

**CERTIFICATION
OF
NEW JERSEY TURNPIKE AUTHORITY**

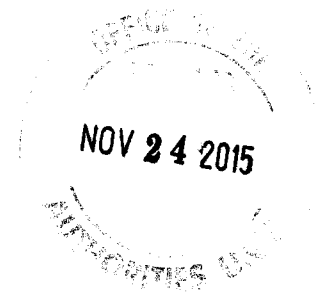
I, Joseph Mrozek, hereby certify that I am the Executive Director of the New Jersey Turnpike Authority and as such **Executive Director** certify that the attached copy of PROCEEDINGS OF THE NEW JERSEY TURNPIKE AUTHORITY is a true and correct copy of the Minutes of the **November 24, 2015** Meeting of the Authority.

IN WITNESS THEREOF, I have hereunto set my hand and affixed the official seal of the New Jersey Turnpike Authority **this 24th day of November, 2015.**

ATTEST:


Sheri Ann Czajkowski
Secretary to the Authority


Joseph Mrozek,
Executive Director



Corporate Seal

Date: November 24, 2015

**Received in the Governor's Office on November 24, 2015
(hand delivered)**

Received by:

David Muto
Print Name


Signature

Veto Period Ends:

December 9, 2015
(Write in the date the veto period ends)

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

Tuesday, November 24, 2015

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Chairman Richard Hammer called the Authority into session in the Executive Boardroom of the Authority's Administration Offices, 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 Raymond Pocino, Commissioner Ulises Diaz, Commissioner Daniel Becht (arrived at 9:05 a.m.), 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; General Counsel Bruce Harris; Chief Financial Officer Donna Manuelli; Director of Human Resources Mary-Elizabeth Garrity; Director of Internal Audit James Carone; Acting Director of Maintenance Kenneth McGoldrick; Director of Operations Henry Eibel; Director of Procurement and Materials Management Andrea Ward; Chief Information Officer Barry Pelletteri; Director of Tolls Robert Quirk; Major Eric Heitmann, State Police Troop D; and Secretary to the Authority Sheri Ann Czajkowski.

Also present were: Governors' Authorities Unit Representatives Lisa LeBoeuf; additional individuals consisting of other NJTA employees; interested organizations; the general public; and from the media: NJ Advance 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
5. Commissioner Diaz
6. Commissioner Becht (arrived at 9:05 a.m.)
7. Commissioner Minella

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EXECUTIVE SESSION

030931

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 Commissioner Pocino, 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 9:30 a.m.; Chairman Hammer resumed the public portion of the meeting.

Executive Director Mrozek takes Roll Call:

1. Chairman Hammer
2. Vice Chairman Gravino
3. Treasurer DuPont
4. Commissioner Pocino
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 October 27, 2015; he did not exercise his power to veto any items in those minutes.

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

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ROLL CALL

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

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RECUSALS

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

- Treasurer DuPont is recusing from agenda item 454
- Commissioner Pocino is recusing from agenda items 462 thru 472

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PUBLIC COMMENT

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MURRAY BODIN

Mr. Bodin stated that he has the cooperation of several of the transportation agencies in the region and he is thankful for their support. Bodin stated that although Authority staff always accommodates his requests, he has a high-level issue that can be addressed by only the Chairman. Bodin then asked Chairman Hammer to meet with him to discuss his concerns.

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EXECUTIVE DIRECTOR’S COMMENTS

None.

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COMMISSIONER’S COMMENTS

Vice Chairman Gravino welcomed Chairman Hammer to his first meeting of the Authority’s Board of Commissioners. Treasurer DuPont welcomed Chairman Hammer “to the best Board in the State of New Jersey.” All Board Members welcomed the new Chairman.

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HUMAN RESOURCES

Director of Human Resources Mary-Elizabeth Garrity requested approval of item number 453-11-2015. Moved is the item as follows:

453-11-2015

Human Resources Director Garrity submitted the Personnel Agenda, dated November 24, 2015, 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	YES	YES	YES	YES

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General Counsel Bruce Harris requested approval of item number 454-11-2015. Moved is the item as follows:

454-11-2015

In a memorandum dated November 10, 2015, Ratification of Action Taken and Authorization for the Acquisition of Property Interests Necessary for the Interchange 125 Improvements Project for the Garden State Parkway, Borough of Sayreville, County of Middlesex, Project No.: 39023024, Amount: \$5,545,600.00, was approved.

The New Jersey Turnpike Authority (“Authority”) is proceeding with its plans for the construction of the Interchange 125 Improvements Project (the “Project”) in the Borough of

030933 Sayreville, County of Middlesex. The Project will provide for a full northbound/southbound interchange at Interchange 125 of the Garden State Parkway and will include: a new southbound exit ramp with a toll plaza; the relocation of the existing southbound entrance ramp; a new northbound entrance ramp; and the lengthening/replacement of the Parkway mainline bridges over Chevalier Avenue to accommodate the widening of Chevalier Avenue.

Under Agenda Item No. 414-11-2014, the Commissioners deemed various property interests necessary for the Project and authorized the Executive Director to take all steps necessary to prepare for the acquisition of those interests, including the filing of eminent domain proceedings, depositing the appraised value into court and filing a Declaration of Taking.

The Authority had appraisals prepared by independent appraisers and reviewed by Value Research Group, LLC, the Authority's Real Estate Manager/Consultant, which set a value for each necessary property interest. The Authority entered into good faith negotiations with the owners or their respective counsel as appropriate for the purchase of same or the settlement of any claims related to the acquisition based on this appraised value and in compliance with the laws governing its powers of eminent domain.

Negotiated Sales

For the following properties, the Authority has reached an agreement with the property owners as to the purchase price and terms of the Authority's purchase of the property.

1. **Parcel No. R4671A and 4671B**
Block 326.01, Lot 6
Borough of Sayreville, County of Middlesex
Owner: First Industrial, L.P.
Amount: \$5,545,600.00

In furtherance of the Project the NJTA must acquire the entire property, which constitutes approximately 10.66 acres of vacant land.

The acquisition as proposed above does not involve property designated as "Preserved Farmland" pursuant to and as required by the Agriculture Development and Retention Act N.J.S.A. 4:1C-11 et seq., and State Agricultural Development Committee Rules N.J.A.C. 2:76-1.1, the Act's implementing regulations. Nor has the above referenced property been designated or encumbered as Green Acres Properties pursuant to N.J.S.A. 13:1D-52 et seq. and N.J.A.C. 7:35-26.1 et seq.

The Law Department, in consultation with the Authority's Real Estate Consultant and Authority Counsel, recommends that the Authority acquire the property upon the terms and conditions as set forth above. Accordingly, it is requested that the Authority's Commissioners authorize the Executive Director to take all steps necessary to acquire the parcel set forth above for the amount set forth herein and to satisfy any those other costs required to be paid at closing, said costs not to exceed Ten Thousand Dollars (\$10,000).

On motion by Commissioner Diaz and seconded by Commissioner Becht, the Authority unanimously approved item number 454-11-2015; 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	RECUSED	YES	YES	YES	YES

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General Counsel Bruce Harris requested approval of item number 455-11-2015 through 461-11-2015 (Item 457 not used). Moved as a group those items are as follows:

455-11-2015

In a memorandum dated November 12, 2015, Ratification of Action Taken and Authorization for the Acquisition of Property Interests Required for the New Jersey Turnpike Authority for the Interchange 6-9 Widening Program, Amount: \$900,000.00 (\$185,000.00 previously approved, an additional \$715,000.00 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 is 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.

The Authority had appraisals prepared by independent appraisers and reviewed by Value Research Group, LLC, the Authority's Real Estate Manager/Consultant, which set a value for each necessary property interest. The Authority entered into good faith negotiations with the owners or their respective counsel as appropriate for the purchase of same or the settlement of any claims related to the acquisition based on this appraised value and in compliance with the laws governing its powers of eminent domain.

For the following property interest, such negotiations were not successful and an eminent domain proceeding was filed. This Agenda Item seeks approval of the settlement of such proceeding:

Settled Eminent Domain Proceedings

Parcel Series 1106, Block 20.01, Lots 7 and 10 (Partial Taking)

525 Route 33 East and 19 Milford Road, East Windsor Township

Amount: \$900,000.00 (\$185,000.00 previously approved)

This property consists of 9.262 acres of undeveloped and unimproved vacant land (the "Property"). Under Agenda Item No. 93-10, the Board approved the acquisition of a fee simple interest in 0.946 acres of the Property for the Widening Program (the "Taking"), which Taking the Authority had appraised at a fair market value of \$185,000.00. The Property owner provided an appraisal asserting that the Taking had caused significant damage to the Property as a result of lost vehicle access, and sought \$1,600,000.00 in compensation for the Taking. After a commissioners' hearing which upheld the Authority's appraisal, the Property owner appealed and sought a jury trial. The court has recommended a settlement of \$900,000.00, which the Property owners have agreed to accept. Given the issues with access to the Property, the Law Department, in consultation with the Authority's Real Estate Manager/Consultant and outside Authority counsel, recommends that the Authority settle the eminent domain proceeding upon the terms and conditions as set forth above.

Accordingly, it is requested that the Authority's Commissioners authorize the Executive Director, with the assistance of the Law Department, Engineering Department, outside counsel and other Authority consultants, to take all steps necessary to settle the eminent domain proceeding set forth above for the amount set forth herein and to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

456-11-2015

In a memorandum dated November 12, 2015, **Ratification of Action Taken and Authorization for the Acquisition of Property Interests Necessary for the Interchange 88/89 Improvements Project for the Garden State Parkway in the Township of Lakewood, County of Ocean, Amount: \$0.00**, was approved.

The New Jersey Turnpike Authority ("Authority") is in the process of construction of the Garden State Parkway Interchange 88/89 Improvements Project (the "Project") in the Township of Lakewood, Ocean County. The Project will complete Interchange 88 to allow for full northbound and southbound access to Route 70 and will consolidate Interchanges 88 and 89 through the construction of service roads along the Parkway. Construction necessary for the Project is being performed under Contract P300.198, which was awarded under Agenda Item No. 307-08-2012.

The acquisition of property interests necessary for the Project in a timely manner is critical to the success of the Project. In light of this, under Agenda Item No. 052-02-2012, the

Commissioners deemed various property interests necessary for the Project and authorized the Executive Director to take all steps necessary to prepare for the acquisition of those interests, with the final purchase price being submitted to the Commissioners for approval.

In addition, the permit requirements for the Project, as set forth by the New Jersey Department of Environmental Protection ("NJDEP"), require mitigation for Critical Wildlife Habitat (CWH). Authority staff and engineering consultants have determined that certain property purchased by the Authority for mitigation for the Garden State Parkway Interchange 36 to 38 project may be used to satisfy the CWH mitigation necessary for the Project. Specifically, the mitigation property ("Property") is:

Block 3300, Lots 1 and 2.02

Township of Lacey, County of Ocean

It is therefore necessary for the Authority to encumber the Property with a conservation easement in favor of NJDEP and ultimately to transfer the Property, with NJDEP approval, to a government entity or charitable conservancy.

Accordingly, it is requested that the Authority's Commissioners authorize the Executive Director, with the assistance of the Law Department, Engineering Department, Authority Counsel and other Authority consultants, to take all steps necessary to encumber the above-referenced property with one or more conservation easements as required to satisfy the Authority's environmental permits for the Project and to satisfy any those other costs required to be paid at closing, said costs not to exceed Ten Thousand Dollars (\$10,000). In addition, it is requested that the Authority's Commissioners authorize the Executive Director, with the assistance of the Law Department, Engineering Department, Authority Counsel and other Authority consultants, to take all steps necessary to transfer the Property, with NJDEP approval, to a government entity or charitable conservancy and to satisfy any those other costs required to be paid at closing, said costs not to exceed Ten Thousand Dollars (\$10,000). 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.

457-11-2015 (Not Used)

458-11-2015

In a memorandum dated November 10, 2015, **a Request for Authorization to Declare New Jersey Turnpike Parcel RT623DX2 for the Surplus to the Authority's Needs and Convey to Hartz Kearny 401, LLC, Town of Kearny, County of Hudson, Block 286, Lot 13 (portion), Amount: \$5,000.00,** was approved.

New Jersey Turnpike Authority Parcel RT623DX2 consists of approximately 0.28 acres of vacant land which is a portion of Block 286, Lot 13 in Kearny (the "Property"). The Property is

landlocked, and is adjacent to a former sanitary landfill that is being redeveloped. Hartz Mountain Industries, Inc., the designated redeveloper of the area, has requested to include the Property in its redevelopment plan, and that the property be conveyed to its subsidiary, Hartz Kearny 401, LLC ("Hartz Kearny").

In accordance with the Authority's Surplus Property Policy, the Law Department has circulated information regarding the Property to the Chief Engineer, the Acting Director of Maintenance, the Director of Operations and the Authority's Engineering Consultant, HNTB Corporation, for review. Each has reviewed the information regarding the Property and all have certified that the Authority no longer requires the Property and does not see any future use of the property by the Authority.

Hartz Kearny has offered the Authority \$5,000.00 for the Property. Given the landlocked nature and extremely limited utility of the Property, the Law Department and the Authority's Real Estate Consultant recommend that this offer be accepted as it represents fair market value for the Property. Further, the Property is subject to two exceptions to the Authority's Surplus Property Policy requiring public bidding, as it is both "landlocked, undersized or severely impaired," and the "character or condition of the property make it impractical to advertise publicly for competitive bids."

Accordingly, it is recommended that authorization be given to declare Parcel RT623DX2 surplus to the Authority's needs. It is further recommended that the Executive Director be authorized to take any steps necessary to sell Parcel RT623DX2 to Hartz Kearny for the sum of \$5,000.00, in accordance with the Authority's Surplus Property Policy. 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.

459-11-2015

In a memorandum dated November 12, 2015, **Authorization to renew the Authority's Professional Liability Program, consisting of Architects and Engineers Professional Liability Insurance (Renewal: December 31, 2015 - December 31, 2018); and Owners Protective Professional Liability Insurance Program (Renewal: December 31, 2015 - December 31, 2018); and to pay additional premiums for current term, based on audit, Funding Source: Various 10 year Capital Programs, Amount: \$3,389,334 for Renewal Period (2015-2018), \$1,107,179 Estimated for Current Period (Based on Audit), was approved.**

The Authority maintains Architects and Engineers (Errors and Omissions) Professional Liability Insurance ("AEPL") for the benefit of its consultants and to protect itself from liability. This coverage, brokered by Aon Risk Services Northeast, Inc. ("Aon") has been in place for the

benefit of consultants who performed work on projects located on the Parkway since 1988; after consolidation of the roadways in 2003, the coverage was expanded to include consultants performing work on the Turnpike as well. In 2012, the Authority shifted the focus of coverage to require each consultant to provide the primary layer of professional insurance, above which the Authority would provide additional coverage solely for itself. Pursuant to agenda item 471-12-2012, the Authority renewed the AEPL policy for an additional three (3) years and also placed an Owners Protective Professional Liability ("OPPI") insurance policy to provide additional protection for the Authority against such professional liability. Both such coverages will expire on December 31, 2015.

Since the coverage for both the AEPL and the OPPI programs is based upon the date of the issuance of the design contract from which the construction ensued, both programs are still active. It is anticipated, however, that the proposed renewal for the AEPL program will be the final renewal of this program, since all construction covered by the AEPL program will be completed within the next three (3) years, and the OPPI program will cover all future Authority construction. The current policy limit for each of the AEPL and OPPI programs is \$20 million per claim and aggregate, subject to varying deductibles on some, but not all claims, based on the construction value ("CV") of each contract as noted below:

AEPL

(1) \$100,000 deductible for projects with a construction value ("CV") of \$50 million or less;

(2) \$250,000 deductible for projects with a CV greater than \$50 million.

OPPI

(1) \$100,000 deductible for projects with a CV of \$50 million or less;

(2) \$250,000 deductible for projects with a CV between \$50 million and \$250 million;

(3) \$500,000 deductible for projects with a CV over \$250 million.

The final cost of the current policies is subject to audit at the end of the policy terms, based on actual CV. Aon would continue to service this program as broker until the expiration of the term in 2018.

Aon was requested to approach a minimum of three (3) insurance markets for renewal quotations for each of the AEPL and the OPPI programs. As to the AEPL program, due primarily to the retroactive date of June 17, 1988, (the date of design of a project from which any carrier would have to provide coverage) Zurich was the only responsive insurance market to provide a competitive renewal quotation for this program. Zurich proposed a renewal premium of \$2,036,271 which, when added to the mandatory Property Liability Insurance Guarantee ("PLIGA") surcharge of \$18,236, results in a final premium amount of \$2,054,597 for the three (3) year term. This reflects a rate decrease of 13% as compared to the expiring policy, resulting in a premium savings of approximately \$308,010.

As to the renewal of the OPPI program, Aon approached a number of markets and received quotations for either the primary \$10 million layer and/or the excess \$10 million layer from the following markets: (1) XL Catlin – Catlin Specialty Insurance Company; (2) Ironshore Specialty Insurance Company; (3) Swiss Re- North American Capacity Insurance Company; and (4) XL Catlin- Indian Harbor Insurance Company. (XL and Catlin merged to create XL Catlin since the 2012 program inception.) Aon reviewed all quotations in detail with the Law Department and the Authority's risk management consultant, Hanover Stone Partners, LLC ("Hanover Stone"). After extensive negotiations with the proposed insurance markets, Aon recommends placing the primary coverage with Catlin Specialty Insurance Company for a renewal premium of \$907,236, reflecting a 15% rate decrease for the primary layer of this coverage, and a premium savings of approximately \$160,100. With respect to the excess layer, Aon recommends placement of this layer with Swiss Re- North American Capacity Insurance Company for a renewal premium of \$427,501, also reflecting a rate decrease of 20%, and resulting in a premium decrease of \$216,645 for the excess layer. The OPPI program combined total premium for the 2016 through 2018 renewal term is \$1,334,737. In addition, a preliminary audit estimate has been performed for the three (3) year term from 2012 through 2015 to date for this program, resulting in an additional estimated premium due of \$1,017,179, subject to final audit.

The total estimated three (3) year premium for the proposed AEPL and OPPI renewal program as set forth above is approximately \$3,389,334. While most such programs require the total premium for the term to be paid upon inception, Aon has negotiated a premium payment installment plan, which will allow payments to be made over the three (3) year term. Neither the AEPL policy or the OPPI policy contain a terrorism exclusion and the premiums include all applicable taxes and mandatory surcharges and are subject to audit based on actual CV.

Accordingly, authorization is requested to renew both the AEPL and OPPI programs for the three (3) year term as set forth above, upon the terms, conditions and at the premiums indicated above, subject to a final premium audit based on actual CV. Authorization is further requested to make payment of the prior renewal term (2012-2015) additional premium in an amount which will ultimately become due, after final audit of the program, after review and approval by the Authority's Law Department. It is further recommended that the Commissioners ratify and approve all actions taken to date in furtherance of the renewals set forth above and that the Executive Director be authorized to take all such actions and execute all such documents which are deemed necessary or appropriate, after consultation with the Law Department and Hanover Stone, to effect the authorizations set forth above.

460-11-2015

In a memorandum dated November 6, 2015, **Authorization to Settle Formal Workers'**

Compensation Matter - George Wojcik v. N.J. Turnpike Authority, Account No. 10-870-405070, \$36,690.00, was approved.

Petitioner George Wojcik was a Turnpike Division Maintenance Person hired in August 1988 and retired under an Early Retirement, effective September 1, 2013. This recommended settlement will resolve the re-opening of a formal Claim Petition originally filed in 2005.

The petitioner is represented by Weiner Lesniak, located in Parsippany, NJ. The Authority is defended by Special Counsel Ian Zolty, Esq. of Capehart & Scatchard, located in Mt. Laurel, NJ. The matter is venued in the district office of Jersey City before the Honorable Judge Jill Fader.

The total settlement award is \$36,690.00. The Law Department has reviewed this matter and agrees with the recommendation of the Special Counsel, the Authority's third party workers' compensation administrator and the Authority's Benefits Manager. Authorization is, therefore, requested to allow Special Counsel to settle this matter for the sum of **\$36,690.00**.

This settlement will be payable under Account No. 10-870-405070.

461-11-2015

In a memorandum dated November 6, 2015, **Authorization to Settle Formal Workers' Compensation Matter - Michael Gallarello v. N.J. Turnpike Authority, Account No. 10-870-405070, in an amount of \$43,791.00**, was approved.

Petitioner Michael Gallarello is a Turnpike Division Staff Accountant hired in April 2013. This recommended settlement will resolve a formal Claim Petition filed in 2015.

The petitioner is represented by Montenegro, Thompson, Montenegro & Genz, PC, located in Brick, NJ. The Authority is defended by Special Counsel John Geaney, Esq. of Capehart & Scatchard, located in Mt. Laurel, NJ. The matter is venued in the district office of Toms River before the Honorable Judge John Patrick Roche.

After all negotiations, a total settlement award of \$43,791.00 was agreed upon by all parties.

The Law Department has reviewed this matter and agrees with the recommendation of the Special Counsel, the Authority's third party workers' compensation administrator and the Authority's Benefits Manager. Authorization is, therefore, requested to allow Special Counsel to settle this matter for the sum of **\$43,791.00**.

This settlement will be payable under Account No. 10-870-405070.

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved item numbers 455-11-2015, 456-11-2015, and 458-11-2015 through 461-11-2015 (item 457 not used); 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	YES	YES	YES	YES

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ENGINEERING

Chief Engineer Robert Fischer requested approval of item numbers 462-11-2015 through 470-11-2015. Moved is the items as follows:

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ORDER FOR PROFESSIONAL SERVICES (OPS)

462-11-2015

In a document dated November 2, 2015, a Recommendation to Award Contract No. P500.361 for the Garden State Parkway to A.P. Construction, Inc. for the Facilities Improvement Program at PMD 2 – White Horse – Milepost 41.0, Township of Galloway, Atlantic County and PMD 3 – Ocean – Milepost 67.7, Township of Barnegat, Ocean County, Ten Year Capital Program Fund No. 39005013, Amount: \$40,838,672.38, was approved.

This contract will provide for construction of a multi-use building and a salt storage shed at Parkway Maintenance District 2 Yard in Galloway Township, Atlantic County at MP 41 and a multi-use building and salt storage shed at Parkway Maintenance District 3 Yard in Barnegat Township, Ocean County at MP 67.7. Both sites will include site and utility improvements.

Five bid proposals were received on October 27, 2015 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid proposal in the amount of \$40,838,672.38 may be compared to the second lowest bidder in the amount of \$41,569,399.38. The bid proposals being lower than the Engineer's Estimate of \$49,374,813.88 may be a result of a competitive bidding environment, as well as increased knowledge and close proximity for bidders already involved in the Facilities Improvement Program. The low bidder, A.P. Construction, Inc. has performed work for the Authority and is considered competent to complete this contract.

It is, therefore, recommended that Contract No. P500.361 be awarded to the low bidder, A.P. Construction, Inc. of Blackwood, New Jersey, in the amount of \$40,838,672.38. 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.

463-11-2015

In a document dated November 5, 2015, **a Recommendation to Issue Order for Professional Services Nos. T3578 and T3579 for the New Jersey Turnpike to Michael Baker International, Inc., Order for Professional Services No. T3578 for Design Services for Contract No. T100.379 - Bridge Repairs and Resurfacing, Milepost 0 to 122, NB-HCE and the Pearl Harbor Memorial Turnpike Extension (PHMTE), Maintenance Reserve Fund No. 03010001, Funding allocation: \$800,000.00 FY 2016, \$330,000.00 FY 2017, Amount: \$1,130,000.00; and, to Greenman-Pedersen, Inc., Order for Professional Services No. T3579, for Design Services for Contract No. T100.380 - Bridge Deck Repairs and Resurfacing, Milepost 83 to 122, and the Newark Bay-Hudson County Extension (NB-HCE), Maintenance Reserve Fund No. 03010001, Funding allocation: \$1,000,000.00 FY 2016, \$435,000.00 FY 2017, Amount: \$1,435,000.00**, was approved.

Through this single procurement process, the Authority will select two consultants to furnish design services and prepare construction contract documents for the annual bridge deck and miscellaneous structural repair contracts for 2017 which will address the northern and southern portions on the Turnpike.

The design services associated with OPS No. T3579 provides for bridge inspection, condition evaluation and preparation of contract documents for Bridge Deck Repairs and Resurfacing on the northern portion of the Turnpike.

The design services associated with OPS No. T3578 provides for bridge inspection, condition evaluation and preparation of contract documents for Bridge Deck Repairs and Resurfacing on the southern portion of the Turnpike and Miscellaneous Structural Repairs for both the northern and southern portions of the Turnpike.

These assignments are classified as "Simple Projects" since the scopes of work are clearly defined and not likely to change during the course of the project, and the cost of each is less than \$2,000,000.00. The Solicitation for Expressions of Interest (EOIs) was posted on the Authority's website and 51 engineering firms were prequalified and eligible under Profile Codes: A092, Bridges- Miscellaneous Repairs and A093, Bridges- Deck Replacement and Rehabilitation. Five firms submitted EOIs by the closing date of October 6, 2015.

The scoring of the EOIs by the Review Committee resulted in the following order of ranking: 1) Greenman-Pedersen, Inc., 2) Michael Baker International, Inc., and 3) Arora and Associates, P.C. These three firms were requested to submit sealed Fee Proposals. Fee Proposals submitted by the three highest ranking firms and each were reviewed. Negotiations with the highest technically ranked firm, Greenman-Pedersen, Inc., for OPS No. T3579 and with the second technically ranked firm, Michael Baker International, Inc., for OPS No. T3578 resulted in reduced fee proposals. The final revised fee proposals are considered to be fair and reasonable for the services to be provided.

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It is, therefore, recommended that Order for Professional Services No. T3579, Design Services for Contract No. T100.380, be issued to the firm of Greenman-Pedersen, Inc. of Lebanon, NJ, not to exceed the amount of \$1,435,000.00 allocated as follows: \$1,000,000.00 for FY 2016 and \$435,000.00 for FY 2017. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.80, based on a 10% allowance for profit and an overhead rate of 154.5%, or, the firm's overhead rate as determined by Federal Audit Regulation procedure whichever is smaller, plus authorized, direct non-salary expenses.

It is further recommended that Order for Professional Services No. T3578, Design Services for Contract No. T100.379, be issued to the firm of Michael Baker International, Inc. of Hamilton, NJ, not to exceed the amount of \$1,130,000.00 allocated as follows: \$800,000.00 for FY 2016 and \$330,000.00 for FY 2017. This amount includes reimbursement of direct salaries times a maximum multiplier of 2.80, based on a 10% allowance for profit and an overhead rate of 154.5% , or, the firm's overhead rate as determined by Federal Audit Regulation procedure whichever is smaller, plus authorized, direct non-salary expenses.

The issuance of these OPS' are 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).

464-11-2015

In a document dated November 17, 2015, **a Recommendation to Issue Order for Professional Services No. A3584 for the Garden State Parkway and New Jersey Turnpike to HNTB Corporation for General Consulting Engineering Services, Various Funding Sources, Amount: \$43,500,000.00**, was approved.

The terms of the New Jersey Turnpike Revenue Bond Resolution require the Authority to employ "... an independent engineer or engineering firm or corporation having a nationwide and favorable reputation for skill and experience..." (Section 709) to carry out the duties of General Consulting Engineers (GCE). HNTB Corporation presently serves as GCE for the New Jersey Turnpike Authority under Order for Professional Services (OPS) No. A3352, which expires December 31, 2015.

Under OPS No. A3584, the GCE will perform the following services over a five year term:

- All known services required of the General Consulting Engineers, but not limited to, services related to and required by bond resolution;
- Reports on the physical condition of the New Jersey Turnpike and Garden State Parkway;
- Construction phase reviews;

- Updates of Authority manuals
- ITS information updates pertaining to current traffic management and tolling technologies;
- Serve as Project Manager of the implementation and operation of the new EZ Pass Customer Service Back Office;
- Assistance with ITS 5-year plan;
- Assistance with the Authority's Bridge Inspection Program as the Program's Technical Manager;
- Any additional services upon request through the Work Request Authorization Form (WRAF) process.

Due to the unique scope of work there are no specific prequalification codes for this assignment. Accordingly, a Request for Letters of Qualification (LOQ) was posted on the Authority's website on July 17, 2015.

By the closing date of August 6, 2015, LOQs were received from four firms. Upon review of the LOQ's, three of the firms, AECOM, Atkins North America, Inc. and HNTB Corporation met the qualifications stipulated and were requested to submit Technical and Fee Proposals. The Review Committee reviewed and evaluated each firm's Technical Proposal and final scoring resulted in HNTB Corporation being the highest technically ranked firm. The fee submitted by HNTB Corporation 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. A3584 be issued to the firm of HNTB Corporation of Parsippany, New Jersey. The anticipated expenditure of funds for FY 2016 is \$7,000,000. The anticipated expenditure of funds for subsequent years is as follows:

FY 2017	\$6,000,000
FY 2018	\$5,500,000
FY 2019	\$5,000,000
FY 2020	\$5,000,000

It is also recommended that the Executive Director be authorized to approve separately negotiated WRAFs for additional services of a general overall nature that can best be performed by the General Consulting Engineers. This funding will be encumbered upon the execution of each WRAF. The total Work Requests will be limited to \$15,000,000 over the five year term of this OPS. The total fee, including core services and WRAFs will not exceed \$43,500,000 for the five year period.

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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465-11-2015

In a document dated November 2, 2015, **a Recommendation to Issue Supplement A to Order for Professional Services No. T3202 for the New Jersey Turnpike to HNTB Corporation for the Supervision of Construction Services - Interchange 6 to 9 Widening Program, Section No. 6 (Interchange 8), Ten Year Capital Program Fund No. 39018001, Original OPS Amount: \$23,400,000.00, Amount of Supplement: \$600,000.00, Revised OPS Amount: \$24,000,000.00**, was approved.

This Order for Professional Services was approved at the May 2009 Commission Meeting in the amount of \$23,400,000.00 to provide supervision of construction services for Section No. 6 (Interchange 8) of the Interchange 6 to 9 Widening Program (Program). When issued, the design was still in progress with many Program details unknown. Accordingly, the original scope of services and fee were based on the best available information at that time.

Since construction began in the spring of 2009, numerous issues arose which were beyond the original scope of work as defined in the Order for Professional Services (OPS) agreement. Supplement A is recommended at this time to address changes that occurred during the course of the Program and to provide additional funds in support of the Authority's efforts in its negotiations with the Contractors to amicably resolve outstanding issues and requests for additional compensation.

More specifically Supplement A will compensate HNTB Corporation for the performance of out-of-scope work at the direction of the Authority in order to progress the construction activities necessary to maintain the Program's overall schedule. These efforts include numerous changes to the contract documents to account for unanticipated field conditions encountered during construction and to provide additional unanticipated management and inspection services throughout the Program and in the spring of 2014 due to the harsh winter months when construction was severely impacted. The following are some of the more significant items that occurred during construction: additional inspection services to oversee the fiber optic cable relocation in conflict with the proposed Widening Program infrastructure; extensive utility relocation work along Route 33 that directly impacted the local roadway improvements in connection with the construction of new Interchange 8 and the ramps to and from Route 33 and Route 133; widespread coordination with the local municipal officials, businesses, residents and the DOT whose property and facilities were affected by the five construction contracts in Section No. 6; additional construction management support services to process Changes of Plan, Contractors RFI's, change orders, extra work, cost estimating and other miscellaneous items. This supplement also provides funds for claims support should they be required if negotiations with Contractors are unsuccessful.

It is, therefore, recommended that Supplement A to Order for Professional Services No. T3202 be issued to HNTB Corporation not to exceed the amount of \$600,000.00 with

compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$23,400,000.00 to \$24,000,000.00. The original contract was procured pursuant N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

466-11-2015

In a document dated November 4, 2015, **a Recommendation to Issue Supplement A to Order for Professional Services No. A3505 for the New Jersey Turnpike to Gannett Fleming, Inc. for Design Services for Facilities Improvement Program – Backup TMC & Central Inventory, Ten Year Capital Program Fund No. 39005013, Original OPS Amount: \$5,250,000.00, Amount of Supplement: \$2,000,000.00, Revised OPS Amount: \$7,250,000.00,** was approved.

This Order for Professional Services was approved at the October 2013 Commission Meeting in the amount of \$5,250,000.00 to provide final design services and construction contract document preparation for a Backup Traffic/Data Management Center to be constructed at the New Jersey State Police Troop D Headquarters in Cranbury (TP MP 71.7 NB) and for a Central Inventory Facility to be constructed at Turnpike Interchange 11 in Woodbridge.

Supplement A will provide for design, permitting and post-design services for the construction of an approximately 6,000 ton salt shed facility at the Central Inventory Site in Woodbridge, which was not in the original scope of work. Additionally, Gannett Fleming will be managing the development and installation of a Warehouse Management System to facilitate operations at the Central Inventory Building.

It is, therefore, recommended that Supplement A to Order for Professional Services No. A3505 be issued to Gannett Fleming, Inc. not to exceed the amount of \$2,000,000.00 with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$5,250,000.00 to \$7,250,000.00. The original contract was procured pursuant N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

467-11-2015

In a document dated November 4, 2015, **a Recommendation to Issue Supplement B to Order for Professional Services No. P3410 for the Garden State Parkway to Stantec Consulting Services for Design Services for Garden State Parkway Widening and Interchange Improvements Milepost 35 to 38 - Contract No. P300.253, Ten Year Capital Program Fund No. 39028031, Current OPS Amount: \$9,546,000.00, Amount of Supplement B: \$790,000.00, Revised OPS Amount: \$10,336,000.00,** was approved.

This Order for Professional Services was issued at the March 2012 Commission Meeting in the amount of \$8,550,000.00 to provide professional services required for comprehensive preliminary and final engineering services, and environmental permitting services as necessary to improve operations and safety associated with the existing Garden State Parkway Interchange

030947 network from Milepost 35 to 38 and other related work defined in the RFEOI's Scope of Services.

Supplement A was issued at the February 25, 2014 Commission Meeting in the amount of \$996,000.00 for additional design services required to accommodate the preferred alignment to improve the weaving and mainline traffic queues occurring at Interchanges 36, 37 and 38. This additional design effort was a result of modifications made to the original concept plan in order to address comments received from Atlantic County, Egg Harbor Township and NJDEP. Additional alternatives were prepared and the final alternative required a new bridge structure not included in the original scope of work.

Supplement B will compensate Stantec Consulting Services for services associated with mitigation for impacts to riparian zone areas and wetlands resulting from Construction Contract No. P300.253 which includes the preparation of Right of Way documents for land conservation associated with the mitigation, landscaping contract plans and permit and map filings. Additionally, this supplement will compensate for coordination necessary between the P300.253 contract and the Atlantic City Expressway (ACE) Bridge widening over the Garden State Parkway, and for additional effort associated with the P300.253 Post Design Services.

It is, therefore, recommended that Supplement B to Order for Professional Services No. P3410 be issued to Stantec Consulting Services not to exceed the amount of \$790,000.00, with compensation on the same basis as the original Order for Professional Services. The addition of this amount increases the total authorized fee from \$9,546,000.00 to \$10,336,000.00 . The original contract was procured pursuant to N.J.S.A. 52:34-9.1 et seq. and N.J.A.C. 19:9-2.8.

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MISCELLANEOUS

468-11-2015

In a document dated November 4, 2015, **Authorization to Pay the NJDEP under the Coastal Zone Management Rule on "Public Trust Rights" for the Garden State Parkway to New Jersey Department of Environmental Protection (NJDEP) Public Access Mitigation associated with Garden State Parkway Widening at Patcong Creek, Somers Point, Atlantic County, Ten Year Capital Program Fund No. 39028018, Amount: \$219,233.00,** was approved.

The New Jersey Department of Environmental Protection (NJDEP) Coastal Zone Management (CZM), Coastal Areas Facilities Act (CAFRA) permit (0000-06-022.1CAF060001) issued for the Garden State Parkway Widening Program requires the Authority to provide public access compensation for impacts associated with the reconstruction the Patcong Creek Bridge at Milepost 31.0 in accordance with the CZM Rule on Public Trust Rights (N.J.A.C. 7:7-9.48). After substantial review and analysis, the Authority and NJDEP have determined that construction of a new public access is not feasible and have agreed to a total monetary compensation in an amount not to exceed \$219,233.00 in order to be in compliance with this permit condition.

It is, therefore, recommended that the Executive Director be authorized to execute any and all documents necessary to effectuate the payment to NJDEP not to exceed the amount of \$219,233.00 for the purposes set forth above, allocated for Fund 39028018. It is further recommended that the Executive Director be authorized to execute any such other documents and take any such other actions as are deemed necessary to effectuate the intent of this authorization.

469-11-2015

In a document dated November 16, 2015, **Authorization to Extend the Term of Contract A100.196 for the Garden State Parkway and New Jersey Turnpike to Tishman Construction Corporation of NJ for the Construction Management/General Contracting Services For the New Jersey Turnpike Authority Security Program, Ten Year Capital Program Fund No. 39001011, Amount: \$0**, was approved.

This contract was publicly bid and awarded to Tishman Construction Corporation of NJ in the total amount of \$79,225,000.00 at the September 27, 2011 Commission Meeting under Agenda Item No. 318-09-2011. It provides for construction management/general contracting (CM/GC) services to execute and manage work orders as required to perform security improvements to the highest priority Authority bridges, as determined through various prior security assessments. The CM/GC is required to provide general contracting services, among other services, required for delivering the Security Program as required at various bridge structures, roadways and/or other facilities on the New Jersey Turnpike and Garden State Parkway. The terms of the contract require that all work be performed on or before the completion date of December 31, 2015, except that if work ordered by the Engineer prior to the completion date is not finished it shall continue beyond the completion date until finished.

The terms of the contract were developed based on a preliminary program to issue Work Orders that would have coincided with the December 31, 2015 completion date and at a total cost in line with the contract award amount of \$79,225,000.00. However, due to other regional projects beyond the Turnpike Authority's control, a number of the anticipated security improvements could not be undertaken in accordance with the preliminary program schedule.

Further, this contract is unique in that the CM/GC has the ability to engage firms to perform engineering and architectural design and to engage contractors to perform construction work. The CM/GC has expertise in both horizontal and vertical construction and is capable of performing a variety of work on roadways, bridges and facilities. The Turnpike Authority has an immediate need to engage architectural, design and contractor services for the building renovation portion of the capital program.

It is recommended that the scope of services of Contract No. A100.196 be expanded to permit the CM/GC to oversee facility renovations through issuance of Work Orders to engage an architectural firm to design and contractor to construct the required facility renovations. It is

further recommended that the terms of the contract specific to the completion date be revised to December 31, 2018 to account for this added scope of work and other delays beyond the Turnpike Authority's control. The total authorized amount of the contract shall remain the same.

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ACKNOWLEDGE REPORTS OF
ENGINEERING EXPENDITURES UNDER DELEGATED AUTHORITY

470-11-2015

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

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

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved item nos. 462-11-2015 through 469-11-2015; 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 470-11-2015 and received same for file.

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ROLL CALL

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

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MAINTENANCE

Acting Deputy Director of Maintenance Parkway Kenneth McGoldrick requested approval of item numbers 471-11-2015 through 472-11-2015. Moved as a group those items are as follows:

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PUBLIC BID – AWARD OF CONTRACTS

471-11-2015

In a document dated November 8, 2015, **a Recommendation to Award Contract No. A200.399 for the New Jersey Turnpike & Garden State Parkway to Jen Electric, Inc. for the Maintenance and Repair of Traffic Signals on the New Jersey Turnpike and Garden State Parkway, Hudson, Middlesex and Union Counties, Operating Fund No. 010-00-500-461010, Amount : \$330,664.00,** was approved.

This contract involves the maintenance and repair of traffic signals, on an as needed basis, on the New Jersey Turnpike and Garden State Parkway in Hudson, Middlesex and Union Counties, New Jersey.

Five (5) bid proposals were received on October 27, 2015 for the above publicly advertised contract, as shown on the attached bid summary sheet. The low bid, submitted by Jen Electric, Inc., in the amount of \$330,664.00, meets all the terms and conditions and may be compared to the Engineer's Estimate in the amount of \$352,550.00. Jen Electric, Inc. has not previously performed work for the Authority but is considered competent to complete this contract.

It is, therefore, recommended that Contract No. A200.399 be awarded to the low bidder, Jen Electric, Inc. of Springfield, New Jersey, in the amount of \$330,664.00. 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 – McGreevey 2004) and Executive Order 117 (Corzine 2008), and having no objection to same. Bids were procured and authorization is being sought to award this contract in accordance with N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.2, promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006).

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

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ACKNOWLEDGE REPORTS OF

MAINTENANCE EXPENDITURES UNDER DELEGATED AUTHORITY

472-11-2015

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

➤ Construction Contract Progress Report

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved item no. 471-11-2015; 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 472-11-2015 and received same for file.

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ROLL CALL

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

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PROCUREMENT AND MATERIALS MANAGEMENT ("PMM")

Director of Purchasing Andrea Ward requested approval of item numbers 473-11-2015 through 497-11-2015. Moved as a group those items are as follows:

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PUBLIC BIDS SOLICITATIONS

473-11-2015

In a document dated November 17, 2015, **a Recommendation for Specialty Welding Gases to Airgas USA, LLC, RM-118304, Budget Code: Various, Amount: \$75,000.00**, was approved.

Authorization is requested to award a contract to supply specialty welding gases for use on both Roadways. The Maintenance Department uses these gases for various welding repairs and fabrications. In addition, these gases are a crucial component in the maintenance and repair of snow plows and related snow removal equipment. For comparative purposes, bidders were required to bid unit and total prices for estimated quantities of gas cylinders which included propane, acetylene, nitrogen, oxygen and argon, as well as gauges and torch repair (28 line items). 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 November 4, 2015, of two (2) bids received, only the following bid was fully compliant. (Unit prices are available from the PMM Department.)

<u>Vendor</u>	<u>Total Bid Price</u>
Airgas USA, LLC, Allentown, PA	\$ 44,595.04
Non-Compliance:	

An additional bid was submitted by Praxair Distribution, Inc., of Allentown, PA, in the amount of \$42,296.00. This bidder, however, failed to include ownership information on the required Stockholder/Partnership Disclosure Statement as required by the specifications. Paragraph 6 of the "Instructions to Bidders" states that a "Stockholder/Partnership Disclosure Statement" is a mandatory requirement at time of bid, and failure to submit one requires bid rejection. Thus, it is recommended that the bid submitted by Praxair Distribution, Inc. 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 Airgas USA, LLC for a total amount not to exceed \$75,000.00, subject to funding availability at the time of ordering.

474-11-2015

In a document dated November 16, 2015, **Rejection of Bids and Re-Advertise**

Supplemental Salt Hauling Services, RM-118324 (A), Budget Code: Various, was approved.

The Maintenance Department requisitioned a three-year contract to provide supplemental salt hauling services delivering to and from various locations on the New Jersey Turnpike and Garden State Parkway. The bid was divided into six (6) regional zones on both Roadways. The contractor(s) could transport salt from the shipping ports to designated zones or among Maintenance Districts within zones. In addition, contractors could use any combination of three types of hauling equipment, namely: tandem, tri-axle or combination dump trucks to transport the salt. Bidders were required to bid hourly and total amounts based on 180 hours of transporting 150 tons of treated or untreated rock salt. The bid was fully advertised and the 73 vendors listed in the Authority's database for the referenced commodity were notified of the procurement. On November 5, 2015, bids were received from: 1) Aqua-Tex Transport, Inc., Hammonton, NJ; 2) Atlantic Recycling Group, LLC, Point Pleasant, NJ; 3) DeFino Contracting Co., Cliffwood Beach, NJ; and 4) Gianza Trucking LLC, Boonton, NJ.

The bids were thoroughly reviewed by the Law, Maintenance and Procurement Departments. Staff found that the single line item in the bid quotation sheet was susceptible to more than one interpretation as borne out by the bid results (with hourly rates ranging from \$162.08 to \$3,600 with corresponding total rates from \$29,174.40 to \$648,000). Given these discrepancies, staff believes that they can achieve more competitive bids by revising the line item in the bid quotation page. Thus, it is recommended that all the bids be rejected and the contract be re-bid with a revised bid quotation page.

Accordingly, authorization is requested to reject all bids submitted and to promptly rebid the contract with revision as outlined herein.

475-11-2015

In a document dated November 16, 2015, **a Recommendation for 2015-2018 Snow Removal and Salting Services at Toll Plazas and Service Areas (Rebid) to Longford Landscapes and Excavation, Inc., RM-117306 (A), Budget Code: Various, Amount: \$156,000.00 (3 Years)**, was approved.

At the September 29, 2015 Authority Meeting (Agenda Item 388-09-2015), the Board of Commissioners approved multiple contracts for snow removal and salting services ("Services") at New Jersey Turnpike Toll Plazas and Service Areas ("Areas") for three snow seasons beginning October 15, 2015 through April 15, 2018. However, no responsive bids were received for 22 Areas (20 Toll Plaza Interchanges and 2 Service Areas). It was determined that these contracts would be publicly re-bid. These Services are supplemental to the snow removal contracts previously awarded for the New Jersey Turnpike's mainline. The bid was fully advertised and the 23 vendors listed in the Authority's database for the referenced services were notified of the procurement. On November 5, 2015, a sole bid was received for each of two (2) Areas. No bids

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were received for 20 Toll Plazas and these contracts may be negotiated at a later date if needed by the Maintenance Department.

The bid quotations for the Service Areas are based on hourly rates given the numbers and varying types of vehicles. In addition, the Request for Bids established fixed rates for supervisory vehicle standby services at \$125.00 per hour and back-up vehicles at \$85.00 per hour, as well as a maximum hourly bid rate of \$350.00 for loaders. The maximum hourly rate for standby time on all equipment, other than supervisory vehicles, could not exceed 50% of the hourly bid rate for regular operating time. The Maintenance and Procurement and Material Management's ("PMM") staff thoroughly reviewed the bids and inspected the bidders' equipment proposed for their respective bid Areas.

Contract No. LSTA-7S-15 Molly Pitcher Service Area (7S) Anticipated Contract Expenditure =\$ 22,600.00

Longford Landscapes and Excavation, Inc.
Hamilton, NJ

Monday to Friday Regular Time	Qty	Bid Hours	Hourly Rate	Total
1. Loaders as specified	2	8	\$ 335.00	\$ 5,360.00
2. Plow Trucks with Contractor supplied plows & Spreaders (Class V)	1	8	\$ 465.00	\$ 3,720.00
Monday to Friday Standby Time				
1. Loaders as specified	2	2	\$ 160.00	\$ 640.00
2. Plow Trucks with Contractor supplied plows & Spreaders (Class V)	1	2	\$ 230.00	\$ 460.00
TOTALS				<u>\$10,180.00</u>

Contract No. LTSA-8N-15 Joyce Kilmer Service Area (8N) Anticipated Contract Expenditure =\$29,400.00

Longford Landscapes and Excavation, Inc.
Hamilton, NJ

Monday to Friday Regular Time	Qty	Bid Hours	Hourly Rate	Total
1. Loaders as specified	1	8	\$ 335.00	\$ 2,680.00
2. Plow Trucks with Contractor supplied plows & Spreaders (Class VII)	2	8	\$ 465.00	\$7,440.00
Monday to Friday Standby Time				
1. Loaders as specified	1	2	\$ 160.00	\$ 320.00
2. Plow Trucks with Contractor supplied plows & Spreaders (Class VII)	2	2	\$ 230.00	\$ 920.00
TOTALS				<u>\$11,360.00</u>

Bids were procured, and authorization is being sought to award these contracts 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). These contracts are 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 Contract LSTA-7S-15 and LTSA-8N-15 to Longford Landscapes and Excavation, Inc., as the sole bidder for both, in amounts not to

exceed \$22,600.00 and \$29,400.00 each (annually), both subject to funding availability at the time of services. The contract terms will be for three snow seasons beginning October 15, 2015 through April 30, 2018. Authorization is further requested for the Executive Director to approve each of the two, one-year extensions upon satisfactory performance by the vendors. The prices for the succeeding years of the contract will be adjusted yearly based on the Consumer Price Index ("CPI") as designated in the average CPI for combined New York/Northern New Jersey and Philadelphia/Southern New Jersey areas. The maximum annual increase permitted however shall be five percent.

476-11-2015

In a document dated November 13, 2015, **Paging System and Speakers (Negotiated) to ePlus Technology, Inc., R-117936, Budget Code: 390 00 830 156555 39005013IT, Amount: \$66,880.00**, was approved.

Authorization is requested to award a contract to ePlus Technology, Inc. to provide a paging system, including 100 speakers (66 exterior and 34 interior rated), for the Authority's new maintenance facilities. The contract also includes all hardware, software and licenses. The speaker system will integrate seamlessly with the current Voice over Internet Protocol (VoIP) phone system, thus eliminating the need for an additional control device. The bid was fully advertised and bid on two separate occasions (September 15, 2015 and October 22, 2015) with no responsive bidders. Thus, in accordance with the Authority's enabling statute, *N.J.S.A. 27:23-6.1*, Procurement and Materials Management staff attempted to negotiate contracts for the referenced system. Two vendors were contacted to submit quotes for consideration. On November 9, 2015 one quote was received as follows:

<u>Vendor</u>	<u>Total Bid Price</u>
ePlus Technology, Inc., Newtown, PA	66,880.00

ITS Staff reviewed the negotiated contract and found it met all specifications.

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 ePlus Technology, Inc., for a total amount not to exceed \$66,880.00.

477-11-2015

In a document dated November 9, 2015, **Portable Trommel (Rebid) Ratification to Commonwealth Equipment Corp., R-117962, Budget Code: 040 00 500 156555 04007021,**

Amount: \$187,000.00, was approved.

At the September 29, 2015 Board of Commissioners Meeting (Agenda Item 390-09-2015), the Authority authorized the rejection and rebid of a contract for the purchase of one (1) portable trommel. The trommel will replace an existing topsoil shredder purchased in 1988. In addition, the trommel will allow the Authority to process topsoil and mulch and permit the Authority to screen roadway sweepings with the same piece of equipment. Board Authorization was further given to award a contract to the lowest responsive and responsible bidder and to ratify the award at the next Commission Meeting. The bid was fully advertised and the four (4) vendors listed in the Authority's data base for the referenced commodity were notified of the procurement. On November 15, 2015 one bid was received as follows:

<u>Vendor</u>	<u>Total Bid Price</u>
Commonwealth Equipment Corp., Ashley, PA	\$187,000.00

Departmental Estimate \$188,000.00

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 Commonwealth Equipment Corp. for one (1) portable trommel for a total amount not to exceed \$187,000.00.

478-11-2015

In a document dated November 17, 2015, **Automotive Hydraulic Lift Repair and Service (Reject all bids and Re-Bid), RM-117446, Budget Code: N/A**, was approved.

The Maintenance Department requisitioned a one-year contract for automotive hydraulic lift repair and service for the Automotive Sections on both Roadways. Bidders were required to quote: a) discounts off of 11 Manufacturers' List prices based on \$55,000 worth of parts; b) hourly labor rates for standard and overtime service and c) a per lift price for the annual safety inspection. The bid was fully advertised and the two vendors listed in the Authority's database for the referenced services were notified of the procurement. On October 22, 2015, three bids were received.

The Maintenance staff reviewed the three bids and discovered while the number of required annual lift inspections was stated in the specifications, Item No. 14 on the bid quotation page did not state the quantity of inspections. This omission caused significant discrepancies in the unit quotes per inspection (\$1,500.00 versus \$100.00) well beyond the Departmental Estimate for that one item. The Procurement and Law Departments staff also reviewed the bids

and concluded that it was prudent to reject all three proposals and rebid the contract with revised specifications in order to protect the integrity of the bidding process.

Accordingly, authorization is requested to reject bid all three proposals received and rebid the contract with revised specifications.

479-11-2015

In a document dated November 6, 2015, **Remote Control Mowers 3-Year Option to Cherry Valley Tractor Sales, RM-119883, Budget Code: 040 00 500 156555 04007021, Amount: \$175,259.60**, was approved.

At the October 21, 2014 Board of Commissioners Meeting (Agenda Item 400-10-2014), the Authority awarded a contract to Cherry Valley Tractor Sales for the purchase of remote control mowers for use on both Roadways. These mowers are used in areas where conventional mowers either do not fit or where the slope of the terrain is too steep, such as retention basins, catch basins, and steep embankments where conventional mowing may be unsafe. The contract included a 3-year option to purchase additional mowers 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 remote control mowers in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase two (2) additional remote control mowers. As permitted in the contract, the vendor requested a unit price increase of 4.5% above the 2014 pricing directly related to increases in manufacture labor, fuel and steel prices. 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 to purchase additional remote control mowers from Cherry Valley Tractor Sales, for a total amount not to exceed \$175,259.60, subject to funding availability at the time of ordering.

480-11-2015

In a document dated November 6, 2015, **Compact Excavator (3-Year Option) to Garden State Bobcat, Inc., RM-119853, Budget Code: 010 00 500 480060, Amount: \$45,383.30**, was approved.

At the April 30, 2013 Board of Commissioners Meeting (Agenda Item 148-04-2013), the Authority awarded a contract to Garden State Bobcat, Inc. for the purchase of rubber tracked

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compact excavators for use on both Roadways. The equipment will be used where larger excavators and other equipment cannot fit. The contract included a 3-year option to purchase additional compact excavators 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 compact excavators in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase one (1) additional excavator to replace a unit that was damaged beyond repair in an accident. As permitted in the contract, the vendor requested a unit price increase of 18% above the 2013 pricing which is a result of increased manufacturer costs related to new mandated "Tier IV Federal Emissions Standards" engines. 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 to purchase additional compact excavators from Garden State Bobcat, Inc., for a total amount not to exceed \$45,383.30, subject to funding availability at the time of ordering.

481-11-2015

In a document dated November 12, 2015, **Extended Cab Pick-Up Trucks (3-Year Option) to Miller Ford Lincoln Sales, RM-119855, Budget Code: 010 00 500 480060, Amount: \$64,798.00**, was approved.

At the April 28, 2015 Board of Commissioners Meeting (Agenda Item 174-04-2015), the Authority awarded a contract to Miller Ford Sales for the purchase of (2015 model) 4-wheel drive extended cab pick-up trucks. The contract included a 3-year option to purchase additional pick-up trucks 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 pick-up trucks in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase two (2) additional extended cab pick-up trucks (2016 model) for use by the Inventory Section at the new facility in Woodbridge. The vendor requested a unit price increase of 1.5% above the 2015 pricing which is due to manufacturer's new model year cost 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 to purchase additional extended cab pick-up trucks from Miller Ford Lincoln Sales, for a total amount not to exceed \$64,798.00, subject to funding availability at the time of ordering.

482-11-2015

In a document dated November 12, 2015, **Mason Dump Truck (3-Year Option) to Beyer Bros. Corp., RM-119845, Budget Code: 040 00 500 156666 04007021, Amount: \$103,932.00**, was approved.

At the April 30, 2013 Board of Commissioners Meeting (Agenda Item 150-04-2013), the Authority awarded a contract to Beyer Bros. Corp. for the purchase of (2014 model) mason dump trucks. The contract included a 3-year option to purchase additional dump trucks 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 dump trucks in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase two (2) additional mason dump trucks (2016 model) to replace older existing models that have exhausted their life expectancy. The vendor requested a unit price increase of 4.05% above the 2014 pricing which is due to increases from its manufacturer on the new model-year chassis, as well as from its sub-contractors on the truck body. 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 to purchase additional mason dump trucks from Beyer Bros. Corp., for a total amount not to exceed \$103,932.00, subject to funding availability at the time of ordering.

483-11-2015

In a document dated November 6, 2015, **Skid Steer Loaders (3-Year Option) to Garden State Bobcat, Inc., RM-119847, Budget Code: 040 00 500 156666 04007021, Amount: \$343,732.28**, was approved.

At the March 31, 2015 Board of Commissioners Meeting (Agenda Item 117-03-2015), the Authority awarded a contract to Garden State Bobcat, Inc. for the purchase of (2015 model) rubber tracked skid steer loaders for use on both Roadways. The units will be used by the

Maintenance Department for various roadside operations better suited for smaller sized machines. The contract included a 3-year option to purchase additional skid steer loaders 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 skid steer loaders in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase four (4) additional skid steer loaders (2016 model). The vendor requested a unit price increase of 4.8% above the 2015 pricing which is a result of increased manufacturer costs related to new mandated "Tier IV Federal Emissions Standards" engines. 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 to purchase additional skid steer loaders from Garden State Bobcat, Inc., for a total amount not to exceed \$343,732.28, subject to funding availability at the time of ordering.

484-11-2015

In a document dated November 6, 2015, **Telescoping Aerial Bucket Truck (3-Year Option) to Mid-Atlantic Truck Center, RM-120028, Budget Code: 040 00 500 156666 04007021, Amount: \$290,974.54**, was approved.

At the February 24, 2015 Board of Commissioners Meeting (Agenda Item 074-02-2015), the Authority awarded a contract to Mid-Atlantic Truck Center for the purchase of a (2016 model) 55' telescoping aerial bucket unit. The contract included a 3-year option to purchase additional aerial units 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 aerial bucket unit in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase an additional aerial unit (2017 model) for use by the Buildings Division. The vendor requested a unit price increase of 1% above the 2016 pricing which is due to manufacturers new model year cost 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 to purchase an additional aerial bucket unit from Mid-Atlantic Truck Center, for a total amount not to exceed \$290,974.54, subject to funding availability at the time of ordering.

485-11-2015

In a document dated November 16, 2015, **Stake Body Truck (3-Year Option) to Route 23 Auto Mall, LLC, RM-120082, Budget Code: 040 00 500 156555 04007021, Amount: \$282,508.40**, was approved.

At the April 30, 2013 Board of Commissioners Meeting (Agenda Item 149-04-2013), the Authority awarded a contract to Route 23 Auto Mall, LLC for the purchase of 12' stake body trucks. 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 stake body trucks in those later model years, provided that the vendor justified the price increase in writing to the Authority.

Authorization is requested to purchase four (4) 12' stake body trucks and accessories. The vendor requested a unit price increase of 2.9% due to new model-year manufacturer pricing related to a newly designed aluminum cab. The Maintenance Department determined that the requested increase, over two model years, 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 to purchase additional stake body trucks from Route 23 Auto Mall, LLC, for a total amount not to exceed \$282,508.40, subject to funding availability at the time of ordering.

486-11-2015

In a document dated November 13, 2015, **Snow Removal and Salting Services (Modification) to Triple C Nurseries, Inc., RM-119799 / Budget Code: Various, Contract No. SPC-10E-13 expiring 04/30/2016, Current Authorized Amount: \$46,600.00, Requested Amount: \$23,300.00, New Authorized Amount: \$69,900.00**, was approved.

At the June 25, 2013 Board of Commissioners Meeting (Agenda Item 255-06-2013), the Authority awarded Contract No. SPC-10E-13 to Triple C Nurseries, Inc. ("Triple C") to provide four (4) plow trucks equipped with salt spreaders for snow removal and salting services on the Garden State Parkway between milepost 91.8 through milepost 105. Due to widening projects in that portion of the Parkway, Triple C will need to operate two (2) additional plow trucks with

spreaders. The Maintenance Department has requested to increase the contract by \$23,300.00 to implement the two (2) additional trucks.

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 modify Contract No. SPC-10E-13 with Triple C Nurseries, Inc. by adding two (2) additional plow trucks equipped with salt spreaders, bringing the total number of plow trucks required to six (6). Authorization is further requested to increase Contract No. SPC-10E-13 by \$23,300.00. This increase will bring the total authorized amount of the contract to \$69,900.00, subject to funding availability at the time of ordering.

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STATE CONTRACTS AND FEDERAL CONTRACTS

487-11-2015

In a document dated November 13, 2015, **Roadway Sweeping Services (Correction) to Reilly Sweeping, Inc., RM-115429 / RM-117383, Budget Code: Various, Contract No. 2235, Amount: \$0.00**, was approved.

At the September 29, 2015 Commission Meeting (Agenda Item 387-09-2015), the Authority awarded a contract to Reilly Sweeping, Inc. to perform roadway sweeping services on the Authority's Main Line, Ramps, Interchanges, Toll Plazas and Parking Lots on both Roadways. The Agenda Item stated that the contract term would be for one-year with the option to extend for two additional one-year terms at the discretion of the Authority. The request for bid, however, stated that the contract would be for a two-year term (emphasis added). This Item corrects the term in conformance with the advertised bid.

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 modify the contract with Reilly Sweeping, Inc. as outlined herein.

488-11-2015

In a document dated November 6, 2015, **2016 Ford Transit 350 Vans from Beyer Ford, LLC, R-119745, Budget Code: 010 00 720 480010, State Contract No. 88231 expiring 12/02/15, Amount: \$189,900.00**, was approved.

Under this contract, Beyer Ford, LLC will provide six (6) 2016 Ford "Transit 350" vans

These vehicles are part of the Authority's Vehicle Program to replace old, high mileage vehicles which have become very expensive to maintain. The vehicles being replaced will be salvaged and sold at surplus auction if feasible.

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 to Beyer Ford, LLC for a total amount not to exceed \$189,900.00, subject to funding availability at the time of ordering.

489-11-2015

In a document dated November 16, 2015, **IBM Blade Server Replacement with Storage to IBM Corporation, R-119598 / Budget Code: 080 00 830 156555 08007111, State Contract No. 40047 expiring 03/31/17, Amount: \$615,099.29**, was approved.

Under this contract, IBM Corporation ("IBM") will provide, install and configure two (2) computer servers along with storage capacity that is required to allow ITS to migrate existing applications off of blade technology currently running on Intel chipsets and Linux Operating Systems, onto a more powerful and redundant computing platform. In addition to the blade technology reaching end-of-life, the technology has been sold to a third party and the software and hardware support will be difficult to procure. The contract will provide the Authority with the appropriate hardware to begin the migration process. Furthermore, the servers are equipped with devices and media which will allow the Authority to backup and restore data accordingly. The contract price includes one year of hardware and operating system maintenance and support.

This procurement, under State Contract No. 40047 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 to IBM for the referenced server replacement in an amount not to exceed \$615,099.29.

490-11-2015

In a document dated November 16, 2015, **for Plumbing And Heating Supplies from: Central Jersey Supply Co., RM-120223, Budget Code: Various, State Contract No. 89796 expiring 10/30/2018, Amount: \$250,000.00; Madison Plumbing Heating and Industrial Supplies, RM-120224, Budget Code: Various, State Contract No. 89797 expiring 10/30/2018,**

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Amount: \$250,000.00; Lincoln Supply, LLC, RM-120222, Budget Code: Various, State Contract No. 89799 expiring 10/30/2018, Amount: \$100,000.00; Harry's Supply, LLC, RM-120220, Budget Code: Various, State Contract No. 89796 expiring 10/30/2018, Amount: \$100,000.00; and, Atlantic Plumbing Supply Corp., RM-120307, Budget Code: Various, State Contract No. 89798 expiring 10/30/2018, Amount: \$200,000.00, was approved.

Authorization is requested to award contracts to multiple State Contract vendors who will supply plumbing and heating supplies for the maintenance and repair of Authority facilities on both Roadways. Given the wide geographic area for the required parts and supplies, the Maintenance Department decided to utilize five vendors on an as-needed basis in the respective authorized "not-to- exceed" amounts, namely Central Jersey Supply Co., Madison Plumbing Heating and Industrial Supply, Lincoln Supply, LLC, Harry's Supply, LLC, and Atlantic Plumbing Supply Corp. The contracts will be procured via the New Jersey State Contract Index No. T-3027, which is valid until October 30, 2018.

State Contract No.	Vendor Name, Location	Total Authorized Amount
89796	Central Jersey Supply Co	\$250,000.00
89797	Madison Plumbing Heating and Industrial Supply	\$250,000.00
89799	Lincoln Supply, LLC	\$100,000.00
89800	Harry's Supply, LLC	\$100,000.00
89798	Atlantic Plumbing Supply Corp.	\$200,000.00

These procurements, under State Contract Index No. T-3027, are 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 contracts to the listed vendors, for a total authorized amount not to exceed \$900,000.00, subject to funding availability at the time of order. Authorization is further requested to permit the redistribution of the above amounts to the individual contacts within the total authorized amount if necessary during the contract term.

491-11-2015

In a document dated November 6, 2015, **Websense Support Renewal to Dell Marketing, Inc., R-119859, Budget Code: 010 00 830 121020, State Contract No. 89850 expiring 06/30/20, Amount: \$42,015.00,** was approved.

Authorization is requested to award a contract to Dell Marketing, Inc. for the subscription renewal to the Authority's "Websense" access. Websense is an internet access software package which allows the ITS and Internal Audit Departments to monitor, report and manage internal internet use. The access also provides real-time security scanning for malware and web based viruses and will block access to these threats proactively by preventing access to sites hosting the malicious content. This renewal increases license count from 1400 users to 1500

users which supports future expansion. The term of this yearly maintenance renewal is December 21, 2015 to December 20, 2016, and includes premium support for Authority users.

This procurement, under State Contract No. 89850, 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. The State Contract is valid through June 30, 2020. In accordance with the terms of the State Contract, the Authority was required to solicit competitive quotes from five vendors:

<u>Vendor</u>	<u>Total Price</u>
Dell Marketing Inc., Buffalo Grove ,IL	\$ 42,015.00
Insight Public Sector Inc.	\$42,225.00
SHI international Corp.	\$42,435.00
PCMG Inc.	\$46,740.00
CDW Government LLC	\$ 71,280.00

Accordingly, authorization is requested to award the referenced contract to Dell Marketing, Inc. for Websense subscription renewal in an amount not to exceed \$42,015.00.

492-11-2015

In a document dated November 6, 2015, Snow Plow Parts(Modification) to Greelco, Inc., RM-120034 / Contract No. 2098 / State Contract No. 88265, expiring 02/19/18, Budget Code: Various, Current Authorized Amount: \$800,000.00, Requested Amount: \$1,500,000.00, New Authorized Amount: \$2,300,000.00, was approved.

At the February 25, 2015 Board of Commissioners Meeting (Agenda Item 035-01-2015), the Authority awarded Contract No.2098, to Greelco, Inc. to supply various snow plow parts to the Authority's Maintenance and Inventory section. These parts are needed to repair or replace damaged or worn parts on the Authority's current snow plowing equipment. The New Jersey State Contract has been extended until January 19, 2018 and additional funds are needed to purchase necessary snow plow parts through the remaining term of the contract. The majority of these snow plow parts are stocked in the Authority's inventory.

The original procurement, under State Contract No. 88265, 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 increase the authorized amount of Contract No. 2098 with Greelco, Inc. by \$1,500,000.00 for a new total authorized amount of \$2,300,000.00, through January 19, 2018, subject to funding availability at the time of order.

493-11-2015

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In a document dated November 13, 2015, Lawn and Grounds Equipment Parts and Repair (Modification) Cherry Valley Tractor Sales, RM-120277/ Contract No. 1386 / State Contract No. 76907, expiring 06/28/16, Budget Code: Various. Current Authorized Amount: \$250,000.00, Requested Amount: \$35,000.00, New Authorized Amount: \$285,000.00, was approved.

At the September 28, 2010 Board of Commissioners Meeting (Agenda Item 234P-10), the Authority awarded a contract to Cherry Valley Tractor Sales to supply parts and repair for lawn and grounds equipment, primarily used by the Maintenance Department on both Roadways. The referenced Contract No.1386 is valid through 6/28/16 and additional funds are required to purchase parts and repair for lawn and grounds equipment through the term of the contract.

The original procurement, under State Contract No. 76907, 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 increase the authorized amount of Contract No. 1386 with Cherry Valley Tractor Sales by \$35,000.00 for a new total authorized amount of \$285,000.00, through June 28, 2016, subject to funding availability at the time of order.

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SOLE SOURCE

494-11-2015

In a document dated November 9, 2015, Maintenance and Service Agreement for Uninterruptible Power Systems to Eaton Corporation, RM-119811, Budget Code: Various, Term: January 1, 2016 thru December 31, 2018, Amount: \$794,295.00 (3-Year Contract), was approved.

Authorization is requested to award a contract to Eaton Corporation to provide the installation, maintenance and repair of all "Powerware" uninterruptible power systems ("Powerware UPS") and associated parts. Eaton is the manufacturer and sole source vendor of Powerware UPS, the brand installed at all interchanges/plaza on Authority Roadways, as well as the Statewide Traffic Management Center in Woodbridge and three State Police barracks. The ITS Department has requisitioned to re-new the 3-year support and maintenance contract for the Powerware UPS for the term January 1, 2016 thru December 31, 2018.

As the proprietary owner of the Powerware brand, Eaton Corporation is the sole provider of 1) authorized Powerware service providers, 2) factory trained technicians, 3) certified replacement parts, and 4) latest software and diagnostic tools for the maintenance and repair of all Powerware UPS. No other vendor is capable of providing the required modifications. In

addition, this is an exceptional circumstance because the Authority relies solely on the Powerware UPS to provide back-up power to all technology equipment associated with toll collection and are therefore critical to ensure constant functionality, which is essential for the Authority's revenue collection.

The award will be made under the sole source procurement authorization of *N.J.A.C. 19:9-2.2(d)1* as promulgated under *N.J.S.A. 27:23-6.1*. A resolution, as required by *N.J.A.C. 19:9-2.2(d)1*, is attached hereto.

Accordingly, authorization is requested to award a renewal contract for the support and maintenance of the Powerware UPS with Eaton Corporation for the period January 1, 2016 thru December 31, 2018 in an amount not to exceed \$794,295.00.

RESOLUTION FOR SOLE SOURCE PROCUREMENT

EATON CORPORATION FOR THE SUPPLY, INSTALLATION, MAINTENANCE AND REPAIR OF ALL POWERWARE UNINTERRUPTABLE POWER SYSTEMS AND ASSOCIATED PARTS

WHEREAS, the New Jersey Turnpike Authority's Integrated Technology Services Department has requested the award of a "sole source" contract to Eaton Corporation to supply the maintenance and repair of all Powerware Uninterruptible Power Systems ("Powerware UPS") and their associated parts; and

WHEREAS, Eaton Corporation is the proprietary owner of the Powerware brand and therefore the sole provider to supply the maintenance and repair of all Powerware UPS and their associated parts; and

WHEREAS, the UPS are installed at all interchanges/plazas and ramps on the Authority's roadways and provide backup power to all technology equipment associated with toll collection and are therefore critical to ensure constant functionality, which is essential for the Authority's revenue collection; and

WHEREAS, the Authority's regulations pursuant to *N.J.A.C. 19:9-2(d)1* promulgated under *N.J.S.A. 27:23-6.1* permits sole source procurement when only one source of the required service exists.

NOW, THEREFORE, BE IT RESOLVED THAT the Authority's Commissioners hereby authorize and approve the award of a contract to Eaton Corporation to supply the, maintenance and repair of all Powerware UPS and their associated parts in an amount not to exceed \$794,295.00, as a sole source exception to procurement by public advertisement permitted by *N.J.A.C. 19:9-2.2(d)1* promulgated under the Authority's enabling legislation, *N.J.S.A. 27:23-6.1*.

495-11-2015

In a document dated November 16, 2015, **Annual Licenses for AASHTOWare Software to AASHTO, R-119772, Budget Code: 010 00 830 427010, Amount: \$55,500.00,** was approved.

Authorization is requested to award a contract to the American Association of State

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Highway and Transportation Officials ("AASHTO") for annual licensing fees related to AASHTOWare Bridge Rating Software (formerly called Virtis) and AASHTOWare Project Expedite. Both software applications are required by the Engineering Department. Bridge Rating Software is used to perform load ratings which are tests that indicate a bridge's capacity to sustain live loads and allows the user to analyze bridge models for the multiple rating methods. On October 30, 2006, the Federal Highway Administration ("FHA") issued a memorandum which mandated that load ratings for new and replacement bridges be performed using the Load and Resistance Factor Rating (LRFR) methodology. The Authority currently has over 800 bridges rated using AASHTOWare Bridge Rating. AASHTOWare Project Expedite is used in conjunction with the Bid Express® Website for purposes of Internet e-bidding of public construction contracts. The Expedite® Software assembles the electronic bid package, checks for bid validity and verifies the electronic proposal/bid bonds.

AASHTO is a nonprofit association that represents the member highway and transportation entities in the 50 states, the District of Columbia, and Puerto Rico. The AASHTOWare Bridge Rating and Project Expedite Software programs are proprietary to AASHTO, which is the publisher and holder of all copyrights. In addition, the software licenses and the associated technical support services are registered, trademarked and copyrighted by AASHTO. This is the only vendor which has access to the source codes needed to debug, upgrade and support the software. No other vendor is capable of providing the required modifications. Furthermore, this is an exceptional circumstance because the Authority relies solely on the AASHTOWare Bridge Rating Software to perform the critical FHA mandated bridge ratings on the Authority's Roadways.

Thus, it is recommended that the annual license renewals for the AASHTOWare Bridge Rating Software and Project Expedite Software be procured through AASHTO without public advertisement as a sole source exception to the public bidding laws and consistent with Executive Order No. 37. The cost for the annual license for the Bridge Rating Software is \$37,500.00 and for Project Expedite is \$18,000.00, for a combined total of \$ 55,500.00

Accordingly, authorization is requested to award sole source contracts to AASHTO for the renewal of the AASHTOWare Bridge Rating Software licenses as well as Project Expedite licenses in an amount not to exceed \$55,500.00. The awards will be made under the sole source procurement authorization of *N.J.A.C. 19:9.2(d)1* as promulgated under *N.J.S.A. 27:23-6.1*. A resolution as required by *N.J.A.C. 19:9-2.2(d)1* is attached hereto. This award is also contingent upon the Treasurer of the State of New Jersey completing the review of all documents submitted by the awardee(s) pursuant to Public Law 2005, and Executive Order No. 117 and having no objections to the same.

RESOLUTION FOR SOLE SOURCE PROCUREMENT

Annual Licenses for AASHTO Software

WHEREAS, the ITS Department requisitioned award of a sole source contract to the American Association of State Highway & Transportation Officials ("AASHTO") for the renewal of the annual license fees for the AASHTOWare Bridge Rating Software and the AASHTOWare Project Expedite; and

WHEREAS, the AASHTOWare Bridge Rating Software allows Engineering staff to perform load ratings on over 800 bridges on the both Roadways, using the mandated Load and Resistance Factor Rating (LRFR) methodology; and

WHEREAS, the Expedite Software allows contractors to submit 100% electronic bids on the internet at the www.bidx.com domain name in conjunction with software owned by Bidx.com, Inc. that will allow the New Jersey Turnpike Authority to retrieve the contractors' electronic bids (the "Bid Express Software"); and

WHEREAS, AASHTO is the owner of the AASHTOWare products which includes the Software; a product proprietary to AASHTO; and

WHEREAS, N.J.A.C. 19:9-2.2(d)1 of the New Jersey Turnpike Authority's regulations, promulgated under N.J.S.A. 27:23-1, permits sole source procurement when only one source of the required goods or service exists;

NOW THEREFORE, BE IT RESOLVED that the New Jersey Turnpike Authority's Commissioners hereby authorize and approve the award of contracts for the annual license renewals of AASHTOWare Bridge Rating Software in an amount not to exceed \$37,500.00 and AASHTOWare Project Expedite in an amount not to exceed \$18,000.00, as sole source exceptions to procurement by public advertisement permitted by N.J.A.C. 19:9-2.2(d)1 promulgated under the New Jersey Turnpike Authority's enabling legislation, N.J.S.A. 27:23-6.1.

496-11-2015

In a document dated November 13, 2015, **Video Transaction Data Multiplexing (VTDM) Maintenance and Support to Agilence, Inc., RM-119830 / Budget Code: 010 00 830 427010, Amount: \$446,550.00 (3-Year Contract)**, was approved.

Authorization is requested to award a "sole source" contract to Agilence, Inc. to provide the necessary maintenance, support and upgrades to the New Jersey Turnpike Authority's Video Transaction Data Multiplexing (VTDM) System. The VTDM is an auditing tool, consisting of video cameras, which record transactions at all Parkway plazas and Turnpike exit lanes. The VTDM is an invaluable tool used by the Finance, Internal Audit and Law Departments to monitor live and recorded video of all transactions occurring in a toll lane. In addition, the VTDM is used for traffic surveillance by the Tolls Collection and Operations Departments, as well as lane troubleshooting by the ITS Department.

As the proprietary owner of this software, Agilence, Inc. is the sole software/hardware provider for all maintenance, support and upgrades to our VTDM equipment. The estimated

annual expenditure for Agilence, Inc.'s services will be \$148,850.00 per year.

The award will be made under the sole source procurement authorization of *N.J.A.C. 19:9-2.2(d)1* as promulgated under *N.J.S.A. 27:23-6.1*. A resolution, as required by *N.J.A.C. 19:9-2.2(d)1*, is attached hereto.

Accordingly, authorization is requested to award a sole source contract to Agilence, Inc. to provide necessary and proprietary maintenance, support and upgrades to the VTDM System for the period January 1, 2016 thru December 31, 2018 in an amount not to exceed \$446,550.00.

RESOLUTION FOR SOLE SOURCE PROCUREMENT

VIDEO TRANSACTION DATA MULTIPLEXING (VTDM) MAINTENANCE AND SUPPORT

WHEREAS, the New Jersey Turnpike Authority's Integrated Technology Services Department has requested the award of a "sole source" contract to Agilence Inc. to provide the necessary maintenance, support and upgrades to the Video Transaction Data Multiplexing (VTDM) System; and

WHEREAS, Agilence Inc. wrote the software program that is in use on the Authority's VTDM system; and

WHEREAS, as the proprietary owner of this software, Agilence, Inc. is the sole software/hardware provider for all maintenance, support and upgrades to our VTDM equipment; and

WHEREAS, the Authority's regulations pursuant to *N.J.A.C. 19:9-2(d)1* promulgated under *N.J.S.A. 27:23-6.1* permits sole source procurement when only one source for the required product exists.

NOW, THEREFORE, BE IT RESOLVED THAT the Authority's Commissioners hereby authorize and approve the award of a contract to Agilence, Inc. to provide the necessary maintenance, support and upgrades to the Video Transaction Data Multiplexing (VTDM) System in an amount not to exceed \$446,550.00, as a sole source exception to procurement by public advertisement permitted by *N.J.A.C. 19:9-2.2(d)1* promulgated under the Authority's enabling legislation, *N.J.S.A. 27:23-6.1*.

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PROFESSIONAL SERVICES

497-11-2015

In a document dated November 16, 2015, **Insurance and Risk Management Consulting Services (Modification) to Hanover Stone Partners, LLC, RM-120285 / Budget Code: Various, Current Authorized Amount: \$115,000.00, Requested Amount: \$70,000.00, New Authorized Amount: \$185,000.00**, was approved.

At the March 27, 2012 meeting (Agenda No. 114-03-2012), the Authority's Board of Commissioners authorized the award of a professional services contract to Hanover Stone

Partners, LLC to provide insurance and risk management consulting services ("Services") to the Authority's senior management personnel and the Risk Management Committee. The contract was for a term of two years with the option to extend for two, one-year terms. The Law Department has requested an increase of \$70,000.00 to the authorized amount of \$115,000.00 to cover costs which were not anticipated when the contract was awarded. The out-of-scope services performed by Hanover Stone Partners, LLC, included, but were not limited to, working with the Authority's insurance brokers in recovering damages from Superstorm Sandy for both Roadways, especially the Grover Cleveland Service Area.

The procurement process for this professional services contract was conducted in accordance with N.J.S.A. 27:23-6.1 of the Authority's enabling legislation, N.J.A.C. 19:9-2.1(b) promulgated pursuant thereto, and Executive Order No. 37 (Corzine 2006). Accordingly, authorization is requested to increase this contract in the amount of \$70,000.00 which will bring the total authorized amount of the contract to \$185,000.00 for Insurance and Risk Management Services to Hanover Stone, LLC, subject to availability of funding at the time of service.

On motion by Treasurer DuPont and seconded by Commissioner Pocino, the Authority unanimously approved of item numbers 473-11-2015 through 497-11-2015; 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	YES	YES	YES	YES

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GENERAL BUSINESS

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OPERATIONS

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Director of Operations Henry Eibel requested approval of item number 498-11-2015. Moved the item as follows:

498-11-2015

Director of Operations Henry Eibel requested acceptance of the Resume of All Fatal Accidents for the Garden State Parkway and New Jersey Turnpike: Period 01/01/2015 through 11/13/2015; both with 2014-2015 Yearly Comparisons through October, 2015.

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved item number 498-11-2015; 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	YES	YES	YES	YES

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STATE POLICE

Major Eric Heitmann requested for approval of item number 499-11-2015. Moved is the item as follows:

499-11-2015

Major Eric Heitmann requested acceptance of the New Jersey State Police Troop D Activity Reports, For October 2015, with 2014 – 2015 Yearly Comparisons.

On motion by Commissioner Diaz and seconded by Commissioner Pocino, the Authority unanimously accepted the reports contained in item number 499-11-2015 and received same for file.

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ROLL CALL

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

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FINANCE

Chief Financial Officer ("CFO") Donna Manuelli requested approval of item numbers 500-11-2015. Moved is the items as follows:

500-11-2015

Chief Financial Officer Donna Manuelli presented the Financial Summary for the ten (10) months ended October 31, 2015.

On motion by Treasurer DuPont and seconded by Commissioner Becht, the Authority unanimously approved of item number 500-11-2015; 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	YES	YES	YES	YES

501-11-2015

In a memorandum dated November 24, 2015, Authorization to Adopt 2016 Annual Budget, was approved.

Attached for your consideration is the 2016 Annual Budget, which includes the

Authority's Revenue Budget, Operating Expense Budget, Debt Service Fund Budget, Charges Fund Budget, Maintenance Reserve Fund Budget, Special Project Reserve Fund Budget, Supplemental Capital Budget, and General Reserve Budget.

In 2016, the Authority will experience its first full year of operating the one hundred and seventy (170) lane miles that were added to the roadway system as a result of the opening of the New Jersey Turnpike Interchanges 6 to 9 Widening Project in late 2015. In addition, more than sixty (60) lane miles have been added to the Garden State Parkway as the Parkway Milepost 80 to 35 Widening project is now complete from mileposts 80 to 48. These two projects combine to add more than two hundred and thirty (230) lane miles to the Authority's roadway system, an increase in roadway capacity of nearly 10%. The 2016 Annual Budget is driven by the anticipated increased revenue from greater demand for the expanded roadways and increased costs needed to operate and maintain the expanded roadways.

The Authority arrived at the 2016 Annual Budget by engaging in a comprehensive budget preparation process, which directed departmental managers to think strategically and identify all opportunities to achieve operational efficiencies. With a critical eye, directors reviewed their respective departmental budgets and evaluated all positions and line item expenditures, as well as all proposed project budgets.

The proposed 2016 Annual Budget accomplishes the following:

(1) Provides sufficient funding for operating expenses to service the increased capacity added by the Turnpike and Parkway widening projects and the resultant increases in traffic volumes and toll revenue. The 2016 Annual Budget also provides funding to maintain the Authority's commitment to safety, while controlling operating expenses in all other functional areas;

(2) Provides for debt service payments of nearly \$800 million, the majority of which are interest payments on the new money bonds issued to fund the \$7 Billion Capital Improvement Program;

(3) Provides spending in excess of \$173 million on Maintenance Reserve, Special Project Reserve, and Supplemental Capital projects;

(4) Maintains a minimum unencumbered General Reserve Fund balance in excess of \$75 million; and

(5) Meets General Bond Resolution financial covenants and all other financial obligations without the need for a toll increase.

The proposed 2016 Revenue Budget of \$1,754,089,000 includes projected traffic increases of 3.1% on the New Jersey Turnpike and 1.1% on the Garden State Parkway. E-ZPass fees are expected to increase by \$3,157,000, or 5.8%, due to increases in administrative fees from enhanced collection efforts and to a lesser extent, increases in monthly membership fees from a continued increase in the number of New Jersey E-ZPass account holders. The

federal Build America Bond Subsidy will be \$75,703,000, which is 7.3% or \$5,957,000, lower than when the bonds were issued based upon the announced continuation of the automatic federal deficit reduction spending cuts in federal fiscal 2016.

The proposed 2016 Operating Expense Budget of \$519,423,900 represents a \$9,830,800 million, or 1.9%, increase as compared to the 2015 Operating Expense Budget.

Key cost factors in the 2016 Operating Expense Budget are as follows:

- increased credit card fees of \$3.5 million based on increased toll revenue volumes processed through E-Z Pass;
- increased E-ZPass costs of \$2.5 million based upon increased toll transaction volumes and higher transaction processing cost from violation processing costs based upon increased violation collections from enhanced collection efforts;
- increased State Police costs of \$1.3 million due to an anticipated additional 15 troopers assigned to the roadways;
- increased pension costs of \$2.4 million based upon the Authority's estimated billing from New Jersey PERS;
- increased roadway maintenance costs of \$1.7 million;
- increased utility costs of \$1.4 million based upon higher electric costs due to both increased usage and a projected rate increase; and
- increased health benefit costs of \$2.0 million based upon estimated usage and medical and prescription inflation rates.

Although it must absorb these significant and necessary cost increases, the Authority is able to propose a 2016 Operating Expense Budget with only a \$9.8 million increase primarily due to savings in fuel costs from low gas prices and the elimination of letter of credit fees due to the refunding of certain variable rate debt for savings. In addition, there are savings in wages due to the continued benefits of the renegotiated contracts with the toll collectors and toll supervisors.

The 2016 Annual Budget also includes the 2016 Debt Service Fund budget of \$794,359,000, which includes principal and interest payments payable through revenues on the Authority's currently outstanding bonds. The 2016 Debt Service Fund Budget is increasing by more than \$125 million, or 16%, as compared to the 2015 budget. The anticipated new money borrowing in 2016 of approximately \$525 million is included in the 2016 Debt Service Fund budget at an assumed interest rate of 5.0%. The 2016 Charges Fund budget of \$155,000 includes contractual fees on the Series 2000B-G auction rate bonds.

Also included is the 2016 Maintenance Reserve Fund budget totaling \$93,500,000, which includes spending for the maintenance and resurfacing of roadway and bridges on the New Jersey Turnpike and Garden State Parkway. The 2016 Maintenance Reserve Fund budget includes all 2015 carry-over projects as well as new work to be completed in 2016.

The 2015 Special Project Reserve Fund budget totaling \$38,756,300 is also included and provides spending for the Authority's scheduled major fleet augmentation, which is the Authority's existing scheduled fleet replacement program, as well as additional equipment purchases to service the Turnpike widening. The 2016 Supplemental Capital budget totaling \$40,782,800 is included. This budget includes funding to replace the Pinnacle 220mhz radio system, HVAC and boiler replacement program, and the Construction of the Morris Canal Bridge in Jersey City by Interchange 14B. Last, the 2016 General Reserve budget totals \$310,086,000 and includes the Authority's contractual payments to the Transportation Trust Fund and State Transportation Projects Funding Agreement, extraordinary severe weather costs, and reserves for self-insured liability claims and other postemployment benefit costs.

As part of the 2016 Annual Budget, the Authority is updating its non-bargaining salary scale, which was adopted as part of the 2015 Annual Budget, to reflect current authorized position titles. Also included in the 2016 Annual Budget is the Authority's chart of senior staff.

The Authority's proposed 2016 Annual Budget provides the necessary Operating Expense Budget funds to maintain the widened roadways, cover the costs to process and collect the additional traffic volumes and toll revenues on the roadways, and fund ongoing safety initiatives while reducing costs in all other functional areas. The 2016 Annual Budget also adequately funds the Authority's other project and reserve accounts without the need for a toll increase. The proposed 2016 Annual Budget is consistent with the Authority's Financial Management Principles and Guidelines. It is therefore recommended that the Authority adopt the attached 2016 Annual Budget, which includes the Revenue Budget, Operating Expense Budget, the Debt Service Fund Budget, the Charges Fund Budget, the Maintenance Reserve Fund Budget, the Special Project Reserve Fund Budget, the Supplemental Capital Budget, and the General Reserve Fund Budget. The Authority's General Consultant Engineer, HNTB Corporation, concurs with this recommendation.

Your approval of this recommendation is respectfully requested.

502-11-2015

In a memorandum dated November 24, 2015, **New Jersey Turnpike Revenue Bond Resolution Certification For the Fiscal Years Ending December 31, 2015 and December 31, 2016**, was approved.

Under the provisions of Section 713 (c) of the Turnpike Revenue Bond Resolution adopted by the Authority on August 20, 1991 as amended and supplemented (the "Resolution"), the Authority, on or before December 1 in each year, shall complete a review of its financial condition for the purpose of estimating whether the Net Revenues (as such term is defined in the Resolution) for such year and for the next succeeding year will be sufficient to comply with subsection (b) of Section 713 of the Resolution and shall by resolution make a determination with

respect thereto. A copy of such resolution, certified by an Authorized Officer of the Authority, together with a certificate of such Authorized Officer setting forth a reasonably detailed statement of the actual and estimated receipts and the payments to be made there from for such year, shall be filed with the Trustees on or before December 20.

If it fails to meet the requirements of Section 713 (b) of the Resolution, the Authority shall have its Traffic Engineers conduct a study for the purpose of recommending a schedule of tolls which will provide the necessary revenues to meet the requirements.

The undersigned has completed the review of the financial condition of the Authority for the years 2015 and 2016. The Authority is now in a position to make the determination showing that the requirements of Section 713 (b) of the Resolution will be met in the years 2015 and 2016.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2015 and 2016, which accompany this memorandum.

Schedule A

This schedule contains a Resolution which states that a review has been made of the Authority's financial condition for the purpose of estimating whether the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2015 and 2016, including investment income treated as revenues for each year, will be sufficient to provide all of the payments and meet all other requirements as specified in Section 713 (b) of the Resolution.

Schedules B and C

These schedules set forth calculations relative to 2015's revenue requirements. Specifically, the schedule provides actual revenue through October 31, 2015 and projected revenue for the balance of the year (November-December, 2015).

Schedules D and G

These schedules set forth figures to support the certification under Section 713(c) of the "Resolution" demonstrating that in each calendar year "Net Revenues shall at least equal the Net Revenue Requirement for such year" as required by Section 713(b) of the Resolution. Under Section 101 of said Resolution, Net Revenues are defined as "... for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of

- (i) The Sum of the Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period

or

- (ii) 1.20 Times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

Schedules E and F

These schedules set forth calculations relative to 2016's financial projections and estimated revenue provisions.

Based upon a review of the financial condition of the Authority, it is estimated that Net Revenues (as such term is defined in the Resolution) for 2015 and 2016 will be sufficient to comply with Section 713 (b) of the Resolution.

Schedule A

WHEREAS, the Authority, in accordance with subsection (c) of Section 713 of its Turnpike Revenue Bond Resolution adopted August 20, 1991 as amended and supplemented (the "Resolution"), has completed a review of its financial condition for the purpose of estimating whether the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2015 and 2016, including investment income treated as revenues for such year, will be sufficient to provide all of the payments and meet all other requirements as specified in subsection (b) of Section 713 of said Resolution.

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Turnpike Authority as follows:

1. That it is determined based upon the review of the financial condition of the Authority as described in the recital hereof, the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2015 and 2016, including investment income treated as revenues for such year will be sufficient to comply with subsection (b) of Section 713 of the Resolution.
2. That a copy of this resolution certified by the Chief Financial Officer of the Authority, together with a certificate of said Chief Financial Officer setting forth a reasonably detailed statement of the actual and estimated receipts and payments to be made there from for 2015 and 2016 as shown in schedules which were utilized in said review, shall be filed in its entirety with The Bank of New York Mellon and U.S. Bank as Co-Trustees, under the Resolution, all in accordance with said Section 713 of said Resolution.

Schedule B

NEW JERSEY TURNPIKE AUTHORITY
Certificate required Under Section 713
Turnpike Revenue Bond Resolution
Fiscal Year Ending December 31, 2015

Operating Fund		\$ 509,593,100
Debt Service Requirements (1)		661,065,000
Charges Fund		575,000
Maintenance Reserve		87,058,000
Special Project Reserve		<u>50,301,000</u>
Total Requirements		1,308,592,100
Deduct Revenue:		
Actual Revenue Provision -		
January - October 2015 Revenue	\$ 1,437,053,000	
Estimated Revenue Provision		
November - December 2015		
(Estimate per Schedule C)	<u>287,595,000</u>	<u>1,724,648,000</u>
Revenue Less Requirements		<u>\$ 416,055,900</u>

(1) Net Debt Service Requirement is as follows:	
Series 1991 C Debt Service Requirement	\$ 71,525,000
Series 2000 B-G Debt Service Requirement (2)	13,401,000
Series 2003 B Debt Service Requirement	72,982,000
Series 2004 B Debt Service Requirement	8,707,000
Series 2004 C-2 Debt Service Requirement	7,307,000
Series 2005 A-B Debt Service Requirement	10,680,000
Series 2005 D1-4 Debt Service Requirement	10,959,000
Series 2009 A-B Debt Service Requirement (2)(3)	324,000
Series 2009 E-I Debt Service Requirement	143,525,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	46,666,000
Series 2012 G Debt Service Requirement (2)(4)	1,252,000
Series 2013 A-G Debt Service Requirement (2)(4)	115,968,000
Series 2014 B-C Debt Service Requirement (2)(5)	14,836,000
Series 2015 A-E Debt Service Requirement (2)(4)	11,546,000
Total Debt Service	<u>\$ 661,065,000</u>

- (2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
(3) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
(4) Floating rate notes also include the fixed credit spread as interest expense.
(5) Interest on the 2014A bonds is paid from capitalized interest (bond proceeds) through May 2016.

Schedule C

NEW JERSEY TURNPIKE AUTHORITY
Certificate required Under Section 713
Turnpike Revenue Bond Resolution
Fiscal Year Ending December 31, 2015

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
November	\$ 130,143,000	\$ 4,306,000	\$ 6,343,000	\$ 2,542,000	\$ 900,000	\$ 38,000	\$ 835,000	\$ 146,109,000
December	127,421,000	4,280,000	6,323,000	2,608,000	1,000,000	39,000	835,000	142,486,000
	<u>\$ 257,564,000</u>	<u>\$ 8,586,000</u>	<u>\$ 12,666,000</u>	<u>\$ 5,150,000</u>	<u>\$ 1,900,000</u>	<u>\$ 77,000</u>	<u>\$ 1,670,000</u>	<u>\$ 287,595,000</u>

NOTE: (1) Miscellaneous Revenues include cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, video feed licensing, and easements.

Schedule D

NEW JERSEY TURNPIKE AUTHORITY

Turnpike Revenue Bond Resolution
Fiscal Year Ending December 31, 2015

The following are the appropriate calculations which indicate that the Net Revenue Requirement will be satisfied.

Revenues		\$ 1,724,648,000
Operating Expenses		<u>509,593,100</u>
Net Revenues		<u>1,215,054,900</u>
(i) Debt Service Requirements	\$ 661,065,000	
(i) Charges Fund	575,000	
(i) Maintenance Reserve	87,058,000	
(i) Special Project Reserve	<u>50,301,000</u>	<u>798,999,000</u>
Excess Revenues		<u>\$ 416,055,900</u>
Net Revenues		\$ 1,215,054,900
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 661,065,000		<u>793,278,000</u>
Excess Revenues		<u>\$ 421,776,900</u>
Debt Service Coverage		<u>1.84</u>

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenues shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenues are defined as "...for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

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Schedule E

NEW JERSEY TURNPIKE AUTHORITY
Certificate required Under Section 713
Turnpike Revenue Bond Resolution
Fiscal Year Ending December 31, 2016

Operating Fund	\$ 519,423,900
Debt Service Requirements (1)	794,359,000
Charges Fund	155,000
Maintenance Reserve	89,370,000
Special Project Reserve	38,918,000
Total Requirements	1,442,225,900
Deduct Revenue:	
Estimated Revenue Provision January/December 2016 (Estimate per Schedule F)	1,754,089,000
Revenue Less requirements (2)	\$ 311,863,100

(1) Net Debt Service Requirement is as follows:	
Series 2000 B-G Debt Service Requirement (2)	\$ 17,248,000
Series 2004 B Debt Service Requirement	8,685,000
Series 2004 C-2 Debt Service Requirement	7,307,000
Series 2005 A-B Debt Service Requirement	10,680,000
Series 2005 D1-4 Debt Service Requirement	10,959,000
Series 2009 E Debt Service Requirement	117,693,000
Series 2009 G-I Debt Service Requirement	41,477,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	46,666,000
Series 2013 A-F Debt Service Requirement (2)(3)	292,297,000
Series 2014 A-C Debt Service Requirement (2)(4)	44,584,000
Series 2015 A-E Debt Service Requirement (2)(3)(5)	45,689,000
Series 2016 Debt Service Requirement (6)	19,687,000
Total Debt Service	\$ 784,359,000

- (2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
(3) Floating rate notes also include the fixed credit spread as interest expense.
(4) Interest on the 2014A bonds is paid from capitalized interest (bond proceeds) through May 2016.
(5) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
(6) Assumed new money issuance in 2016 of \$525 million to fund the \$7 billion capital program.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY
Estimated Revenue Provision
January 2016 through December 2016

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
January	\$ 110,720,000	\$ 4,211,000	\$ 6,309,000	\$ 3,050,000	\$ 1,154,000	\$ 423,000	\$ 1,083,000	\$ 126,950,000
February	105,141,000	4,495,000	6,308,000	2,431,000	954,000	423,000	1,083,000	120,835,000
March	124,253,000	4,996,000	6,308,000	2,351,000	1,154,000	422,000	1,083,000	140,167,000
April	129,287,000	4,808,000	6,308,000	2,837,000	954,000	327,000	1,083,000	145,404,000
May	138,283,000	4,816,000	6,308,000	3,538,000	1,154,000	327,000	1,083,000	155,511,000
June	137,210,000	5,012,000	6,308,000	3,572,000	954,000	327,000	1,083,000	161,532,000
July	143,849,000	5,027,000	6,308,000	3,884,000	1,054,000	326,000	1,083,000	164,466,000
August	145,124,000	4,936,000	6,308,000	4,421,000	1,054,000	327,000	1,083,000	163,253,000
September	131,225,000	5,188,000	6,309,000	4,056,000	854,000	327,000	1,083,000	149,042,000
October	135,244,000	5,094,000	6,309,000	3,181,000	954,000	38,000	1,083,000	151,603,000
November	127,018,000	4,783,000	6,308,000	2,897,000	710,000	39,000	1,083,000	142,836,000
December	126,331,000	4,791,000	6,308,000	2,881,000	750,000	38,000	1,087,000	142,187,000
	\$ 1,553,686,000	\$ 57,798,000	\$ 75,703,000	\$ 38,900,000	\$ 11,700,000	\$ 3,344,000	\$ 13,000,000	\$ 1,754,089,000

NOTE: (1) Miscellaneous Revenues include cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, video feed licensing, and easements.

Schedule G

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713

Turnpike Revenue Bond Resolution

Fiscal Year Ending December 31, 2016

The following are the appropriate calculations which indicate that the Net Revenue Requirement will be satisfied.

Revenues		\$ 1,754,089,000
Operating Expenses		519,423,900
Net Revenues		<u>1,234,665,100</u>
(i) Debt Service Requirements	\$ 794,359,000	
(i) Charges Fund	155,000	
(i) Maintenance Reserve	89,370,000	
(i) Special Project Reserve	<u>38,918,000</u>	<u>922,802,000</u>
Excess Revenues		<u>\$ 311,863,100</u>
Net Revenues		\$ 1,234,665,100
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 794,359,000		<u>953,230,800</u>
Excess Revenues		<u>\$ 281,434,300</u>
Debt Service Coverage		<u>1.55</u>

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenues shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenues are defined as "...for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

503-11-2015

In a memorandum dated November 13, 2015, a Recommendation to Adopt Amended Financial Management Principles and Guidelines and Interest Rate Swap Management Plan, was approved.

Authorization is recommended to amend the Authority's existing board approved Financial Management Principles and Guidelines and Swap Management Plan based upon the recommendations of the Authority's financial advisor with the concurrence of staff.

At its December 19, 2012 meeting, the Board of Commissioners adopted Financial Management Principles and Guidelines (the "Guidelines") for the Authority. These Guidelines

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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.

At its March 26, 2013 meeting, the Board of Commissioners adopted an Interest Rate Swap Management Plan (the "Swap Plan") for the Authority. This Swap Plan sets forth the manner of execution of interest rate swaps and related agreements, provides for security and payment provisions, and sets forth certain other provisions related to interest rate swap agreements between the Authority and qualified swap counterparties. The Swap Plan also outlines procedures to be followed to insure compliance with all applicable federal and state laws. This Swap Plan is to be reviewed by the Authority no fewer than once every two (2) years and any changes to the Swap Plan are to be presented to the Authority's Board of Commissioners for approval.

Since the Guidelines and Swap Plan were adopted, the Authority has issued more than \$3 billion of debt to fund its \$7 Billion Capital Investment Program. Also, the Authority has refunded several series of variable rate bonds which has necessitated amending its Interest Rate Swap Agreements. In addition, the Authority has novated Interest Rate Swap Agreement's to replace counterparties who were reducing their own Interest Rate Swap exposure. As a result of these activities and current market conditions in both the municipal bond and municipal Interest Rate Swap market, staff, along with the Authority's financial advisor, have reviewed both the Guidelines and Swap Plan and recommend that certain provisions of each policy be modified.

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. Currently, the Guidelines target a minimum General Reserve Fund balance of \$75,000,000. Ideally, credit rating agencies feel 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 of at least \$500 million. At this time, the Authority does not have the excess revenue to maintain a General Reserve Fund balance of at least \$500 million. However, given the increase of more than \$3 billion in the Authority's outstanding debt since 2012, it is prudent to raise the minimum General

Reserve Fund target by \$25 million from \$75 million to \$100 million at this time.

The current section II.A 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 \$75,000,000.

It is recommended that section II.A 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 one hundred million dollars (\$100,000,000).

The current Swap Plan requires the Authority to competitively bid an interest rate swap transaction through its financial advisor and/or swap advisor. The market for procuring interest rate swap transactions has changed over the past few years, and competitive bidding no longer occurs in the market according to the Authority's financial advisor. Paragraph 5 of the March 2013 Swap Plan reads as follows:

5. PROCUREMENT OF INTEREST RATE SWAP AGREEMENTS

The Authority will competitively bid an interest rate swap transaction through its financial advisor and/or swap advisor. The Authority shall endeavor to diversify its exposure to counterparties. To that end, before entering into a transaction, the Authority will determine its exposure to the relevant counterparty or counterparties and determine how the proposed transaction would affect the exposure.

It is recommended that the paragraph be replaced with:

5. PROCUREMENT OF INTEREST RATE SWAP AGREEMENTS

The Authority will award interest rate swap transactions to one or more qualified counterparties (as herein defined) through competitive or negotiated procurement methods. The general method of procurement and the specific procurement process will be determined based on the prevailing market conditions at the time. Regardless of the procurement method employed, the Authority shall endeavor to obtain the best pricing and execution possible, diversify counterparty exposure and minimize

aggregate counterparty risk. To that end, before entering into a transaction, the Authority, with input from its financial advisor and/or swap advisor, will evaluate the prevailing market conditions to determine the optimal procurement process and will evaluate how the proposed transaction would affect the Authority's aggregate counterparty exposure.

Staff has reviewed the Financial Advisor's recommendations and concurs with them. All other provisions of the existing Guidelines and Swap Plan will remain. A copy of the proposed Guidelines and Swap Plan, both dated November 2015, are attached. Therefore, approval of the attached Guidelines and Swap Plan, both dated November 2015, with the changes noted in this agenda item is recommended.

NEW JERSEY TURNPIKE AUTHORITY

Financial Management Principles and Guidelines

November 2015

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 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 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 one hundred million dollars (\$100,000,000).
- 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.

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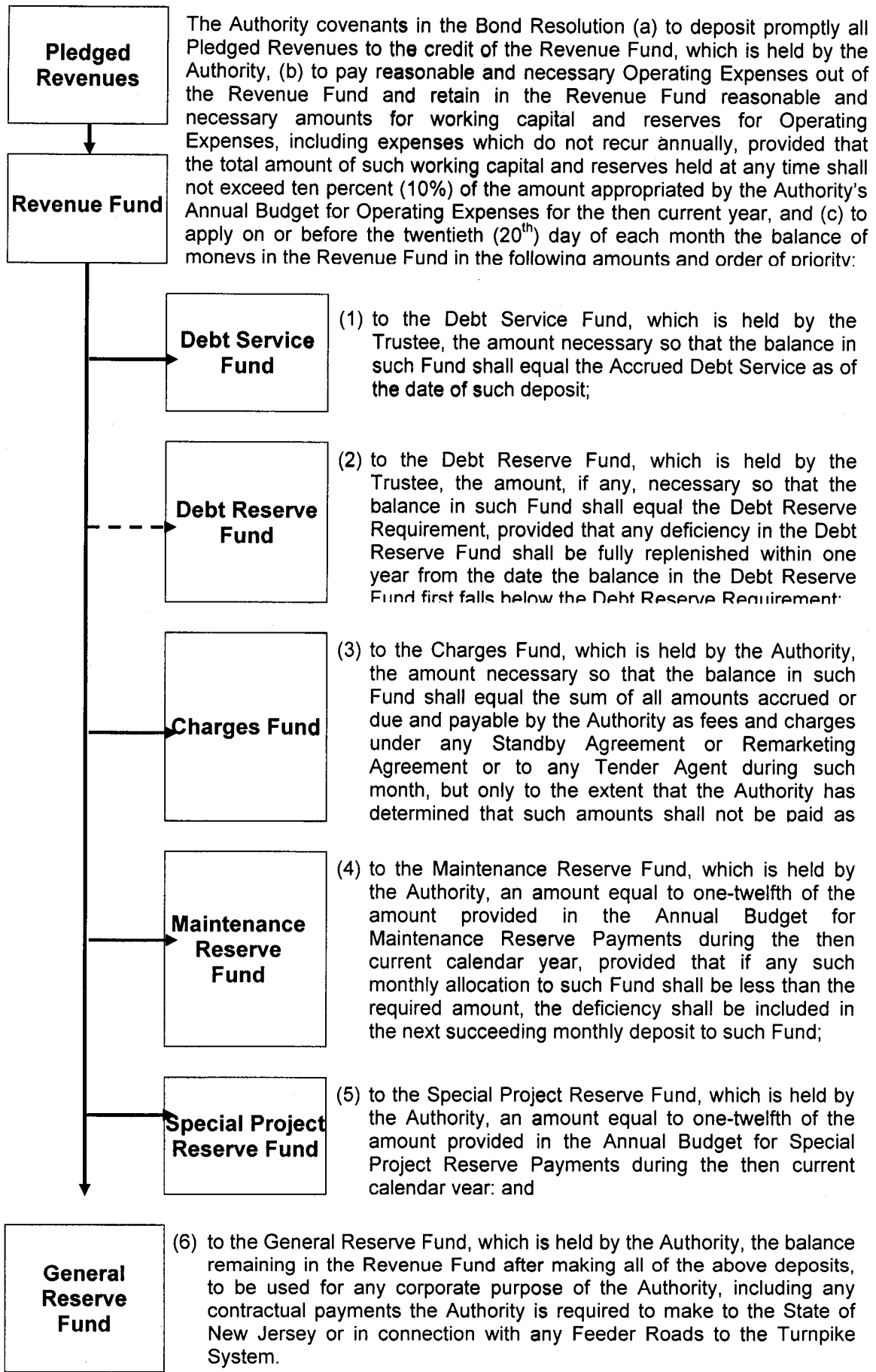
- J. The Authority will prepare its books, records and accounts according to General Accepted Accounting Principles applicable to governmental entities in the United States of America and cause such books, records and accounts to be annually audited by a nationally recognized firm of Certified Public 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 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 and three 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:



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

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.

NEW JERSEY TURNPIKE AUTHORITY
INTEREST RATE SWAP MANAGEMENT PLAN

November 2015

1. PURPOSE

This Interest Rate Swap Management Plan sets forth the manner of execution of interest rate swaps and related agreements, provides for security and payment provisions, and sets forth certain other provisions related to interest rate swap agreements between the New Jersey Turnpike Authority ("Authority") and qualified swap counterparties. The Interest Rate Swap Management Plan also outlines procedures to be followed to insure compliance with all applicable federal and state laws. This Interest Rate Swap Management Plan will be reviewed by the Authority no less than once every two (2) years and any changes to this Interest Rate Swap Management Plan will be presented to the Authority's Board of Commissioners for approval. This Interest Rate Swap Management Plan will be made available on the Authority's website, <http://www.state.nj.us/turnpike>.

2. BEST INTERESTS OF THE AUTHORITY

Although adherence to this Interest Rate Swap Management Plan ("Plan") is desirable, deviations from this Plan 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 this Swap Management Plan.

3. THE AUTHORITY

The Authority is a public body corporate and politic of the State Of New Jersey operated 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 Section 5 of the Act, and Section 201 of the General Bond Resolution, the Authority is authorized to enter

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into interest rate swap transactions as it deems fit in order to obtain lower costs of capital or other advantages associated with this financing technique. The Authority may only enter into a swap transaction in connection with a specifically identified series of Authority bonds issued under its senior lien General Bond Resolution.

4. INTEREST RATE SWAP MANAGEMENT GOALS

The Authority intends to execute interest rate swaps if the transaction can be expected to result in the following:

- A. Hedging to reduced exposure to changes in interest rates on a particular financial transaction;
- B. Reduction in interest rate risk in order to maintain from the Authority's overall asset/liability balance;
- C. Obtain a lower net cost of borrowing with respect to the Authority's debt; and
- D. Manage variable interest rate exposure consistent with prudent debt practices.

The Authority shall not enter into interest rate swaps for speculative purposes or not in connection with a specified bond issue.

5. PROCUREMENT OF INTEREST RATE SWAP AGREEMENTS

The Authority will award interest rate swap transactions to one or more qualified counterparties (as herein defined) through competitive or negotiated procurement methods. The general method of procurement and the specific procurement process will be determined based on the prevailing market conditions at the time. Regardless of the procurement method employed, the Authority shall endeavor to obtain the best pricing and execution possible, diversify counterparty exposure and minimize aggregate counterparty risk. To that end, before entering into a transaction, the Authority, with input from its financial advisor and/or swap advisor, will evaluate the prevailing market conditions to determine the optimal procurement process and will evaluate how the proposed transaction would affect the Authority's aggregate counterparty exposure.

6. INTEREST RATE SWAP RISK FACTORS

The Authority recognizes that there are certain risks associated with interest rate swap transactions that it will consider prior to entering into each transaction. Such risks include:

- A. **Counterparty risk** is the risk that the swap counterparty will not fulfill its obligation to honor its obligations as specified under the contracts. Failure of a counterparty could result in an unplanned change in the expected costs of funds of a particular transaction that could increase debt service costs to the Authority, depending upon the interest rate environment when this occurred.

In order to mitigate against this risk the Authority intends to diversify its counterparties and expects that going forward, no more than 25% of its interest rate swap exposure will be with any one counterparty. An exception will be made for fully collateralized swaps or if market conditions are such that it is not economically feasible to diversify or the interest rate swap market is such that no additional counterparties exist.

In order to diversify the Authority's counterparty risk, and to limit the Authority's credit exposure to any one counterparty, limits will be established by the Executive Director based in part upon the credit rating of the counterparty as well as the relative level of risk associated with each existing interest rate swap transaction.

The Authority shall be authorized to enter into interest swap transactions only with qualified swap counterparties rated at least A1/A+, or equivalent, by any two (2) of the nationally recognized rating agencies (e.g. Moody's, Standard and Poor's, or Fitch); or a "AAA" subsidiary as rated by at least one nationally recognized credit rating agency.

- B.) **Termination risk** is the risk that the interest rate swap could be terminated by the counterparty due to any of several events, which may include issuer or counterparty ratings downgrade, covenant violation by either party, bankruptcy of either party, swap payment default by either party, and default events as defined in the issuer's bond indenture.

In order to mitigate against these risks the Authority will require collateral postings from counterparties if the counterparties ratings decline below A2/A and other protection measures. As a general rule, the Authority will not enter into swaps where the counterparty has any optional right of termination.

The Authority shall consider including in all interest rate swap transactions provisions granting the Authority the right to optionally terminate a swap agreement at any time over the term of the agreement. The Executive Director shall determine if it is financially advantageous for the Authority to terminate a swap agreement.

A termination payment to or from the Authority may be required in the event of termination of an interest rate swap agreement due to a default or a decrease in credit rating of either the Authority or the counterparty. It is the intent of the Authority not to make a termination payment to a counterparty that does not meet its contractual obligations. Prior to making any such termination payment, the Executive Director shall evaluate whether it is financially advantageous for the Authority to obtain a replacement counterparty to avoid making such termination payment.

As part of any interest rate swap agreement, the Authority may require collateralization or other credit enhancement to secure any or all swap payment obligations. As appropriate, the Authority may require collateral or other credit enhancement to be posted by each swap counterparty under the following circumstances:

- i. Each counterparty to the Authority may be required to post collateral if the credit rating of the counterparty or parent falls below the A2/A category. Additional collateral for further decreases in credit ratings of each counterparty shall be posted by each counterparty in accordance with the provisions contained in the collateral support agreement to each interest rate swap agreement with the Authority.
- ii. The Collateral shall consist of cash, U.S. Treasury securities and Federal agency securities.
Collateral shall be deposited with a third party trustee, or as mutually agreed upon between the Authority and each counterparty.
- iii. A list of acceptable securities that may be posted as collateral and the valuation of such collateral will be determined and mutually agreed upon during negotiation of the swap agreement with each swap counterparty.
- iv. The market value of the collateral shall be determined on at least a monthly basis.
- v. The Authority will determine reasonable threshold limits for the initial deposit and for increments of collateral posting thereafter.

The Executive Director shall determine on a case by case basis whether other forms of credit enhancement are more beneficial to the Authority

- C. **Basis risk** refers to a mismatch between the interest rate received from the interest rate swap contract and the interest actually owed on the Authority's variable rate bonds. Prior to the execution of any interest rate swap, the Authority will undertake any analysis of both the starting basis risk match and the historical basis risk match in order to select an index payment of the interest rate swap and a mode mechanic for the variable rate debt that most closely approximates a zero basis risk profile, while still maintaining the economic advantages of the interest rate swap.
- D. **Tax event risk.** All issuers who issue tax-exempt variable rate bonds that trade accept risk stemming from changes in marginal income tax rates. These risks are best mitigated by limiting the amount of variable rate debt as a percentage of the Authority's total debt outstanding. The Authority does not expect to issue more than 20% of its total debt in a variable rate mode of any form.
- E. **Rollover risk is** the risk that the swap contract is not coterminous with related bonds. The Executive Director shall determine the appropriate term for an interest rate swap agreement on a case-by-case basis. The slope of the interest rate swap curve, the marginal change in interest rate swap rates from year to year along the interest rate swap curve, and the impact that the term of the interest rate swap has on the overall exposure of the Authority shall be considered in determining the appropriate term of any interest rate swap agreement. In connection with the issuance or carrying of bonds, the term of the interest rate swap agreement between the Authority and a qualified interest rate swap counterparty shall not extend beyond the final maturity date of existing debt of the Authority, or in the case of a refunding transaction, beyond the final maturity date of the refunding bonds. The Authority does not intend to execute interest rate swaps that have rollover risk.

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F. Amortization risk represents the cost to the issuer of servicing debt or honoring interest rate swap payments due to a mismatch between bonds and the notional amount of the interest rate swap. The Authority intends to always match the principal amount of bonds with the notional amount of the interest rate swap.

G. Liquidity risk refers to the issuer's inability to continue or renew a liquidity facility to assist in the sale of outstanding debt. The Authority will endeavor to provide sufficient liquidity available for swapped debt.

7. PAYMENT OBLIGATIONS

Pursuant to Section 201 of the General Bond Resolution, the Authority's payment obligation under any qualified interest rate swap shall be made from the Debt Service Fund.

8. LEGAL MATTERS

Each interest rate swap executed by the Authority shall contain terms and conditions as set forth in the International Swap and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmations. The interest rate swap agreements between the Authority and each qualified swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the Executive Director or his/her designee deems necessary or desirable. The Executive Director is authorized to sign all representations and disclosures as required.

9. REGULATORY COMPLIANCE

Following is a list of regulatory requirements imposed at the Federal level with which the Authority shall make every reasonable effort to comply:

A.) **Dodd-Frank Compliance.** Pursuant to the authority of Section 731 of Title VII of Dodd-Frank Act, which includes amendments to the Commodity Exchange Act ("CEA") regarding over-the-counter derivative instruments, regulations were published by the Commodities Futures Trading Commission ("CFTC") that define business conduct between Swap Dealers or Major Swap Participants and their counterparties, including Swap Dealers or Major Swap Participants engaged in transactions with state and local governmental counterparties such as the Authority (referred to in the regulations as "Special Entities"). The new business conduct rules are far ranging and they can impact the Authority on several fronts as the Authority enters into or modifies transactions. The following sections are included in this Swap Management Plan in order to assist the Authority in complying with the CEA as amended by Dodd-Frank:

(1) Qualified Independent Representative

- a) In accordance with the CEA and as amended by Dodd-Frank, the Authority shall select a QIR that meets the following enumerated criteria:
 - i. has sufficient knowledge to evaluate the transaction and risks;
 - ii. is not subject to a statutory disqualification;
 - iii. is independent of the interest rate swap provider or major interest rate swap participant. To be independent the QIR must currently not, and was not with a one-year look back, an associated person of the swap dealer; has no principal relationship with the swap dealer, provides timely disclosures of all potential conflicts of interest, complies with procedures designed to manage and mitigate conflicts of interest, is not controlled by, in control of, or under common control with the swap dealer, and was not recommended to the issuer by the swap dealer within one year of the transaction date;
 - iv. undertakes a duty to act in the best interests of the Authority;
 - v. makes appropriate and timely disclosures to the Authority;
 - vi. evaluates, consistent with any guidelines provided by the Authority, fair pricing and the appropriateness of the transaction; and
 - vii. is subject to restrictions on certain political contributions imposed by the CFTC, the SEC, or a self-regulatory organization subject to the jurisdiction of the CFTC or the SEC.
- b) At least annually, or as required by the Board of Commissioners, the Authority shall conduct a review of its QIR to ensure that the QIR still meets

the above enumerated criteria. In the event that it is determined that the QIR no longer meets the enumerated criteria, then prior to the execution of any transaction the Authority shall select a replacement QIR that meets the enumerated criteria.

(2) Written Representations. In order to ensure that the Authority is in compliance with the new regulations imposed by Dodd-Frank, the Authority may, but is not required to, execute a ISDA August 2012 DF Protocol Agreement with its QIR and each Counterparty prior to executing any transactions. If the Authority elects not to execute a ISDA August 2012 DF Protocol Agreement with a counterparty, then the Authority shall provide an alternate form of written representation to such Counterparty that meets all applicable disclosure requirements as required by Dodd-Frank.

(3) Derivative Clearing Requirement.

(a) The CEA, as amended by Dodd-Frank, requires that certain derivative transactions, including those commonly entered into by state and local governmental entities, must be cleared through a derivatives clearing organization unless otherwise exempt from clearing under the "End User Exception" as specified in Section 2(h)(7) of the CEA. In order to qualify for the End User Exception to the clearing requirements of the CEA, the Special Entity must report to the CFTC on either an annual or a transaction-by-transaction basis that it:

(i) is not a financial entity;

(ii) is using swaps to hedge or mitigate commercial risk; and

(iii) will notify the CFTC, in a manner set forth by the CFTC, how it generally meets its financial obligations associated with entering into non-cleared swaps.

(b) The Authority, in consultation with its QIR, shall make its best efforts to comply with the applicable derivative clearing requirements of the CEA as amended by Dodd-Frank.

10. SELECTION OF QIR

The Authority will competitively procure the services of a financial advisor or a swap advisor, whose scope of work shall include swap advisory services which will allow the firm to serve as the Authority's QIR under Dodd-Frank.

11. RECORD KEEPING

Written records noting the status of all interest rate swap agreements will be maintained by the Authority and shall include the following information:

1. Highlights of all material changes to swap agreements or new swap agreements entered into by the Authority since the last report.
2. Market value of each of the Authority's interest rate swap agreements.
3. For each counterparty, the Authority shall provide the total notional amount position, the average life of each swap agreement, the available capacity to enter into a swap transaction, and the remaining term of each swap agreement.
4. The credit rating of each swap counterparty and credit enhancer insuring swap payments
5. Actual collateral posting by swap counterparty, if any, per swap agreement and in total by swap counterparty.
6. A summary of each swap agreement, including but not limited to the type of swap, the rates paid by the Authority and received by the Authority, and other terms.
7. results of the default, including but not limited to the financial impact to the Authority, if any.
8. A summary of any swap agreements that were terminated.

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12. COMPLIANCE WITH ACCOUNTING STANDARDS

Any interest rate swap agreement entered into by the Authority under this Interest Rate Swap Management Plan shall be described in the Authority's annual audited financial statements in accordance with applicable accounting standards. This Interest Rate Swap Management plan shall be reviewed on an annual basis with the Authority's external auditor and any necessary changes shall be promptly implemented.

On motion by Treasurer DuPont and seconded by Commissioner Diaz, the Authority unanimously approved of item numbers 501-11-2015 through 503-11-2015; and authorized or ratified, as presented, the recommendations contained therein; and received and filed the memoranda.

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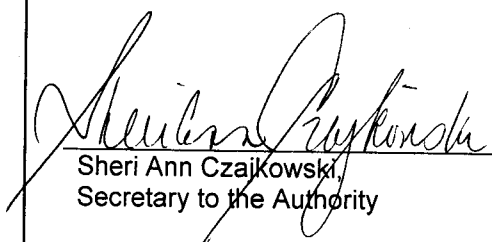
ROLL CALL

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

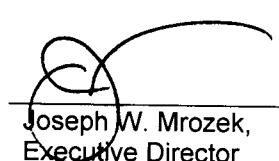
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The motion to adjourn was made by Treasurer DuPont and seconded by Commissioner Pocino, and, after the voice vote, the motion was duly adopted. The Authority adjourned at 9:42 a.m., to meet on Tuesday, December 15, 2015, at 9:00 A.M.

ATTEST:



Sheri Ann Czajkowski
Secretary to the Authority



Joseph W. Mrozek,
Executive Director

Date: November 24, 2015
