

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

JANUARY 8, 2014

FINAL AGENDA

- **CALL TO ORDER**
- **APPROVAL OF MINUTES OF PREVIOUS MEETINGS**
- **PUBLIC COMMENTS ON AGENDA ITEMS AND OTHER MATTERS**
- **BOARD MEMBER COMMENTS**
- **ADVISORY COMMITTEE REPORT**
- **SENIOR CITIZEN AND DISABLED RESIDENT TRANSPORTATION ADVISORY COMMITTEE REPORT (NEXT REPORT JUNE 2014)**
- **BOARD COMMITTEE REPORTS**
 - *Customer Service Committee
 - *Administration Committee
 - *Capital Planning, Policy and Privatization Committee
- **EXECUTIVE DIRECTOR'S MONTHLY REPORT**

ACTION ITEMS

1401-01 SUPERSTORM SANDY DISASTER RECOVERY PROGRAM: COUNTY YARD TRAIN STORAGE AND RE-INSPECTION FACILITY PROJECT – CONSULTANT CONTRACT AWARD FOR CONCEPT AND PRELIMINARY DESIGN/NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

Authorization to enter into NJ TRANSIT Contract No. 13-041 with Jacobs Engineering Group Inc. of Morristown, New Jersey, to provide design and engineering consultant services for the County Yard Train Storage Yard and Re-Inspection Facility Project Phase 1 – Concept and Preliminary Design at a cost not to exceed \$7,641,760, plus five percent for contingencies, subject to the availability of funds.

1401-02 SUPERSTORM SANDY DISASTER RECOVERY PROGRAM: AMENDMENT TO SOLE/SINGLE SOURCE PROCUREMENT-BY-EXCEPTION CONTRACT FOR THE PURCHASE OF MATERIALS AND SERVICES

Authorization to amend the sole/single source procurement-by-exception Contract No. 13-629 with ORX Railway Corporation, Tipton, Pennsylvania, for the overhaul, repair and assembly of passenger car and locomotive wheel-set

assemblies and gear units in an amount not to exceed \$1,500,000, for a total contract authorization amount of \$4,500,000, subject to the availability of funds.

1401-03 SUPERSTORM SANDY DISASTER RECOVERY PROGRAM: NEWARK LIGHT RAIL – CONSTRUCTION CONTRACT AWARD FOR TUNNEL VENTILATION SYSTEM REPAIRS

Authorization to enter into NJ TRANSIT Contract No. 14-017X with the lowest responsive responsible bidder for the restoration, testing and re-commissioning of the Newark Light Rail Tunnel Ventilation System in an amount not to exceed the budgeted amount, plus five percent for contingencies, subject to the availability of funds.

1401-04 CULVERT REPLACEMENT ON THE NORTH JERSEY COAST LINE IN THE BOROUGH OF SAYREVILLE: AMENDMENT TO CONSTRUCTION CONTRACT

Authorization to amend NJ TRANSIT Contract No. 10-051X with Green Construction Company of South River, New Jersey, for additional construction costs at a cost not to exceed \$270,000, plus five percent for contingencies, for a total authorization of \$1,621,463 subject to the availability of funds.

CONSENT CALENDAR

1401-05 EXTENSION OF TIME FOR LCOR TO SUBMIT MASTER DEVELOPMENT PLAN FOR HOBOKEN TERMINAL AND YARD

Authorization to extend until December 31, 2015 the period under the existing Master Development Agreement with LCOR (“MDA”) to (1) allow LCOR additional time to work with local officials on a redevelopment plan and (2) submit an MDP for Hoboken Terminal & Yard (the “Property”) to NJ TRANSIT for its approval that will be based in part on a redevelopment plan adopted by the City of Hoboken (“City”).

1401-06 FORMER MADISON AVENUE (PATERSON) BUS GARAGE: CONTRACT AWARD FOR ENVIRONMENTAL REMEDIATION

Authorization to enter into NJ TRANSIT Contract No. 14-030X with the lowest responsive and responsible bidder for the environmental remediation work at the former Madison Avenue Bus Garage in Paterson, New Jersey, at a cost not to exceed the budgeted amount, plus ten percent for contingencies, subject to the availability of funds.

1401-07 APPROVAL OF DOCUMENTATION TO AMEND EXISTING SWAP AND ADOPTION OF A SWAP MANAGEMENT PLAN TO ADDRESS DODD-FRANK PROTOCOLS

Authorization for NJ TRANSIT to approve the adoption of a Swap Management Plan and the retention of a qualified party or parties to act as Qualified Independent Representatives ('QIR') on the recommendation of the Chief Financial Officer and delegate to the Executive Director or designee authorization to execute any and all documents and to adopt any policies necessary to comply with federal laws and regulations with respect to swap transactions heretofore and hereafter entered into by NJ TRANSIT, and as may be required by the counterparty to such swap transaction, including without limitation the Protocol Agreements, an amendment to the Master Agreement and Schedule with Merrill Lynch, and the Qualified Independent Representatives Policies.

1401-08 CONSULTANT SERVICES FOR TITLE VI ANALYSIS

Authorization to enter into NJ TRANSIT Contract No. 14-012 with KFH Group, Inc. of Bethesda, Maryland, for consultant services for Title VI Analysis of any service and fare changes, in an amount not to exceed \$400,000, plus five percent for contingencies, subject to the availability of funds.

➤ **ADJOURNMENT**

APPROVAL OF MINUTES

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

WHEREAS, pursuant to Section 4(f) of the New Jersey Public Transportation Act of 1979, the minutes of actions taken at the December 11, 2013 Board meetings of the New Jersey Transit Corporation, NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. were forwarded to the Governor on December 13, 2013;

NOW, THEREFORE, BE IT RESOLVED that the minutes of actions taken at the December 11, 2013 New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc., NJ TRANSIT Mercer, Inc., and NJ TRANSIT Morris, Inc. Board of Directors' meetings are hereby approved.

EXECUTIVE DIRECTOR'S REPORT

**THIS REPORT WILL BE PRESENTED
SEPARATELY**

ACTION ITEMS

ITEM 1401-01: SUPERSTORM SANDY DISASTER RECOVERY PROGRAM: COUNTY YARD TRAIN STORAGE AND RE-INSPECTION FACILITY PROJECT – CONSULTANT CONTRACT AWARD FOR CONCEPT AND PRELIMINARY DESIGN/NATIONAL ENVIRONMENTAL POLICY ACT (NEPA)

BENEFITS

The existing County Yard, located on the Northeast Corridor (NEC) south of New Brunswick, provides storage capacity for NJ TRANSIT trains operating out of the Jersey Avenue Station. The County Yard Train Storage and Re-inspection Facility Project involves the reconfiguration and expansion of the existing County Yard into the adjacent Mile Run Yard. Mile Run Yard is currently not in service. The new facility will provide additional storage during extreme flooding events as well as additional service and inspection facility capability for trains. The project also involves the construction of a new Service and Inspection (S&I) facility in order to allow for the orderly re-inspection of trains post-event.

NJ TRANSIT has entered into a lease agreement with Conrail for the Linden Yard to address the immediate need for additional equipment storage. This agreement is short-term. The expansion of County Yard, together with the future conversion of the adjacent Conrail Delco tracks into a linear storage yard, will provide a permanent solution for equipment storage. The construction of additional track and a new S&I facility at County Yard as well as the construction of the Delco trackwork will provide sufficient capacity to accommodate equipment currently stored in Hoboken, the Meadows Maintenance Complex (MMC) Yard, and a portion of the Morrisville Yard fleet in the event of a weather or other event that compromises access to either of those facilities.

In addition, this authorization also includes engineering efforts related to improvements to the Jersey Ave Station on the Northeast Corridor Line (NEC) that will provide high-level Americans with Disabilities Act (ADA)-compliant platforms in both eastbound and westbound directions. A redesign of the existing low-level westbound platform to a high-level platform at Jersey Avenue and design of a new eastbound platform with canopies and elevators will improve service reliability by reducing the required time to discharge and board passengers on the westbound side and allow eastbound trains originating at Trenton to stop at the proposed eastbound platform on the Northeast Corridor. The Jersey Avenue Station serves approximately 1,700 customers per average weekday which is projected to increase into the future.

ACTION (Scorecard: Customer Experience, Corporate Accountability)

Staff seeks authorization to enter into NJ TRANSIT Contract No. 13-041 with Jacobs Engineering Group Inc. of Morristown, New Jersey, to provide design and engineering consultant services for the County Yard Train Storage Yard and Re-Inspection Facility Project Phase 1 – Concept and Preliminary Design at a cost not to exceed \$7,641,760, plus five percent for contingencies, subject to the availability of funds.

PURPOSE

The scope of services included in the Request for Proposal (RFP) comprised three phases: Phase 1 – Concept and Preliminary Design; Phase 2 – Preparation of Final Plans, Specifications, and Estimates; and, Phase 3 – Construction Support Services. Additional authorization for contract amendments will be requested at a later date for Phases 2 and 3. The concept and preliminary design will be utilized to address environmental issues in support of the National Environmental Policy Act (NEPA) process for this project.

BACKGROUND

In the aftermath of Superstorm Sandy, NJ TRANSIT undertook an effort to identify alternative yard locations for its equipment in the event that the Hoboken and MMC Yards are compromised. NJ TRANSIT considered locations throughout its system in New Jersey and the two neighboring states.

Expansion of Sunnyside Yard in Queens, New York and Morrisville Yard in Morrisville, Pennsylvania, were eliminated from consideration due to the possibility of equipment being trapped in those locations post-event. Sunnyside Yard requires access through both the North and East River Tunnels, which are prone to flooding. Similarly, the Northeast Corridor adjacent to Trenton Station is also prone to flooding meaning trains stored in Morrisville could become trapped.

NJ TRANSIT identified the Northeast Corridor and the central zone of the Northeast Corridor as the optimal location for storage of equipment. The Northeast Corridor is a relatively wide right-of-way not subject to tree fall and the central zone of the Northeast Corridor is not subject to storm surge. Having equipment stored in the central zone is also a prime location for reinstatement of service. While much of the northern part of the state has substitute bus service, much of central New Jersey relies on the Northeast Corridor. Also, the central zone of the Northeast Corridor includes MetroPark Station, which provides an easy intermodal transfer from the Garden State Parkway with large amounts of parking. This would allow North Jersey Coast Line customers with an alternative when their rail service is impacted by a weather event – underscoring the importance of having equipment stored nearby.

Scope of Work

The project is located within the County Yard/Mile Run Yard in New Brunswick, currently owned by Amtrak and to be acquired by NJ TRANSIT (see Exhibit A). The yard will provide overnight storage and light maintenance facilities for electric multi-level train consists. Five yard storage tracks, two pedestal tracks within a service and inspection facility, along with a crew quarters and other railroad appurtenances, are included in the development of this yard. Modifications to the Jersey Avenue Rail Station platform and improving five miles of the existing Delco lead are also included. The NEC Middle Zone Improvements are shown on Exhibit B.

Complementing the County Yard project are several other NJ TRANSIT-led initiatives, including:

- **Midline Loop**, located near Monmouth Junction, will eliminate a grade crossing at Jersey Avenue;
- **New Brunswick Station Platform Extension** will lengthen the eastbound platform;
- **North Brunswick Station** will provide for an additional ADA-compliant station on the NEC with parking to support 1,000 vehicles in the initial stage;
- **Jersey Avenue Station Platform Expansion** will add an eastbound high-level platform on the NEC and reconstruct the existing westbound platform to a high-level platform; and,
- **Portal Bridge** will construct a new bridge over the Hackensack River.

The Northeast Corridor Improvement Projects are shown on Exhibit C.

Procurement

Office of State Comptroller approval to advertise this contract was received on May 29, 2013. The Request for Proposals was advertised in *The Star-Ledger* and *The Trenton Times* on June 18, 2013. A Pre-Proposal Conference was held on June 27, 2013 at 10:00 a.m. at the NJ TRANSIT General Office Building in Maplewood; a site visit to the Jersey Avenue Rail Station was held on the same day. Proposals were received on August 1, 2013 from the following teams:

- **Gannett Fleming** with AKRF, Inc.; BEM Systems, Inc.; Chemtech Consulting Group, Inc.; JCMS, Inc.; Jersey Boring & Drilling Co., Inc.; Matrix New World Engineering, Inc.; PACO Group, Inc.; Radin Consulting, Inc.; Robinson Aerial Surveys, Inc.; SJH Engineering, P.C.; Sowinski Sullivan Architects, P.C., and Yu & Associates, Inc.
- **Jacobs Engineering** Group Inc. with Parsons Brinkerhoff; Amy S. Greene Environmental; BEM Systems, Inc.; GTS Consultants; IH Engineers; Matrix New World Engineering, Inc.; and Sowinski Sullivan Architects, P.C.
- **Michael Baker Jr., Inc.** with Arcadis; Burns Group; Envision; Maintenance Design Group; Malick & Scherer; Matrix New World Engineering, Inc.; Robinson Aerial Surveys, Sowinski Sullivan Architects, P.C.; and VHB, Inc.
- **STV, Inc.** with Dewberry Engineering Inc.; GTS Consultants; JCMS, Inc.; Jersey Boring & Drilling Company, Inc.; Oweis Engineering, INC.; Matrix New World Engineering, Inc.; Sowinski Sullivan Architects, P.C.; and U.S. Cost Incorporated.
- **Systra, Inc.** with AECOM; A.G. Consulting Engineering, P.C.; C.P. Statile, P.C.; Faithful & Gould; GTS Consultants; JCMS, Inc.; Matrix New World Engineering, Inc.; and Sowinski Sullivan Architects, P.C.

A Technical Evaluation Committee (TEC) evaluated the proposals and determined that all five teams were in the competitive range. Oral presentations by all five teams were held on September 16, 2013. The TEC, comprised of the following members, recommended the consultant team led by Jacobs Engineering Group Inc. at the conclusion of the technical proposal/oral presentation.

- Capital Planning & Programs Construction & Project Management (two members)
- Rail Operations Infrastructure Engineering (two members)

The Office of Business Development assigned a 21 percent DBE goal to this contract.

The Engineer's Estimate for Phase 1 is \$12,251,390.

Funding

The County Yard project is proposed to be included in NJ TRANSIT's application for the Federal Transit Administration's (FTA) Emergency Relief Program for "Tier 3" long-term resiliency projects. Tier 3 funds are available on a competitive basis. The North Jersey Transportation Planning Authority (NJTPA) voted to include County Yard in the Statewide Transportation Improvement Plan (STIP) in April 2013.

Expenditures prior to the award of the Tier 3 grants may not be eligible for reimbursement by the FTA. NJ TRANSIT will use Transportation Trust Fund (TTF) funding to advance the project in order to better position it for funding under FTA's Tier 3 competitive program.

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

FISCAL IMPACTS

Requested Authorization: \$ 7,641,760 + 5% contingency

Total Project Cost: \$ 7,650,000 (Phase 1 contract only)

Projected Date of Completion: Fall 2019

Anticipated Source of Funds: Transportation Trust Fund
Federal Transit Administration (possible)

DBE/SBE Goal: 21% DBE

NJ BUILD Amount: NA

Related Future Authorizations: Preparation of Final Plans, Specifications and Estimates (Phase 2)
Construction Support Services (Phase 3)
Construction
Construction Management

Impacts on Subsequent Operating Budgets: None

RESOLUTION

WHEREAS, NJ TRANSIT seeks to improve its transportation facilities; and

WHEREAS, County Yard on the Northeast Corridor is a central location for train storage, servicing and inspections; and

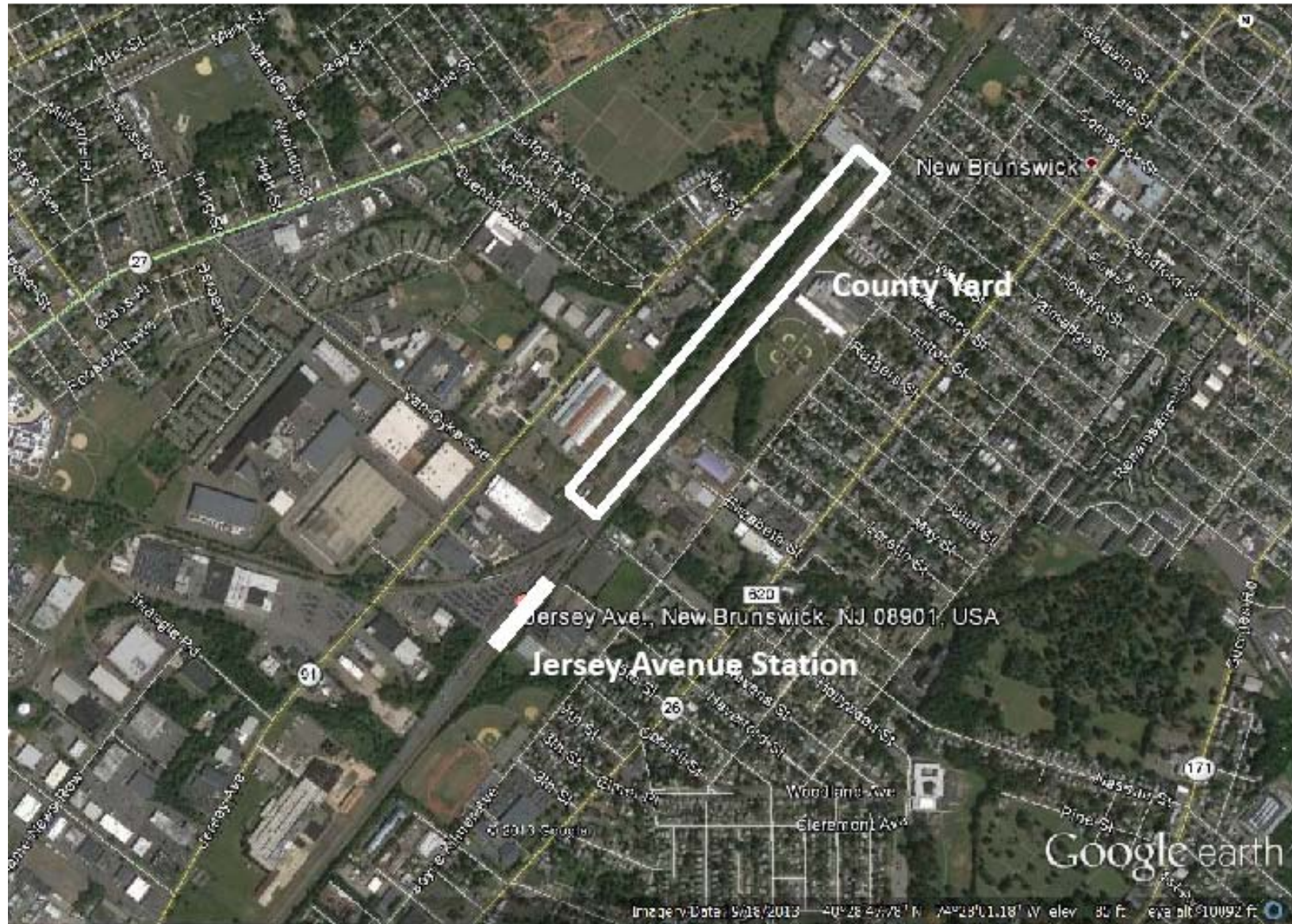
WHEREAS, the Jersey Avenue Station serves more than 1,700 customers per average weekday; and

WHEREAS, NJ TRANSIT will develop the County Yard and reconfigure the station platforms, building and parking lot to make the station fully accessible in full compliance with the Americans with Disabilities Act (ADA); and

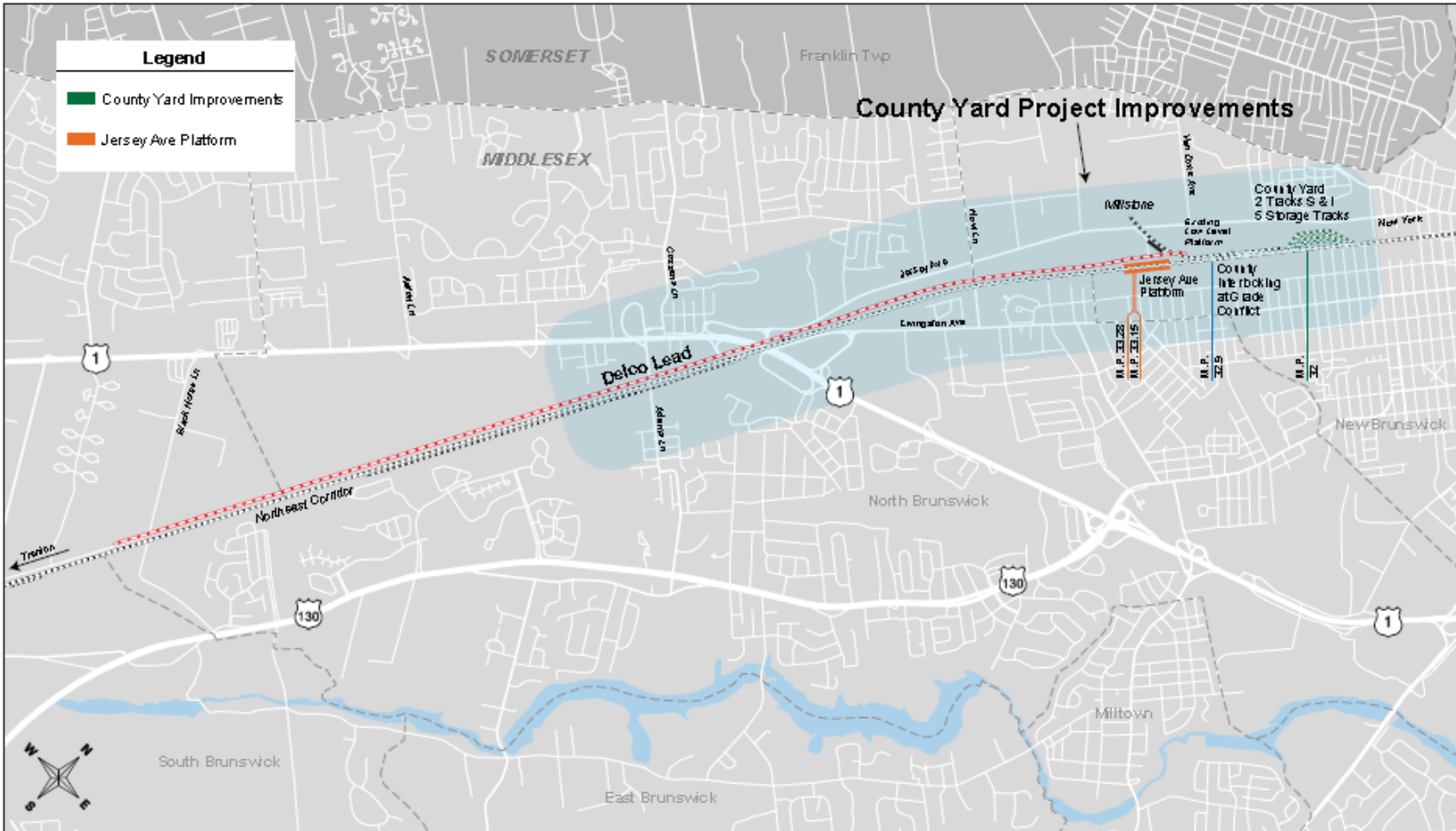
WHEREAS, upon completion of a competitive procurement process for design and engineering consultant services it was determined that Jacobs Engineering Group Inc. submitted the proposal that provides the best value and is in the best interest of NJ TRANSIT;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to enter into NJ TRANSIT Contract No. 13-041 with Jacobs Engineering Group Inc. of Morristown, New Jersey, to provide design and engineering consultant services for the County Yard Train Storage Yard and Re-Inspection Facility Project Phase 1 – Concept and Preliminary Design at a cost not to exceed \$7,641,760, plus five percent for contingencies, subject to the availability of funds.

**EXHIBIT A
SITE LOCATION**



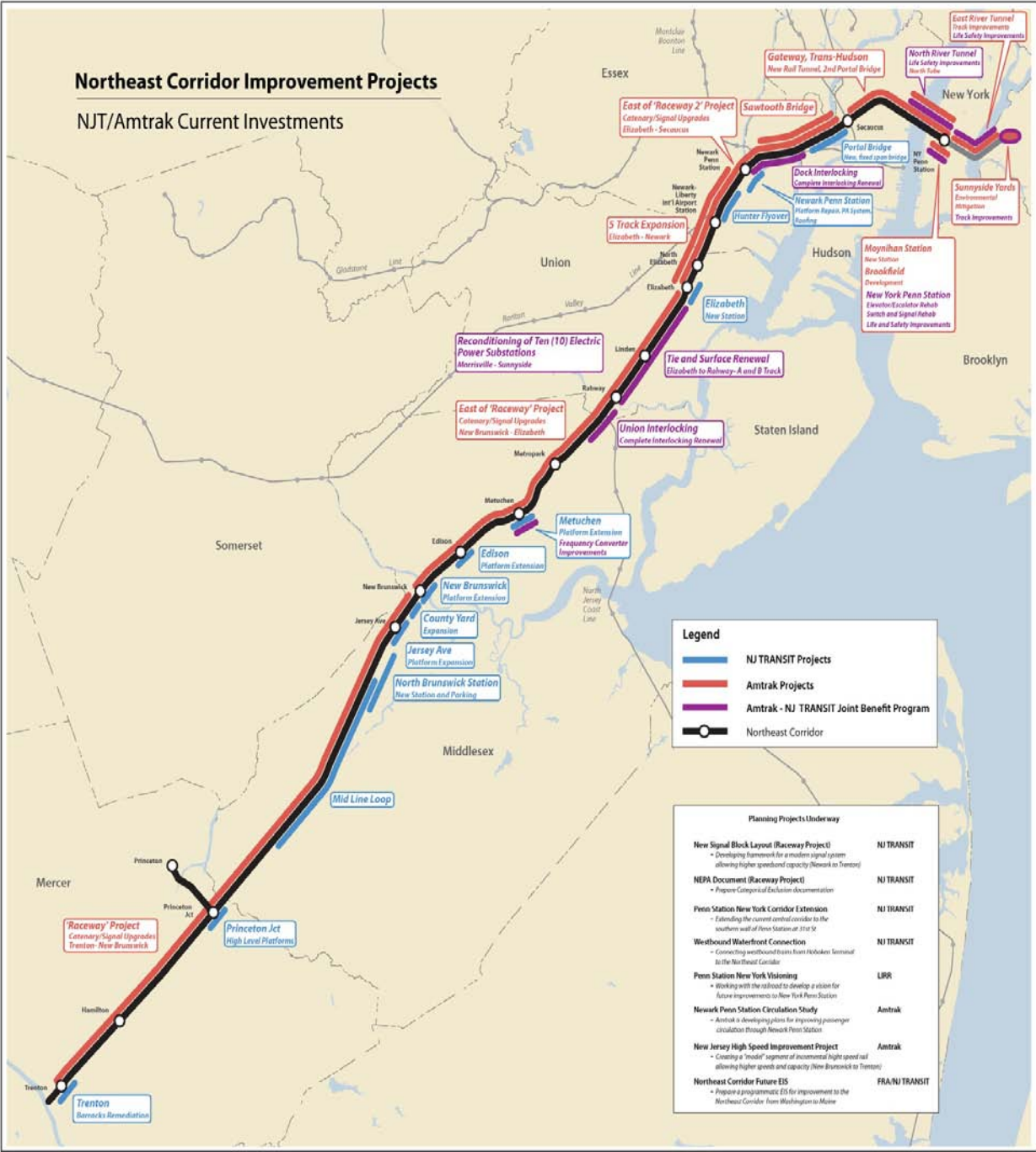
**EXHIBIT B
MIDDLE ZONE IMPROVEMENTS**



Middle Zone Improvements Location Plan

December 2013

EXHIBIT C NEC IMPROVEMENTS



**ITEM 1401-02: SUPERSTORM SANDY DISASTER RECOVERY PROGRAM:
AMENDMENT TO SOLE/SINGLE SOURCE PROCUREMENT-
BY-EXCEPTION CONTRACT FOR THE PURCHASE OF
MATERIALS AND SERVICES**

BENEFITS

Superstorm Sandy struck the State of New Jersey with high winds and torrential rains producing unprecedented severe weather conditions, including enormous storm surges and devastating flooding. Superstorm Sandy caused significant damage to a large portion of NJ TRANSIT's transportation assets, impacting NJ TRANSIT's ability to provide public transportation in accordance with its legislated mission.

Due to the sheer magnitude of the storm damage, repairs and reparations to NJ TRANSIT's public transportation system and rolling stock are still on-going. These infrastructure and equipment repairs are technically complex in nature requiring the procurement of specialized engineering, construction, and other services and materials. NJ TRANSIT considers this Superstorm Sandy Disaster Recovery Program an exigent public need, paramount to restoring and maintaining safe and reliable operation of the State's public transportation system.

ACTION (Scorecard: Corporate Accountability, Safety and Security, Customer Experience, Financial Performance)

Staff seeks authorization to amend the sole/single source procurement-by-exception Contract No. 13-629 with ORX Railway Corporation, Tipton, Pennsylvania, for the overhaul, repair and assembly of passenger car and locomotive wheel-set assemblies and gear units in an amount not to exceed \$1,500,000, for a total contract authorization amount of \$4,500,000, subject to the availability of funds.

PURPOSE

Authorization of this contract amendment will provide for the timely acquisition of critical services associated with NJ TRANSIT's asset repairs. This will continue to provide NJ TRANSIT with the ability to fast-track the various repair projects thereby ensuring they are completed in a timely manner.

Materials and services which are available from only one source of supply are exempt from competitive procurement under N.J.A.C. 16:72-1.5(d) and Executive Order No. 37. Sole/single source vendors generally have proprietary control over the manufacture of parts and components and the provision of technical services for NJ TRANSIT equipment.

BACKGROUND

The damage caused from Superstorm Sandy to NJ TRANSIT's equipment was extensive and repairs are on-going. The operation and maintenance of NJ TRANSIT's Rail rolling stock requires the continued purchase of services from sole/single qualified source ORX Railway Corporation.

In March 2013, the Board authorized a sole source contract to ORX for the overhaul, repair and assembly of passenger car and locomotive wheel-set assemblies and gear units in an amount not to exceed \$3,000,000.

The original scope and estimate was based on prior experience for repair and return of refurbished units for passenger car and locomotive gear units and wheel-and-axle assemblies.

The damage incurred to these units from the salt water and contaminants required far more extensive repairs than what was the historical norm. This damage required ORX to perform more extensive repairs than originally identified resulting in additional costs for the repairs.

NJ TRANSIT also expected to have a fully-functional wheel/axle press machine back in service by the second quarter of 2013. This machine is vital to the repair and overhaul of Sandy and non-Sandy process of the wheel and axle assemblies and remains out of service due to long lead times for replacement components. NJ TRANSIT anticipates the wheel/axle press machine will be back in service in the first quarter of 2014.

This situation required ORX to increase the amount of Sandy repaired units to support NJ TRANSIT's restoration of service.

ORX Railway Corporation will continue to perform storm-related repairs to passenger car and locomotive gear units and wheel-and-axle assemblies that cannot be performed by NJ TRANSIT in-house forces. ORX Railway Corporation is technically-approved and is AAR-certified to perform these repairs.

ORX will continue to be utilized for work on the following equipment:

- PL-42 gear cases and journal bearings
- Multilevel Passenger Car wheel-and-axle assemblies
- ALP-46 gear cases and journal bearings

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

FISCAL IMPACTS

Requested Authorization:	This Authorization	\$ 1,500,000
	Total Authorization	\$ 4,500,000

Total Project Cost:	\$23,000,000 for material to repair Superstorm Sandy damaged rolling stock
Projected Date of Completion:	2014
Anticipated Source of Funds:	Insurance Proceeds Federal Transit Administration Transportation Trust Fund Federal Emergency Management Agency (possible)
Diversity Goal:	None – Specialized Work
<i>NJ Build</i> Amount:	None
Related/Future Authorizations:	Other OEM Services
Impact on Subsequent Operating Budgets:	None

RESOLUTION

WHEREAS, NJ TRANSIT serves a vital role in the State's transportation network and in the State's economy; and that Superstorm Sandy jeopardized the public safety and welfare by obstructing safe transportation in New Jersey thereby making it difficult or impossible for citizens to obtain the necessities of life, limiting access to essential emergency services and restricting restoration of business and commerce vital to the region's economy; and

WHEREAS, Superstorm Sandy damaged NJ TRANSIT's transportation assets requiring continued repair to restore the transportation system to pre-storm conditions; and

WHEREAS, the locomotives and rail cars that were damaged by salt water and contaminants have required more extensive repairs than expected; and

WHEREAS, pursuant to N.J.A.C. 16:72-1.5, competitive procurement requirements may be waived in instances where only one source of supply is available; and

WHEREAS, it has been determined that ORX Railway Corporation is certified to be the sole/ single source suppliers for the purchase of materials and services in accordance with N.J.A.C. 16:72-1.5 and Executive Order No. 37; and

WHEREAS, procurement-by-exception waiver authorizations are required to expeditiously support repairs, replacement, and improvements to NJ TRANSIT's rail rolling stock required as a result of Superstorm Sandy;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the sole/single source procurement-by-exception Contract No. 13-629 with ORX Railway Corporation, Tipton, Pennsylvania, for the overhaul, repair and assembly of passenger car and locomotive wheel-set assemblies and gear units in an amount not to exceed \$1,500,000, for a total contract authorization of \$4,500,000, subject to the availability of funds.

**ITEM 1401-03: SUPERSTORM SANDY DISASTER RECOVERY PROGRAM:
NEWARK LIGHT RAIL – CONSTRUCTION CONTRACT AWARD
FOR TUNNEL VENTILATION SYSTEM REPAIRS**

BENEFITS

The Newark Light Rail Tunnel Ventilation system extracts smoke and/or contaminated air from the tunnel or, conversely, brings fresh air into the tunnel in the event of a fire or smoke condition. The existing Ventilation System was installed in 2006 with the construction of the tunnel extension required to facilitate access to the system extension to Newark Broad Street Station.

Superstorm Sandy caused significant damage to a large portion of NJ TRANSIT's transportation assets, including a storm surge that caused the Passaic River to overflow its banks in the area just behind the NJ TRANSIT Headquarters Building, which reached as far inland as Newark Penn Station. The water flowed through the ventilation grates on the Raymond Plaza East sidewalk, flooding the Newark Light Rail (NLR) station at Newark Penn Station with contaminated brackish saltwater and at the same time submerged 12 mechanical ventilation fans located at the bottom of the air duct beneath the grates. In addition, the NLR's motor control center equipment and system wiring located in the tunnel were submerged in corrosive saltwater. The event rendered part of the system located in the far eastern portion of the tunnel in the Light Rail Station beneath Penn Station inoperable.

ACTION (Scorecard: Safety & Security, Customer Experience, Corporate Accountability)

Staff seeks authorization to enter into NJ TRANSIT Contract No. 14-017X with the lowest responsive responsible bidder for the restoration, testing and re-commissioning of the Newark Light Rail Tunnel Ventilation System in an amount not to exceed the budgeted amount, plus five percent for contingencies, subject to the availability of funds.

PURPOSE

Authorization of this contract will allow for the restoration, testing and re-commissioning of the Newark Light Rail Tunnel Ventilation System

BACKGROUND

Public Transportation is imperative to minimize traffic congestion, to provide commutation and accessibility services, to restore commerce, to enable citizens to maintain the quality of life, as well as access to essential services such as police, fire, and first aid, and to preserve much needed resources such as fuel.

As part of NJ TRANSIT's Superstorm Sandy Disaster Recovery Program, TranSystems, a current Task Order Consultant, was directed to assess the storm damage to the Tunnel Ventilation System and provide an engineering report. Subsequently, TranSystems prepared a bid package which includes construction plans specifying a replacement in-kind of all damaged material and equipment necessary to fully restore, test and re-commission the system to its original fully-functional condition.

Scope of Work

This construction contract includes the replacement of damaged Motor Control Center (MCC) Units, fan monitoring panels, Program Logic Control (PLC) equipment, all submerged electronic and electromechanical components, MCC PLC Relay Panel Control input/output modules, power supply, terminal blocks, relay modules, power distribution transformers, and a 5-kV splice box; and installation of 12 axial flow emergency ventilation fans.

Current Status

Short-term mitigation is in-place to provide adequate emergency ventilation allowing for continued full passenger service operation on the Newark Light Rail system.

Supplementing this scope of work, NJ TRANSIT has a plan in-place to protect this ventilation system and other below-grade systems from any potential future catastrophic storm events, both near-term and long-term.

Funding

This project will be funded in its entirety by insurance proceeds acquired through claims related to damage caused by Superstorm Sandy.

Procurement

Office of State Comptroller approval for the advertisement of this contract was received on December 20, 2013.

The Office of Business Development has assigned a five percent SBE Category 5 goal for this contract.

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

FISCAL IMPACTS

Requested Amount: Budgeted Amount + 5% contingency

Total Project Cost: Part of Superstorm Sandy Disaster Recovery Program

Projected Date of Completion: December 2014

Anticipated Source of Funds: Insurance Proceeds

DBE/SBE Goal: 5% SBE Category 5

***NJ Build* Amount:** None

Future/Related Authorizations: None

**Impact on Subsequent
Operating Budgets:** None

RESOLUTION

WHEREAS, NJ TRANSIT serves a vital role in the State's transportation network and in the State's economy; and that Superstorm Sandy jeopardized the public safety and welfare by obstructing safe transportation in New Jersey thereby making it difficult or impossible for citizens to maintain the quality of life, limiting access to essential emergency services and restricting restoration of business and commerce vital to the region's economy; and

WHEREAS, Superstorm Sandy damaged NJ TRANSIT's transportation assets requiring continued repair to rehabilitate the transportation system to pre-storm conditions; and

WHEREAS, NJ TRANSIT is the owner and operator of the Newark Light Rail System; and

WHEREAS, there is a need to restore the Newark Light Rail tunnel ventilation system to support safe and efficient Newark Light Rail operations;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or Executive Director is authorized to enter into NJ TRANSIT Contract No. 14-017X with the lowest responsive responsible bidder for the restoration, testing and re-commissioning of the Newark Light Rail Tunnel Ventilation System in an amount not to exceed the budgeted amount, plus five percent for contingencies, subject to the availability of funds.

ITEM 1401-04: CULVERT REPLACEMENT ON THE NORTH JERSEY COAST LINE IN THE BOROUGH OF SAYREVILLE: AMENDMENT TO CONSTRUCTION CONTRACT

BENEFITS

NJ TRANSIT's North Jersey Coast Line, the third busiest commuter rail line in New Jersey, serves more than 22,000 customers daily. The 90 daily trains provide service between Bay Head, Long Branch, Newark and New York City.

NJ TRANSIT previously entered into a construction contract with Green Construction Company to replace a culvert on the North Jersey Coast Line in the vicinity of the City of South Amboy and Borough of Sayreville municipal boundary. During construction of the new culvert, large boulders were found partially under the track in the path of the proposed pipe which was to be installed by jacking.

The proposed culvert replacement will install a new 48-inch steel pipe to alleviate local flooding and possible erosion to NJ TRANSIT's track bed. Presently, localized flooding can impede access to the South Amboy Department of Public Works facility and maintenance access to Middlesex County Utilities Authority Sanitary Force Main. In order to alleviate this flooding, temporary pumps have been used to protect the railroad track from being overtopped. The pumping operation requires continuous monitoring of rainfall activity and localized ponding in the vicinity before the tracks become breached.

ACTION (Scorecard: Safety & Security)

Staff seeks authorization to amend NJ TRANSIT Contract No. 10-051X with Green Construction Company of South River, New Jersey, for additional construction costs at a cost not to exceed \$270,000, plus five percent for contingencies, for a total authorization of \$1,621,463 subject to the availability of funds.

PURPOSE

During construction unforeseen subsurface conditions such as the presence of large boulders were found which caused design changes which incurred additional construction costs.

BACKGROUND

History

NJ TRANSIT entered into a construction contract with Green Construction Company in August 2010 for the replacement of a culvert on the North Jersey Coast Line just west of the City of South Amboy and Borough of Sayreville municipal boundary. During construction of the new culvert, large boulders were found partially under the track in the path of the proposed pipe which was to be installed by jacking. Also during the

installation of the receiving pit cofferdam, the original pipe was found to be in the way of the cofferdam.

Since the existing pipe was found, the culvert design was changed to clean and reline the existing pipe. This design change will relocate the cofferdams and headwalls.

Procurement

Invitation for bids was advertised on February 2, 2010 and a total of six (6) bids were received utilizing Bid Express on February 23, 2010. The lowest bidder was Green Construction Company.

The Office of Business Development assigned twenty percent (20%) to Small Business Enterprises (SBE), Category V.

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

FISCAL IMPACTS

Requested Authorization: \$270,000, plus 5% contingency for a total contract authorization of \$1,621,463

Total Project Cost: \$2,294,553

Projected Date of Completion: N/A

Anticipated Source of Funds: State

DBE/SBE Goal: SBE 20%, Category V

***NJ Build* Amount:** None

Related/Future Authorizations: None

Impacts on Subsequent Operating Budgets: None

RESOLUTION

WHEREAS, NJ TRANSIT's North Jersey Coast Line, the third busiest commuter rail line in New Jersey, serves more than 22,000 customers daily; and

WHEREAS, NJ TRANSIT owns and maintains the 48 inch cast iron pipe culvert located on the North Jersey Coast Line just west of the City of South Amboy and Borough of Sayreville municipal boundary in the Borough of Sayreville, New Jersey; and

WHEREAS, it has become necessary to protect the railroad and adjacent properties from localized flooding by using temporary stormwater pumps; and

WHEREAS, repair of existing 48 inch cast iron pipe culvert is needed to meet "state-of-good-repair" initiatives and modern standards of safety and functionality; and

WHEREAS, during construction unforeseen subsurface conditions were found which caused a design change and additional construction costs;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to amend the contract 10-051X with Green Construction Company of South River, New Jersey, for additional construction costs at a cost not to exceed \$270,000, plus five percent for contingencies, for a total authorization of \$1,621,463 subject to the availability of funds.

CONSENT CALENDAR

ITEM 1401-05: EXTENSION OF TIME FOR LCOR TO SUBMIT MASTER DEVELOPMENT PLAN FOR HOBOKEN TERMINAL AND YARD

BENEFITS

Extension of the deadline for submission of the Master Development Plan (“MDP”) by LCOR Hoboken Rail Station Redevelopment, LLC (“LCOR”) will continue a process that will improve pedestrian circulation and customer convenience at Hoboken Terminal, maximize the value of NJ TRANSIT’s real estate assets at the Terminal and adjacent rail yard in Hoboken and Jersey City, advance transit-oriented development on the property, and produce multiple benefits for NJ TRANSIT’s customers, including improvements to NJ TRANSIT’s infrastructure and rehabilitation investments in Hoboken Terminal and Rail Yard.

ACTION (Scorecard: Corporate Accountability, Financial Performance, Customer Experience, Safety & Security)

Staff seeks authorization to extend until December 31, 2015 the period under the existing Master Development Agreement with LCOR (“MDA”) to (1) allow LCOR additional time to work with local officials on a redevelopment plan and (2) submit an MDP for Hoboken Terminal and Yard (the “Property”) to NJ TRANSIT for its approval that will be based in part on a redevelopment plan adopted by the City of Hoboken (“City”).

PURPOSE

Extending the deadline for the submission of the MDP will extend the time period to December 31, 2015 in which LCOR must satisfy its obligation, at its sole cost, to perform studies on the entire 65-acre Hoboken Terminal and Yard site (“Site”) in consultation with NJ TRANSIT, the City of Hoboken and City of Jersey City, and to submit to NJ TRANSIT for its review and approval an MDP based upon those studies. The MDP will identify intermodal enhancements to improve passenger conveniences and operational efficiency and strategies to adaptively reuse Hoboken Terminal and other structures to bring a new level of vibrancy to the facility. Extension of the deadline for submission by LCOR of the MDP will have the effect of extending the time period in which LCOR has rights to purchase or ground lease and develop portions of the Site under the MDA since the term of those rights (15 years, with one five-year option) commences on the date of NJ TRANSIT’s approval of LCOR’s proposed MDP.

Transit-oriented development of the Site will maximize the value of the Hoboken Terminal. The mixed-use commercial and residential-build out of the Site will induce increased ridership and generate additional farebox revenue at NJ TRANSIT’s Hoboken Terminal and Yard.

BACKGROUND

On October 26, 2005, NJ TRANSIT's Board of Directors authorized the Chairman and Executive Director to take all necessary actions to execute with LCOR an MDA and all other necessary agreements.

In September 2006, NJ TRANSIT and LCOR agreed that, prior to jointly finalizing an MDP, they would collaborate with the City of Hoboken in an attempt to determine if a mutually satisfactory redevelopment plan could be agreed upon with the City.

Since the 2005 Board action, there have been multiple community meetings hosted by both LCOR and the City with the goal of establishing a redevelopment plan for Hoboken Terminal and Yard. These meetings resulted in the City's decision to hire its own planning consultant, a decision that further extended the duration of the community consultation process.

Subsequent to approval of the MDP by NJ TRANSIT, LCOR will be required, at its sole cost and expense, to seek local, state and federal governmental approvals as necessary to develop the property in accordance with the MDP.

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

FISCAL IMPACTS

Requested Authorization:	Authorization to extend the time period to December 31, 2015 for LCOR to perform studies on the entire 65-acre Hoboken Terminal and Yard site ("Site") in consultation with NJ TRANSIT, the City of Hoboken and City of Jersey City, and to submit to NJ TRANSIT an MDP based upon the results of those studies and consultations.
Total Project Cost:	N/A
Projected Date of Completion:	December 31, 2015
Anticipated Source of Funds:	N/A
DBE/SBE Goal:	N/A
<i>NJ Build</i> Amount:	None
Related/Future Authorizations:	None
Impacts on Subsequent Operating Budgets:	N/A

RESOLUTION

WHEREAS, NJ TRANSIT entered into a master development agreement (“MDA”) with LCOR Hoboken Rail Station Redevelopment, LLC (“LCOR”) on October 26, 2005; and

WHEREAS, due to factors not contemplated by the MDA, it has taken greater than anticipated time for LCOR to submit a master development plan for the Hoboken Terminal and Yard (the “MDP”); and

WHEREAS, execution of the extension of time for the completion and submission to NJ TRANSIT of the MDP will allow LCOR to continue to pursue redevelopment of the Hoboken Terminal and Yard for the benefit of NJ TRANSIT for the full number of years originally provided by the MDA;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is authorized to take all necessary actions to extend the time period to December 31, 2015 in which LCOR must satisfy its obligation, at its sole cost, to perform studies on the entire 65-acre Hoboken Terminal and Yard site (“Site”) in consultation with NJ TRANSIT, the City of Hoboken and City of Jersey City, and to submit to NJ TRANSIT for its review and approval an MDP based upon those studies.

**ITEM 1401-06: FORMER MADISON AVENUE (PATERSON) BUS GARAGE:
CONTRACT AWARD FOR ENVIRONMENTAL REMEDIATION**

BENEFITS

Environmental remediation of the east side properties and continued monitoring of the west side properties at the former Madison Avenue Bus Garage site in Paterson will allow NJ TRANSIT to fulfill its obligations as the New Jersey Department of Environmental Protection (NJDEP)-designated responsible party for the site.

ACTION (Scorecard: Customer Experience, Corporate Accountability, Financial Performance)

Staff seeks authorization to enter into NJ TRANSIT Contract No. 14-030X with the lowest responsive and responsible bidder for the environmental remediation work at the former Madison Avenue Bus Garage in Paterson, New Jersey, at a cost not to exceed the budgeted amount, plus ten percent for contingencies, subject to the availability of funds.

PURPOSE

This contract includes the extraction of petrochemical contaminants resulting from the operation of a bus garage on the east side property. Under separate contract, the west side property will continue to be monitored in compliance with NJDEP regulations until 2019, when other remediation options will need to be considered.

BACKGROUND

On October 11, 2005, NJ TRANSIT sold the former Madison Avenue Bus Garage properties in Paterson to the Paterson Parking Authority (PPA). The properties involved are designated as Block F0723, Lot 1 and Block F0683, Lots 1, 2, 3, 8, 9 and 10 on the Tax Map of the City of Paterson, County of Passaic, New Jersey, and commonly known, respectively, as 742-748 Madison Avenue (west side property) and 725-745 Madison Avenue (east side property).

The total purchase price of these properties was \$930,000 with a provision that \$300,000 of the purchase price be placed in an escrow fund account and used by PPA for property environmental remediation costs associated with obtaining a No Further Action Letter (NFA) from NJDEP. At the time of sale, environmental oversight was assigned to a Case Manager with NJDEP's Site Remediation Program and comment was still pending on a Remedial Investigation Report and Remedial Action Work Plan that NJ TRANSIT had submitted to NJDEP in 2002. The NJDEP provided comments to these reports in 2007. NJ TRANSIT submitted a combined Supplemental Remedial Investigation Report, Remedial Action Selection Report and Remedial Action Work Plan to the NJDEP in 2010. In May 2012, the site entered the Licensed Site Remediation Professional (LSRP) Program in compliance with the Site Remediation Reform Act

(SRRA). The site is currently under LSRP oversight by one of NJ TRANSIT's environmental engineering Task Order Consultant Contract consultants.

As a condition of the sale, the PPA was required to obtain the NFA by October 2008. In the event PPA failed to obtain the NFA letter as prescribed, NJ TRANSIT reserved the option of making reasonable necessary efforts to obtain the NFA and receive reimbursement from the PPA escrow account established for environmental remediation.

Since 2005, with the consent of NJ TRANSIT, PPA has used approximately \$170,000 of the escrow funds primarily for the operation and maintenance of an interim groundwater remediation system that was used for the recovery of floating petroleum product, leaving only \$130,000 currently available in the account.

In consultation with PPA, NJ TRANSIT is proposing to contract for the remediation of the east side property. Focusing on the remediation of the east side property will facilitate the possible redevelopment and productive use of underutilized vacant lots in an economically distressed city. PPA will make available to NJ TRANSIT all funds remaining in the escrow account to supplement remediation and monitoring expenses.

Remediation of the west side property is more challenging due to the greater levels of contamination and the existence of a building structure on the property. NJ TRANSIT will continue to provide monitoring support for the west side property to remain in compliance with NJDEP regulations until 2019, at which time a permanent remedial action will be necessary.

As the original owner of the contaminated properties and recognizing the significant increase in the estimated cost of environmental remediation of the properties that has occurred since 2005, NJ TRANSIT seeks authorization to contract for the remediation of the east side property to remain in compliance with NJDEP regulations.

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

FISCAL IMPACT

Requested Authorization: Budgeted Amount + 10% contingency

Total Project Cost: \$779,000

Project Date Completion: 2014

Anticipated Source of Funds: Transportation Trust Funds

DBE/SBE Goal: TBD

***NJ Build* Amount:** TBD

Related/Future Authorizations: None

**Impact on Future
Operating Budgets:** None

RESOLUTION

WHEREAS, in 2005, NJ TRANSIT sold to the Paterson Parking Authority the former Madison Avenue Bus Garage properties, commonly known as 742-748 Madison Avenue (west side property) and 725-745 Madison Avenue (east side property); and

WHEREAS, the total purchase price of the property was \$930,000 with a provision that \$300,000 of the purchase price be placed in an escrow fund account and used for property environmental remediation costs associated with obtaining a No Further Action Letter (NFA) from the New Jersey Department of Environmental Protection (NJDEP); and

WHEREAS, the Paterson Parking Authority has used approximately \$170,000 of the escrow funds primarily for the operation and maintenance of an interim groundwater remediation system that was used for the recovery of floating petroleum product, leaving only \$130,000 currently available in the account; and

WHEREAS, the current estimated cost to perform environmental remediation exceeds the amount available from the escrow account; and

WHEREAS, NJ TRANSIT and the Paterson Parking Authority have agreed to focus remedial activities on the east side property and allow NJ TRANSIT to monitor the west side property in accordance with NJDEP regulations;

NOW, THEREFORE, BE IT RESOLVED that the Chairman or Executive Director is hereby authorized to enter into NJ TRANSIT Contract No. 14-030X with the lowest responsive responsible bidder for the environmental remediation work at the former Madison Avenue Bus Garage in Paterson, New Jersey, at a cost not to exceed the budgeted amount, plus ten percent for contingencies, subject to the availability of funds.

ITEM 1401-07: APPROVAL OF DOCUMENTATION TO AMEND EXISTING SWAP AND ADOPTION OF A SWAP MANAGEMENT PLAN TO ADDRESS DODD-FRANK PROTOCOLS

BENEFITS

Adoption of this Item will allow NJ TRANSIT to amend an existing payment swap agreement with Merrill Lynch International ("ML") improving its financial position and to set policy and establish due diligence and limitation parameters for swaps in which NJ TRANSIT is a counterparty on an on-going basis in the future.

ACTION (Scorecard: Corporate Accountability)

Staff seeks authorization for NJ TRANSIT to approve the adoption of a Swap Management Plan and the retention of a qualified party or parties to act as Qualified Independent Representatives ('QIR') on the recommendation of the Chief Financial Officer and delegate to the Executive Director or designee authorization to execute any and all documents and to adopt any policies necessary to comply with federal laws and regulations with respect to swap transactions heretofore and hereafter entered into by NJ TRANSIT, and as may be required by the counterparty to such swap transaction, including without limitation the Protocol Agreements, an amendment to the Master Agreement and Schedule with Merrill Lynch, and the Qualified Independent Representatives Policies.

PURPOSE

Authorization of this Item will permit the posting of collateral to protect NJ TRANSIT's financial position under an existing swap and to approve a Swap Management Plan.

BACKGROUND

In July 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). This law is designed to increase the transparency of the nation's financial system and to refine the regulation of certain financial markets. In connection with Dodd-Frank, 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 state and local governmental counterparties such as NJ TRANSIT (referred to in the regulations as "Non-ERISA Special Entities"). In addition, CFTC published regulations requiring certain derivative transactions be cleared through a derivatives clearing organization unless otherwise exempt from clearing under an End User Exception as well as imposing certain risk valuation procedures on these transactions. In order to qualify for the End User Exception, the Non-ERISA Special Entity must make certain representations to CFTC. In order for Non-ERISA Special Entities to comply with the business conduct standards and the End User Exception, the parties to the swap

agreements must enter into certain agreements known as the August 2012 DF Protocol Agreement and the March 2013 DF Protocol Agreement (collectively, the "Protocol Agreements"). Dodd-Frank requires the parties to enter into the Protocol Agreements prior to entering into any new swap agreement, or before amending a swap agreement entered into prior to the Protocol Agreements.

NJ TRANSIT has prepared the attached Swap Management Plan (the "Plan") which will set forth policies and procedures for the execution and management of interest rate swaps, fuel swaps and related agreements. NJ TRANSIT also will appoint a Qualified Independent Representative ("QIR") on the advice of the Treasurer's Office, as required under Dodd-Frank, and develop policies and procedures related thereto to advise NJ TRANSIT of the risks and benefits of entering into a swap or derivative transaction (the "QIR Policies").

NJ TRANSIT has one outstanding swap with ML - a payment swap related to a 2002 leveraged lease transaction with General Foods for cruiser buses. NJ TRANSIT entered into this swap to satisfy the Federal Transit Administration's approval requirement that all transactions be perfectly defeased by third parties.

NJ TRANSIT and ML entered into an ISDA Master Agreement dated as of September 30, 2002 (the "Master Agreement") and a Schedule to the Master Agreement (the "Schedule") relating to a swap of certain payment obligations. In connection with the swaps, Merrill Lynch Derivative Products AG ("MLDP") guaranteed to NJ TRANSIT certain payment obligations of ML under the Master Agreement and Schedule. The swap calls for NJ TRANSIT to pay ML approximately \$139 million in December 2014 from a maturing investment and for ML to pay approximately \$142.6 million in calendar year 2015 to General Foods.

In September 2013, MLDP was downgraded losing its "AAA" credit rating. This downgrade resulted in an event of default by ML under the Master Agreement and Schedule. As a result of this event of default, ML and NJ TRANSIT have been in discussions to modify the Master Agreement and Schedule to provide that ML's payment obligations to NJ TRANSIT will be collateralized to protect NJ TRANSIT's financial interest. As stated above, in order for ML and NJ TRANSIT to enter into amendments to the Master Agreement and Schedule, the parties must enter into the Protocol Agreements.

NJ TRANSIT's staff believes that ML's collateralization of its swap obligations with US Treasuries will eliminate any exposure to ML after December 2014.

Staff anticipates that NJ TRANSIT may enter into diesel fuel swaps to protect the Operating Budget as authorized by the NJ TRANSIT Board of Directors in April 1992. These swaps will require that NJ TRANSIT comply with the Dodd-Frank requirements.

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

FISCAL IMPACTS

Requested Authorization:	None
Total Project Cost:	None
Projected Date of Completion:	FY2014
Anticipated Source of Funds:	Operating Budget
DBE/SBE Goal:	N/A
<i>NJ Build</i> Amount:	None
Related/Future Authorizations:	None
Impacts on Subsequent Operating Budgets:	None

RESOLUTION

WHEREAS, NJ TRANSIT ("NJ TRANSIT") entered into a US Leveraged Lease Transaction with General Foods in September 2002 for Cruiser buses; and

WHEREAS, NJ TRANSIT defeased certain of its lease obligations by entering into a payment swap (the "Payment Swap") with Merrill Lynch International ("ML"); and

WHEREAS, Merrill Lynch Derivative Products AG ("MLDP") guaranteed to NJ TRANSIT certain payment obligations of ML under the Payment Swap; and

WHEREAS, MLDP has been recently downgraded resulting in an event of default under the Payment Swap, and NJ TRANSIT staff has determined that ML's posting of US Treasuries as collateral will protect NJ TRANSIT's financial position under the Payment Swap; and

WHEREAS, any amendment or alteration of an existing swap transaction now is required to comply with the terms of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"); and

WHEREAS, as a result of Dodd-Frank, NJ TRANSIT and ML will have to enter into certain agreements known as the August 2012 DF Protocol Agreement and the March 2013 DF Protocol Agreement prior to entering into an amendment of its existing swap agreement; and

WHEREAS, NJ TRANSIT will be required to retain a Qualified Independent Representative ("QIR") under Dodd-Frank and develop policies and procedures related thereto to advise NJ TRANSIT of the risks and benefits of entering into a swap or derivative transaction (the "QIR Policies"); and

WHEREAS, NJ TRANSIT will also develop a Swap Management Plan (the "Plan") for policies and procedures for the execution of interest rate swaps, diesel fuel swaps and related agreements;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors approve the adoption of a Swap Management Plan and the retention of a qualified party or parties to act as Qualified Independent Representatives ('QIR') on the recommendation of the Chief Financial Officer and delegate to the Executive Director or designee authorization to execute any and all documents and to adopt any policies necessary to comply with federal laws and regulations with respect to swap transactions heretofore and hereafter entered into by NJ TRANSIT, and as may be required by the counterparty to such swap transaction, including without limitation the Protocol Agreements, an amendment to the Master Agreement and Schedule with Merrill Lynch and the Qualified Independent Representatives Policies.

NEW JERSEY TRANSIT CORPORATION
SWAP MANAGEMENT PLAN
January 2014

1. PURPOSE

This Swap Management Plan ('Plan') sets forth the manner of execution of swaps and related agreements, provides for security and payment provisions, and sets forth certain other provisions related to swap agreements between NJ TRANSIT and qualified swap counterparties. The Plan also outlines procedures to be followed to ensure compliance with applicable federal and state laws.

2. PERMITTED SWAP TRANSACTIONS

NJ TRANSIT has entered into two variations of swap transactions:

- (i) Fuel swaps
- (ii) Interest rate and Payment Swaps

Under the terms of this Plan, NJ TRANSIT will only enter into new fuel swaps. New interest or payment swaps are no longer permitted. Existing swaps may be amended or terminated as determined by senior management of NJ TRANSIT.

3. SWAP GOALS

NJ TRANSIT may enter into one or more fuel swaps from time to time to protect itself from uncontrolled variations in the price of diesel fuel.

NJ TRANSIT will not enter into fuel swaps for speculative purposes.

4. PROCUREMENT OF FUEL SWAPS

NJ TRANSIT will competitively bid fuel swaps to financial institutions subject to compliance with applicable state law, and with the assistance of its Qualified Independent Representative ('QIR').

5. RISK FACTORS

A. **Counterparty risk** is the risk that the swap counterparty will not fulfill its obligations under the swap contracts. To mitigate such exposure NJ TRANSIT will:

- (i) require counterparties to have A+ or A1 ratings by S&P and Moody's respectively
- (ii) consider limiting exposure to any one counterparty

B. Termination Risk is the risk that the underlying swap transactions will not run to maturity due to a counterparty event. To minimize this risk NJ TRANSIT will seek to require counterparties to collateralize their obligations based upon a schedule approved by the Chief Financial Officer and Treasurer. As a general rule, NJ TRANSIT will not enter into swaps where the counterparty has an option to terminate absent a default by NJ TRANSIT.

If a swap does terminate prior to maturity because of a counterparty default or ratings event a mark-to-market termination payment may be required. Prior to NJ TRANSIT making any termination payment the Chief Financial Officer and Treasurer will examine all options to eliminate or reduce the amount of the termination payment.

The procedures for the posting of collateral including the acceptable securities and ratings for the third party Trustee, to the extent practicable, shall be detailed in the Credit Support Annex agreed upon in advance of entering into the swap transaction.

As a counterparty NJ TRANSIT will be required to post collateral should the calculated amount of all open positions exceed an agreed upon 'Threshold' level.

C. Basis Risk in a fuel swap refers to the risk that price fluctuations of the indexed product do not correlate perfectly to those of the physical product. To minimize this risk, the price index upon which the diesel fuel swaps will be based will be the monthly average settlement price for diesel fuel futures on the New York Mercantile Exchange ('NYMEX') for the delivery of physical diesel fuel in New York Harbor.

D. Cash Flow risk refers to the risk that NJ TRANSIT may (in the short term) experience a cash flow outflow even though fuel prices are falling. Should there be a very significant drop in the price of all open contracts (exceeding the threshold amount) NJ TRANSIT would have to post collateral for all contracts but would only see the benefit of falling prices on current deliveries.

6. Source of Payments

All payments due to counterparties under fuel swap shall be made from the Operating Budget.

7. Regulatory Compliance

In July 2010, President Obama signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). This law is designed to increase the transparency of the nation's financial system and to refine the regulation of certain financial markets. In connection with Dodd-Frank, regulations were published by the

Commodities Futures Trading Commission ("CFTC") that define business conduct between Swap Dealers ("SD") or Major Swap Participants ("MSP") and their counterparties, including state and local governmental counterparties such as NJ TRANSIT (referred to in the regulations as "Non-ERISA Special Entities").

The following sections are included in this Plan to assist NJ TRANSIT in complying with relevant federal law:

(1) Qualified Independent Representative

(a) In accordance with Commodity Exchange Act ('CEA') and as amended by Dodd-Frank NJ TRANSIT shall select a QIR that meets the requirements of all applicable federal rules and regulations, and meets the following criteria:

(i) Such person has sufficient knowledge to evaluate the risks, fair pricing and appropriateness of swap transactions;

(ii) Such person does not have a principal relationship with an SD or MSP because such person meets the following conditions: such person (1) does not, directly or indirectly, through agreement, holding company, nominee, trust or otherwise own ten percent or more of the outstanding shares of any class of equity securities of the SD or MSP, other than non-voting securities, entitled to vote; (2) does not have the power to sell or direct the sale of 10% or more of the outstanding shares of any class of equity securities of the SD or MSP, other than non-voting securities; and (3) is not entitled to receive 10% or more of the profits of the SD or MSP.

(iii) Such person is not directly or indirectly, through one or more persons, controlled by, in control of, or under common control with an SD or MSP. The term "control" (including the terms "controlling", "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

(iv) Such person has not solicited or accepted orders (or supervised persons so engaged) on behalf of an SD or MSP within one year of such person's proposed designation as a QIR.

(v) Such person was not referred, recommended or introduced to NJ TRANSIT by a SD or MSP within one year of such person's proposed designation as a QIR.

(vi) Such person is not subject to a statutory disqualification. Statutory disqualification shall include Sections 8a(2) and (3) of the CEA.

(vii) Such person discloses all material conflicts of interest that could reasonably affect its judgment or decision making for NJ TRANSIT, and complies with policies and procedures designed to mitigate such conflicts of interest.

(viii) The compensation of the QIR is not contingent on the execution by NJ TRANSIT of a specific swap transaction with a particular SD.

(ix) If such person is not an employee of NJ TRANSIT, such person must be subject to restrictions on 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 Directors, NJ TRANSIT 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 swap transaction, NJ TRANSIT shall select a replacement QIR that meets the enumerated criteria.

2. Written Representations. Due to the new regulations imposed by Dodd-Frank, counterparties may require NJ TRANSIT to execute the ISDA August 2012 DF Protocol Agreement and the ISDA March 2013 DF Protocol Agreement or enter into one or more bilateral agreements with provisions similar to the protocol agreements, with each counterparty prior to executing any transactions. If NJ TRANSIT elects not to execute the ISDA August 2012 DF Protocol Agreement and the ISDA March 2013 DF Protocol Agreement with a counterparty, then NJ TRANSIT 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, 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 Non-ERISA Special Entity must report to the CFTC on either an annual or transaction-by-transaction basis that it:

- (i) Is not a financial entity;
- (ii) Is using swaps to mitigate financial 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) NJ TRANSIT, in consultation with its QIR, shall make reasonable efforts to comply with the applicable derivative clearing requirements of the CEA as amended by Dodd-Frank.

8. Selection of QIR; QIR Policy

For legacy swap transactions NJ TRANSIT shall appoint a QIR on the advice of the Treasurer of the State of New Jersey subject to applicable procurement procedures. For fuel swaps NJ TRANSIT's fuel advisory consultant shall act as the QIR so long as it shall meet the criteria herein. The fuel advisory consultant has been or will be competitively procured.

NJ TRANSIT shall establish a policy respect to the selection of QIRs and their involvement in applicable swap transactions entered into by NJ TRANSIT (the "Policy"). This Policy with respect to QIRs is intended to enable NJ TRANSIT to permit SD and MSPs to comply with the CFTC's external business conduct rules.

9. Record Keeping

Written records noting the status of all swaps will be maintained by NJ TRANSIT and shall include the following information:

1. Highlights of all material changes to swap agreements or new swap agreements entered into by NJ TRANSIT since the last report.
2. Market value of each swap
3. For each counterparty, NJ TRANSIT shall provide the total notional amount and tenor of each swap.
4. The credit rating of each swap counterparty
5. Collateral postings by each counterparty
6. Information concerning any default under a swap
7. Amounts received/paid under each swap

10. COMPLIANCE WITH ACCOUNTING STANDARDS

Any swaps entered into by NJ TRANSIT under this Plan shall be described in NJ TRANSIT's annual audited financial statements in accordance with applicable accounting standards. This Plan shall be reviewed on an annual basis with its external auditors and any necessary changes shall be promptly implemented.

ITEM 1401-08: CONSULTANT SERVICES FOR TITLE VI ANALYSIS

BENEFITS

As a recipient of federal transit funding, NJ TRANSIT is required to update its program for compliance with Title VI in the fall of 2014. As part of this update, NJ TRANSIT must develop a compliant public participation plan that includes an outreach plan to engage minority and limited English proficient populations, establish policies and create an analytical methodology to accurately gauge the impact that could result from any possible change to service and/or fares. It will also ensure that service is provided equitably in minority and non-minority areas. These activities must be undertaken in compliance with Federal Transit Administration (FTA) Circular 4702.1B, Title VI Requirements and Guidelines for Federal Transit Administration Recipients in order for NJ TRANSIT to continue to be eligible for federal transit funds.

ACTION (Scorecard: Customer Experience, Corporate Accountability)

Staff seeks authorization to enter into NJ TRANSIT Contract No. 14-012 with KFH Group, Inc. of Bethesda, Maryland, for consultant services for Title VI Analysis of any service and fare changes, in an amount not to exceed \$400,000, plus five percent for contingencies, subject to the availability of funds.

PURPOSE

Authorization of this contract will provide NJ TRANSIT with consultant services necessary to establish policies and create an analytical methodology to accurately gauge the impact that could result from any possible change to service and/or fares in compliance with FTA Circular 4702.1B, Title VI Requirements and Guidelines for Federal Transit Administration Recipients. The project will also assist NJ TRANSIT with developing a compliant public participation plan that includes an outreach plan to engage minority and limited English proficient populations. Finally, it will enable NJ TRANSIT to monitor its service to ensure that service is provided equitably in minority and non-minority areas.

BACKGROUND

Project

As a recipient of federal transit grants, NJ TRANSIT is required to comply with FTA Circular 4702.1B, Title VI Requirements and Guidelines for Federal Transit Administration Recipients. This circular was revised in October, 2012, and requires that transit agencies establish policies and procedures for analyzing proposed service and fare changes during the planning stage. Among other provisions, the circular also requires that transit agencies develop and maintain a public participation plan that includes an outreach plan to engage minority and limited English proficient populations,

and that transit agencies monitor their services to ensure that the service is provided equitably in minority and non-minority areas.

The revised circular requires that a very specific process be followed when a transit agency considers service and fare changes. First, a transit agency must establish a “Disparate Impact Policy” and a “Disproportionate Burden Policy.” These policies are used to compare the impacts of proposed service and/or fare changes on minority and non-minority passengers, and on low-income and non low-income passengers. The policies must go through a public involvement process and be approved by the transit agency Board.

The transit agency must also establish an analytical process for determining the impacts of the proposed changes on minority and non-minority passengers, and low-income and non-low income passengers. Once the process is established, any proposed fare change and/or any major service change must be analyzed according to the process, during the planning stage for the changes. For fare changes, this is called a fare equity analysis, and the transit agency Board must approve the fare equity analysis prior to implementation of any fare change. A service equity analysis, with similar Board approval requirements, is required for proposed major service changes.

NJ TRANSIT has sought consultant help to establish the required policies and analytical processes. Because our service area is large and diverse, our service is multi-modal and our fare structure is complex, devising a compliant analytical process is a complicated process.

The project also includes a task to assist NJ TRANSIT with monitoring its service to ensure that system-wide service standards and service policies are being met in an equitable manner. This involves sampling minority and non-minority routes and lines, and comparing levels of service. Particularly with regard to NJ TRANSIT’s extensive bus system, a detailed analytical process needs to be developed and implemented.

Finally, we have asked the consultant to advise staff on the development of a public involvement plan to ensure that NJ TRANSIT has a compliant plan in place as required.

It is anticipated that it will take approximately 10 months to establish the required policies and processes. However, the project is structured as a three-year contract so that the consultant can assist with analyses of any changes that may be necessary at any time during the three years.

If these processes are not put in place, NJ TRANSIT will in violation of the revised FTA Circular 4702.1B, Title VI Requirements and Guidelines for Federal Transit Administration Recipients, and place access to future federal funding in jeopardy.

Procurement

A Request for Proposals (RFP) for consultant services for Title VI analysis of fare and service changes was advertised in *The Star-Ledger* and *The Trenton Times* on October 18, 2013. A pre-proposal conference was held on October 28, 2013. Proposals were received on November 14, 2013 from the following firms:

- Cambridge Systematics, Inc. (Bethesda, MD)
- Delta Development Group (Mechanicsburg, PA)
- KFH Group, Inc. (Bethesda, MD)
- Nelson/Nygaard Consulting Associates (New York, NY)
- Parsons Brinckerhoff (Newark, NJ)

The proposals were evaluated by a Technical Evaluation Committee (TEC), comprised of staff from the following Departments:

- Capital Planning & Programs Capital Planning (one member)
- Capital Planning & Programs Light Rail Operations (one member)
- Bus Operations Bus Service Planning (one member)
- Civil Rights and Diversity Programs (one member)

The two highest ranked firms, Nelson/Nygaard and KFH Group, participated in oral interviews that were conducted on December 6, 2013. After oral presentations the TEC made their final evaluations; KFH Group, Inc. was ranked the highest by the TEC.

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

FISCAL IMPACTS

Requested Amount: Up to \$400,000 + 5% contingency

Total Project Cost: \$792,000

Projected Date of Completion: April, 2016

Anticipated Source of Funds: Transportation Trust Fund

DBE/SBE Goal: 0% SBE

NJ Build Amount: NA

Future/Related Authorizations: None

**Impact on Subsequent
Operating Budgets:** NA

RESOLUTION

WHEREAS, FTA Circular 4702.1B, Title VI Requirements and Guidelines for Federal Transit Administration Recipients, requires that NJ TRANSIT establish policies and create an analytical methodology to accurately gauge the impact that could result from any possible change to service and/or fares; and

WHEREAS, the Circular also requires that NJ TRANSIT develop a public participation plan that includes an outreach plan to engage minority and limited English proficient populations; and

WHEREAS, the Circular also requires that NJ TRANSIT monitor its service to ensure that service is provided equitably in minority and non-minority areas; and

WHEREAS, after completion of a competitive selection process KFH Group Inc. was deemed to have the most advantageous proposal;

NOW, THEREFORE, BE IT RESOLVED, that the Chairman or Executive Director is authorized to enter into NJ TRANSIT Contract No. 14-012 with KFH Group, Inc. of Bethesda, Maryland, for consultant services for Title VI Analysis of any service and fare changes, in an amount not to exceed \$400,000, plus five percent for contingencies, subject to the availability of funds.