction of the Engineering Department. Accordingly, it is recommended that these contracts be deemed complete and approved for Final Acceptance. The table below lists each contract and includes pertinent Change Order and financial information including the final payment amount due the Contractor upon Final Acceptance.

Contract No.	Contractor	Award Total Amount	No. of Change Orders	Additions/ Reductions	Final Contract Amount	Total Payment Amount
T200.370	Crisdel Group, Inc.	\$6,455,000.00	2	\$1,938,356.00	\$8,393,356.00	\$165,472.00
P300.198	Earle Asphalt Company	\$70,059,913.13	3	(\$278,249.08)	\$69,781,664.05	\$697,816.64
T500.304	Hall Building Corporation	\$5,943,173.00	1	\$93,289.54	\$6,036,462.54	\$236,574.27
T600.102C	Agate Construction Co.	\$15,421,164.31	3	(\$405,102.97)	\$15,016,061.34	\$81,715.36
Total						\$1,181,578.27

The Certification and Recommendation for Final Acceptance has been executed by the Engineers, the General Consultant and the Chief Engineer. All required contract documents including the Engineer's Final Certifications, Maintenance Bonds, Affidavit of Prevailing Wage and the Final Payment certificates have been submitted to the Law Department and approved as to correctness of form. Furthermore, the Contractors have certified that there are no liens outstanding against the Contractors. Accordingly, it is recommended that each contract listed above be accepted and final payment in the amounts shown above be made to the Contractors.

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ACKNOWLEDGE REPORTS OF
ENGINEERING EXPENDITURES UNDER DELEGATED AUTHORITY

010-01-2017

Acknowledge Reports of Engineering Expenditures Under Delegated Authority

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

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item nos. 004-01-2017 through 009-01-2017; and 035-01-2017 through 037-01-2017, and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda. The Authority unanimously accepted the reports contained in item number 010-01-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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MAINTENANCE

Director of Maintenance, Kenneth McGoldrick requested approval of item number 011-01-2017. Moved is the item as follows:

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ACKNOWLEDGE REPORTS OF

MAINTENANCE EXPENDITURES UNDER DELEGATED AUTHORITY

011-01-2017

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

- Construction Contract Progress Report
- Change Order Summary

On motion by Commissioner Diaz and seconded by Treasurer DuPont, the Board unanimously approved item no. 011-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda. The Authority unanimously accepted the reports contained in item number 011-01-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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PROCUREMENT ("PMM")

Deputy Director of Procurement and Materials Management Donna Wilser requested approval of item numbers 012-01-2017 through 027-01-2017. Moved are the items as follows:

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PUBLIC BIDS SOLICITATIONS

012-01-2017

In a document dated December 5, 2016, **Custom Made Parts for Toll Equipment (Re-Bid), MTJ Industries, RM-127465, Re-Bid (Inventory), Budget Code: Various, Amount: \$107,729.00,** was approved.

Under this contract, MTJ Industries will provide custom made parts for toll equipment to be stored in inventory for use on the Authority's toll equipment on both Roadways. These items include but are not limited to gear assemblies, face plates, rollers, shafts and actuators. Bidders were required to bid unit and total prices for 18 line items included in the bid. The bid was fully advertised and the four (4) vendors listed in the Authority's database for the referenced commodity were notified of the procurement. On December 08, 2016, one bid was received as follows (unit prices are available from the PMM Department):

<u>Vendor</u>	<u>Total Bid Price</u>
MTJ Industries, New Rochelle, NY	\$107,729.00

Departmental Estimate: \$115,000.00

Bids were procured and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to MTJ Industries for a total amount not to exceed \$107,729.00, subject to funding availability at the time of ordering. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendor.

013-01-2017

In a memorandum dated January 6, 2017, **Traffic Paint, Ennis Paint Inc., RM-128581 (Inventory), Budget Code: Various, Amount: \$97,825.00,** was approved.

Under this contract, Ennis Paint, Inc. will supply approximately 10,250 gallons of yellow, white, black, and blue traffic paint to be held in inventory for use on both Roadways at various Authority facilities. The bid was fully advertised and the six (6) vendors listed in the Authority's database for this material were notified of the procurement. On January 4, 2017, bids were received as follows (unit prices are available from the PMM Department):

<u>Vendor</u>	<u>Total Bid Price</u>
Ennis Paint, Inc., Thomasville, NC	\$ 97,825.00
Ozark Materials, LLC, Greenville, AL	\$ 99,937.50
The Sherwin-Williams Co., Cleveland, OH	\$107,810.75
Garden State Highway Products, Inc., Vineland, NJ	\$122,743.75

Departmental Estimate: \$115,000.00

Bids were procured and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to Ennis Paint, Inc. for a total amount not to exceed \$97,825.00, subject to funding availability at the time of ordering. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendor.

014-01-2017

In a memorandum dated January 18, 2017, **Money Counting and Banking Services, Wells Fargo Bank, N.A., RM-124861 Re-Bid (Finance), Budget Code: Various, Amount: \$3,498,458.55**, was approved.

Under this contract, Wells Fargo Bank, N.A. will provide banking services essential to the collection of the Authority's toll revenue from the Garden State Parkway and New Jersey Turnpike ("Roadways"). The Request for Bid ("RFB") was divided into two primary services: 1) Money Counting Services; and 2) Banking Services related to the Authority's revenues from toll plaza collections and Service Area sales on both Roadways. Bidders were required to quote unit prices for both of the primary services based on anticipated volume or frequency for Money Counting Services and for miscellaneous Banking Services. The contract is for a term of three (3) years with the option to extend for two (2) additional one (1) year terms. The bid was fully advertised and the 8 vendors listed in the Authority's database for the referenced services were notified of the procurement. On January 9, 2017 one bid was received as follows (unit prices are available from the PMM Department):

<u>Vendor</u>	<u>Money Counting Services</u>	<u>Banking Services</u>	<u>Bid Price (Annual Amount)</u>	<u>Total</u>	<u>Three-Year Total</u>
Wells Fargo Bank, N.A., Toms River, NJ	\$1,153,926.60	\$ 12,226.25	\$1,166,152.85		<u>\$3,498,458.55</u>

Departmental Estimate: \$4,000,000.00

Bids were procured and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to Wells Fargo Bank, N.A. for a total amount not to exceed \$3,498,458.55, subject to funding availability at the time of service. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendor.

015-01-2017

In a memorandum dated January 18, 2017, **a 12-Foot Stake Body Trucks, Route 23 AutoMall, LLC, RM-128531 (Maintenance), Budget Code: Various, Amount: \$139,254.20,** was approved.

Under this contract, Route 23 AutoMall, LLC will supply two (2) 12-foot stake body trucks for use by the Maintenance Department to replace older existing vehicles that have exhausted their life expectancy. Bidders were required to bid unit and total prices for four (4) trucks included in the bid. The bid was fully advertised and the twelve (12) vendors listed in the Authority's database for the referenced commodity were notified of the procurement. On January 4, 2017 bids were received as follows:

<u>Vendor</u>	<u>Unit Price</u>	<u>Total Bid Price</u>
Route 23 AutoMall, LLC, Butler, NJ	\$69,627.10	\$278,508.40**

Departmental Estimate: \$296,000.00

** Compliant with Section II C 3 of the RFB and given current needs and resources, the Maintenance Department requests that the Authority purchase two (2) instead of four (4) trucks at this time. The total cost for two (2) trucks will not exceed \$139,254.20.

Non-Compliance:

An additional bid was received from Winner Ford of Cherry Hill, NJ in the amount of \$386,668.00. This bid, however, contained significant deficiencies regarding the body portion of the specifications. The material deficiencies included: 1) proposed channel rails consisting of 2"x4" tubing versus the 6" channel specified; 2) proposed stake rails dimension of 2" versus 3" as specified; 3) fewer slats on rear and side stake sections consisting of 4 versus the specified 5; and 4) narrower supporting stake pockets (2" as opposed to the specified 3"). Due to these deficiencies, the Authority would receive a vehicle body which is less structurally strong than what

the specifications required. Thus, it is recommended that the bid submitted by Winner Ford be rejected.

Bids were procured and authorization is being sought to award this contract in accordance with N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, N.J.A.C. 19:9-2.2, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to Route 23 AutoMall, LLC for a total amount not to exceed \$139,254.20, subject to funding availability at the time of ordering.

016-01-2017

In a memorandum dated January 18, 2017, **Articulated Wheel Loaders and Wireless Bucket Scales, Jesco, Inc., RM-128524 (Maintenance), Budget Code: Various, Amount: \$1,037,050.00**, was approved.

Authorization is requested to award a contract for five (5) articulated wheel loaders and wireless bucket scales for use by the Maintenance Department. The loaders are used in roadway maintenance operations, primarily to load salt during the winter season. In addition, the loaders are required to accommodate additional salt storage facilities on both Roadways and will replace older existing vehicles that have exhausted their life expectancy. The bid was fully advertised and the ten (10) vendors listed in the Authority's database for the referenced commodity were notified of the procurement. On January 4, 2017, three (3) compliant bids were received as follows:

<u>Vendor</u>	<u>Unit Price</u>	<u>Total Bid Price</u>
Jesco, Inc., South Plainfield, NJ	\$207,411.40	\$1,037,057.00
Foley, Inc., Piscataway, NJ	\$238,734.90	\$1,193,674.50
Penn Jersey Machinery, LLC, Lionville, PA	\$293,934.00	\$1,469,670.00

Departmental Estimate: \$1,100,000.00

Non-Compliance:

An additional bid was received from Groff Tractor New Jersey, LLC of Vineland, NJ ("Groff") as the low bidder in the amount of \$1,008,245.00. This bidder, however, took numerous material exceptions to the Specifications. For example, Groff's bid did not offer the optimal loader performance required by the Specifications but, rather, substituted diminished features such as a 9.2% less tipping load, 11% less tipping load full turn and a 56% less digging depth. The Authority would therefore receive a less efficient product because Groff's loader would require more man-hours to complete a job. Groff's loader also compromised certain safety features mandated by the Specifications. Groff substituted the required automatic dual differential axles

with 100% lock-up that assure 4-wheel drive if the front or rear axles ever slip with only a heavy-duty limited slip model. Groff's quick-shift button allowed only a down-shift gear rather than the specified up/down quick-shift button that would allow the driver to increase speed in order to avoid collisions. The Maintenance Department's January 5, 2017 Letter of Recommendation sets forth these and other deficiencies and concludes that Groff's proposed loader is inferior to the specifications and would negatively impact the department's operations and intended use. Accordingly, the Maintenance Department recommends that Groff's bid be rejected. The other three bidders took no exceptions and have satisfactorily met the required published Specifications. The Law Department has reviewed the Maintenance Department's bases for rejection and concurs in its Letter of Recommendation.

Bids were procured and authorization is being sought to award this contract in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the selected awardee pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is requested to award a contract to Jesco, Inc. for a total amount not to exceed \$1,037,057.00, subject to funding availability at the time of ordering.

017-01-2017

In a memorandum dated January 5, 2017, **Welder Trucks**
3-Year Option, Winner Ford, RM-128701 (Maintenance), Budget Code: Various, Amount:
\$194,052.00 (\$97,026.00 each), was approved.

At the December 15, 2015 Board of Commissioners Meeting, the Authority awarded a contract to Winner Ford for the purchase of three (3) welder trucks and accessories (Agenda Item 524-12-2015). The contract included a 3-year option to purchase additional vehicles which conform to the original specifications for three additional model years. For the final two years of the option, the vendor was permitted to request a price increase from the Authority if there had been an overall price increase of the welder trucks in those later model years, provided that the vendor justified the price increase in writing to the Authority.

The Maintenance Department has now requested to purchase two (2) additional welder trucks (2017 model). As permitted in the contract, the vendor requested a unit price increase of 2.0% (above 2016 model) due to new model-year manufacturer pricing increases as a result of significant changes in design. The Maintenance Department determined that the requested increase is reasonable.

This contract was originally bid and awarded in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and

Executive Order No. 37 (Corzine 2006). This contract is in compliance with Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008).

Accordingly, authorization is requested to exercise the contract option in order to purchase two (2) additional welder trucks from Winner Ford for a total amount not to exceed \$194,052.00, subject to funding availability at the time of ordering.

018-01-2017

In a memorandum dated January 20, 2017, **Service Body Utility Vehicle, 3-Year Option, Beyer Ford, LLC, R-129148 (Maintenance), Budget Code: Various, Amount: \$133,784.00**, was approved.

At the December 15, 2015 Board of Commissioners Meeting, the Authority awarded a contract to Beyer Ford, LLC for the purchase three (3) service body utility vehicles and accessories (Agenda Item 522-12-2015). The contract included a 3-year option to purchase additional vehicles which conform to the original specifications for three additional model years. For the final two years of the option, the vendor was permitted to request a price increase from the Authority if there had been an overall price increase of the service body vehicles in those later model years, provided that the vendor justified the price increase in writing to the Authority.

The Maintenance Department has now requested to purchase one (1) additional service body vehicle (2017 model). As permitted in the contract, the vendor requested a unit price increase of 3.8% (above 2016 model) due to new model-year manufacturer pricing increases. The Maintenance Department determined that the requested increase is reasonable.

This contract was originally bid and awarded in accordance with *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, *N.J.A.C. 19:9-2.2*, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). This contract is in compliance with Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008).

Accordingly, authorization is requested to exercise the contract option in order to purchase one (1) additional service body utility vehicle from Beyer Ford, LLC for a total amount not to exceed \$133,784.00, subject to funding availability at the time of ordering.

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STATE CONTRACTS AND FEDERAL CONTRACTS

019-01-2017

In a memorandum dated January 17, 2017, **2017 Ford Transit 350 Vans, Beyer Ford, LLC, RM-128738 (Maintenance), Budget Code: Various, State Contract No. 88231 expiring 12/2/17, Amount: \$64,740.00 (\$32,370.00 each)**, was approved.

Under this contract, Beyer Ford, LLC will provide two (2) 2017 Ford Transit 350 vans. These vehicles are part of the Authority's Vehicle Replacement Program to replace older, high

mileage vehicles which have become very expensive to maintain. The vehicles being replaced will be salvaged and sold at surplus auction if feasible. These vehicles are available from NJ State Contract No. 88231, expiring 12/02/2017.

This procurement, under State Contract No. 88231, is in accordance with *N.J.A.C. 19:9-2.5(a)*, promulgated pursuant to *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, authorization is requested to award a contract under State Contract No. 88231 for two (2) 2017 Ford Transit 350 vans to Beyer Ford, LLC for a total amount not to exceed \$64,740.00, subject to funding availability at the time of ordering.

020-01-2017

In a memorandum dated January 17, 2017, **2017 Ford Aerial Bucket Trucks, Route 23 Auto Mall, LLC, RM-128859 (Maintenance), Budget Code: Various, State Contract No. 83025 expiring 11/1/17, Amount: \$ 418,508.40 (\$104,627.10 each)**, was approved.

Under this contract, Route 23 Auto Mall, LLC will provide four (4) 2017 Ford 37' aerial bucket trucks at a unit price of \$104,627.10. These vehicles are part of the Authority's Vehicle Replacement Program to replace older, high mileage vehicles which have become very expensive to maintain. The vehicles being replaced will be salvaged and sold at surplus auction if feasible. These vehicles are available from NJ State Contract No. 83025, expiring 11/01/2017.

This procurement, under State Contract No. 83025, is in accordance with *N.J.A.C. 19:9-2.5(a)*, promulgated pursuant to *N.J.S.A. 27:23-1 et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, authorization is requested to award a contract under State Contract No. 83025 for four (4) 2017 Ford aerial bucket trucks to Route 23 Auto Mall, LLC for a total amount not to exceed \$418,508.40, subject to funding availability at the time of ordering.

021-01-2017

In a memorandum dated January 17, 2017, **Weather Forecasting Service, Modification, Telvent USA Holding, LLC, RM-128966/Contract No. 1786 (Operations), State Contract No. 83247 expiring 6/30/17, Budget Code: Various, Current Authorized Amount: \$ 232,699.00, Requested Amount: \$34,000.00, New Authorized Amount: \$266,699.00**, was approved.

At the November 27, 2012 Board of Commissioners meeting, the Authority awarded a contract to Telvent USA Holding, LLC (NJTA Contract No. 1786) to provide weather forecasting services for the areas served by the Authority's Roadways under New Jersey State Contract No. 83247 (Agenda Item No. 432-10-2012). The contract was the result of a joint procurement conducted by the New Jersey Purchase Bureau on behalf of the NJDOT and the Authority. The contract includes routine weather forecasting, special forecasting, and training classes and online data distribution. The referenced State Contract has been extended through 6/30/2017 and additional funds are required for the remaining term of the contract.

The original procurement, under State Contract No. 83247, was in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, approval is requested to extend Contract No. 1786 through the expiration of the State Contract and to increase the authorized amount of the Contract by \$34,000.00, for a new total authorized amount not to exceed \$266,699.00 subject to funding availability at the time of services.

022-01-2017

In a memorandum dated January 17, 2017, **Safety Vests and Parkas, Modification, Aramsco, Inc., RM-128899 (Inventory), Contract-1749, State Contract No. 81352 expiring 4/30/17, Budget Code: Various, Current Authorized Amount: \$98,000.00, Requested Amount: \$ 20,000.00, New Authorized Amount: \$118,000.00,** was approved.

On October 19, 2012, the Authority awarded a contract to Aramsco, Inc. (NJTA Contract No. 1749) to supply safety vests under New Jersey State Contract No. 81352. These safety vests and parkas are required to be worn by various Authority personnel and are stocked in the Authority's inventory. The referenced State Contract has been extended through April 30, 2017, and additional funds are needed to purchase the required safety attire through the remaining term of the contract.

The original procurement, under State Contract No. 81352, was in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, approval is requested to extend Contract No. 1749 through the expiration of the State Contract and to increase the authorized amount of the Contract by \$20,000.00, for a new total authorized amount not to exceed \$118,000.00, subject to funding availability at the time

of ordering.

023-01-2017

In a memorandum dated January 17, 2017, **Chrysler/Dodge OEM Auto Parts, Modification, 2700 Brunswick Pike Auto, LLC, dba Route 1 Chrysler Dodge, RM-129055/Contract No. 2032 (Inventory/Maintenance), State Contract No. 79170 expiring 6/25/17, Budget Code: Various, Current Authorized Amount: \$54,500.00, Requested Amount: \$10,000.00, New Authorized Amount: \$64,500.00,** was approved.

On July 14, 2014, the Authority awarded a contract to 2700 Brunswick Pike Auto, LLC, dba Route 1 Chrysler Dodge ("Route 1 Chrysler Dodge") (NJTA Contract No. 2032) to supply Chrysler/Dodge OEM auto parts under New Jersey State Contract No. 79170. These parts are used in the repair of Authority vehicles, including New Jersey State Police (Troop D) vehicles and consist of light and heavy duty trucks as well as passenger vehicles. The referenced State Contract has been extended to June 25, 2017 and additional funds are needed to purchase necessary Chrysler/Dodge OEM auto parts through the remaining term of the contract. The majority of these parts are stocked in inventory but also ordered as-needed for vehicle repairs by the Maintenance Department.

The original procurement, under State Contract No. 79170, was in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, approval is requested to extend Contract No. 2032 through the expiration of the State Contract and to increase the authorized amount of the Contract by \$10,000.00, for a new total authorized amount not to exceed \$64,500.00, subject to funding availability at the time of ordering.

024-01-2017

In a memorandum dated January 18, 2017, **Microsoft Licensing 2016-2018 Modification, Dell Marketing, LP, R-128884 (ITS), Budget Code: 010 00 830 121020, State Contract No. 89850 expiring 6/30/20, Current Authorized Amount:\$1,259,337.33, Requested Amount: \$ 64,524.90, New Authorized Amount: \$1,323,862.23** , was approved.

At the April 26, 2016 Board of Commissioners Meeting, the Authority awarded a contract to Dell Marketing, LP (NJTA Contract No. 2330) to provide licenses and support for various Microsoft Enterprise products under New Jersey State Contract No. 89850 (Agenda Item No. 161-04-2016). These products include: Microsoft Windows 7 Enterprise Operating System, Microsoft Windows Server Data Center (Hyper V), Microsoft Windows Standard Servers,

Microsoft Project and Microsoft Visio. Since the contract adoption in 2016, 10 additional Windows Data Center servers not contemplated in the original contract have been added to the Authority's infrastructure. The ITS Department has requested Contract No. 2330 be increased by \$64,524.90 for the three-year licenses and support required for these additional Data Center servers.

The original procurement, under State Contract No. 89850, was in accordance with N.J.A.C. 19:9-2.5(a), promulgated pursuant to N.J.S.A. 27:23-1 *et seq.*, the Authority's enabling legislation, and Executive Order No. 37 (Corzine 2006) which permits the Authority, without advertising, to purchase goods and services directly from vendors who hold contracts with the State of New Jersey.

Accordingly, authorization is requested to increase the authorized amount of Contract 2330 with Dell Marketing, LP by \$64,524.90 for a new total authorized amount of \$1,323,862.23, subject to funding availability at the time of ordering.

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PROFESSIONAL SERVICES

025-01-2017

In a memorandum dated January 20, 2017, Investment Banking Services Senior Managers and Co-Senior Managers, Various Banks, RM-128794 (Finance), Budget Code: Various, Amount: \$3,106,500.00 (2-year Contracts), was approved.

The New Jersey Turnpike Authority ("Authority") solicited proposals from firms to provide Investment Banking Services. Specifically, the Authority, by way of a Request for Proposals ("RFP"), sought to select four (4) underwriting syndicates (consisting of Senior Managers, Co-Senior Managers, and Co-Managers). One syndicate will be for the anticipated new-money transaction of up to \$525 million in 2017. The second syndicate will be for the anticipated new-money transaction of up to \$500 million in either late 2017 or early 2018. The third syndicate will be for potential fixed rate refunding of the Series 2009E, Series 2009H and Series 2009I Bonds. The fourth syndicate will be for the potential variable rate refunding of the Series 2013D-3 Bonds, Series 2013E-3 Bonds and Series 2014B-3 Bonds as well as the Series 2000B-G Bonds.

The RFP was advertised in the Asbury Park Press and Star Ledger, posted on the website of the Authority, and distributed to fifty-two (52) firms. On January 4, 2017, the Authority received ten (10) proposals for Senior Manager Positions. The Authority also received proposals from twenty-one (21) firms interested in serving as part of a Co-Manager Pool. The awards for the Co-Manager Pool will be made at a later date. The Executive Director approved the Evaluation Committee ("Committee") consisting of three (3) voting Members: the Chief Operating Officer, Chief Financial Officer, and Treasury Manager. In addition, one (1) representative from First Southwest Company, a division of Hilltop Securities, the Authority's Financial Advisor, served as a non-voting member of the Committee.

The Committee reviewed and scored the proposals. Under the RFP, proposers could

apply for only one (1) of the four (4) underwriting syndicates. Although it was anticipated that each syndicate will have a Senior Manager, at least one Co-Senior Manager, and at least one Co-Manager, only proposals for the position of Senior Manager for each underwriting syndicate were accepted. In addition, as specified in the RFP, proposers which applied for the Senior Manager position but were not selected would be considered for Co-Senior Manager or Co-Manager for whichever syndicate they have requested. The Committee then prepared an Evaluation Report, which details the procurement process, and submitted the report to the Executive Director.

The Committee determined that the highest ranked firm from the \$525 million new money proposers would be recommended as Senior Manager for the \$525 million new money syndicate, the highest ranked firm from the \$500 million new money proposers would be recommended as Senior Manager for the \$500 million new money syndicate, and the highest ranked firm from the fixed rate refunding proposers would be recommended as Senior Manager for the fixed rate refunding syndicate. The Committee also determined that the next highest ranked firms would be selected for the roles of Co-Senior Manager and Co-Manager for each syndicate based on the syndicate for which they applied. The variable rate refunding syndicate did not have sufficient participation and the Committee selected a proposer from another syndicate to join the variable rate refunding syndicates as allowed by the RFP. The methodology for that proposer's selection in the variable rate refunding syndicate is discussed in the scoring section.

For the \$525 million new money bond issue(s), it is recommended that the Authority award contracts to two (2) firms. For the \$500 million new money bond issue(s), it is recommended that the Authority award contracts to two (2) firms, for the potential fixed rate refunding bond issue(s), it is recommended the Authority award contracts to four (4) firms, and for the potential variable rate refunding issue (s), it is recommended that the Authority award contracts to two (2) firms. Except for the variable rate refunding contract, the contracts for each bond series shall be for a period of two (2) years from February 15, 2017 through February 14, 2019. The variable rate refunding contract shall also be for 2 years but the period shall be from August 1, 2017 through July 31, 2019. Therefore, based upon the criteria established in the RFP, the Committee made the following recommendations for Investment Banking Services:

FINAL GROUP SELECTIONS – 2017 New Money Issue(s) - \$525 Million

<u>Role</u>	<u>Firm</u>	<u>Score</u>
Senior Manager	Goldman, Sachs & Co., New York, NY	94.5
Co-Senior Manager	J.P. Morgan Securities, LLC, New York, NY	91.0

FINAL GROUP SELECTIONS – 2017 New Money Issue(s) - \$500 Million

<u>Role</u>	<u>Firm</u>	<u>Score</u>
Senior Manager	Citigroup Global Markets, Inc., New York, NY	91.5
Co-Senior Manager	Morgan Stanley & Co., LLC, New York, NY	84.7

FINAL GROUP SELECTIONS – Fixed Rate Refunding Issue(s)

<u>Role</u>	<u>Firm</u>	<u>Score</u>
Senior Manager	Loop Capital Markets (MBE), New York, NY	83.0
Co-Senior Manager	RBC Capital Markets, LLC, New York, NY	79.7
Co-Manager	Wells Fargo Securities, New York, NY	76.3
Co-Manager	Jefferies, LLC, New York, NY	68.2

FINAL GROUP SELECTIONS – Refunding Issue(s)

<u>Role</u>	<u>Firm</u>	<u>Score</u>
Senior Manager	Bank of America Merrill Lynch, Philadelphia, PA	88.8
Co-Senior Manager	Barclays Capital, Inc., New York, NY	64.2

The award for the up to \$525 million 2017 new money issue(s) will be at Goldman Sachs & Co.'s (Goldman) agreed upon takedown of \$1.40 per thousand, plus underwriting expenses of \$.96 per thousand (total compensation to be shared by the syndicate, including expenses, of approximately \$785,400). The award for the \$500 million 2017/2018 new money issue(s) will be at Citigroup Global Markets, Inc.'s (Citi) agreed upon takedown of \$1.25 per thousand, plus underwriting expenses of \$.1097 per thousand (total compensation to be shared by the syndicate, including expenses, of approximately \$679,900). The award for the fixed rate refunding issue will be at Loop Capital Markets, LLC's (Loop) agreed upon takedown of \$1.20 per thousand, plus underwriting expenses of \$.131 per thousand (total compensation to be shared by the syndicate, including expenses, of approximately \$1,043,700). The award for the variable rate refunding issue(s) will be at Bank of America Merrill Lynch (BAML) proposed takedown of \$.95 per thousand, plus underwriting expenses of \$.81/thousand (total compensation to be shared by the syndicate, including expenses, of up to approximately \$597,500).

For the \$525 million new money syndicate, Goldman received the highest overall score, reflecting the firm's experience as Senior Manager for large transportation bond issues, strong project team, and complete new money and refinancing strategies. Goldman scored the highest in understanding the Authority's needs and the approach to the project because the firm's proposed bond structure not only meets the Authority's goal of achieving overall level debt

service upon completion of the capital program financings, but also resulted in the highest projected debt service coverage, and largest amount of proceeds available for construction spending compared to the other proposal received. Goldman also proposed a structure that included future borrowings which would keep maximum annual debt service close to the Authority's \$900 million target. The other proposer, J.P. Morgan Securities (JP Morgan) also has significant transportation experience and is well qualified to serve the Authority. JP Morgan proposed a similar bond structure to that of Goldman, however, JP Morgan's higher credit spreads would result in significantly less monies (\$10 million) in the construction funds as compared to the Goldman proposal. JP Morgan did propose a lower underwriting fee. The fee differential to the Authority, however, was \$200,000, which does not outweigh Goldman's proposal generating more than \$10 million in additional construction fund proceeds. It is recommended that JP Morgan be awarded the role of Co-Senior Manager on the transaction. In addition to being highly qualified, both firms selected have a strong New Jersey presence with each employing thousands in the State. Additional firms as necessary will be selected to serve as Co-Managers on the transaction and will be chosen from the Authority's Co-Manager Pool, with the pool expected to be awarded at the February 2017 meeting of the Board of Commissioners.

For the \$500 million new money syndicate, Citi received the highest overall score, reflecting the firm's experience as Senior Manager for large transportation bond issues, strong project team, and understanding of the Authority's needs. Citi presented three (3) structuring proposals based upon current interest rates and credit spreads with a recommended structure consistent with the Authority's plan. The other proposer, Morgan Stanley, is also well qualified, and has significant experience in senior managing large transportation bond issues. Both firms have a large presence in New Jersey. The Citi proposal scored higher for both the technical and price proposals due to Citi's approach to the project. After review with the Authority's financial advisor, it was determined that Citi's proposal would result in the lowest overall cost to the Authority and generate the maximum amount of proceeds for deposit in the construction fund. Citi also had a lower fee proposal than Morgan Stanley by about \$.25/bond. It is recommended that Morgan Stanley serve as Co-Senior Manager. Additional firms as necessary will be selected to serve as Co-Managers on the transaction and will be chosen from the Authority's Co-Manager Pool, with the pool expected to be awarded at the February 2017 meeting of the Board of Commissioners.

For the fixed rate refunding syndicate, Loop, a MBE firm, received the highest overall score, representing the firm's strong experience not only in overall bond underwriting for deals over \$250 million, but also with transportation deals, as the firm was ranked #11 in the country for senior managed negotiated transportation financings in 2016. Loop recently completed large deals for several transportation agencies, including the MTA and Pennsylvania Turnpike Commission. Loop demonstrated a strong understanding of the Authority's needs and debt

policy, and benefited from additional points allotted to certified MBE firms and its competitive fee proposal. Loop and the next highest ranked firm, RBC Capital Markets, LLC (RBC), received virtually the same total scores for their technical proposals. Loop, however, received a higher score for its fee proposal, which was \$1.20/bond plus expenses compared to RBC's \$2.00/bond plus expenses. RBC's proposal would cost the Authority about \$600,000 more than that of Loop. Wells Fargo and Jefferies are also qualified technically, but both scored lower than the two higher ranked firms based on their approaches to the Authority's debt refunding policies. It is recommended that RBC serve as Co-Senior Manager, with Wells Fargo and Jefferies serving as Co-Managers. Although the par value of the bonds included in the fixed rate refinancing award totals approximately \$784 million, a portion of this amount may not be advance refundable on a tax exempt basis, and another portion has a call date which is two years away. Also, based on current market rates only a small portion of the bonds meet the Authority's refunding policy. It is more likely that if these bonds are refunded, the refunding will occur in pieces over the two year time period. Based on this, additional firms likely will not be selected from the Co-Manager Pool because the recommended syndicate is large enough to handle multiple smaller issues.

Finally, for the variable rate refunding syndicate, Bank of America Merrill Lynch (BAML) received the highest overall score, representing the firm's vast experience, strong project team, vast New Jersey presence and good overall understanding of the Authority's needs. BAML provided the Authority with several options to consider for the proposed variable rate bond refinancing's and a very low price proposal. The other proposer, Barclays, is also experienced in the municipal bond industry, but scored significantly lower than BAML in several areas including approach to the project and the fee proposal. Barclays proposed a proprietary bond product that is unacceptable to the Authority, and its fee proposal of \$2.50/bond plus expenses is significantly higher than BAML's at \$.95/bond plus expenses. Acceptance of Barclays' proposal would cost the Authority nearly \$1.0 million more in underwriter fees if all of the variable rate bonds included in the award were completed. BAML applied to be Senior Manager for the new \$500 million new money syndicate. After Goldman, Citi, and JP Morgan, BAML received the next highest total score. The variable rate refunding syndicate did not have sufficient participation and BAML was selected to move to the variable rate refunding syndicate as allowed in the RFP. BAML was selected because it was the highest scoring firm behind Goldman and Citi that also included a strategy to refund the variable rate debt in their RFP response. It is recommended that Barclays be selected as Co-Senior Manager for the transaction. Additional firms as necessary will be selected to serve as Co-Managers on the transaction and will be chosen from the Authority's Co-Manager Pool expected to be awarded at the February 2017 meeting of the Board of Commissioners.

This professional services procurement was conducted in accordance with *N.J.S.A. 27:23-6.1*, *N.J.A.C. 19:19-9-2.1(b)*, Executive Order 37 (Corzine 2006), and Executive Order No. 26 (Whitman 1994). These awards are contingent upon the Treasurer of the State of New Jersey

completing the review of all documents submitted by the selected awardees pursuant to Public Law 2005, Chapter 51 and Executive Order No. 117 (Corzine 2008), and having no objection to same.

Accordingly, authorization is respectfully requested to delegate to the Executive Director the authority to enter into bond purchase agreements with the firms in the four (4) underwriting syndicates listed under the "Final Group Selections" listed above. Authorization is further recommended to allow the Executive Director to execute any other documents and take any other actions as are deemed necessary to effectuate the intent of this procurement. No funds will be encumbered for the new money issue or the fixed rate issue as payments to the underwriters of approximately \$2,509,000 will be made from bond proceeds. Fees payable to the underwriting syndicate for the refunding issue of approximately \$597,500 will be payable from the General Reserve Fund.

026-01-2017

In a memorandum dated January 26, 2017, **Second Addendum to the New Jersey E-Z Pass Services Contract, Xerox State and Local Solutions, Inc., RM-129789 (ITS), Amount: \$41,997,700.00 (\$40,800,000 as pass-through costs without mark-up, \$1,197,700 payable directly to Xerox)**, was approved.

Authorization is requested to approve the Second Addendum to the Services Contract approved under Agenda Item No. 398-09-2015 between the Authority, Xerox State and Local Solutions, Inc. ("Xerox"), and the other agencies of the New Jersey E-ZPass Group. The Services Contract, which became effective October 15, 2015, will be for a term of eight years from the "Cut-Over" date with the option to extend for one, two-year term at the Authority's sole discretion. The other agencies of the New Jersey E-ZPass Group, South Jersey Transportation Authority, Delaware River Port Authority, Delaware River and Bay Authority, Delaware River Joint Toll Bridge Commission and Burlington County Bridge Commission, are also signatories to the Xerox contract.

The Integrated Technology Services (ITS) Department is actively engaged with Xerox to complete all tasks necessary for the implementation of this contract by the Cut-Over date. The original Cut-Over date was anticipated to be February 1, 2017. However, due to unanticipated technical issues, Xerox has requested that the Cut-Over date be extended to July 17, 2017, and ITS recommends that this request be accepted, as set forth in the Second Addendum.

In light of the extension of the Cut-Over Date, the ITS and Finance and Budget Departments further recommend the following additions to the services provided by Xerox, or its subcontractors, as set forth in the Second Addendum:

- (1) Credit Card Merchant and Processing Services – Xerox has contracted with Visa, MasterCard, Discover and American Express, as well as a Bank of America Merchant Services (a

credit card processing company) to accept and process credit card payments from New Jersey E-ZPass customers. Under the prior Xerox contract, the charges incurred for credit card acceptance and processing were a direct pass through to the New Jersey E-ZPass Group. However, the new Xerox Services Contract contemplated that the New Jersey E-ZPass Group would enter into its own direct contracts with Visa, MasterCard, Discover and American Express, as well as a credit card processing company, as is industry practice with other tolling agencies. Due to the change in Cut-Over date, and potential change to a new credit card processor, Xerox requested and the Authority agreed to keep the credit card and processing contractual relationship with Xerox until Phase 2A of the Services Contract, which is anticipated to be February 2018. As such, the proposed addendum authorizes Xerox to maintain the existing contracts with Visa, MasterCard, Discover, American Express and Bank of America Merchant Services, and invoice the Authority and the other agencies of the New Jersey E-ZPass Group the charges incurred as a direct pass-through. Over \$2 billion is processed annually through credit cards, with the costs estimated to be \$3,400,000 per month for the entire New Jersey E-ZPass Group.

(2) Payment Processing Services – Under the prior contract, Xerox performed check payment processing services, commonly known in the commercial banking industry as “lockbox services.” All New Jersey E-ZPass customer and violation payments are mailed to special P.O. boxes, processed by Xerox and deposited into the Authority’s bank accounts. Under the new Xerox Services Contract, these services were to be procured separately by the Authority. Again, with the change in the Cut-Over date, and potential impact on the Vector system and New Jersey E-ZPass back office operations, Xerox has requested that this change also be delayed until the end of 2018. Since the time the Services Contract was awarded, Xerox has made enhancements to its payment processing services, most notably an upgrade to its check deposit transmissions which has brought processing more in line with that of commercial banks. Also, Xerox has integrated its payment processing services with exception processing, which banks do not do. Payment processing services will be performed by Xerox at their payment processing operating in Hamilton, New Jersey at a fixed cost of \$33,291 per month.

(3) ORT Software and Hardware Support Services -- Xerox will grant the Authority a non-transferable license to use Xerox’s ORT software in the Authority’s existing express E-ZPass lanes. The Authority shall pay Contractor for any support needed for the ORT Software and Hardware during the term of the Contract, in an amount not to exceed \$432,000.

This professional services procurement was originally conducted in accordance *N.J.S.A. 27:23-6.1, N.J.A.C. 19:9-2.1(b), N.J.S.A. 52:15(c)-10* and Executive Order No. 37 (Corzine 2006). This vendor is in compliance with Public Law 2005, Chapter 51 and Executive Order No. 119 (Corzine 2006).

Accordingly authorization is requested for the Executive Director to execute the Second

Addendum to the Services Contract with Xerox State & Local Solutions, Inc., as outlined herein. It is further requested that the Commissioners authorize the Executive Director to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

027-01-2017

In a memorandum dated January 20, 2017, **Supplement A to the New Jersey E-ZPass Services Contract-2017 Tag Swap Program, Xerox State and Local Solutions, Inc., R-129575 (ITS), Budget Code: 00 010 950 270097, Amount: \$ 4,362,400.00**, was approved.

Authorization is requested to approve Supplement A to the New Jersey E-ZPass Services Contract ("Services Contract") approved under Agenda Item No. 398-09-2015 between the Authority, Xerox State and Local Solutions, Inc. ("Xerox"), and the other agencies of the New Jersey E-ZPass Group. The requested supplement will compensate Xerox for services provided for the 2017 Tag Swap Program, which will replace an estimated 560,000 E-ZPass transponders ("Tags") which have or will soon reach the end of their estimated useful life. The replacement Tags will be procured under a separate contract with Kapsch TrafficCom IVHS, Inc.

The Tag Swap Program services to be provided by Xerox under Supplement A include: 1) account management for the Tag Swap Program; 2) preparation and dissemination of all correspondence to customers associated with the Tag Swap; 3) issuing new Tags and 4) postage costs and disposal of returned Tags. Xerox will be compensated at a unit cost not to exceed \$7.79 per Tag swapped. The Tag Swap Program will commence June 1, 2016 and will conclude in December 2017. The compensation to Xerox for these supplemental services will be in an amount not to exceed \$4,362,400.00. The Authority will seek reimbursement for a portion of these costs from the other agencies of the New Jersey E-ZPass Group.

Accordingly, authorization is requested to award Supplement A to the Services Contract with Xerox State and Local Solutions, Inc. for an amount not to exceed \$4,362,400.00.

On motion by Commissioner Becht and seconded by Treasurer DuPont, the Board unanimously approved item no.'s 012-01-2017 through 027-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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GENERAL BUSINESS

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OPERATIONS

031513

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Director of Operations Henry Eibel requested approval of item numbers 028-01-2017 through 030-01-2017. Moved are the items as follows:

028-01-2017

Director of Operations Henry Eibel requested acceptance of the **Resume of All Fatal Accidents** for the Garden State Parkway and New Jersey Turnpike: Period 01/01/2016 through 12/31/2016; both with 2015-2016 Yearly Comparisons through December, 2016.

029-01-2017

In a document dated January 7, 2017, **Recommendation to Pay the Annual Member Agency Membership Dues, Transcom, R-129327, Budget: 10-890-445900, Amount: \$316,216.00**, was approved.

The Transportation Operations Coordinating Committee ("Transcom") is an organization which provides a forum for the reconciliation of operating procedures, improved agency communications and the coordination of construction projects within the metropolitan area. Under Agenda Item No. 070-02-2014, the Board approved the Authority's membership in Transcom through December 31, 2018. Membership in Transcom helps the New Jersey Turnpike Authority ensure the mobility and safety of its traveling public through the tri-state area via enhanced communication and utilization of the member agencies' existing traffic and transportation management systems.

Per the Multi-Year Membership Agreement between the New Jersey Turnpike and Transcom, the Authority is required to pay annual membership dues for operating costs. The annual payment to Transcom for 2016 is \$316,216.00.

Accordingly, the Operations Department recommends approval of the 2017 membership dues to Transcom in the amount of \$316,216.00.

030-01-2017

In a document dated December 23, 2016, **Recommendation to Authorize 2017 Assessments to First Aid Squads and Fire Departments Providing Services on the New Jersey Turnpike and Garden State Parkway, For the Period January 1, 2017 through December 31, 2017, Budget Code: 10-710-442060, Amount: \$411,400.00**, was approved.

The New Jersey Turnpike Authority (the "Authority") utilizes the services of approximately 80 first aid squads and 80 fire departments that are on-call and provide emergency services to the Authority's patrons on the New Jersey Turnpike and the Garden State Parkway. These organizations are further supported by other organizations in a mutual aid capacity. It has been the policy of the Authority to financially assist these first aid squads and fire departments on an

semi-annual basis because, as the owner and operator of these two roadways, the Authority itself does not have qualified emergency personnel and apparatus to provide these critical, life-saving services to its patrons.

Previously approved by the Board, the first aid squads are provided \$90.00 per call plus a \$500.00 semi-annual standby assessment and the fire departments are provided \$160.00 per piece of apparatus plus a \$300.00 semi-annual standby assessment. Organizations providing mutual aid are not provided an assessment for stand-by, but are provided an assessment of \$90.00 per call or \$160.00 per number of apparatus.

Accordingly, it is recommended that the Authority be authorized to work with the first aid squads and fire departments providing services on the New Jersey Turnpike and Garden State Parkway under the terms set forth above in an amount not to exceed \$411,400.00 for the year 2017.

On motion by Treasurer DuPont and seconded by Vice Chairman Gravino, the Board unanimously approved item number 028-01-2017 through 030-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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STATE POLICE

031-01-2017

Major Eric Heitmann requested acceptance of the New Jersey State Police Troop D Activity Reports, For December 2016, with 2015 – 2016 Yearly Comparisons.

On motion by Commissioner Becht and seconded by Vice Chairman Gravino, the Authority unanimously accepted the reports contained in item number 031-01-2017 and received same for file.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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FINANCE

Chief Financial Officer ("CFO") Donna Manuelli requested approval of item number 032-01-2017. Moved is the item as follows:

032-01-2017

Chief Financial Officer Donna Manuelli presented the **Financial Summary for the Twelve (12) months ended December 31, 2016**.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item number 032-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

Chief Financial Officer ("CFO") Donna Manuelli requested approval of item number 033-01-2017. Moved is the item as follows:

033-01-2017

In a document dated January 20, 2017, **a Recommendation to Amend the Financial Management Principles and Guidelines**, was approved.

At its December 19, 2012 meeting, the Board of Commissioners adopted Financial Management Principles and Guidelines (the "Guidelines") for the Authority. These Guidelines were intended to serve as a management tool to enable the Authority to communicate its commitment to a sound financial decision making process and affirm to investors and the credit rating agencies management's commitment to the long-term financial viability of the Authority and repayment of its bonds. These Guidelines were also intended to serve as guidance for management of the Authority with respect to: (i) the issuance and management of Authority debt in appropriate amounts and types with the goals of achieving the lowest possible costs of capital within prudent risk parameters and ensuring ongoing access to the capital markets; and (ii) compliance by the Authority with all provisions of the its enabling legislation, as well as all provisions of the Authority's Bond Resolution. The Guidelines are to be reviewed by the Authority no fewer than once every two (2) years and any changes to these Guidelines are to be presented to and approved by the Authority's Board of Commissioners.

Since the Guidelines were adopted, the Authority has issued more than \$5.5 billion of debt to fund its \$7 Billion Capital Investment Program. In addition, the Guidelines were amended at the November 24, 2015 meeting of the Board of Commissioners. That amendment increased the targeted average unrestricted cash balances in the General Reserve Fund from at least \$75,000,000 to at least \$100,000,000.

The Guidelines include a number of financial management targets, including

minimum debt service coverage ratios, minimum total requirements coverage ratios, and a minimum unencumbered General Reserve Fund balance. As mentioned, currently the Guidelines target a minimum General Reserve Fund balance of \$100,000,000. Credit rating agencies have suggested that the Authority should have cash on hand in the General Reserve Fund at least equal to one (1) year of Operating Expenses. For the Authority, this means a General Reserve Fund balance in excess of \$500 million. At this time, the Authority does not have the excess revenue to maintain a General Reserve Fund balance in excess of \$500 million. At the direction of the Board of Commissioners, staff and the Authority's financial advisor conducted a review of twenty six (26) tolling agencies, which are members of the Interagency Group (IAG), to determine whether other tolling agencies have General Reserve Funds and if they do whether they have policies requiring a minimum balance for the fund.

Based on this review, the Authority's financial advisor recommended that the Authority amend its policy to target a minimum General Reserve Fund balance equal to 10% of its total annual revenue. Based on the 2017 total annual revenue budget of \$1,749,181,000, 10% of total annual revenue would be approximately \$175 million. Based upon the Authority's current financial plan, this requirement would be phased in as follows:

- (1) a \$25,000,000 increase to a minimum balance of \$125,000,000 by 12/31/17;
- (2) a \$25,000,000 increase to a minimum balance of \$150,000,000 by 12/31/18;
- (3) a \$25,000,000 increase to a minimum balance of \$175,000,000 by 12/31/19; and
- (4) beginning in 2020, by December 31st of each year, any increase required to adjust the minimum balance to equal 10% of that years' budgeted total annual revenue.

The current section II.F of the Guidelines is as follows:

II. FINANCIAL MANAGEMENT PRINCIPLES AND GUIDELINES

A. The Authority will manage its cash flow and total expenditure levels such that it maintains average unrestricted cash balances in the General Reserve Fund equal to at least one hundred million dollars (\$100,000,000).

It is recommended that section II.F of the Guidelines will be replaced with:

II. FINANCIAL MANAGEMENT PRINCIPLES AND GUIDELINES

A. The Authority will manage its cash flow and total expenditure levels such that it maintains average unrestricted cash balances in the General Reserve Fund equal to at least:

- (1) one hundred and twenty five million dollars (\$125,000,000) as of December 31, 2017;
- (2) one hundred and fifty million dollars (\$150,000,000) as of December 31, 2018;
- (3) one hundred and seventy five million dollars (\$175,000,000) as of December 31, 2019; and
- (4) ten (10) percent of total annual revenue as of December 31, 2020, and each

December 31st thereafter, based on that year's budget total annual revenue.

Staff has reviewed the financial advisor's recommendations and concurs with them. All other provisions of the existing Guidelines will remain. A copy of the proposed Guidelines dated January 2017 are attached. Therefore, approval of the attached Guidelines dated January 2017, with the changes noted in this agenda item is respectfully recommended.

NEW JERSEY TURNPIKE AUTHORITY
Financial Management Principles and Guidelines
January 2017

I. INTRODUCTION

A. Purpose of Financial Management Principles and Guidelines

These Financial Management Principles and Guidelines are intended to serve as a management tool to enable the New Jersey Turnpike Authority (the "Authority") to communicate the Authority's commitment to a sound financial decision making process and affirm to investors and the credit rating agencies management's commitment to the long term financial viability of the Authority and repayment of its bonds. These Financial Management Principles and Guidelines are also intended to serve as guidance for management of the Authority with respect to:

- i. the issuance and management of Authority debt in appropriate amounts and types with the goals of achieving the lowest possible costs of capital within prudent risk parameters and ensuring ongoing access to the capital markets; and
- ii. compliance by the Authority with all provisions of the Act (as hereinafter defined) relating to bonds, notes or other obligations of the Authority, as well as all provisions of the Authority's Bond Resolution (as hereinafter defined).

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

B. Best Interests of the Authority

While adherence to these Financial Management Principles and Guidelines is desirable, deviations from these Financial Management Principles and Guidelines may be appropriate from time to time to address: (i) changing financial goals; (ii) emerging financial products/debt structures; and (iii) unique market opportunities. As a result, the general best interests of the Authority shall supersede any provision of these Financial Management Principles and Guidelines.

C. The Authority

The Authority is a public body corporate and politic of the State of New Jersey created

under and by virtue of the New Jersey Turnpike Authority Act of 1948, constituting Chapter 454 of the Laws of New Jersey of 1948, as amended and supplemented (the "Act"). Pursuant to the Act, the Authority is authorized and empowered to issue and incur its bonds, notes and other obligations for the purposes and on the terms and conditions set forth in the Act. All currently issued and outstanding bonds of the Authority, and all future bonds, notes or other obligations of the Authority, have been or will be issued and incurred under and pursuant to, and/or in accordance with, the terms and provisions of the Act and a resolution of the Authority adopted on August 20, 1991 and entitled, "Turnpike Revenue Bond Resolution", as amended and restated on September 26, 1991, and as further amended and restated on

November 22, 1991, as the same has been and will be further amended, restated and supplemented from time to time (the "Bond Resolution"). Capitalized terms used herein which are not otherwise defined shall have the meaning given to such terms in the Bond Resolution.

II. FINANCIAL MANAGEMENT PRINCIPLES AND GUIDELINES

A. Management will conduct Authority business in a manner that is in compliance with the requirements of the Act and the Bond Resolution, as well as all other applicable federal and state laws, rules and regulations.

B. Revenues and bond proceeds will be used to improve and/or maintain safe and efficient roadways.

C. The Authority will employ a Traffic Engineer to develop conservative toll revenue growth projections and establish toll rate schedules.

D. The Authority will manage operating expenses within its available annual authorized operating budget, with a goal of reducing operating expenses while maintaining the quality of its roads and services.

E. The Authority will adequately fund its Maintenance Reserve Fund, Special Project Reserve Fund, and other capital budgets in compliance with the provisions of the Bond Resolution and the recommendations of its Consulting Engineer.

F. The Authority will manage its cash flow and total expenditure levels such that it maintains average unrestricted cash balances in the General Reserve Fund equal to at least:

- (1) one hundred and twenty-five million dollars (\$125,000,000) as of December 31, 2017;
- (2) one hundred and fifty million dollars (\$150,000,000) as of December 31, 2018;
- (3) one hundred and seventy five million dollars (\$175,000,000) as of December 31, 2019; and

- (4) ten (10) percent of total annual revenue as of December 31, 2020 and each December 31st thereafter, based on that year's budgeted total annual revenue.

G. The Authority will continue to fund its approved Capital Improvement Program with the lowest possible cost of capital. The Capital Improvement Program will be reviewed on an annual basis. Management will establish a Capital Improvement Program Reserve within the Capital

Improvement Program budget to protect against risk.

H. The Authority will prepare, at a minimum, a 5-year financial plan and update this plan on a regular basis as assumptions change.

I. The Authority shall invest all of its funds (including the proceeds received from the sale of its bonds, notes or other obligations) which are not immediately needed for the purposes of the Authority in Investment Securities as provided in the Bond Resolution. The Authority shall invest all of its funds in a manner that allows such funds to be available when needed to be applied for their intended purposes. Funds will be invested in a manner consistent with the Investment Plan to be hereafter adopted by the Authority in accordance with Paragraph S below, with the goals of safety, liquidity and then yield in that order of priority.

J. The Authority will prepare its books, records, and accounts according to General Accepted Accounting Principles applicable to governmental entities in the United States of America and cause such books, records and accounts to be annually audited by a nationally recognized firm of Certified Public Accountants. The Authority shall record all transactions consistent with the provisions of the Bond Resolution, including the provisions relating to all Funds and Accounts established under the Bond Resolution.

K. The Authority will maintain current and meaningful financial and other information on its website for the benefit of investors, credit enhancement providers, and credit rating agencies.

L. The Authority shall strive to maintain or improve the credit ratings for its debt without adversely affecting the levels or types of debt that may be issued by the Authority to finance its essential capital activities. The Authority will strive to communicate regularly with the rating agencies. To the extent possible and/or necessary, the Authority will forward periodic financial and other information to the rating agencies, update the rating agencies upon the occurrence of any significant financial developments and communicate with the rating agencies prior to each Authority debt issuance.

M. The Authority will manage its toll rates, expense budget, and debt issuance program to achieve a minimum senior debt service coverage of 1.4x, and a total requirements coverage of 1.2x, although compliance with the Net Revenue Requirement under the Bond Resolution only requires the Authority to generate Net Revenues in each calendar year in an amount equal to the greater of (i) the sum of Aggregate Debt Service, required payments into the Maintenance Reserve Fund, required payments into the Special Project Reserve Fund and the payments, if any, into the Charges Fund for such year, or (ii) 1.2x the Aggregate Debt Service for such year. Furthermore, although the Bond Resolution permits the Authority to include amounts which are withdrawn from the Construction Fund, the Special Project Reserve Fund, and the General Reserve Fund and deposited into the Revenue Fund as part of the Pledged Revenues for purposes calculating compliance with the Net Revenue Requirement, the Authority shall not, in any calendar year, set its toll rates and/or adopt an annual budget which in any manner expressly relies, in whole or in part, upon any such withdrawals and deposits into the Revenue Fund as a

means for achieving compliance with the Net Revenue Requirement or any other higher debt service or other coverage level which the Authority has established as its goal.

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

O. The Authority will structure its new money debt maturities to achieve either an overall level debt service structure or a standalone level debt service structure. The Authority will continue to issue its bonds with maturities up to thirty (30) years from date of issuance to finance essential capital activities for the Turnpike System, including the acquisition, construction and rehabilitation of major capital assets for and/or additions to the New Jersey Turnpike, the Garden State Parkway and any other component of the Turnpike System.

P. During the financing of the Authority's currently approved Capital Investment Program, the Authority does not intend to increase its overall variable rate debt in an amount greater than 20% of its overall debt.

Q. During the financing of the currently approved Capital Investment Program, the Authority does not intend to increase the overall aggregate notional amount of its currently outstanding interest rate swap agreements and will look to reduce its outstanding interest rate swaps as economic opportunities to do so arise. Over the long-term, the Authority will not enter into interest rate swaps in an aggregate notional amount greater than 20% of its overall debt outstanding. If additional swaps are entered into, the Authority will have a goal to achieve a diversified (no more than 25% with any single counterparty) and highly rated (A1/A+ or better) group of counterparties. The Authority will require appropriate collateral provisions from such counterparties if their ratings decline below A2/A. The Authority will not provide collateral or termination rights to the counterparty unless the Authority's ratings decline below Baa2/BBB or lower. Any additional interest rate swap agreements will be entered into by the Authority in a manner consistent with the Interest Rate Swap Management Plan to be hereafter adopted by the Authority in accordance with Paragraph S below.

R. When identifying potential refunding candidates for economic refundings, the Authority will generally seek a minimum per transaction present value savings threshold of 3%. Notwithstanding the above, the 3% savings threshold shall not apply for debt with a call date between one (1) and three (3) years from their stated maturity, or for small principal maturities and bonds that produce significant negative arbitrage. In certain instances, it may be advantageous for the Authority to issue refunding debt that does not produce positive economic savings but serves to restructure existing debt or retire debt in order to remove undesirable debt

covenants. Prior to issuing non-economic refunding debt, the Authority will evaluate the benefits (both intangible and tangible) of issuing such debt as well as the economic cost of such debt.

S. The Authority will hereafter adopt a formal Debt Management Plan, an Interest Rate Swap Management Plan and an Investment Plan, all of which shall be consistent with the provisions of the Act, the Bond Resolution and these Financial Management Principles and Guidelines.

III. BOND RESOLUTION FLOW OF FUNDS:

The Bond Resolution creates and establishes various Funds and provides that the Pledged Revenues shall be deposited into such Funds in the amounts and in the order of priority set forth in the Bond Resolution. The Authority will at all times comply with the provisions of the Bond Resolution in connection with the deposit and application of the Pledged Revenues. The following chart illustrates and generally describes the provisions of the Bond Resolution governing the deposit and application of the Pledged Revenues to the various Funds created and established under the Bond Resolution:

Pledged Revenues

The Authority covenants in the Bond Resolution: (a) to deposit promptly all Pledged Revenues to the credit of the Revenue Fund, which is held by the Authority; (b) to pay reasonable and necessary Operating Expenses out of the Revenue Fund and retain in the Revenue Fund reasonable and necessary amounts for working capital and reserves for Operating Expenses, including expenses which do not recur annually, provided that the total amount of such working capital and reserves held at any time shall not exceed ten percent (10%) of the amount appropriated by the Authority's Annual Budget for Operating Expenses for the then current year; and (c) to apply on or before the twentieth (20th) day of each month the balance of moneys in the Revenue Fund in the following amounts and order of priority:

Revenue Fund

Debt Service Fund

(1) to the Debt Service Fund, which is held by the Trustee, the amount necessary so that the balance in such Fund shall equal the Accrued Debt Service as of the date of such deposit;

Debt Reserve Fund

(2) to the Debt Reserve Fund, which is held by the Trustee, the amount, if any, necessary so that the balance in such Fund shall equal the Debt Reserve Requirement, provided that any deficiency in the Debt Reserve Fund shall be fully

replenished within one year from the date the balance in the Debt Reserve Fund first falls below the Debt Reserve Requirement;

Charges Fund

(3) to the Charges Fund, which is held by the Authority, the amount necessary so that the balance in such Fund shall equal the sum of all amounts accrued or due and payable by the Authority as fees and charges under any Standby Agreement or Remarketing Agreement or to any Tender Agent during such month, but only to the extent that the Authority has determined that such amounts shall not be paid as Operating Expenses;

Maintenance Reserve Fund

(4) to the Maintenance Reserve Fund, which is held by the Authority, an amount equal to one-twelfth of the amount provided in the Annual Budget for Maintenance Reserve Payments during the then current calendar year, provided that if any such monthly allocation to such Fund shall be less than the required amount, the deficiency shall be included in the next succeeding monthly deposit to such Fund;

Special Project Reserve Fund

(5) to the Special Project Reserve Fund, which is held by the Authority, an amount equal to one-twelfth of the amount provided in the Annual Budget for Special Project Reserve Payments during the then current calendar year; and

General Reserve Fund

(6) to the General Reserve Fund, which is held by the Authority, the balance remaining in the Revenue Fund after making all of the above deposits, to be used for any corporate purpose of the Authority, including any contractual payments the Authority is required to make to the State of New Jersey or in connection with any Feeder Roads to the Turnpike System.

IV. STATUTORY PROVISIONS AND CONSIDERATIONS

A. General

Bonds, notes or other obligations issued by the Authority are revenue obligations of the Authority and are not a debt or liability of the State of New Jersey or any political subdivision thereof (other than the Authority). Neither the faith and credit nor the taxing power of the State of New Jersey or of any political subdivision thereof is pledged to the payment of the Authority's bonds, notes or other obligations. The Authority has no taxing power.

B. Approvals of Governor and State Treasurer

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

C. State Non-Impairment Agreement

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

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item number 033-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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EXECUTIVE

034-01-2017

In a document dated January 11, 2017, **Authorization to Extend the Insured Stop Loss coverage with Munich Re Stop Loss, Inc. through December 31, 2017, Amount Not to Exceed: \$630,000.00,** was approved.

At its March 31, 2015 meeting (Agenda Item No. 144-03-2015), the Authority's Board of Commissioners authorized the award of a contract for Insured Stop Loss coverage for medical and prescription claims to Munich Re Stop Loss, Inc. for the Period 5/1/2015 - 4/30/2016. This

contract also included a 1-Year Option for the period 5/1/2016 – 4/30/2017, which the Authority has exercised.

The Munich Re Stop Loss coverage is insurance that protects the Authority's self-insured benefits program from individual claimants with aggregate medical and prescription drug claims paid in excess of \$350,000. This Stop Loss coverage policy is designed to coordinate with both the Medical and Prescription Drug coverage claims administration. At its July 26, 2016 meeting, the Board of Commissioners authorized the award of contracts to Horizon for Medical Claims administration and CVS Caremark for Prescription Drug Claims administration (Agenda Item No. 277-07-2016) with both contracts becoming effective January 1, 2017.

Because the Munich Re Stop Loss coverage is designed to coordinate with both the medical and prescription drug claims administration, the Authority sought the assistance of its Benefits Consultant, Segal Consulting, to negotiate aligning the term of the Munich Re Stop loss agreement with those of the Horizon and CVS Caremark. Segal was able to negotiate with Munich Re to modify the term of its contract so it will align with those of Horizon and CVS Caremark. Specifically, Munich Re agreed to modify the term of its current contract from 5/1/2016 through 4/30/2017 to 5/1/2016 through 12/31/2016, with an extension of 1/1/2017 through 12/31/2017. In addition, Munich Re agreed to maintain the per employee per month rate of \$28.70. In essence, Munich Re has agreed to extend Stop Loss coverage for eight (8) months at the same cost of the current agreement. The collective cost for extending this contract will be in an amount not to exceed \$630,000.00 for the eight-month period of May 1, 2017 through December 31, 2017.

Therefore, authorization is respectfully requested to extend the Munich Re Stop Loss insurance for the period May 1, 2017 through December 31, 2017 for an approximate total premium not to exceed \$630,000.00, which precise premium shall be subject to modest fluctuation based on enrollment, as premium is computed on a per member per month basis.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Board unanimously approved item number 034-01-2017; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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ROLL CALL

HAMMER	GRAVINO	DuPONT	POCINO	DIAZ	BECHT	MINELLA
YES	YES	YES	ABSENT	YES	YES	YES

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The motion to adjourn was made by Treasurer DuPont and seconded by Vice Chairman Gravino, and, after the voice vote, the motion was duly adopted. The Authority

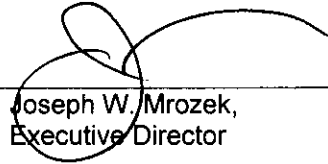
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adjourned at 10:00 a.m., to meet on Tuesday, February 28, 2017, at 9:00 a.m., at its headquarters building located at 1 Turnpike Plaza in Woodbridge, New Jersey.

ATTEST:



Kim Schurman,
Secretary to the Authority



Joseph W. Mrozek,
Executive Director

Date: January 31, 2017