

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority ("Authority") held at the Office of the Commissioner in the Administration Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on August 2, 2010 at 2:00 PM (EDT).

The following Authority members were present:

- James S. Simpson, Commissioner, New Jersey Department of Transportation; Chairman, New Jersey Transportation Trust Fund Authority (NJ TTFA)
- Steven Petrecca, Assistant State Treasurer, NJ Office of the Treasurer (*Designee for The Hon. Andrew P. Sidamon-Eristoff, NJ State Treasurer*)
- Joseph Ripa, Vice Chairperson, Public Member
- Robert A. Briant, Jr., Public Member (Via Telephone)
- Thomas J. Canto, Public Member

Constituting a quorum of the Members of the Authority.

There were also present:

- Michelle E. Saupé, Secretary of the Authority
- Linda M. Davino, Assistant Secretary of the Authority
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL&PS
- Robert DeSando, Assistant Commissioner, Government & Community Relations, NJDOT
- Walter Perkins, Senior Advisor, NJDOT
- Joseph Bertoni, Executive Assistant, NJDOT
- Judy Sigle, Director, Division of Accounting and Auditing, NJDOT
- Michael J. MacFeeters, Division of Accounting and Auditing, NJDOT
- Johanna Barba Jones, Governor's Authorities Unit
- Mike Greco, Budget Analyst, Office of Management and Budget
- Julius Bailey, Senior Research Associate, NJ Senate Democratic Office
- Larry Higgs, Reporter, Asbury Park Press
- Mike Frasinelli, Reporter, Newark, Star Ledger

Commissioner/Chairman Simpson presided at the meeting and Michelle E. Saupe', Secretary, kept the minutes.

Commissioner/Chairman Simpson convened the meeting at 2:05 PM and welcomed everyone present at the meeting.

Commissioner/Chairman Simpson then made the following statement:

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

Commissioner/Chairman Simpson requested Michelle E. Saupe', Board Secretary to call roll and she acknowledged that a quorum was present.

As the first order of business (Agenda Package, Item / Tab C), Commissioner/Chairman Simpson requested a motion to approve the minutes of the Authority's May 3, 2010 meeting.

Public Member Thomas Canto moved the following resolution approving the minutes of the Authority's May 3, 2010 meeting:

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

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of May 3, 2010 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Steven Petrecca, The Treasurer's Designee. Commissioner/Chairman Simpson asked if anyone had any questions or further discussion. The members did not have questions or discussion on the motion.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

As the second item of business, (Agenda Package, Item/Tab D), Election of Officers for Fiscal Year 2011. Commissioner/Chairman Simpson requested nominations for Vice-Chairperson, Treasurer, Secretary and Assistant Secretary.

Public Member Thomas J. Canto moved the following resolution electing Joseph Ripa, Vice-Chairperson of the Authority for Fiscal Year 2011.

WHEREAS, the By-laws of the Authority provide for the annual election by the Authority of a Vice-Chairperson;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Joseph Ripa to serve in the capacity of Vice-Chairperson for the Fiscal Year 2011.

The above resolution was seconded by Public Member Robert A. Briant, Jr.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Commissioner/Chairman Simpson moved the following resolution electing Steven Petrecca to serve as Treasurer of the Authority.

WHEREAS, the By-laws of the Authority provide for the annual election by the Authority of a Treasurer;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Steven Petrecca to serve in the capacity of Treasurer for the Fiscal Year 2011.

Vice Chairman, Joseph Ripa, seconded the above resolution.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Commissioner/Chairman Simpson moved the following resolution electing Michelle E. Saupe' to serve as Secretary of the Authority.

WHEREAS, the By-laws of the Authority provide for the annual election by the Authority of a Secretary;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Michelle E. Saupe' to serve in the capacity of Secretary for the Fiscal Year 2011.

Vice Chairman, Joseph Ripa, seconded the above resolution.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Commissioner/Chairman Simpson moved the following resolution electing Linda Davino to serve as Assistant Secretary of the Authority.

WHEREAS, the By-laws of the Authority provide for the annual election by the Authority of an Assistant Secretary;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Linda Davino to serve in the capacity of Secretary for the Fiscal Year 2011.

Vice Chairman, Joseph Ripa, seconded the above resolution.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

As the third item of business (Agenda Package, Item/Tab E), Designation of Executive Director. Commissioner/Chairman Simpson asked DAG Aimee Manocchio Nason to lead a discussion regarding the designation of an Executive Director for the NJ TTFA as stated by the By-laws.

DAG Manocchio Nason stated that the Transportation Trust Fund Act authorizes the Authority to appoint and employ an Executive Director and the By-laws of the Authority provide that the Executive Director shall not be a member of the Board and shall be designated by the board at any special or annual meeting. The By-laws also provide that Executive Director serves for the term and at a salary designated by the Authority. The Executive Director has the powers that are given to that office in By-laws and by the Act and by resolution. She noted that when Steve Hanson retired, there became a vacancy in the position of Executive Director. At this time, the Board wishes to appoint a new Executive Director In accordance with the By-laws

Commissioner/Chairman Simpson stated that Steve Hanson also served as CFO to the NJ DOT and asked DAG Manocchio Nason if Mr. Hanson received extra compensation for serving on the Board. DAG Aimee Manocchio Nason and Michael MacFeeters, NJDOT. responded that Mr. Hanson served as Executive Director without compensation. Commissioner/Chairman Simpson then recommended the new CFO for the New Jersey Department of Transportation, Gary Brune, for the position of Executive

Director of the Authority. He stated that Mr. Brune served at a Senior Level in Treasury and would be an outstanding candidate for the position of Executive Director.

Commissioner/Chairman Simpson asked Steve Petrecca if he had worked with Mr. Brune prior to his coming to NJ DOT. Mr. Petrecca stated he had worked with Gary Brune over the years. He is very competent and will serve the Authority well in the position.

Commissioner/Chairman Simpson asked the members if they had any other recommendations for the position of Executive Director. None were made.

Commissioner/Chairman Simpson then moved the following resolution designating Gary Brune to serve as the Executive Director of the NJ TTFA.

WHEREAS, the Transportation Trust Fund Authority (the "Authority") has been created and exists pursuant to the provisions of the "New Jersey Transportation Trust Fund Authority Act," P.L. 1984, c. 73, N.J.S.A. 27:1B-1 et seq., as amended (the "Act"); and

WHEREAS, the Authority is empowered and authorized pursuant to Section 6 of the Act to appoint and employ an executive director and such additional officers and such other personnel and staff as it may require; and

WHEREAS, Article IV, Sections 1 and 2 of the Authority's By-laws provide that the Executive Director shall not be a member of the Authority and shall be designated at any annual or special meeting and shall hold office for such term or period of time and at such salary as the Authority shall determine; and

WHEREAS, pursuant to the Authority's By-laws, the Executive Director shall exercise such powers and perform such duties as the Authority determines and as stated in Article V, Section 6 of the By-laws; and

WHEREAS, a vacancy has occurred in the office of the Executive Director, and the Authority desires to fill that vacancy; and

WHEREAS, the Authority has determined that Gary Brune is duly qualified to serve as Executive Director of the Authority and desires to designate him as Executive Director.

NOW THEREFORE BE IT RESOLVED, that:

Section 1. Gary Brune is hereby designated to serve as Executive Director of the Authority. Mr. Brune will serve in such position at the pleasure of the Authority. He will not receive compensation for serving as Executive Director.

Section 2. This resolution will take effect as provided in the Act.

Joseph Ripa, Vice Chairperson seconded the motion. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

As the Fourth Item of Business (Agenda Package, Item/Tab F), Amendment of the Authority's By-laws to create the Office of Comptroller, Commissioner/Chairman Simpson asked Michael MacFeeters of NJDOT and DAG Aimee Manocchio Nason to discuss, explain, and summarize the Amendments to the Authority's By-laws.

DAG Aimee Manocchio Nason stated the By-laws provide that they may be amended at any meeting if notice is given to the members of the board before the meeting of the proposed amendment. Notice was given to the board members of the proposed amendment to the By-laws to establish the Office of Comptroller. The Act authorizes the Authority to employ an Executive Director and additional officers or staff that are needed for the Authority to function. Under the By-laws, the Authority can appoint an officer and set the officer's compensation, term and duties. DAG Manocchio Nason stated that the resolution presented to the board amended Sections 1 and 2 of Article IV of the By-laws to create the Office of the Comptroller. These amendments provide that the Comptroller will not be a member of the Authority, will be designated at an Annual or Special Meeting and will hold the office at a term and a salary that the Authority designates. The proposed amendments to the By-laws

create a new Section 7 in Article 5 which sets forth the duties of the Comptroller. It provides that the Comptroller will report to and be supervised by the Executive Director and have the duties stated in the By-laws plus any other duties designated by resolution or assigned by the Executive Director and the Chairman of the Board.

DAG Manocchio Nason then turned the discussion over to Michael MacFeeters to discuss the need for the Comptroller and explain the duties of the Comptroller. Mr. MacFeeters stated that the role of the Comptroller will be to administer the accounting and the financial reporting of the Authority, oversee the Authority's auditors, handle the Authority's business matters, including banking, and bond issuances, coordinate responses to inquiries of public agencies and private entities, monitor the internal controls of the Authority relating to financial and administrative matters and work with multi-disciplinary groups, such as bond counsel, financial advisors, underwriters and accountants.

The Commissioner/Chairman asked the members if there were any questions or further discussion. Since there was no further discussion, Commissioner/Chairman Simpson requested a motion to amend the Authority's By-laws to create the Office of Comptroller.

Vice Chairperson Joseph Ripa then moved the following resolution:

WHEREAS, the Transportation Trust Fund Authority (the "Authority"), was established pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, N.J.S.A. 27:1B-1 et seq., as amended and supplemented (the "Act") and is authorized, pursuant to the Act, to make and alter By-laws for its organization and internal management; and

WHEREAS, pursuant to Article XI, Section 2 of the duly adopted By-laws of the Authority, the By-laws may be amended by a resolution duly adopted at any meeting of the Authority, provided that notice of intention to present such resolution shall be given at least seven days prior to the meeting of the Authority at which the motion to adopt such resolution is made; and

WHEREAS, notice of intention to present a resolution to amend the By-laws was given to the members of the Authority at least seven days prior to this meeting; and

WHEREAS, the Authority is empowered and authorized pursuant to Section 6 of the Act to appoint and employ an executive director and such additional officers and such other personnel and staff as it may require; and

WHEREAS, Article IV, Section 1 of the Authority's By-laws provides that the Authority may appoint such officers as it shall deem necessary who shall hold their offices for such terms as shall be determined by the Authority and who shall exercise such powers and perform such duties as shall be determined by the Authority; and

WHEREAS, the Authority can operate most efficiently if it has a Comptroller to handle certain financial and accounting matters; and

WHEREAS, the Authority desires to amend certain sections of Article V and Article V to establish the office of Comptroller, to specify the duties of the Comptroller, and to make certain grammatical and conforming changes.

NOW, THEREFORE, BE IT RESOLVED, that:

1. The Authority approves the amendments to the By-laws as set forth in the attached document, including, without limitation, the amendments to Article IV and Article V. [**ATTACH A COPY OF THE AMENDED BY-LAWS TO THE MINUTES**]
2. This Resolution shall take effect upon adoption in accordance with the Act.

Thomas Canto, Public Member seconded the motion. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

The next item of business is the Appointment of Comptroller located (Agenda Package, Item/Tab G), Commissioner/Chairman Simpson requested a motion to adopt the resolution appointing Michael MacFeeters to serve as Comptroller of the Authority.

Vice Chairman Joseph Ripa then moved the following resolution:

WHEREAS, the Transportation Trust Fund Authority (the "Authority") has been created and exists pursuant to the provisions of the "New Jersey Transportation Trust Fund Authority Act," L. 1984, c. 73, N.J.S.A. 27:1B-1 et seq., as amended (the "Act"); and

WHEREAS, the Authority has been established for the purpose of providing the payment for and financing of all, or a portion of, the costs incurred by the State's Department of Transportation for the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the State's transportation system, including, without limitation, the State's share (including State advances with respect to any federal share) under federal aid highway laws of the costs of planning, acquisition, engineering, construction, reconstruction, repair, resurfacing and rehabilitation of public highways, the State's share (including State advances with respect to any federal share) of the costs of planning, acquisition, engineering, construction, reconstruction, repair, permitted maintenance and rehabilitation of public transportation projects and other transportation projects in the State, and State aid to counties and municipalities for transportation projects, all in furtherance of the public policy declared in section 2 of the Act, in the manner provided for in the act; and

WHEREAS, the Authority is empowered and authorized pursuant to Section 6 of the Act to appoint and employ an executive director and such additional officers, who need not be members of the authority and such other personnel and staff as it may require; and

WHEREAS, Article IV, Section 1 of the Authority's By-laws provides that the Authority may appoint a Comptroller who shall hold the offices for such term and for such salary as shall be determined by the Authority and who shall exercise such powers and perform such duties as set forth in Article V, Section 6 of the Authority's By-laws; and

WHEREAS, the Authority deems it necessary to appoint a Comptroller; and

WHEREAS, the Authority has determined that Michael MacFeeters, Certified Public Accountant, is qualified by education and experience to serve as Comptroller of the Authority.

NOW THEREFORE BE IT RESOLVED that:

Section 1. Michael MacFeeters is hereby appointed Comptroller of the Authority. Mr. MacFeeters shall serve in such position at the pleasure of the Authority. He shall not receive compensation for serving as such officer.

Section 2. This resolution will take effect as provided in the Act.

Thomas Canto, Public Member seconded the motion. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Next item on the agenda (Agenda Package, Item/Tab H), was the Appointment of Auditor for Annual Audit of the Authority's Financial Statements. Commissioner/Chairman Simpson asked Steve Petrecca, Designee for the Treasurer and Member of the Audit Committee, to lead the discussion on the appointment of the auditor for the Annual Audit of the Authority's Financial Statements. Steve Petrecca informed the Board that the Evaluation Committee issued an RFP for Auditing Services and received two responses. The Evaluation Committee reviewed the responses and recommended that Mercadien P.C. be selected as the Authority's auditor. The Audit Committee agreed with this recommendation.

Commissioner/Chairman Simpson then asked the Members if there were any questions or further discussion on this matter. Hearing none, Chairman/Commissioner Simpson requested a motion to adopt the resolution to appoint Mercadien, P.C. as Auditor for the Annual Audit of the Authority's Financial Statements.

Vice Chairman Joseph Ripa then moved the following resolution:

WHEREAS, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended, N.J.S.A. 27:1B-1 et seq. (the "Act"), the New Jersey Transportation Trust Fund Authority (the "Authority") is required to conduct an annual audit of its affairs and deliver a written report with respect to such audit to the Governor and the Legislature; and

WHEREAS, the Authority requires the services of a professional accounting firm with respect to the preparation of such audit; and

WHEREAS, in accordance with Executive Order No. 122 (McGreevey 2004) and the By-laws of the Authority, the Audit Committee assists the Board in retaining an independent auditor to conduct the annual audit; and

WHEREAS, pursuant to the auditor selection process set forth in Executive Order No. 122 (McGreevey 2004) and the By-laws, the Evaluation Committee conducts a solicitation and evaluation of

eligible auditors and provides a written report to the Audit Committee, which then evaluates the report and makes a recommendation to the Board; and

WHEREAS, on May 7, 2010, the Evaluation Committee distributed the request for proposal for an auditor ("RFP"), a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference, to various firms, which RFP provided for the selection of a firm to serve as auditor for the Authority for the one-year term of Fiscal Year 2010, and to perform the annual audit for the Authority for Fiscal Year 2010, which engagement shall be renewable, at the option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2011 and Fiscal Year 2012, including the performance of the annual audit for Fiscal Year 2011 and Fiscal Year 2012, respectively, at the rates set forth in the winning firm's proposal; and

WHEREAS, the Evaluation Committee received two responses to the RFP from Mercadien, P.C. ("Mercadien") and McEnerney, Brady & Co., LLC ("McErnery"), reviewed and evaluated the responses from Mercadien and McErnery, and made a written recommendation to the Audit Committee to accept Mercadien's proposal, a copy of which proposal is attached hereto as Exhibit "B" and incorporated herein by reference.

WHEREAS, the Audit Committee met on August 2, 2010, considered the Evaluation Committee's report, a copy of which is attached hereto as Exhibit "C," and determined to recommend to the Authority that it award the contract for auditor to Mercadien, and a copy of the Audit Committee's Report is attached hereto as Exhibit "D;" and

NOW THEREFORE, BE IT RESOLVED, that

1. The Authority hereby acknowledges receipt of the recommendation of the Audit Committee, which recommends that the Authority award the contract for auditor to Mercadien.
2. The Authority hereby authorizes the engagement of the firm of Mercadien to serve as auditor for the Authority for the one-year term of Fiscal Year 2010, and to perform the annual audit for the Authority for Fiscal Year 2010, which engagement shall be renewable, at the option of the Authority, for two (2) consecutive one-year terms of Fiscal Year 2011 and Fiscal Year 2012, including the performance of the annual audit for Fiscal Year 2011 and Fiscal Year 2012, respectively, at the rates set forth in Mercadien's proposal and in accordance with the terms and conditions of the RFP.

3. The Authority hereby authorizes the Executive Director to take and do any and all acts and things as may be necessary or desirable in connection with such selection.
4. This Resolution shall take effect upon adoption in accordance with the Act.

Thomas Canto, Public Member seconded the motion. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Chairman/Commissioner Simpson asked if there was any other business to be brought before the board. Steve Petrecca, Designee for the Treasurer, responded that he had two issues for the Board Members. In September, Treasury will request a board meeting to approve the issuance of bond by the Authority. Pursuant to an RFP process, Barclays Bank was selected as senior underwriter for this transaction, which will include a refunding of approximately \$350 million to \$400 million and a new money bond issues sized such that the Authority's debt service obligation will equal the Authority's appropriation under the Fiscal Year 2011 Appropriations Act of \$800 million to 900 million. This financing is expected to fund the Authority's needs through March 2011. At the time, the Trust Fund will be funded through the end of Fiscal Year 2011 by the measures specified in the Governor's Fiscal Year 2012 Budget Message.

In addition, Mr. Petrecca stated that Treasury will be distributing an RFP for Financial Advisory Services relating to the re-authorization of the Trust Fund. Commissioner/Chairman Simpson asked Steve Petrecca to explain why it is important for the Authority to use a financial advisor in this case when other authorities may not be using a financial advisor. Mr. Petrecca responded that there is no blanket policy for use of financial advisors. A financial advisor is needed for the Trust Fund re-authorization because it will involve the review and analysis of very complicated cash flow scenarios. The financial advisor will need to review spending patterns for projects as well as various bond scenarios. The State cannot provide the necessary turn around of information in the time available. In

assisting in sizing the re-authorization, the financial advisor will need to consider the appropriation side as well as the bonding side. It is more complicated than a typical pay as you go program. This situation is unique because an analysis of this type has not been done since the 1994 re-authorization. As a result, Treasury believes it is appropriate to hire a financial advisor to perform this analysis. Commissioner/Chairman Simpson asked if the members had any questions on this matter. Hearing none, Commissioner/Chairman Simpson continued by stating the State is working to meet the challenge of finding the proper funding solutions or menu of solutions to fund the Transportation Trust Fund Authority in Fiscal Year 2012 and beyond. The Governor's Office has been having a group of listening sessions. These are informal sessions in which stakeholder's groups of all types have come together to discuss possible solutions. The Commissioner stated that the State is confident that the appropriate solution can be found to move NJ forward in 2012. He will report back to the board once there is a sense of where the State is going .

Commissioner/Chairman Simpson asked if there was any other business. Hearing none, Commissioner/Chairman Simpson requested a motion to adjourn. Vice Chairperson Ripa moved the motion followed by a second from Public Member Canto.

The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

The New Jersey Transportation Trust Fund Authority meeting ended at approximately 2:25 P.M.

Respectfully Submitted,

Michelle e. Saupe'
Authority Secretary

**NEW JERSEY
TRANSPORTATION TRUST FUND AUTHORITY**

BY-LAWS



**NEW JERSEY
TRANSPORTATION
TRUST FUND**

Preamble

This body corporate and politic, having been created by the "New Jersey Transportation Trust Fund Authority Act," P.L. 1984, c. 73, N.J.S.A. 27:1B et seq., as amended from time to time, (the "Act"), is named the New Jersey Transportation Trust Fund Authority (the "Authority"), and pursuant to Section 6 (c) of the Act, N.J.S.A. 27-1B-6 (c), is authorized to make and alter such By-laws for its operation and internal management and for the conduct of its affairs and business. The By-laws of the Authority are as follows:

I. THE AUTHORITY

Section 1. General Powers. The property, affairs, and business of the Authority shall be managed by the Authority to the extent of powers and authority allocated to the Authority by the Act.

Section 2. Offices. The principal offices of the Authority shall be located at the Department of Transportation, 1035 Parkway Avenue, Trenton, State of New Jersey. The Authority may have offices at such other places within the State of New Jersey as the business of the Authority may require or make desirable as determined by the Authority.

Section 3. Seal. The Authority shall have a seal which shall bear the words "New Jersey Transportation Trust Fund Authority - Established 1984" and shall be of such design as determined by the Authority.

Section 4. Fiscal Year. The fiscal year of the Authority shall be the same as that of the State of New Jersey, which includes the twelve (12) month period commencing at 12:01 a.m. on July 1 of each year and ending 12:01 a.m. the succeeding July 1.

II. AUTHORITY MEETINGS

Section 1. Meetings of the Authority. Meetings of the Authority shall consist of an Annual Meeting, Special Meetings and Emergency Meetings. The Annual Meeting shall be a Special Meeting of the Authority held annually at which the actions set forth in Article II, Section 3 of these bylaws are taken. Notice of all Annual and Special Meetings shall be given in accordance with the requirements of the "Open Public Meetings Law," L. 1975, c. 231. Emergency Meetings shall be called in accordance with Section 4 of these By-Laws and in accordance with the "Open Public Meetings Law."

Section 2. Order of Business. The order of business at meetings of the Authority shall be:

- a. Reading of the "Open Public Meetings Act" statement.

- b. Roll call.
- c. Approval of the minutes of the previous meeting.
- d. Staff reports.
- e. Communications.
- f. Unfinished business.
- g. New Business.

Section 3. Annual Meeting. An annual meeting shall be held at which the Authority shall elect a Vice Chairperson, Treasurer and Secretary pursuant to Article IV of these By-laws. Notice of the Annual Meeting shall be given in accordance with the "Open Public Meetings Law."

Section 4. Special Meetings. Special meetings of the Authority may be called at any time by the Chairperson. The Chairperson may fix any time and place as the time and place for holding any special meeting. The Secretary shall be informed of the call of such special meeting sufficiently in advance to permit the Secretary to give adequate notice as defined under the "Open Public Meetings Law."

Section 5. Emergency Meeting. Emergency meetings may be called by the Chairperson at any time in accordance with the "Open Public Meetings Law."

Section 6. Quorum. Four members shall constitute a quorum. If a quorum shall not be present at any meeting of the Authority, the Authority members present may agree to meet at another time and place. Notice of any such adjourned meeting shall be given in accordance with the requirements of the "Open Public Meetings Law."

Section 7. Manner of Acting. On any question presented, the number of members present shall be recorded by the Secretary. Actions may be taken and motions and resolutions adopted by the Authority upon the affirmative vote of at least four members.

Section 8. Minutes of Meetings. The minutes of each meeting shall reflect the presence of each member in attendance. A true copy of the minutes of every meeting of the Authority shall be prepared and forthwith delivered under the certification of the Secretary to the Governor. No action taken at such meetings by the Authority shall have force or effect until 15 days after a copy of the minutes has been delivered, unless during that 15-day period, the Governor shall approve in writing the same or any part thereof, in which case the action shall become effective upon approval. However, if the last day of the 15-day period is a Saturday, Sunday or legal holiday, the 15-day period shall be deemed extended to the next business day. If, in that 15-day

period, the Governor returns the copy of the minutes with a veto of any action taken by the Authority at that meeting, the action shall be of no effect.

III. MEMBERS AND DESIGNEES

Section 1. Members. The Authority shall consist of seven members as follows: The Commissioner of the New Jersey Department of Transportation and the Treasurer of the State of New Jersey, who shall be members ex-officio, and five public members three of whom shall be appointed by the Governor, with the advice and consent of the Senate, one of whom shall represent the interests of trade unions that work on the construction of public highways and the other shall represent the interests of owners of firms that are eligible to submit bids for the construction of public highways, and the two remaining to be appointed by the Governor, one upon the recommendation of the President of the Senate and the other upon recommendation of the Speaker of the General Assembly. No more than four members of the Authority shall be of the same political party.

Section 2. Terms of Public Members. The public members appointed by the Governor shall serve four-year terms, the public member appointed by the Governor upon recommendation of the President of the Senate shall serve for a four-year term, and the public member appointed upon recommendation of the Speaker of the General Assembly shall serve for a two-year term. Each public member shall hold office for the term of the members' appointment and until the member's successor shall have been appointed and qualified. A member shall be eligible for reappointment.

Section 3. Designees. Each ex-officio member may designate an employee of the member's department to represent that member at meetings of the Authority, and the designee may lawfully vote and otherwise act on behalf of that member. The designation shall be in writing delivered to the Authority and shall continue in effect until revoked or amended by a writing delivered to the Authority.

Section 4. Vacancies. Any vacancies occurring among the members of the Board by reason of death, resignation, disqualification, incapacity to serve, removal from office in accordance with law, or otherwise, shall be filled in the manner provided for the Act. No vacancy in the membership of the Authority shall impair the right of a quorum to exercise all the rights and perform all the duties of the Authority.

Section 5. Expenses. Each member of the Authority shall be reimbursed for actual expenses necessarily incurred in the performance of the Authority duties, pursuant to policies established by the Authority.

IV. OFFICERS

Section 1. Number. The offices of the Authority shall be a Chairperson, a Vice Chairperson, a Treasurer, and a Secretary, and may also include an Executive Director if

established pursuant to these By-laws. The Authority may also appoint such other officers as it shall deem necessary, including, but not limited to, a Comptroller, who shall hold their offices for such terms as shall be determined by the Authority and who shall exercise such powers and perform such duties as shall be determined from time to time by the Authority.

Section 2. Selection and Terms of Office. The Chairperson shall be the Commissioner of Transportation. The Vice Chairperson shall be elected annually from among the remaining members of the Authority. The Secretary and Treasurer shall be elected by the Authority, and need not be members thereof, and the same person may be elected to serve as both Secretary and Treasurer. The Executive Director shall not be a member of the Authority and shall be designated at any annual or special meeting and hold office for such term or period of time and at such salary as the Authority shall determine. The Comptroller shall not be a member of the Authority and shall be designated at any annual or special meeting and hold office for such term or period of time and at such salary as the Authority shall determine. Vacancies in any office, other than in the office of the Chairperson, may be filled by the Authority, as appropriate under this Section.

V. DUTIES OF OFFICERS

Section 1. Chairperson. The Chairperson shall preside at all meetings of the Authority and shall have general control over the business and affairs of the Authority, subject to the direction of the Authority.

Section 2. Vice Chairperson. The Vice Chairperson shall perform the duties of the Chairperson in the event that the Chairperson is unable to perform such duties by reason of illness, disability or absence, or when requested to perform such duties by the Chairperson. The Vice Chairperson shall perform such other duties as may from time to time be assigned by the Chairperson of the Authority.

Section 3. Secretary. The Secretary shall keep the official records of the Authority, minutes of the actions taken at the meetings of the Authority, and the seal of the Authority, shall certify, when required, copies of records, and shall, from time to time, perform such other duties as shall be assigned to the Secretary of the Authority. The Secretary shall certify and deliver forthwith a true copy of the minutes of every meeting of the Authority to the Governor. Under the direction of the Chairperson or the Executive Director, the Secretary shall also prepare any reports, for approval by the Authority, to be submitted to the Legislature pursuant to the Act. The Secretary may adopt a facsimile signature to be utilized in the performance of assigned responsibilities.

Section 4. Treasurer. The Treasurer shall perform, in general, all the duties incident to the office of Treasurer, and such other duties as may from time to time be assigned by the Authority. The actions of the Treasurer shall be consistent with the accounting policies adopted by the Authority. In the absence of the Treasurer, his or her functions may be performed by any official of the Authority designated by the Chairperson subject to the designee's prior approval

by the Authority. The Treasurer may adopt a facsimile signature to be utilized in the performance of assigned responsibilities.

The Treasurer shall be required to execute a surety bond conditioned upon the faithful performance of the duties incident to the office of Treasurer and such other duties as may from time to time be assigned by the Authority. Said bond shall be in such form and amount as may be prescribed by the Authority and shall be filed with the Authority. At all times thereafter, the Treasurer shall maintain said bond in full force and effect. All costs of such bond shall be borne by the Authority.

Section 6. Executive Director. The Executive Director shall have all such power and authority as may be delegated in accordance with these By-laws, or by actions of the Authority. The Executive Director shall, subject to the provisions of these By-laws and any other directive of the Authority consistent with the Act, be generally in administrative charge of all activities of the Authority. In addition to any other duties assigned by these By-laws or by action of the Authority, the Executive Director shall have the following powers and duties:

- a. To supervise, direct, and assign the functions and duties of any staff as may, from time to time be appointed by the Authority;
- b. To prepare and submit a proposed annual budget for the Authority for each ensuing year for adoption by the Authority;
- c. To supervise the procedures for procurement of all supplies, materials and equipment needed for the efficient and effective operation of the Authority, subject to review by the Authority and to authorize or arrange for expenditures pursuant to contracts or purchase orders, upon such terms and conditions as the Executive Director may deem proper for said supplies, materials and equipment when such expenditures do not exceed \$10,000; and
- d. To provide appropriate staff members with grants of operating authority in accordance with resolutions adopted by the Authority.

Section 7. Comptroller. The Comptroller shall report to and be under the supervision of the Executive Director. The Comptroller shall have the powers and duties as may be delegated in accordance with these By-laws, by resolutions of the Authority and as assigned by the Chairperson or the Executive Director, from time to time. In addition, the Comptroller shall have the following duties:

- a. To administer the accounting and financial reporting of the Transportation Trust Fund in accordance with the Act;
- b. To represent the Authority in business matters, including but not limited to, banking, investments and bond issuances authorized under the Act and the Authority's resolutions;

- c. To coordinate responses from the Authority to inquires of public agencies and private entities, including, but not limited to, the Internal Revenue Service, at the request of the Chairperson or the Executive Director;
- d. To coordinate the work of multi-disciplinary teams from public agencies and private entities, including, without limitation, bond counsel, financial advisors, underwriters and accountants; and
- e. To monitor internal controls of the Authority relating to financial and administrative matters.

VI. COMMITTEES

Section 1. Appointment. The Authority may appoint such Committees as may be necessary to facilitate its purposes from time to time.

Section 2. Finance Committee. There is hereby established a Finance Committee of the Authority. Said Finance Committee shall be comprised as proposed by the Authority.

Section 3. Audit Committee. The Audit Committee shall be responsible for assisting the Board in retaining an independent auditor to conduct an audit of the Authority's financial statements by making a recommendation to the Board after engaging in an auditor selection process, and assisting in the financial reporting and audit process of the Authority, all in accordance with the provisions of Executive Order No. 122 (McGreevey 2004). The Audit Committee shall meet at least twice (2) each year. Criteria for membership on the Audit Committee is governed by the provisions of Executive Order No. 122 (McGreevey 2004).

Section 4. Evaluation Committee. The Evaluation Committee shall be responsible for conducting the solicitation and evaluation of eligible independent auditors. The Evaluation Committee is responsible for drafting requests for proposals ("RFPs"), soliciting responses to such RFPs, accepting and evaluating proposals and providing a final written report to the Audit Committee, all in accordance with the provisions of Executive Order No. 122 (McGreevey 2004). The Evaluation Committee may draw upon the expertise of the Department of the Treasury, Division of Purchase and Property to assist it in the drafting of the RFPs, soliciting proposals in response to the RFPs and evaluating proposals. Criteria for membership on the Evaluation Committee is governed by the provisions of Executive Order No. 122 (McGreevey 2004).

VII. DEPOSITS

Section 1. General. Except as may otherwise be provided in any resolution of the Authority or in the Act, all funds of the Authority, except petty cash, shall be deposited from time to time to the credit of the Authority in such banks, trust companies, or other depositories as may be approved by the Authority.

VIII. AUTHORIZED SIGNATURES

The Chairperson, the Vice Chairperson and such other members or officers as may be authorized by resolution of the Authority are hereby authorized to execute on behalf of the Authority, all documents, indentures, bonds and other instruments as may be authorized by these By-laws, the Act or any resolution of the Authority. The Chairperson, the Vice Chairperson and such other members or officers as may be so authorized by the Authority may adopt a facsimile signature to be utilized in the execution of such documents, bonds and other instruments.

IX. ADDITIONAL STAFF

The Authority shall name and appoint, from time to time, such additional officers, consultants and employees as it may require, and shall, by resolution or amendment of these By-laws, designate their duties and under whose supervision or direction they shall serve.

X. INDEMNIFICATION OF MEMBERS, OFFICERS AND EMPLOYEES

Section 1. General. To the extent that any insurance then in effect may not be applicable, each person now or hereafter who was or is a party, or threatened to be made a party, to any pending, threatened or completed action, suit or proceeding, whether civil, administrative or investigative (other than an action by or in the right of the Authority), by reason of the fact that such person is or was a member, officer or employee of the Authority, shall be indemnified and reimbursed by the Authority for damages incurred in connection therewith to the full extent indemnification is permitted with respect to the State entities under and pursuant to the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et seq.).

Section 2. Procurement of Insurance. The Authority shall take all steps necessary to carry out the purpose of this Article, including the procurement of Directors and Officers Liability insurance. With respect to the procurement of such Directors and Officers Liability insurance, the Authority shall reserve in escrow such minimum balance as may be needed to cover the deductible portion, if any, of claims which may arise against Authority members, officers or employees in the course of carrying out their respective duties.

XI. BY-LAWS

Section 1. Adoption. These By-laws shall be effective as of the date of the resolution of the Authority by which they are adopted becomes effective.

Section 2. Amendment. These By-laws may be amended by a resolution duly adopted at any meeting of the Authority, provided that notice of intention to present such resolution shall be

given at least seven days prior to the meeting of the Authority at which the motion to adopt such resolution is made.

Section 3. Suspension. The provisions of these By-laws may be suspended, in whole or part, by a resolution duly adopted at any meeting.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

REQUEST FOR PROPOSAL FOR AUDITING SERVICES May 2010

I. PURPOSE

The New Jersey Transportation Trust Fund Authority (the "Authority") was created by the State of New Jersey (the "State") in 1984 to provide a stable, predictable funding mechanism for transportation projects undertaken by the New Jersey Department of Transportation (the "Department"). Transportation projects financed by the Authority include expenditures for the planning, acquisition, design, construction, repair, and rehabilitation of public facilities for ground, water or air transportation of people or goods. The Authority also finances State aid to counties and municipalities for transportation projects. The Authority is governed by seven members including the Commissioner of the New Jersey Department of Transportation (the "Commissioner") and the State Treasurer who serve as ex-officio members.

Through this Request for Proposal (the "RFP"), the Authority is soliciting responses from accounting firms interested in serving as Auditor for the Authority for *fiscal year 2010 (July 1, 2009 through June 30, 2010), renewable at the option of the Authority, for two consecutive one year periods for the fiscal year ending June 30, 2011 and the fiscal year ending June 30, 2012, respectively*. The primary purpose of this contract is to complete a full audit of the *Authority's FY 2010 financial transactions (ending June 30, 2010)*. Questions concerning this RFP may be directed to Michael MacFeeters, NJ Transportation Trust Fund Authority; PO Box 600; 1035 Parkway Avenue; Trenton, NJ 08625 at 609-530-6219.

II. BACKGROUND

A. History

The Authority is a public body corporate and politic, with corporate succession, constituted as an instrumentality of the State organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act (the "Act"). For the purpose of complying with Article V, Section IV, Paragraph I of the State Constitution, the Authority is allocated within, but is independent of any supervision or control by, the Department. The purpose of the Authority is to provide the payment for and financing of all or a portion of the costs incurred by the Department for the State transportation system, including, without limitation, (i) the State's share (which may include State advances with respect to any Federal share) under Federal Aid Highway Laws of the costs of planning, acquisition, engineering,

construction, reconstruction, repair resurfacing and rehabilitation of public highways, (ii) the State's share (which may include State advances with respect to any Federal share) of the costs of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of public transportation projects and other transportation projects in the State, and (iii) State aid to counties and municipalities for public transportation projects.

The Authority must submit a financial plan to the State Legislature explaining the financing of the transportation system projects that the Department has proposed for the upcoming Fiscal Year. The financial plan must contain an enumeration of the Authority revenues, including (i) the proceeds of any anticipated bond issues, (ii) investment income, and (iii) State appropriations. Additionally, the financial plan must include an aggregation of project expenditures for the current Fiscal Year.

Pursuant to the Act, the Commissioner may from time-to-time (but not more frequently than monthly) certify to the Authority an amount necessary to fund payments, made, or anticipated to be made, by or on behalf of the Department. The Authority is obligated to provide such amount from its revenues or other funds, including proceeds from the sale of bonds. The Act directs the Authority, within fifteen (15) days of receipt of the Commissioner's certificate, to transfer funds to the State Treasurer for deposit in a special fund maintained by the State Treasurer (the "Special Transportation Fund") in an amount equal to the amount so certified by the Commissioner. Expenditures from the Special Transportation Fund may be made on behalf of the Department only pursuant to legislative appropriations or authorizations. The Department provides such certificates on a monthly basis, when cash is necessary for transportation system improvement disbursements to minimize the amounts maintained in the Special Transportation Fund.

The Act was renewed during Fiscal Year 2006. The debt service is provided by constitutionally dedicated revenues comprised of Motor Fuels Taxes, but not less than \$483 million, an amount equivalent to the revenues derived from the tax imposed on the sale of petroleum products of not less than \$200 million in each applicable Fiscal Year, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act on the sale of new motor vehicles of not less than \$200 million for each applicable Fiscal Year, and statutorily dedicated revenues derived from the Toll Road Contributions, Heavy Truck Registration Fees, and Good Drivers Surcharges. Statutorily dedicated revenues are subject to annual appropriation by the Legislature.

FY 2009 ended with an outstanding bond balance of \$10,310,927,355. AS of January 31, 2010 the Authority issued its Transportation System Bonds, the 2009 Series A and B and the 2010 Series A and B pursuant to its 1995 Transportation System Bond Resolution, adopted on June 15, 1995, as amended and supplemented (the "Bond Resolution") for the purpose of paying State Transportation System Costs. The outstanding bond balance to date is \$11,227,980,715. Bond proceeds are combined with the Authority's revenues to fund State transportation improvement projects and to defease or refund a portion of the Authority's outstanding bonds. "Revenues" under the Bond Resolution include (i) all amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer from the Transportation Trust Fund Account in the State General Fund, (ii) any other amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer, or received by the Authority from any other source and pledged by the Authority as security for the payment of bonds, and (iii) interest received on any moneys or securities held pursuant to the Bond Resolution.

B. Flow of Funds

Pursuant to the Bond Resolution, all revenues shall be promptly deposited by the Authority as received into the Transportation Improvement Fund. The Authority shall transfer or credit to the Trustee, for deposit in the following Funds and Accounts, on the following date and in the following order of priority the amounts set forth below, but only to the extent the amount in the Transportation Improvement Fund shall be sufficient therefore:

1. On or before each Payment Date with respect to each Series of Bonds
 - a) For deposit in the Debt Service Fund, the amount, if any, so that the balance in the Fund shall equal the amounts of Debt Service on all Series of Bonds coming due on such Payment Date; and
 - b) For deposit to the Debt Service Reserve Fund, the amount, if any, required so that the balance in said Fund shall equal the sum of the amounts of Debt Service Reserve Requirement on all Reserve Fund Bonds, if any, for such Payment Date.
2. On or before the due dates thereof, for deposit in the Debt Service Fund, the amount of any Financing Facility Payment Obligations.
3. On or before the due dates thereof, and subject and subordinate at all times to the payments, credits or transfers required pursuant to paragraphs 1 and 2 above, for deposit in the Subordinated Debt Fund, the amount of any principal, prepayment or redemption price, interest or other amounts payable in connection with any Subordinated Debt.

C. Systems, Records, and Procedure

1. The Authority maintains its records for the governmental fund financial statements on a modified accrual basis. The State of New Jersey has implemented the changes defined in GASB 34 and any subsequent guidance.
2. All records pertaining to the Authority's Funds are available at the Office of the Director, Division of Accounting and Auditing, New Jersey Department of Transportation.
3. State appropriations are paid to the Authority monthly.
4. All Transportation Improvement Fund expenditures are disbursed by wire to the State's Special Transportation Fund. All disbursements to the Special Transportation Fund must be audited. Monies disbursed from the Special Transportation Fund are not included in this audit.
5. All Authority Operating and Cost of Issuance Expenses are disbursed by checks, authorized by two signatures. Approximately 100 disbursements were made during the Fiscal Year, which ended *June 30, 2009*.
6. All securities held by the Authority are purchased through the State's Division of Investments.
7. The Authority's short-term investments are held in the State of New Jersey's Cash Management Fund (Money Market).

8. The State staff that maintains the Authority's books and accounts will be available to assist the auditors.

III. Scope of Services

The principal accounting and auditing activities required of the accounting firm will include:

A. Annual Audit

An annual audit of all the Authority's books, records *and annual financial statements* prepared in accordance with Generally Accepted Accounting Principals *and perform an audit in accordance with Generally Accepted Audit Standards*, within sixty (60) days of the end of the State Fiscal Year including:

1. Examining deposits, vendors' vouchers, receipted bills, statements and any other supporting documentation.
2. Examining all of the Authority's accounts, obtaining evidence as to the existence of the funds in each account, and determining that fund balances have been classified properly.
3. Verification of monies transferred between different Authority funds and accounts.

B. Signed Reports

The issuance of a signed report(s) of audit to the Authority and Trustee that includes at least (i) a statement of assets and liabilities of all funds (including operational and investments) held by the Authority and the Trustee as of the end of such Fiscal Year, (ii) a statement of revenues, expenses and changes in fund balance of the Authority for such Fiscal Year, (iii) a statement of cash receipts and disbursements of the Authority for such Fiscal Year, (iv) a statement whether the balance in the Debt Service Reserve Account satisfies the requirements of the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and (v) an opinion that the statements fairly present the financial position of the Authority;

C. Accountants Certificate

The issuance of an accountant's certificate which shall state whether or not, to the knowledge of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and if so, the nature of such default.

D. Internal Control Reports

The issuance of separate reports to the Authority assessing the effectiveness of the Authority's internal control procedures, and recommending any changes to those procedures. Internal control assessments should be prepared annually and findings must be discussed in detail with the Authority.

E. Bond Document Review

The review of the Authority's bond documents for the issuance, when appropriate, of comfort and/or consent letters to facilitate subsequent bond issues of the Authority.

F. Financing Analysis/Review

The review and analysis of traditional fixed rate synthetic fixed rate bonds (auction rate bonds swapped to a fixed interest rate) and Capital Appreciation Bonds.

IV. Information to be Provided In Your Proposal

A. Firm Description

Provide a brief description of your firm. Also, include the most recent Peer Review opinion of your firm with the proposal.

B. Audit Engagement Manager

List the education and experience of the Project/Engagement Manager and Principal that will be responsible for managing the on-site staff and ensuring quality and schedule goals are met.

C. Key Staff

List the on-site auditors that will be assigned to this audit and include their education and experience.

D. Firm Experience

1. Provide a detailed summary of the firm's recent experience *during the prior three calendar years ending December 31, 2009*, as an Auditor to large non-profit public agencies that issue bonds. Include the following information:
 - a. Name *a minimum of three clients* for references with telephone numbers and contact person
 - b. Dates of engagements
 - c. Personnel assigned
2. Describe the firm's experience in developing and reviewing accounting systems for high levels of internal control.
3. Provide a description of any experience with the analysis of synthetic fixed rate bonds and capital appreciation bonds in the prior two calendar years.
4. Detail the number of *government- wide annual audits* performed in the last three calendar years *in accordance with Governmental Auditing Standards*.

E. Disclosure Forms

Complete the attached New Jersey Treasury Disclosure Documents.

All respondents must possess and submit a copy of a Business Registration Certificate (BRC) from the State of New Jersey Department of the Treasury, Division of Revenue.

F. Cost Proposal

1. Please provide your Cost Proposal as follows:
 - a. Hourly rates for different categories of professionals.
 - b. List the employees to be assigned to this project by name and category.
 - c. Provide an estimate of non-labor disbursements if included as an additional cost.
 - d. Maximum compensation for auditing Fiscal Year 2010, ending June 30, 2010.
 - e. Maximum compensation for auditing Fiscal Year 2011, ending June 30, 2011.
 - f. Maximum compensation for auditing Fiscal Year 2012, ending June 30, 2012.
2. The Authority will require the invoices for each service to include a breakdown of billed hours by date, task description, and personnel assigned.

V. Proposed Evaluation Criteria

The Authority has appointed a committee to review the proposals submitted in response to this request and to make recommendations to the Authority's Board. The committee will review all proposals in light of the major evaluation criteria generally set forth below, which are not in order of importance.

1. The bidder's detailed approach and plans to perform the services required by the Scope of Work Section of this RFP.
2. The bidder's documented experience in successfully completing contracts of a similar size and scope to those required by this RFP.
3. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to those required by the RFP and a Peer Review with an unqualified opinion.
4. The overall ability of the bidder to mobilize, undertake and successfully complete the contract

Contract Terms:

The Authority shall notify the contractor of the number of final copies to be delivered. One copy shall be unbound and an electronic (pdf) file. The distribution of these reports shall be conducted by the Authority.

Audit work papers must be retained for a period of not less than three (3) years from the date of receipt of the contractor's final payment and be made available to the State and/or Authority when requested.

Litigation support is not included in the bid price. The contractor shall provide expert testimony when necessary regarding any litigation resulting from audit work done as part of this contract. Expert testimony support shall be provided at the hourly rates and by the labor titles listed on the contractor's budget for litigation support. The Authority will not assume any liability for the cost of the contractor's legal counsel.

VI. Submission of Proposal

Five copies of your proposal should be sent to Steve Hanson, Executive Director, New Jersey

Transportation Trust Fund Authority, 1035 Parkway Avenue, PO Box 600, Trenton, NJ 08625. All proposals will be expected by 2:00 p.m. on May 18,2010. Any proposals received after this date and time will not be given any consideration.

The Authority reserves the right to accept a bid for the first year audit only, to reject any and all proposals and to waive any minor irregularities in a bid. Should the Authority accept a multi-year contract, which is subject to annual appropriation, it reserves the right to terminate the contract after the completion of each annual audit.

**Proposal for Auditing Services for
NEW JERSEY TRANSPORTATION TRUST
FUND AUTHORITY**

**For the Year Ending June 30, 2010
(with NJTTFA Option to Renew for Years Ending 2011-2012)**



Prepared by:



New Jersey Transportation Trust Fund Authority

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 SOURCE DISCLOSURE CERTIFICATION

May 14, 2010

To the Honorable Chairperson and Members of
New Jersey Transportation Trust Fund Authority
1035 Parkway Avenue, P.O. Box 600
Trenton, NJ 08625

LETTER OF TRANSMITTAL

Dear Honorable Chairperson and Members:

We are pleased to present our proposal to perform an audit of the financial statements of New Jersey Transportation Trust Fund Authority (the "Authority") for the year ending June 30, 2010, with Authority option to renew for the years ending June 30, 2011 and 2012. We will conduct the audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

To meet its goals and objectives, the Authority requires a firm that has the following attributes to enable compliance with the scope of services, as listed in RFP section III:

1. The necessary state government practice niche commitment;
2. The necessary Governmental Accounting Standards Board ("GASB") technical proficiency;
3. Qualified personnel with the proper GASB training;
4. The willingness to work with management efficiently and responsively to enable it to meet its financial and other regulatory requirements and assist it in maximizing its efficiencies;
5. The ability to provide the proposed services in a timely manner (meeting all deadlines) and at a cost that the Authority can manage.

Included as attachments to this proposal are the completed required documents, as well as our most recent peer review letter and New Jersey business registration certificate.

As will be evident from the detailed proposal attached, we at Mercadien, P.C., Certified Public Accountants believe that, with many years of successful experience in serving the needs of government organizations such as the Authority, we are eminently qualified and ideally suited to provide the services you require.

• AN INDEPENDENTLY OWNED MEMBER
OF THE RSM MCGGLADREY NETWORK
• AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
• NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
• NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
• PENNSYLVANIA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
• AICPA'S PRIVATE COMPANIES PRACTICE
SECTION
• AICPA'S CENTER FOR AUDIT QUALITY
• REGISTERED WITH THE PCAOB

PENNSYLVANIA OFFICE:
HOLLAND, PA
TEL 215-355-4860
FAX 215-825-8110

P.O. Box 7648 • Princeton, NJ 08543-7648 • 609.689.9700 • Fax 609.689.9720

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OVER 45 YEARS OF SERVICE TO THE COMMUNITY

New Jersey Transportation Trust Fund Authority
Page 2

In addition to our auditing and accounting skills, we have a strong overall understanding of the environment affecting the public authority community and of its relationship to state government.

We welcome the opportunity to provide the proposed professional services at a manageable cost.

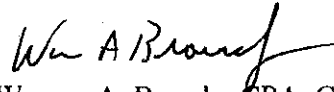
We look forward to your response and are open to a discussion of any aspect of this proposal.

Sincerely yours,

MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS



Lee D. Boss, CPA, MBA
Managing Director/Principal



Warren A. Broudy, CPA, CGFM
Managing Director/Principal

Contact

Mr. Lee D. Boss
Managing Director/Principal
Mercadien, P.C.
3625 Quakerbridge Road
Hamilton, NJ 08619
lboss@mercadien.com
(609) 689-2396

FIRM DESCRIPTION

Mercadien, P.C., Certified Public Accountants ("Mercadien, P.C.") is a professional association of certified public accountants and management consultants and is a Mercadien Group company.

The Mercadien Group is a family of distinct companies created to serve the diverse and sophisticated needs of our clients in a capacity far greater than any single organization can offer. The group is comprised of seven individual companies situated in one location. We are a powerful brain trust for your organization made up of trusted advisors working in one place, sharing a broad knowledge base and creating seamless solutions to meet your personal and business objectives.

Mercadien, P.C., Certified Public Accountants

At the center of The Mercadien Group is Mercadien, P.C. It is the principals of Mercadien, P.C. who have worked to conceive this new entity and create the infrastructure to support it.

Mercadien, P.C. distinguishes itself by providing a level of highly personalized client services normally associated only with smaller CPA firms, combined with the range of technical abilities and professional expertise generally available only from national CPA firms.

Founded more than four decades ago, Mercadien, P.C. is located in Hamilton and has a staff of approximately 85 professionals, including thirteen principals.

In addition to accounting services, Mercadien, P.C. furnishes taxation advisory and tax return preparation services, as well as various management advisory services.

In particular, we at Mercadien, P.C. have developed a specialization in servicing the governmental entities. We have the governmental sector experts, the staffing, the levels of experience, and the special interest to provide excellence in the services which governments require.

Integral to our audit philosophy is the belief that a Mercadien, P.C. audit should be performed only by qualified, experienced staff. All of our accountants are graduates of major universities with degrees in accounting, and many are certified public accountants. It is our standard practice that a senior CPA assigned to a governmental audit will have at least three years of such experience. As the principal ultimately responsible for your services from Mercadien, P.C, I will be personally involved in your audit and will ensure that it goes smoothly. We take pride in the excellent service we provide our clients, and we pledge that the same superior quality of services will be extended to the Authority.

In providing these services, we use a very specific methodology that has been time-tested to provide assurance that the mission, objectives, and goals of an organization are being carried out effectively.

We understand that the objective of this audit is to express an opinion as to the fair presentation of Authority's financial statements. As part of each audit, we will comment on compliance with Authority policies, procedures and guidelines.

Finally, in keeping with the accounting standards guidelines, we affirm that we are independent from our clients and, therefore, qualified to perform audit services for them.

We uphold the very highest standards of accounting and auditing services, and since we are a member of the American Institute of Certified Public Accountants (the "AICPA"), our operations are reviewed annually for performance to such standards. As required by the AICPA, we undergo a peer review every three years.

Our principals' professional involvement includes membership in the American, Pennsylvania, New York and New Jersey Institutes of Certified Public Accountants.

For more than four decades, Mercadien, P.C. has provided professional services to all types of organizations and entrepreneurial entities and currently provides audit services to approximately 150 clients. We advise them on internal control procedures, accounting systems (both manual and computerized), cash flow management and budgeting, as well as more routine financial operations and more sophisticated management consulting and advisory services.

Mercadien, P.C. is an integral part of the RSM McGladrey Network, the national accounting firm association of RSM McGladrey, Inc. This affiliation gives us access to a full range of national and international capabilities, including the resources of almost 300 locations through the United States. Internationally, our affiliation includes over 600 offices in over 70 countries worldwide. In most cases, our RSM McGladrey Network affiliation allows us to meet demands that financial services be performed by a "nationally recognized accounting firm." We accepted an invitation to become affiliated with this network because it is a natural outgrowth of our commitment to clients and our determination to stay on the cutting edge of developments affecting accounting and consulting firms.

Our Industry Knowledge and Qualifications to Conduct Governmental Audits

Our firm has a long history of servicing the governmental and nonprofit industry. Currently, our Nonprofit & Governmental Services group ranks as one of the largest CPA practices in the Delaware Valley dedicated exclusively to researching and serving the needs of governments and nonprofits.

We provide audit, agreed-upon procedures, and consulting services to many state authorities and agencies, local authorities and municipalities; some of which are included in the Firm

Experience section of this proposal. Indeed, our expertise in this area is such that several of our principals and managers are recognized leaders in the area of compliance with government audit regulations. Frequently, they are called upon to lecture inside and outside the firm on the fundamentals of compliance issues such as various GASB pronouncements and implementation matters and related issues affecting governmental and nonprofit organizations.

In recent years, we have assisted many governmental agencies in implementing the following Governmental Accounting Standards Board Statements:

- GASB 34 - Basic Financial Statement and Management's Discussion and Analysis for State and Local Governments;
- GASB 40 - Deposits and Investment Risk Disclosures;
- GASB 42 - Accounting and Financial Reporting for Impairment of Capital Assets;
- GASB 46- Net Assets restricted by Enabling Legislation;
- GASB 45- Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions;
- GASB 53- Accounting and Financial Reporting for Derivative Instruments;
- GASB 55- The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments; and
- GASB 56- Codification of Accounting and Financial reporting Guidance Contained in the AICPA Statements on Auditing Standards.

The Authority will be implementing GASB Statement numbers 53 & 55 in June 30, 2010.

We perform audits for many state and local authorities, several of which are outlined in the reference portion of the proposal.

Our commitment to the governmental sector is demonstrated by our membership in the AICPA's Government Audit Quality Center, the Government Finance Officers Association, and the Association of Government Accountants. Our government audit staff also receives the required and necessary annual continuing professional education to enable them to improve their governmental audit knowledge and skills.

As the current auditor of the Authority, New Jersey Building Authority, Tobacco Settlement Financing Corporation, and Middletown Township (PA) we have an understanding of the unique requirements of government-wide and governmental fund financial statement audits, including the following:

- The basic financial statements consist of government-wide and governmental fund financial statements.
- The Authority, as a single program government, combines government-wide and

governmental fund financial statements, which are linked together by the reconciliation.

- The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred.
- The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

We are familiar with all the adjustments needed to convert the Authority's governmental fund financial statements to the government-wide financial statements as required under GASB Statement Number 34.

In short, we at Mercadien, P.C. have the government sector experts, the staffing, the levels of experience, and the special interest to provide excellence in the services that governments require, and we are uniquely aware of the applicable reporting deadlines, rules and regulations promulgated by state authorities.

A copy of the most recent peer review report of Mercadien P.C. is included in the attachment section of this proposal.

AUDIT ENGAGEMENT PRINCIPALS/MANAGER

Due to the complexity of this engagement, Lee Boss will serve as both the audit engagement manager and principal. Warren Broudy will be the concurring audit principal on this engagement. References for both are included in the firm experience section of this proposal. Their bios are as follows:



LEE D. BOSS, CPA, MBA

**Managing Director
The Mercadien Group**

**Principal
Mercadien, P.C., Certified Public Accountants**

Lee is a managing director of The Mercadien Group and a principal with Mercadien, P.C., Certified Public Accountants. As a principal, Lee is experienced in the areas of auditing, accounting and taxation methods, agreed-upon procedure engagements, and internal control

matters. Lee has managed the accounting and auditing services provided by Mercadien for various for-profit and nonprofit entities, including manufacturers, public companies, sports and entertainment entities, broker/dealers, hedge funds, construction companies, employee benefit plans, auto dealers, and schools for the disabled. Lee's responsibilities also include developing CPE programs, training staff on various audit and accounting topics, and participating in the recruitment of personnel at local colleges and universities. Furthermore, Lee provides accounting and internal control related services to assist clients in operating more efficiently.

Lee has experience working with both public and private clients and has assisted with technical accounting matters in the areas of financial instruments, compensation, tax, consolidation of variable interest entities, and insurance. Lee previously was employed as an audit manager in the New York office of KPMG, where he assisted in the evaluation of internal controls on major system development activities for a global client and was involved in the first year of implementation of Sarbanes Oxley Section 404. In this role, Lee was instrumental in the review, critique, and evaluation of internal controls over financial reporting, including the determination of significant deficiencies and material weaknesses, as well as the coordination of the audit staff and reporting to management on project status and issues.

In 2007, Lee was a recipient of NJBIZ's Forty Under 40 award. The Forty Under 40 awards program honors men and women who have been making headlines in their field and who share a commitment to business growth, professional excellence, and the community. The award is given annually to individuals who work in New Jersey and hold significant decision-making authority in their companies.

A graduate of The College of New Jersey (B.S. in Accounting) and Seton Hall University (MBA in Finance), Lee is licensed in the states of New Jersey and New York and is a member of both the American Institute of Certified Public Accountants and the New Jersey Society of Certified Public Accountants.

In addition, Lee serves as treasurer for the Central New Jersey Council of the Boy Scouts of America's board of trustees, chair of its budget committee, and a member of its executive and audit committees. He resides in Robbinsville, NJ with his wife and their two children.



WARREN A. BROUDY, CPA, CGFM

**Managing Director
The Mercadien Group**

**Principal
Mercadien, P.C., Certified Public Accountants**

Warren A. Broudy, CPA, CGFM is a managing director of The Mercadien Group and a principal with Mercadien, P.C., Certified Public Accountants. In his capacity as chairman of the Government

Services Group, Warren oversees primarily governmental audit and agreed-upon procedures engagements, including many for state agencies, state and local authorities, and municipalities. This responsibility involves overseeing all facets of the group including, business development, GASB financial reporting and audit processes, training of staff, resolving audit issues with top client management, and evaluating and implementing internal control policies.

Additionally, Warren is a Certified Government Financial Manager ("CGFM"). The CGFM is the first certification broad enough to cover the whole field of government financial management – federal, state and local. It deals not with testing a person in a specific area, but with measuring a wide range of knowledge and skills that a professional needs to succeed in working in or with the federal government environment or to meet the unique challenges faced by state and local government financial managers.

Warren is an active member of and frequent lecturer for the Association of Government Accountants. Presentations he has given include "GASB (Governmental Accounting Standards Board) 34: Implementing the New Reporting Model" and "GASB 43 and 45: Financial Reporting for Postemployment Benefit Plans and Accounting for Employers for Postemployment Benefits."

As a lead member of Mercadien, P.C.'s GASB Task Force, Warren is responsible for interpreting and analyzing the impact of these accounting policies on governmental entities. Mr. Broudy assists executives of government organizations with his expertise to improve their own skills and operate their organizations more efficiently. Furthermore, he serves as the firm's liaison to the AICPA's Governmental Audit Quality Center.

He has been instrumental in designing and implementing the automated financial reporting practices at the firm and is a recognized expert in this area. Warren is also responsible for continuing professional education programming and has successfully introduced seminars that address audit efficiency and streamlining procedures.

Warren is a graduate of Temple University with a BBA in accounting. He is licensed to practice in New Jersey and Pennsylvania, and he is a member of both the American Institute and the New Jersey Society of Certified Public Accountants. Additionally, Warren serves as treasurer on the board of directors for Mobile Meals of Trenton/Ewing. He resides in Mount Laurel, New Jersey with his wife, Debbie, and their two children.

KEY STAFF



DIGESH PATEL, MBA

Supervising Senior

Mr. Patel is a supervising senior accountant at Mercadien, P.C. and is involved in performing audits of governmental and nonprofit organizations. As a member of the Nonprofit and Government Services Group, Digesh works

on various State of New Jersey government agency, authority and municipality audit and agreed-upon procedure engagements, for which he performs account analysis, as well as audit procedures, testing, adequacy of client internal controls, and adherence to A-133 Single Audit compliance requirements. Additionally, he acts as an in-charge supervising various staff and prepares financial statements.

While attending Rider University, Digesh worked part-time for Mercadien as an auditor for the State of New Jersey Lottery Commission, where he observed the lottery drawings and performed audit procedures and continues to work on this engagement as an auditor for the financial statement audit.

Digesh is a graduate of Rider University with a Bachelor of Science in Accounting and a Masters of Business Administration. Digesh is pursuing his CPA certification. As an undergraduate, Mr. Patel received the following honors and awards: Great Plains Dynamics, Dollars for Scholars, and Help Age India Fund Raiser. Additionally he was president (in 2003) and treasurer (in 2004) for the Asian Students at Rider organization. Digesh is a resident of West Windsor, NJ.

BRYAN SCREWS
Senior Accountant

Bryan is a senior accountant and member of the Nonprofit and Governmental Services Group. In this capacity, Bryan is part of an audit team that specializes in audits of New Jersey state and local authorities, municipalities, and various nonprofit organizations. Most of these audits are performed in accordance with Government Auditing Standards and many are in accordance with OMB A-133 and New Jersey Circular letter 04-04 OMB Single Audit compliance requirements. His duties include preparation of financial statements, analyzing internal controls, performing substantive and compliance audit procedures, and preparation of audit workpapers.

Prior to joining Mercadien, P.C., Bryan was a special procedures investigator for the New Jersey Department of Treasury, Division of Taxation. He was responsible for analyzing tax returns for both businesses and individuals. Additionally, he secured tax liabilities owed to the State of New Jersey from individuals and businesses and applied sections of the IRS Code to applications of New Jersey Tax Law.

Bryan has a Bachelors of Science in Business Administration with a dual concentration in marketing and management from La Salle University; he is currently pursuing his masters at Rutgers University and seeking his CPA certification. He is a resident of East Windsor, New Jersey and is a member of the East Windsor Township Environmental Commission.

FIRM EXPERIENCE

1. We have provided audits in accordance with *Government Auditing Standards* and *Auditing Standards Generally Accepted in the United States of America* and related services to the following state and local authorities that issue bonds:

References/Name and Contact Information

Entity	Address	Contact	Phone #
New Jersey Transportation Trust Fund Authority	1035 Parkway Avenue, P.O. Box 604, Trenton, NJ 08625	Steven B. Hanson, Chief Executive Officer	(609) 530-2046
New Jersey State Lottery Commission	P.O. Box 041, Trenton, NJ 08625-0041	Steve Palmieri, Acting Executive Director	(609) 826-7485
New Jersey Water Supply Authority	1851 Highway 31, P.O. Box 5196, Clinton, NJ 08809	Michael R. Citarelli, Chief Financial Officer	(908) 638-6121
New Jersey Building Authority	50 West State Street, 8th Floor, P.O. Box 219, Trenton, NJ 08625	Michael Jonas, Manager	(609) 633-9082
Mercer County Improvement Authority	McDade Administration Building, 640 South Broad Street, Trenton, NJ 08650	Margarita Stanislavskaya, Chief Financial Officer	609-278-8134
New Jersey Environmental Infrastructure Trust	P.O. Box 440, Trenton, NJ 08625	Maryclaire D'Andrea, CFO	(609) 219-8600
New Jersey Higher Education Student Assistance Authority	P.O. Box 547, Trenton, NJ 08625-0547	Eugene Hutchins, Chief Financial Officer	(609) 588-4695

2. As part of our audit procedures, we document, evaluate, and test internal controls of an authority client's accounting system as follows:
 - a. We would inquire of client personnel as to authority procedures in major audit areas (e.g., *the State Transportation cost payment cycle*) and would document these procedures in our audit files.
 - b. We would perform walkthroughs of each major transaction cycle to determine if accounting internal controls are operating in accordance with procedures, e.g., we would perform a walkthrough of a sample of state transportation cost expenditures to determine that procedures are being followed by accounting personnel.
 - c. We would audit all major transactions or all amounts over materiality, e.g., we would audit all bond and state transportation cost transactions for supporting documentation and correct recording to accounting records. We would also audit transactions under materiality as considered necessary.
 - d. We would determine whether the authority is recording transactions in a timely

- manner and on a monthly basis and whether those reconciliations and supporting schedules for significant account balances are being reconciled to the general ledger trial balance.
- e. We would also evaluate proper segregation of duties and management oversight within the accounting department.
 - f. As required under Statements on Auditing Standards (“SAS”) 99, we perform fraud inquiry procedures through interviews with client accounting, non-accounting, management and staff personnel on a surprise and subjective basis to determine if there was any fraud or internal control concerns that could cause fraud.
 - g. Any recommendations to improve accounting procedures would be documented in a management letter.
3. In prior two calendar years, Mercadien P.C. has had 3 clients, New Jersey Transportation Trust Fund Authority, New Jersey Building Authority, and New Jersey Higher Education Student Assistance Authority, who have financial instrument agreements, such as interest rate swap agreements, in relation to variable rate bonds to achieve a synthetic fixed interest rate. Thus, each entity pays a fixed rate of interest, based on each agreement, on a notional amount equal to the bond principal amount being hedged pursuant to such swap. The fair market value of the swaps is disclosed in each entity’s notes to financial statements. Over the past two years, we have audited capital appreciation bonds on the Authority audits, as well as the Mercer County Improvement Authority audits. Thus, we are familiar with all related financial reporting and disclosure requirements.

As of June 30, 2010, the Authority will be implementing GASB Statement No 53 which will require them to reevaluate reporting of financial instruments in the financial statements. Our experience in implementation of new GASB pronouncements, as noted earlier in the proposal, will enable us to provide the Authority with the necessary technical guidance required.

4. Over the past three calendar years, we have performed government-wide audits in accordance with *Government Auditing Standards* for the Authority, New Jersey Building Authority, Tobacco Settlement Financing Corporation and Middletown Township (PA).

OTHER AUDIT REQUIREMENTS

1. The audited financial statements and related disclosures will be prepared in accordance with accounting principles generally accepted in the United States of America. The audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. Our audit procedures will include procedures noted in section IIIA, “Scope of Services Annual Audit,” of the request for proposal (“RFP”). Assuming records are ready for audit, we will perform the audit in

accordance with the sixty-day timeline noted in this same section of the RFP. The issuance of our auditor reports along with the financial statements will be coordinated with the New Jersey Office of Management and Budget requirement and will also meet your statutory state reporting deadline.

2. We will issue the appropriate signed audit opinion as to the fairness of the financial statements and the respective financial position of the Authority's governmental activities and changes in its financial position.
3. We will also issue a signed report on the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and other matters. Any findings would be disclosed in this report. Any management comments regarding efficiency recommendations would be issued in a separate letter.
4. We will issue the accountants certificate as noted in the scope of services in section III of the RFP.
5. Bond document review procedures would be performed as discussed in the scope of services in section III of the RFP.
6. Our audit procedures would be as follows on any traditional fixed rate or synthetic fixed rate bonds to determine correct account balances and financial statement disclosure:
 - a. Analysis of bond official statements to agree bond and bond issuance cost balances to Authority accounting records.
 - b. Analysis of interest rate swaps agreements to determine proper financial statement disclosure.
 - c. Analysis of amortization of bond issuance costs.
 - d. Confirmations of end-of-year interest rate swap fair values for financial statement purposes.
 - e. Audit of supporting documentation of bond principal and interest expense payments.
7. We are in agreement that all services performed under the contract shall be performed within the United States to be in accordance with P.L. 2005, c. 92.

DISCLOSURE FORMS

All required disclosure forms are included in the attachment section of this proposal.

COST PROPOSAL

The cost proposal for the years ending June 30, 2010-2012, are as follows:

**New Jersey Transportation Trust Fund Authority
June 30, 2010-2012
Cost Proposal**

Year Ending June 30, 2010

	<u>Principal/ Manager</u>	<u>Senior</u>	<u>Staff</u>	<u>Totals</u>
Hours	22	55	35	112
Hourly Rate	<u>\$ 249.00</u>	<u>\$ 161.00</u>	<u>\$ 91.00</u>	
Audit Cost	\$ 5,478.00	\$ 8,855.00	\$ 3,185.00	\$ 17,518.00
			Discount:	<u>\$ 1,018.00</u>
			Total Fee 2010	\$ 16,500.00
Total Fee Optional	Year Ending June 30, 2011			\$ 17,000.00
Total Fee Optional	Year Ending June 30, 2012			\$ 17,500.00

In addition to the discount of \$1,018 from our approved state contract rates, the total fee 2010 (\$16,500) represents a discount of approximately 21% from our normal standard hourly rates.

CONCLUSION

With many years of successful experience in serving the needs of state and local authorities, we at Mercadien, P.C. are eminently qualified and ideally suited to provide the services you require. Confident that our firm can assist New Jersey Transportation Trust Fund Authority at a cost you can manage, we welcome the opportunity to provide the proposed professional services. **We are open to a discussion of any aspect of this proposal.**

We look forward to your response and to the prospect of continuing our excellent working relationship with the fine people at New Jersey Transportation Trust Fund Authority. If you are in agreement with this proposal and its terms and you wish to engage us to perform these outlined services, please sign and return to me the enclosed copy of this proposal. The fees quoted are valid if this proposal is signed within 90 days from the date of the proposal. Upon receipt of your signed proposal, we will forward an engagement letter to you.

Sincerely yours,

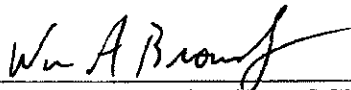
Accepted by:

**MERCADIEN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

**NEW JERSEY TRANSPORTATION
TRUST FUND AUTHORITY**



Lee D. Boss, CPA, MBA
Principal



Warren A. Broudy, CPA, CGFM
Principal

SUPPORTING DOCUMENTS

OTHER MERCADIEN GROUP COMPANIES

Mercadien Consulting is a direct outgrowth of Mercadien, P.C. Mercadien Consulting's uniquely designed problem prevention and solving methodologies assist entrepreneurs in increasing their profitability. Through well-articulated, deliberate planning, staff members provide goal attainment strategies that enhance the entire breadth of an organization's business operations. Mercadien Consulting provides consulting services through specialized groups to help organizations in various areas.

Mercadien Technologies specializes in helping clients leverage technology in order to create new channels of revenue, lower cost structures, increase efficiencies and provide increased value to customers and shareholders. For this reason, Mercadien Technologies is positioned as a resource that enables an organization's staff to concentrate on achieving its strategic initiatives.

Mercadien Asset Management provides personal and business financial planning to assist our clients in reaching their financial goals. Clients seek this expert counsel to achieve their wealth creation objectives through customized services tailored to meet their individual needs. Mercadien Asset Management's strategic asset management offerings span the entire financial services spectrum. In addition, Mercadien Asset Management works in tandem with a CPA from Mercadien, P.C. to integrate all of one's business and personal goals.

Mercadien Securities helps entrepreneurs reach the next growth level for their enterprises by strategically investing the financial and human capital to create a sustainable competitive advantage. Our nationwide network provides the financial resources for lifecycle funding for small and mid-sized companies in a multitude of industries.

Mercadien Outsourcing delivers expert "back office" support to organizations so they can focus on their core competencies. It provides the personnel that allow an organization to leverage our expertise to shed non-core, under-resourced or inefficient activities, processes or departments.

Mercadien Foundation is a community foundation focused on creating philanthropic synergies to serve The Mercadien Group's market area. It provides clients, friends and associates of The Mercadien Group with an outlet for giving back to the community in which we live and work.

ADDITIONAL SERVICES OFFERED

Recently issued and currently pending legislation may preclude your auditing firm from providing ancillary services. In these situations, your nonprofit may be required to engage more than one organization to meet all of your financial advisory needs. Below we list additional services that are among the most typically required.

Tax Consulting

Our tax department professionals are available to consult on any tax related issues.

Rebate Calculation Services

Mercadien, P.C. has the necessary expertise in the preparation of arbitrage rebate calculations. In connection with such services, we will perform certain agreed-upon procedures, and we will issue a report with respect to work performed containing supporting schedules for the computations of any rebate.

Technology Consulting and Network Services

In order to assist our clients in more fully utilizing technology to create efficiencies in their organizations, we are partnered with Mercadien Technologies, a total solutions provider of professional network services and technology consulting. Mercadien Technologies' staff provides a full range of services, including:

- LAN/WAN/VPN design and implementation deployment
- Network support services
- Technology consulting
- Security/HIPAA compliance assessments
- Software consulting
- Website/web-interface design, analysis and development
- Custom database solutions
- Software design and development

Recent technology advancements have enabled the Mercadien team to deliver service in a proactive manner, rather than waiting for issues to develop. Using a secure, web-based connection, we are able to monitor every aspect of a business's technology. When a problem occurs, an engineer is notified, remotely enabling immediate resolution. Mercadien Technologies is able to detect problems before they happen, saving businesses the aggravation and costs associated with downtime. With MCare, corrective action can be taken before the problem occurs or before a business even notices it.

Mercadien Technologies specializes in helping clients leverage technology in order to create efficiencies and to lower overall technology costs. In addition, Mercadien Technologies is an authorized reseller of the Best Software Nonprofit and Governmental accounting software package (formerly MIP).

Mercadien Technologies also presents seminars on relevant technology issues.

Operational and Management Reviews

Members of our staff are experienced in performing operational and internal control reviews for a variety of organizations and businesses. These reviews include documentation of operations and development of suggestions that can be used to improve management and operational functioning within the organization. Additionally, staff members are involved in the development of long-range plans through the planning process, working with key individuals to examine current strengths and to develop long-term plans. Our staff also works with the development of projections and long-range forecasts. In addition to the information system and management consulting listed above, Mercadien, P.C., Certified Public Accountants has expertise in human resources consulting to assist with personnel issues and marketing and management consultation services relating to fundraising, publicity, volunteer and public relations issues.

When and as needed, we will make available to you our experts in various management consulting areas, who will respond to your financial and management needs.

ATTACHMENTS

State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Board of Accountancy

HAS REGISTERED

Mercadien PC CPAs
CONRAD L DRUKER
3625 Quakerbridge Road
Hamilton, NJ 08619

FOR PRACTICE IN NEW JERSEY AS A(N): Firm Registration

04/30/2009 TO 06/30/2012

VALID

20CB00312400

LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

DIRECTOR

STATE OF NEW JERSEY
BUSINESS REGISTRATION CERTIFICATE
FOR STATE AGENCY AND CASINO SERVICE CONTRACTORS

TAXPAYER NAME:
MERCADIEN, P.C. CERTIFIED PUBLIC ACCOUNT

TAXPAYER IDENTIFICATION#:
223-271-712/000

ADDRESS:
3625 QUAKERBRIDGE ROAD
HAMILTON NJ 08619

EFFECTIVE DATE:
01/03/94

TRADE NAME:

SEQUENCE NUMBER:
018635

ISSUANCE DATE:
06/24/08

Acting Director

DEPARTMENT OF TREASURY
DIVISION OF REVENUE
PO BOX 287
TRENTON, NJ 08646

FORM-BRC(08-01)

This Certificate is NOT assignable or transferable. It must be conspicuously displayed at above address.

MARGOLIS & COMPANY P.C.
Certified Public Accountants and Business Consultants

To the Principals of
Mercadien, P.C.
and the Center for Public Company
Audit Firms Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mercadien, P.C. (the firm) applicable to non-SEC issuers in effect for the year ended May 31, 2007. The firm's accounting and auditing practice applicable to SEC issuers was not reviewed by us since the Public Company Accounting Oversight Board (PCAOB) is responsible for inspecting that portion of the firm's accounting and auditing practice in accordance with PCAOB requirements. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of complying with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (the AICPA). The design of the system and compliance with it are the responsibility of the firm. Our responsibility is to express an opinion on the design of the system, and the firm's compliance with that system based on our review.

Our review was conducted in accordance with standards established by the Peer Review Committee of the Center for Public Company Audit Firms and included procedures to plan and perform the review that are summarized in the attached description of the peer review process. Our review would not necessarily disclose all weaknesses in the system of quality control or all instances of lack of compliance with it since it was based on selective tests. Because there are inherent limitations in the effectiveness of any system of quality control, departures from the system may occur and not be detected. Also, projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice applicable to the non-SEC issuers of Mercadien, P.C. in effect for the year ended May 31, 2007, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA, and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with applicable professional standards.

Margolis & Company P.C.
Certified Public Accountants

Bala Cynwyd, PA
September 12, 2007

401 E. City Avenue Suite 600
Tel: (01) 610-667-6250

Bala Cynwyd, PA 19004
Fax: (01) 610-668-8220

41 University Drive Suite 400 Newtown, PA 18940
Tel: (01) 215-968-5081 Fax: (01) 267-757-8742

Independent Member B K R International
www.marg.com

**NEW JERSEY DIVISION OF PURCHASE AND PROPERTY WAIVERED SERVICES CONTRACTS STANDARD
TERMS AND CONDITIONS**

July 31, 2007

By submitting a proposal in response to the Agency Request for services, the bidder certifies that it understands and agrees that all of the following terms, conditions and definitions (collectively, "Standard Terms and Conditions") are part of any contract(s) awarded or order(s) placed as a result of the Agency Request unless specifically and expressly modified by reference in the Agency Request or in a writing executed by the Director, Division of Purchase and Property or the designee thereof.

- I. **DEFINITIONS:** As used in these Standard Terms and Conditions the following terms shall have the definitions set forth in this paragraph. These definitions shall also apply to the entire contract unless otherwise defined therein.

"Agency" means the entity on whose behalf the Division of Purchase and Property entered into the Contract. The Agency is the intended beneficiary of the Contract.

"Agency Request" means a request made by an Agency for offers or proposals to provide the sought after goods and/or services as specified herein.

"Bidder" means any person or entity submitting a proposal in response to the Agency Request for the purpose of obtaining a contract to provide the tangible items and/or services specified in the Agency Request.

"Contract" means a mutually binding legal relationship obligating the Contractor to furnish supplies and/or services and the buyer to pay for them, subject to appropriation where the Agency derives its annual budget by means of appropriation from the State Legislature. The Contract consists of these Standard Terms and Conditions, the Agency Request, the proposal submitted by the Contractor, the subsequent written document memorializing the agreement (if any), any amendments or modifications and any attachments, addenda or other supporting documents of the foregoing.

The Contract and/or its terms cannot be modified or amended by conduct or by course of dealings. Thus, the "contract" does not include the aforementioned actions and such actions, or reliance thereon, afford no rights whatsoever to any party to the Contract. The Contract can only be modified or amended by the Director, using Agencies have no authority to modify or amend the Contract. The State will not be bound by any attempt to modify or amend the Contract without the prior written approval of the Director.

"Contractor" means the person or entity which submits a proposal in response to the Agency Request and to whom (or which) the Contract is awarded.

"Designee" means the representative of a specific public official or Agency, as defined above, duly authorized by same to conduct specific activities and who also has the power to legally bind the official or Agency within the scope of the Contract. Actions taken by an unauthorized designee or which are beyond the scope of the designee's authorization or beyond the scope of the Contract are ultra vires and have no legal or equitable effect.

"Director" means the Director of the New Jersey Division of Purchase and Property or the designee thereof.

"Division" means the New Jersey Division of Purchase and Property.

"Fixed-Price Contract" means a contract that provides for a firm price for the entire term of the Contract (including all extensions), subject to any contractual conditions allowing price adjustment, under which the contractor bears the full responsibility for profit or loss.

"Project" means the initiative, enterprise, undertaking or services for which the Contractor was contracted.

"Shall" denotes a mandatory condition.

"State" means the State of New Jersey and its agencies.

II. **APPLICABILITY AND INCORPORATION OF STANDARD TERMS AND CONDITIONS:**

These Standard Terms and Conditions will apply to all services contracts made by the Director on behalf of the Agency. These Standard Terms and Conditions are automatically incorporated into the Contract unless the Contractor is specifically instructed otherwise in the Agency Request or in any amendment thereto. These Standard Terms and Conditions are in addition to the terms and conditions set forth in the Agency Request and should be read in conjunction with same unless the Agency Request specifically indicates otherwise.

III. **CONTRACTOR'S STATUS AND RESPONSIBILITIES:**

- A. **CONTRACTOR'S STATUS:** The Contractor's status shall be that of an independent contractor and not that of an employee of the State.
- B. **CONTRACTOR'S CERTIFICATION AS TO ITS REPRESENTATIONS:** The Contractor certifies that all representations made by it in its proposal or other related and/or supporting materials are true, subject to penalty of law. Further, the Contractor agrees that its violation of any statute or regulation related to public contracts and/or its misrepresentation or concealment of any material fact in the proposal, award or performance of the Contract may be cause for rescission of the contract award. In addition, the Contractor's violation of any statute or regulation related to public contracts and/or its misrepresentation or concealment of any material fact in the proposal, award or performance of the Contract shall serve as a legal bar to the Contractor's enforcement of its rights under the Contract including any and all claims at law or equity.
- C. **CONTRACTOR'S PERFORMANCE:** The Contractor agrees to perform in a good, skillful and timely manner all services set forth in the Contract. To perform these services, the Contractor shall employ or engage the services of qualified persons and/or entities at its own expense except as otherwise specified in the Contract. The Contractor has an affirmative obligation to promptly notify, in writing, the State of any changes in circumstances which might affect the Contractor's ability to be awarded or to perform its obligations under the Contract.

D. **RESPONSIBILITIES OF CONTRACTOR:**

- 1) The Contractor is responsible for the quality, technical accuracy and timely completion and delivery of all deliverables and other services to be furnished by the Contractor under the Contract. If circumstances beyond the control of the Contractor result in a late delivery, it is the responsibility and obligation of the Contractor to make the details known immediately to the Division and Agency.
- 2) The Contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its services and deliverables furnished under the Contract. The approval of interim deliverables furnished under the Contract shall not in any way relieve the Contractor of fulfilling all of its obligations under the Contract. The acceptance or payment for any of the services rendered under the Contract shall not be construed as a waiver by the State or Agency, of any rights under the agreement or of any cause of action arising out of the Contractor's performance of the Contract.
- 3) The acceptance of, approval of or payment for any of the services performed by the Contractor under the Contract shall not constitute a release or waiver of any claim the State or Agency, has or may have for latent defects or errors or other breaches of warranty or negligence.
- 4) Should the Contractor hire, employ or otherwise engage subcontractors, the Contractor shall be considered the prime Contractor and the sole point of contact with regard to contractual matters. The Contractor assumes sole and full responsibility for the complete performance contemplated by the Contract including the performance of all subcontractors.
- 5) When the Contractor intends to subcontract for any work under the Contract, the subcontractor must be approved by the Director in writing. It is understood, however, that consent of the Director for the subcontracting of any work under the Contract in no way relieves the Contractor from its full obligations under the Contract. In addition, the Contractor must notify and receive the approval of the Agency Project Manager before hiring any sub-contractor for the contract work. The Contractor shall at all times give due attention to the fulfillment of the Contract and shall keep the work under its control. Consent to the subcontracting of any part of the work by the Director in writing shall not be construed to be an approval of said subcontract or of any of its terms, but shall operate only as an approval of the subcontractor. The Contractor, shall be responsible for all work performed by the subcontractor, which shall conform to the provisions of the Contract and all requirements of law. The failure of any subcontractor to adhere to the terms of the Contract or requirements of law may, in the Director's discretion, be cause for rescission of the contract award.
- 6) All payments for services under the Contract will be made only to the Contractor. The Contractor assumes sole and full responsibility for any payments due to its subcontractors under the Contract.
- 7) Nothing herein or in the Contract shall be construed as creating a contractual relationship between any subcontractor and the State and/or the Agency.
- 8) The Contractor's obligations under this clause are in addition to the Contractor's other expressed or implied assurances under the Contract or law and in no way diminish any other rights that the State or Agency may have against the Contractor.

- E. **INVESTIGATION:** By submitting a proposal in response to the Agency Request, the bidder certifies and warrants that it has satisfied itself, from its own investigation, of the conditions to be met and that it fully understands its obligations and if awarded the Contract agrees that it will not make any claim for, or have right to, cancellation or relief from the Contract without penalty because of its misunderstanding or lack of information.
- F. **PRICE FLUCTUATION DURING CONTRACT:** Unless otherwise set forth in writing by the Director, or the Director's designee, all prices quoted shall be firm and not be subject to increase during the duration of the Contract. However, in the event of a manufacturer's price or contractor's cost decrease during the Contract period, the State shall receive the full benefit of such price/cost reduction on any undelivered purchase order and on any subsequent order placed during the contract period. The Director must be notified in writing of any price reduction within five (5) days of the effective date. Failure to report and/or pass on price reductions may result in the rescission of the contract award for cause.
- G. **COST LIABILITY:** The State assumes no responsibility and no liability for costs incurred by the bidder prior to the award of the Contract and thereafter only as specifically provided in the Contract.
- H. **INDEMNITY/LIABILITY TO THIRD PARTIES:**
- 1) The Contractor shall assume all risk of and responsibility for, and agrees to indemnify, defend and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments and costs and expenses in connection therewith on account of the loss of life, property or injury or damage to the person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract. This indemnification obligation is not limited by, but is in addition to the insurance obligations contained in this agreement.
 - 2) The Contractor shall hold and save the State of New Jersey, its officers, agents, servants and employees, harmless from liability of any nature or kind for or on account of the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, article or appliance furnished or used in the performance of this contract.
 - 3) The Contractor further agrees that:
 - a) any approval by the State or Agency of the work performed and/or reports, plans or specifications provided by the Contractor shall not operate to limit the obligations of the Contractor assumed in the Contract;
 - b) the State and Agency assume no obligation to indemnify or save harmless the Contractor, its agents, servants, employees or subcontractors for any claim which may arise out of its performance of the Contract; and
 - c) the provisions of this indemnification clause shall in no way limit the Contractor's obligations assumed in the Contract, nor shall they be construed to relieve the Contractor from any liability, nor preclude the State or Agency from taking any other actions available to it under any other provisions of the Contract or otherwise at law or equity.
- I. **INSURANCE:** The Contractor shall procure and maintain at its own expense, until at least two years after the completion of all work performed under the Contract, extensions and/or modifications thereto, liability insurance for damages imposed by law and assumed under the Contract, of the kinds and in the amounts hereinafter provided, from insurance companies admitted or approved to do business in the State of New Jersey. By submitting a proposal in response to the Agency Request, the Contractor expressly agrees that any insurance protection required herein or by the Contract shall in no way limit the Contractor's obligations assumed in the Contract and shall not be construed to relieve the Contractor from liability in excess of such coverage nor shall it preclude the State from taking such other actions as are available to it under other provisions of the Contract or otherwise in law or equity.
- 1) The insurance to be provided by the contractor shall be as follows:
 - a. a Commercial General Liability policy as broad as the standard coverage forms in use in the State of New Jersey which shall not be circumscribed by any endorsements limiting the breadth of coverage.

The limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.
 - b. Automobile liability insurance which shall be written to cover any automobile used by the insured. Limits of liability for bodily injury and property damage shall not be less than \$1 million per occurrence as a combined single limit.

- c. Worker's Compensation Insurance applicable to the laws of the State of New Jersey and Employers Liability Insurance with limits not less than

\$1,000,000 BODILY INJURY, EACH OCCURRENCE
\$1,000,000 DISEASE EACH EMPLOYEE
\$1,000,000 DISEASE AGGREGATE LIMIT

- d) Professional Liability Insurance: When it is common to the Contractor's profession to do so, the Contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect the Contractor from any liability arising out of the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than \$5,000,000 and in such policy forms as shall be approved by the State. If the Contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage.
- 2) The Contractor shall, prior to commencement of the work required under the Contract, provide the Director with a valid original Certificates of Insurance (and a copy thereof to the Agency) as evidence of the Contractor's insurance coverage in accordance with the foregoing provisions. Such certificates of insurance shall specify that the insurance provided is of the types and in the amounts required in 1(a), (b), (c) and (d) above.

The certificates shall provide for thirty (30) days written notice to the Director and Agency prior to any cancellation, expiration or non-renewal of insurance during the term required in the Contract, extensions and/or modifications thereto. The Contractor shall further be required to provide the Director with valid original certificates of renewal of the insurance (and a copy thereof to the Agency) upon the expiration of the policies. The Contractor shall also, upon request, promptly provide the Division and/or Agency with copies of each policy required under these Standard Terms and Conditions and the Contract, certified by the agent or underwriter to be true copies of the policies provided to the Contractor. All certificates and copies of insurance policies shall be forwarded to the State's address as listed herein.

In the event that the Contractor provides evidence of insurance in the form of certificates of insurance valid for a period of time less than the period during which the Contractor is required by the terms of these Standard Terms and Conditions and the Contract to maintain insurance, i.e. two (2) years after the expiration of the Contract, said certificates shall be acceptable, but the vendor shall be obligated to renew its insurance policies as necessary and to provide new certificates of insurance from time to time, so that the Agency is continuously in possession of evidence of the Contractor's insurance in accordance with the foregoing provisions.

In the event the Contractor fails or refuses to renew any of its insurance policies as necessary, or any policy is canceled, terminated or modified so that the insurance does not meet the requirements of these Standard Terms and Conditions or the Contract, the State and/or Agency may refuse to make payment of any further amounts due under the Contract or refuse to make payments due or coming due under other agreements between the Contractor and the State. The State, in its sole discretion, may use funds retained under this paragraph to renew the Contractor's insurance for the periods and amounts referred to above. During any period when the required insurance is not in effect, the Director may, at the Director's option, either suspend work under the Contract or proceed to default the Contractor and thereby rescind the contract award.

- J. **AVAILABILITY OF RECORDS:** The Contractor shall maintain and retain weekly payroll, overhead, cost and accounting records and all other records related to the services performed on the Project, including expenses pertaining to additional services required by the State on the Project. Such records shall be maintained and available for the State's and/or Agency's inspection as to all aspects of the work, whether performed by the Contractor or any independent firms. These records shall be kept in accordance with generally accepted accounting principles and practices for a period of three (3) fiscal years after the expiration of the State's fiscal year in which the Contract expires or in which final payment is received by the Contractor under the Contract, whichever occurs later. (The State's fiscal year is from July 1 through June 30). The Director has the right to request, and Contractor agrees to furnish free of charge, all information and copies of all records which the Director requests. The Contractor shall allow the Director and/or Agency to visit the office(s) of the Contractor periodically, upon reasonable notice, in order to review any document related to the Contract or to otherwise monitor work being performed by the Contractor pursuant to the Contract. Any failure by the Contractor to maintain or produce such records or to otherwise cooperate with the Director and/or Agency may be, at the Director's discretion, cause for rescission of the contract award and/or suspension or debarment of the Contractor from State contracts.

- K. **DATA CONFIDENTIALITY:** All data contained in documents supplied by the State or Agency after the award of the Contract, any data gathered by the Contractor in fulfillment of the Contract and any analysis thereof (whether in fulfillment of the Contract or not) are to be considered confidential and shall be solely for the use of the provider of the information. The Contractor is required to use reasonable care to protect the confidentiality of the data including, but not limited to, requiring incorporation of this term into its contract with its subcontractor(s), if any. Any use, sale or offering of this data in any form by the Contractor, its employees, subcontractors or assignees will be considered a violation of this contract and will cause the infraction to be reported to the State Attorney General for possible prosecution. Penalties for violations of such guarantees include, but are not limited to, rescission of the contract award and/or legal action without the State being liable for damages, costs and/or attorney fees. The Contractor shall be liable for any and all damages arising from its breach of this confidentiality provision.
- L. **NO WAIVER OF WARRANTIES OR REMEDIES AT LAW OR EQUITY:** Nothing in the Contract shall be construed to be a waiver by the State or Agency of any warranty, expressed or implied, except as specifically and expressly stated in a writing executed by the Director. Further, nothing in the Contract shall be construed to be a waiver by the State or Agency of any remedy available to the State or Agency under the Contract, at law or equity except as specifically and expressly stated in a writing executed by the Director.
- M. **OWNERSHIP OF MATERIAL:** All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including but not limited to all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of the State of New Jersey and shall be delivered to the State of New Jersey upon 30 days notice by the State. With respect to software computer programs and/or source codes developed for the State, the work shall be considered "work for hire", i.e. the State, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of law, be a work made for hire in accordance with the terms of this Agreement, contractor or subcontractor hereby assigns to the State all right, title and interest in and to any copyright, and the State shall have the right to obtain and hold in its own name any copyrights, registrations and any other proprietary rights that may be available.
- N. **PUBLICITY:** Publicity and/or public announcements pertaining to the project shall be approved by the Agency prior to release.

IV. **CONTRACTUAL RELATIONSHIP:**

- A. **ASSIGNMENT:** The Contractor shall not assign or transfer its obligations or rights under the Contract without the prior written consent of the Director. Any assignment or transfer of the Contractor's rights under the Contract without the prior written consent of the Director shall not relieve the Contractor of any duty, obligation or liability assumed by it under the Contract and shall be cause for rescission of the contract award.
- B. **MERGERS, ACQUISITIONS AND DISSOLUTION:**
- 1) **Merger or Acquisition:** If, subsequent to the award of any contract resulting from the Agency Request, the Contractor shall merge with or be acquired by another firm, for purposes of this contract only, the documents set forth below must be submitted to the Director for approval within thirty (30) days of completion of the merger or acquisition. Failure to do so may result in rescission of the contract award for cause. Any such merger or acquisition will require the assignment of the Contract pursuant to the provisions related thereto set forth herein.
- a) Corporate resolutions prepared by the awarded Contractor and new entity ratifying acceptance of the Contract terms, conditions and prices, as may be amended.
- b) State of New Jersey Bidders Application reflecting all updated information including ownership disclosure, pursuant to the provisions contained herein.
- c) Vendor Federal Employer Identification Number.
- d) **Ownership Disclosure:** Within thirty (30) days after any merger or acquisition, the Contractor must disclose the names and addresses of all of its owners and potential owners which hold or may acquire 10% or more of its stock or interest. The Contractor has the continuing obligation to notify the Division of any change in its ownership affecting 10% or more of its ownership as soon as such change has been completed. Compliance with this provision does not give rise to any rights to the Contract to the acquirer or resulting entity (in the case of a merger) without the written consent of the Director.

- 2) **Dissolution:** If, during the term of the Contract, the Contractor's partnership, joint venture or corporation shall dissolve, the Director must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director, in writing, the names of the parties proposed to perform the contract and the names of the parties to whom payment should be made. No payment will be made until all parties to the dissolved partnership, joint venture or corporation submit the required documents to the Director. If the Contractor is (1) a corporation, it must provide a copy of the corporate resolution to dissolve; (2) a partnership, the written statement of the partnership, general partner, receiver or custodian thereof that the partnership has dissolved; and (3) a joint venture, the written agreement of the principal parties thereto to dissolve the joint venture.

C. **NOTICE:** The Contractor shall promptly provide notice to the Director and Agency of all information related to its merger, acquisition and/or dissolution.

V. **ADDITIONAL TERMS:**

A. **CONTRACT AMOUNT:** The estimated amount of the contract(s), when stated in the Agency Request, shall not be construed as either the maximum or minimum amount which the State and/or the Agency shall be obligated to order or expend as the result of the Agency Request or any contract entered into as a result of the Agency Request.

B. **PERFORMANCE SECURITY:**

- 1) **Performance Security:** If performance security is required in the Agency Request, the successful bidder shall furnish performance security in such amount on any award of the Contract or line item purchase. See, N.J.A.C. 17:12-2.5. Acceptable forms of performance security are as follows:
 - a) an irrevocable security in the amount listed in the Agency Request payable to the Treasurer, State of New Jersey, binding the Contractor to provide faithful performance of the Contract; and
 - b) a properly executed individual or annual performance bond issued by an insurance or security company authorized to do business in the State of New Jersey, a certified or cashier's check drawn to the order of the Treasurer, State of New Jersey, or an irrevocable letter of credit drawn naming the Treasurer, State of New Jersey, as beneficiary issued by a federally insured financial institution.
 - c) the amount of the performance security will be stated on the cover sheet to the Agency Request. If the requirement for performance security is expressed as a percentage, security will be required only if the total amount of the Contract exceeds \$250,000.

The Performance Security must be submitted to the Director within thirty (30) days of the effective date of the contract award and cover the period of the Contract and any extensions thereof. Failure to submit performance security may result in rescission of the contract award for cause and nonpayment for work performed.

C. **TIME PERIODS:** The Director may extend or shorten any time period specified in the Contract for good cause. Moreover, when, in the discretion of the Director, non-performance by the Contractor may affect the health, safety or welfare of the State, the Director may dispense with any time period specified Paragraph VII B herein.

VI. **MANDATORY COMPLIANCE WITH LAW:** The Contractor's compliance with the legal requirements set forth in this paragraph as well as any other applicable laws, regulations or codes is mandatory and cannot be waived by the State, the Director, the Division or the Agency. The list of laws, regulations and/or codes cited herein is not intended to be an exhaustive list and is available for review at the State Library, 185 W. State Street, Trenton, New Jersey 08625.

A. **BUSINESS REGISTRATION:**

- 1) All New Jersey and out of State Corporations must obtain a Business Registration Certificate (BRC) from the Department of the Treasury, Division of Revenue prior to conducting business in the State of New Jersey.
- 2) Proof of valid business registration with the Division of Revenue, Department of the Treasury, State of New Jersey, shall be submitted by the bidder and, if applicable, by every subcontractor

of the bidder, with the bidder's bid. No contract will be awarded without proof of business registration with the Division of Revenue. Any questions in this regard can be directed to the Division of Revenue at (609) 292-1730. Form NJ-REG. can be filed online at www.state.nj.us/njbsgs/services.html

- 3) Before performing work under the contract, all sub-contractors of the contractor must provide to the contractor proof of New Jersey business registration. The contractor shall forward the business registration documents on to the using agency.
- B. **AFFIRMATIVE ACTION:** The Contractor shall not discriminate in employment and agree to abide by all antidiscrimination laws including those contained within N.J.S.A. 10:2-1 through N.J.S.A. 10:2-4, inclusive, N.J.S.A. 10:5-1, et seq., and N.J.S.A. 10:5-38 and all rules and regulations issued thereunder as set forth in the attached Supplement to Bid Specifications.
- C. **AMERICANS WITH DISABILITIES ACT:** The Contractor shall abide by the provisions of the Americans With Disabilities Act, 42 U.S.C. §12101, et seq.
- D. **PREVAILING WAGE ACT -** The New Jersey Prevailing Wage Act, N.J.S.A. 34:11-56.26 et seq. is hereby made part of every contract entered into on behalf of the State of New Jersey through the Division of Purchase and Property, except those contracts which are not within the contemplation of the Act. The bidder's signature on this proposal is his guarantee that neither he nor any subcontractors he might employ to perform the work covered by this proposal has been suspended or debarred by the Commissioner, Department of Labor for violation of the provisions of the Prevailing Wage Act and/or the Public Works Contractor Registration Acts; the bidder's signature on the proposal is also his guarantee that he and any subcontractors he might employ to perform the work covered by this proposal will comply with the provisions of the Prevailing Wage and Public Works Contractor Registration Acts, where required.
- 1) **PUBLIC WORKS CONTRACTOR REGISTRATION ACT -** The New Jersey Public Works Contractor Registration Act requires all contractors, subcontractors and lower tier subcontractors who bid on or engage in any contract for public work as defined in N.J.S.A. 34:11-56.26 be first registered with the New Jersey Department of Labor and Workforce Development. Any questions regarding the registration process should be directed to the Division of Wage and Hour Compliance at (609) 292-9464 or <http://www.nj.gov/labor/lssse/lspubcon.html>.
- E. **OWNERSHIP DISCLOSURE:** Pursuant to N.J.S.A. 52:25-24.2, contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to or at the time of the bid submission, the bidder disclosed the names and addresses of all of its owners holding 10% or more of the corporation or partnership's stock or interest during the term of the Contract. The Contractor has the continuing obligation to notify the Division of any change in its ownership affecting 10% or more of its ownership as soon as such change has been completed.
- F. **BIDDER'S WARRANTY:** By submitting a proposal in response to the Agency Request, the bidder warrants and represents that no person or selling agency has been employed or retained to solicit or secure the Contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, except bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. The penalty for breach or violation of this provision may result in rescission of the contract award without the State being liable for damages, costs and/or attorney fees or, in the Director's discretion, a deduction from the Contract price or consideration the full amount of such commission, percentage, brokerage or contingent fee.
- G. **MACBRIDE PRINCIPLES:** The Contractor shall comply with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:34-12.2.
- H. **CODES:** The Contractor shall comply with the requirements of the New Jersey Uniform Commercial Code, the latest National Electrical Code, Building Officials & Code Administrators International, Inc. (B.O.C.A.) Basic Building Code and Occupational Safety and Health Administration to the extent applicable to the Contract.
- I. **P.L. 2004, C.57.** The contractors and its subcontractors must comply with P.L. 2004, C.57, which requires the contractor and its subcontractors to collect and remit applicable State use tax to the New Jersey Division of Taxation on the sale of all goods and services in the State of New Jersey subject to the provisions of the "Sales and Use Tax Act," P.L. 1966, C.30 (N.J.S.A. 54:32B-1 et seq.).

J. **COMPLIANCE WITH NJSA 19:44A-20.13 ET SEQ.** All contractors are required to comply with the "pay to play" disclosure requirements set forth in the statutes. Compliance requires the contractor to submit the Executive Order 134 Certification and Disclosure (DPP134-C & D). In addition, the contractor is under a continuing duty to disclose during the time of the contract all contributions made during the term of the contract covered under the statute. Towards satisfying that duty, the contractor shall submit the Continuing Disclosure of Political Contributions (DPP134-CD) when required under the statute. Failure to comply with any of the requirements of the statute may result in the termination of the contract. All forms and instructions are available on the Division of Purchase and Property web-site: <http://www.state.nj.us/treasury/purchase/forms.htm>.

K. **COMPLIANCE WITH REQUIREMENTS OF NJSA 52:34-13.2.**

- 1) NJSA 52:34-13.2 requires that all contracts that are "primarily for the performance of services" shall be performed within the United States. This provision applies to all contractors and sub-contractors performing such contracts for the State. This provision is not applicable to a contract that is "primarily for the performance of services" if:
 - a) the Director, Division of Purchase and Property or the Director, Division of Property Management and Construction certifies in writing a finding that a service is required by the Executive Branch of the State and that the service cannot be provided by a contractor or sub-contractor within the United States and the certification is approved by the State Treasurer; or
 - b) the Director, Division of Purchase and Property, or the Director, Division of Property Management and Construction, certifies in writing that the inclusion of the provision set forth within the statute for a contract would violate the terms, conditions, or limitations of any grant, funding or financial assistance from the federal government or any agency thereof, and the certification is approved by the appropriate approval officer.

2) **SOURCE DISCLOSURE REQUIREMENTS**

Pursuant to NJSA 52:34-13.2, all vendors seeking a contract with the State of New Jersey must disclose:

- a) The location by country where services under the contract will be performed; and
- b) The location by country where any subcontracted services will be performed.

Accordingly, the vendor should submit the Source Disclosure Certification Form filled out with the sourcing information required for it and any proposed subcontractor under the contract with the State. If the information is not submitted with the vendor's proposal, it shall be submitted within five (5) business days of the State's request for the information.

FAILURE TO SUBMIT SOURCING INFORMATION WHEN REQUESTED BY THE STATE SHALL PRECLUDE AWARD OF A CONTRACT TO THE VENDOR.

3) **BREACH OF CONTRACT**

A SHIFT TO OUTSOURCED SERVICES DURING THE TERM OF THE CONTRACT SHALL BE DEEMED A BREACH OF THE CONTRACT.

If, during the term of the contract, the contractor or subcontractor, who had on contract award declared that services would be performed in the United States, proceeds to shift the performance of the services outside of the United States, the contractor shall be deemed in breach of the contract, which contract shall be subject to termination for cause pursuant to Section VII B (3) (c). of the Waivered Contracts Standard Terms and Conditions, unless the Director shall have first determined in writing that the service can not be performed in the United States.

- L. **SET-OFF FOR STATE TAXES AND CHILD SUPPORT:** Pursuant to N.J.S.A. 54:49-19, if the Contractor is entitled to payment under the Contract at the same time as it is indebted for any State tax (or is otherwise indebted to the State) or child support, the State Treasurer may set off that payment by the amount of the indebtedness.

M. STANDARDS PROHIBITING CONFLICTS OF INTEREST: The following prohibitions on vendor activities shall apply to all contracts and purchase agreements made with the State or Agencies:

- 1) No Contractor shall pay, offer to pay, or agree to pay, either directly or indirectly, any fee, commission, compensation, gift, gratuity or other thing of value of any kind to any State officer or employee or special State officer or employee, as defined by N.J.S.A. 52:13D-13b and e, in the Department of the Treasury or any other agency with which such Contractor transacts or offers or proposes to transact business, or to any member of the immediate family, as defined by N.J.S.A. 52:13D-13f of any such officer or employee, or partnership, firm or corporation with which they are employed or associated or in which such officer or employee has an interest within the meaning of N.J.S.A. 52:13D-13g.
- 2) The solicitation of any fee, commission, compensation, gift, gratuity or other thing of value by any State officer or employee or special State officer or employee from any State vendor shall be reported in writing forthwith by the vendor to the Attorney General and the Executive Commission on Ethical Standards.
- 3) No Contractor may, directly or indirectly, undertake any private business, commercial or entrepreneurial relationship with, whether or not pursuant to employment, contract or other agreement, express or implied, or sell any interest in such Contractor to, any State officer or employee or special State officer or employee or having any duties or responsibilities in connection with the purchase, acquisition or sale of any property or services by or to any State agency or any instrumentality thereof, or with any person, firm or entity with which he is employed or associated or in which he has an interest within the meaning of N.J.S.A. 52:13D-13g. Any relationships subject to this provision shall be reported in writing forthwith to the Executive Commission on Ethical Standards which may grant a waiver of this restriction upon application of the State officer or employee or special State officer or employee upon a finding the present or proposed relationship does not present the potential, actual or appearance, of a conflict of interest.
- 4) No Contractor shall influence, or attempt to influence or cause to be influenced, any State officer or employee or special State officer or employee in his official capacity in any manner which might tend to impair the objectivity or independence of judgment of said officer or employee.
- 5) No Contractor shall cause or influence, or attempt to cause or influence, any State officer or employees or special State officer or employee to use, or attempt to use, his official position to secure unwarranted privileges or advantages for the vendor or any other person.
- 6) The provisions cited in this paragraph shall not be construed to prohibit a State officer or employee or special State officer or employee from receiving gifts from or contracting with the Contractor under the same terms and conditions as are offered or made available to members of the general public subject to any guidelines in the Executive Commission on Ethical Standards may promulgate under the provisions contained herein.

N. SUBCONTRACTORS: A vendor that will subcontract any of the work or services to be provided under the contract shall submit with its proposal to the agency a **Notice of Intent to Subcontract** form located on the Advertised Solicitation, Current Bid Opportunities webpage
<http://www.state.nj.us/treasury/purchase/forms/SubContracting.pdf>

O. P.L. 2005, C 271. Contractor is advised of its responsibility to file an annual disclosure statement on political contributions with the New Jersey Election Law Enforcement Commission (ELEC), pursuant to P.L. 2005, c. 271, section 3 if the contractor receives contracts in excess of \$50,000 from a public entity in a calendar year. It is the contractor's responsibility to determine if filing is necessary. Failure to so file can result in the imposition of financial penalties by ELEC. Additional information about this requirement is available from ELEC at 888-313-3532 or at www.elect.state.nj.us/

VII. PROJECT SUSPENSION AND RESCISSION OF THE CONTRACT AWARD:

- A. SUSPENSION OF PROJECT:** If, for any reason, the project for which the Contractor's services were contracted should be suspended, the Director may suspend this contract upon seven (7) days written notice to the Contractor. Upon receipt of such notice, unless otherwise directed in writing by the Director, the Contractor shall immediately discontinue all work under the Contract. Upon such notification the Contractor shall be paid a proportion of the fee which the services actually and satisfactorily performed by it shall bear to the total services completed under the Contract, less payments previously made. The State may order that the work on the project be stopped temporarily, and upon seven (7) days written notice from the Director, the Contractor shall cease all work on the project except as necessary to properly secure the project. If the State directs that the work on the project resume within six

(6) months, the Contractor shall be obliged to complete the project for the basic fee provided for in this contract, plus additional compensation for any work necessitated by the stop order as approved by the Director in writing.

However, in the event that services are scheduled to end either by contract expiration or by rescission of the contract award by the Director (at the State's discretion), it shall be incumbent upon the Contractor to continue the service if requested by the Director to do so, until new services, if any, are completely operational. At no time shall this transitional period extend more than ninety (90) days beyond the expiration or rescission date of the existing contract, except by agreement of the parties. The Contractor will be reimbursed for this service at the rate in effect when this transitional period clause is invoked by the Director.

- B. RESCISSION OF THE CONTRACT AWARD:** The Director may rescind the contract award at any time during the duration of the Contract, without penalty, subject to the following provisions:
- 1) **For Convenience:** Notwithstanding any provision or language in this contract to the contrary, the Director may terminate at any time, in whole or in part, any contract entered into as a result of this Agency Request for the convenience of the State, upon no less than 30 days written notice to the contractor.
 - 2) **For Cause:**
 - a) Where a Contractor fails to perform or comply with the Contract and/or fails to comply with the complaints procedure set forth in N.J.A.C. 17:12-4.1, et seq., the Director may rescind the contract award upon ten (10) days notice to the Contractor with an opportunity to protest said rescission and/or request an informal hearing. If the Contractor protests, the Director will complete the informal hearing, if necessary, and issue a final agency decision regarding rescission of the contract.
 - b) Where a Contractor continues to perform a contract poorly as demonstrated by one or more formal complaints resolved against it, the Director, or the Director's designee, may issue a Notice of Intent to Rescind the Contract Award with a ten (10) day opportunity for the Contractor to protest such rescission and/or request an informal hearing. If the Contractor protests, the Director will complete the hearing, if necessary, and issue a final agency decision regarding rescission and related issues including, but not limited to, damages payable to the State, subject to Paragraph VII B(5).
 - c) The Director's right to rescind the contract award for cause includes any reason set forth in any other provision contained in the Contract.
 - d) The failure of a Contractor to respond to the Director's notice of intent to rescind the contract award within the ten (10) day period automatically converts said notice into a final agency decision without further action of the Director.
 - e) The Director's right to rescind the contract award for cause includes the Contractor's performance on any other State contract, a violation of state or federal law (as demonstrated by the Contractor's admissions of same or a final decision of an appropriate decision-making body), or any reason related to the ability of the contractor to fulfill its contractual obligations. The Director may also rescind any contract with a federally debarred contractor or a contractor which is presently identified on the list of parties excluded from federal procurement and non-procurement contracts.
 - 3) In cases of emergency, the Director may shorten the time periods of notification and may dispense with an opportunity to respond.
 - 4) Upon a rescission of the contract award under this or any other paragraph herein, the Contractor shall be entitled to receive as full compensation for services rendered to the date of rescission that portion of the fee which the services actually and satisfactorily performed by it, as determined by the Director, shall bear to the total services contemplated under this contract, less payments previously made.
 - 5) Except for termination of the contract by the Director for convenience, upon rescission of the contract award, the Director may acquire the services which are the subject of the Contract from another source and may charge the Contractor whose contract award has been rescinded the difference in price, and the said Contractor shall be liable for same.
 - 6) All protests of the Director's intent to rescind a contract award must be accompanied by a statement of the factual and/or legal basis of the protest and copies of all documents which the Contractor believes support its position.

- 7) If Director determines that an informal hearing is required, said informal hearing shall be conducted by the Director, or the designee thereof, prior to the issuance of the final agency decision regarding the interpretation of the Contract, Contractor performance and/or rescission of the contract award.

VIII. CONTRACTOR COMPENSATION:

- A. **PAYMENT TO CONTRACTOR:** The Contractor is authorized to submit invoices monthly for tasks and/or sub-tasks satisfactorily completed. However, payment for goods and/or services purchased by the State or Agency will only be made against Official New Jersey Payment Voucher along with supporting documentation substantiating that the work has been satisfactorily completed. Invoices must reference the tasks and/or sub-tasks detailed in the scope of work and must be in strict accordance with the firm fixed prices submitted for each task and/or sub-task of the Contract and shall otherwise be in accordance with the terms of the Contract. The State bill form in duplicate together with the original Bill of Lading, express receipt or other related papers must be sent to the consignee on the date of each delivery. Responsibility for payment rests with the Agency. Notwithstanding Section VIII B, payment will not be made until the Agency has approved payment.
- B. **NEW JERSEY PROMPT PAYMENT ACT:** The New Jersey Prompt Payment Act, N.J.S.A. 52:32-32, et. seq. requires State agencies to pay for goods and services within sixty (60) days of the Agency's receipt of a properly executed New Jersey Payment Voucher or within sixty (60) days of receipt and acceptance of goods and services, whichever is later. Properly executed performance security, when required, must be received by the Division prior to processing any payments for goods and services accepted by the State and/or the Agency. Interest will be paid on delinquent accounts at a rate established by the State Treasurer. Interest will not be paid unless it exceeds \$5.00 per properly executed invoice. A good faith dispute creates an exception to the Prompt Payment Act. Except as noted above, cash discounts and other payment terms included as part of the original agreement are not affected by the Prompt Payment Act.
- C. **AVAILABILITY OF FUNDS:** The State's obligation to make payment under the Contract is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless and until funds are made available each fiscal year to the using agency by the State Legislature.
- D. **RETAINAGE:** If retainage is required on the Contract, the State and/or Agency will retain the stated percentage or retainage from each invoice. Payment of retainage will be authorized after satisfactory completion and submission of all services, deliverables or work products by the Contractor and acceptance by the Agency of all services, deliverables or work products required by the Contract.

For ongoing term contracts, the Agency will retain the stated percentage of each invoice submitted. At the end of the three (3) month period after payment of each invoice, the Agency will review the Contractor's performance and if performance has been satisfactory, the Agency will release the retainage for the preceding three (3) month period. Following the expiration of the Contract, retained fees will be released to the Contractor after certification by the Agency's project manager, if any, that all services have been satisfactorily performed.

- IX. **NOTICES:** All notices required under this contract shall be in writing and shall be validly and sufficiently served by the Agency and/or Division upon the Contractor, and vice versa, if addressed and mailed by certified mail to the addresses set forth in the Contract.
- X. **CLAIMS:** The following shall govern claims made by the Contractor against the State concerning interpretation of this Contract, Contractor performance and/or rescission of the contract award:

All claims asserted against the State and/or Agency by the Contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

XI. **APPLICABLE LAW:** This agreement and any and all litigation arising therefrom or related thereto shall be governed by the applicable laws, regulations and rules of evidence of the State of New Jersey without reference to conflict of laws principles.

I HEREBY ACCEPT THE TERMS AND
CONDITIONS OF THIS AGREEMENT



NAME Lee D Boss, CPA, MBA

TITLE Principal

COMPANY NAME Mercadien, P.C.,

DATE Certified Public Accountants

May 14, 2010

OWNERSHIP DISCLOSURE FORM

DEPARTMENT OF THE TREASURY
 DIVISION OF PURCHASE & PROPERTY
 STATE OF NEW JERSEY
 33 W. STATE ST., 9TH FLOOR
 PO BOX 230
 TRENTON, NEW JERSEY 08625-0230

BID NUMBER:
 BIDDER: Mercadien, P.C.
Certified Public Accountants

INSTRUCTIONS : Provide below the names, home addresses, dates of birth, offices held and any ownership interest of all officers of the firm named above. If additional space is necessary, provide on an attached sheet.

NAME	HOME ADDRESS	DATE OF BIRTH	OFFICE HELD	OWNERSHIP INTEREST (Shares Owned or % of Partnership)
See attached schedule				

INSTRUCTIONS : Provide below the names, home addresses, dates of birth, and ownership interest of all individuals not listed above, and any partnerships, corporations and any other owner having a 10% or greater interest in the firm named above. If a listed owner is a corporation or partnership, provide below the same information for the holders of 10% or more interest in that corporation or partnership. If additional space is necessary, provide that information on an attached sheet. Complete the certification at the bottom of this form. If this form has previously been submitted to the Purchase Bureau in connection with another bid, indicate changes, if any, where appropriate, and complete the certification below.
 If there are no owners with 10% or more interest in your firm, enter "None" below.

NAME	HOME ADDRESS	DATE OF BIRTH	OFFICE HELD	OWNERSHIP INTEREST (Shares Owned or % of Partnership)

COMPLETE ALL QUESTIONS BELOW

- | | YES | NO |
|---|----------|----------|
| 1. Within the past five years has another company or corporation had a 10% or greater interest in the firm identified above? (If yes, complete and attach a separate disclosure form reflecting previous ownership interests.) | <u>C</u> | <u>X</u> |
| 2. Has any person or entity listed in this form or its attachments ever been arrested, charged, indicted or convicted in a criminal or disorderly persons matter by the State of New Jersey, any other State or the U.S. Government? (If yes, attach a detailed explanation for each instance.) | <u>C</u> | <u>X</u> |
| 3. Has any person or entity listed in this form or its attachments ever been suspended, debarred or otherwise declared ineligible by any agency of government from bidding or contracting to provide services, labor, material, or supplies? (If yes, attach a detailed explanation for each instance.) | <u>C</u> | <u>X</u> |
| 4. Are there now any criminal matters or debarment proceedings pending in which the firm and/or its officers and/or managers are involved? (If yes, attach a detailed explanation for each instance.) | <u>C</u> | <u>X</u> |
| 5. Has any Federal, State or Local license, permit or other similar authorization, necessary to perform the work applied for herein and held or applied for by any person or entity listed in this form, been suspended or revoked, or been the subject of any pending proceedings specifically seeking or litigating the issue of suspension or revocation? (If yes, attach a detailed explanation for each instance.) | <u>C</u> | <u>X</u> |

CERTIFICATION : I, being duly sworn upon my oath, hereby represent and state that the foregoing information and any attachments thereto to the best of my knowledge are true and complete. I acknowledge that the State of New Jersey is relying on the information contained herein and thereby acknowledge that I am under a continuing obligation from the date of this certification through the completion of any contracts with the State to notify the State in writing of any changes to the answers or information contained herein. I acknowledge that I am aware that it is a criminal offense to make a false statement or misrepresentation in this certification, and if I do so, I recognize that I am subject to criminal prosecution under the law and that it will also constitute a material breach of my agreement(s) with the State of New Jersey and that the State at its option, may declare any contract(s) resulting from this certification void and unenforceable.

I, being duly authorized, certify that the information supplied above, including all attached pages, is complete and correct to the best of my knowledge. I certify that all of the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Company Name: Mercadien, P.C., CPAs

Address: 3625 Quakerbridge Road
Hamilton, NJ 08619

FEIN/SSN#: 22-3121712



Lee D Boss (Signature)

Principal (Name)

May 14, 2010 (Title)

PRINT OR TYPE:

PRINT OR TYPE:

Date

**Mercadlen P.C. CPAs
Ownership Disclosure Form**

<u>Officer</u>	<u>Home Address</u>	<u>DOB</u>	<u>Title</u>	<u>Office Held</u>	<u>Ownership Interest</u>
Conrad L. Druker	5 Hedge Row Court Lawrenceville, NJ 08648	7/2/1959	Stockholder	Secretary	32.11%
David L. Stafford	1903 Oxmead Road Burlington, NJ 08016	10/15/1960	Stockholder	Chairman of the Board	20.19%
Richard S. Willinger	268 Swift Road Langhorne, PA 19047	6/22/1959	Stockholder		20.19%
Marguerite L. Mount	3 Farnsworth Avenue Bordentown, NJ 08505	1/1/1959	Stockholder		9.17%
Sherise D. Ritter	32 Stone Hill Road Upper Freehold, NJ 08514	7/9/1961	Stockholder		9.17%
Warren Broudy	707 Stuyvesant Place Mount Laurel, NJ 08054	12/16/1961	Stockholder		9.17%
					100.00%

Officers:
David Stafford – Chairman of the Board
Conrad Druker – Secretary

MACBRIDE PRINCIPLES FORM**BIDDER'S REQUIREMENT: TO PROVIDE A CERTIFICATION
IN COMPLIANCE WITH MACBRIDE PRINCIPLES
AND NORTHERN IRELAND ACT OF 1989**

Pursuant to Public Law 1995, c. 134, a responsible bidder selected, after public bidding, by the Director of the Division of Purchase and Property, pursuant to N.J.S.A. 52:34-12, or the Director of the Division of Building and Construction, pursuant to N.J.S.A. 52:32-2, must complete the certification below by checking one of the two representations listed and signing where indicated. If a bidder who would otherwise be awarded a purchase, contract or agreement does not complete the certification, then the Directors may determine, in accordance with applicable law and rules, that it is in the best interest of the State to award the purchase, contract or agreement to another bidder who has completed the certification and has submitted a bid within five (5) percent of the most advantageous bid. If the Directors find contractors to be in violation of the principles which are the subject of this law, they shall take such action as may be appropriate and provided by law, rule or contract, including but not limited to, imposing sanctions, seeking compliance, recovering damages, declaring the party in default and seeking debarment or suspension of the party.

I certify, pursuant to N.J.S.A. 52:34-12.2 that the entity for which I am authorized to bid:

has no ongoing business activities in Northern Ireland and does not maintain a physical presence therein through the operation of offices, plants, factories, or similar facilities, either directly or indirectly, through intermediaries, subsidiaries or affiliated companies over which it maintains effective control; or

will take lawful steps in good faith to conduct any business operations it has in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in N.J.S.A. 52:18A-89.5 and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

Signature: Lee D Boss

Date: May 14, 2010

Print Name: Lee D Boss

Title: Principal

Firm Name: Mercadien, P.C., Certified Public Accountants

Affirmative Action Supplement

AFFIRMATIVE ACTION	Term Contract - Advertised Bid Proposal
Department of the Treasury Division of Purchase & Property State of New Jersey 33 W. State St., 9th Floor PO Box 230 Trenton, New Jersey 08625-0230	Bid Number: _____ Bidder: <u>Mercadieu, P.C.,</u> Certified Public Accountants

EXHIBIT A
MANDATORY EQUAL EMPLOYMENT OPPORTUNITY LANGUAGE
N.J.S.A. 10:5-31 et seq. (P.L. 1975, C. 127)
N.J.A.C. 17:27
GOODS, PROFESSIONAL SERVICE AND GENERAL SERVICE CONTRACTS

During the performance of this contract, the contractor agrees as follows:

The contractor or subcontractor, where applicable, will not discriminate against any employee or applicant for employment because of age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Except with respect to affectional or sexual orientation and gender identity or expression, the contractor will ensure that equal employment opportunity is afforded to such applicants in recruitment and employment, and that employees are treated during employment, without regard to their age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex. Such equal employment opportunity shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Public Agency Compliance Officer setting forth provisions of this nondiscrimination clause.

The contractor or subcontractor, where applicable will, in all solicitations or advertisements for employees placed by or on behalf of the contractor, state that all qualified applicants will receive consideration for employment without regard to age, race, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex.

The contractor or subcontractor, where applicable, will send to each labor union or representative or workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the agency contracting officer advising the labor union or workers' representative of the contractor's commitments under this act and shall post copies of the notice in conspicuous places available to employees and applicants for employment. The contractor or subcontractor, where applicable, agrees to comply with any regulations promulgated by the Treasurer pursuant to N.J.S.A. 10:5-31 et seq., as amended and supplemented from time to time and the Americans with Disabilities Act.

The contractor or subcontractor agrees to make good faith efforts to afford equal employment opportunities to minority and women workers consistent with Good faith efforts to meet targeted county employment goals established in accordance with N.J.A.C. 17:27-5.2, or Good faith efforts to meet targeted county employment goals determined by the Division, pursuant to N.J.A.C. 17:27-5.2.

The contractor or subcontractor agrees to inform in writing its appropriate recruitment agencies including, but not limited to, employment agencies, placement bureaus, colleges, universities, labor unions, that it does not discriminate on the basis of age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, and that it will discontinue the use of any recruitment agency which engages in direct or indirect discriminatory practices.

The contractor or subcontractor agrees to revise any of its testing procedures, if necessary, to assure that all personnel testing conforms with the principles of job-related testing, as established by the statutes and court decisions of the State of New Jersey and as established by applicable Federal law and applicable Federal court decisions. In conforming with the targeted employment goals, the contractor or subcontractor agrees to review all procedures relating to transfer, upgrading, downgrading and layoff to ensure that all such actions are taken without regard to age, creed, color, national origin, ancestry, marital status, affectional or sexual orientation, gender identity or expression, disability, nationality or sex, consistent with the statutes and court decisions of the State of New Jersey, and applicable Federal law and applicable Federal court decisions.

The contractor shall submit to the public agency, after notification of award but prior to execution of a goods and services contract, one of the following three documents:

Letter of Federal Affirmative Action Plan Approval

Certificate of Employee Information Report

Employee Information Report Form AA302

The contractor and its subcontractors shall furnish such reports or other documents to the Division of Public Contracts Equal Employment Opportunity Compliance as may be requested by the office from time to time in order to carry out the purposes of these regulations, and public agencies shall furnish such information as may be requested by the Division of Public Contracts Equal Employment Opportunity Compliance for conducting a compliance investigation pursuant to **Subchapter 10 of the Administrative Code at N.J.A.C. 17:27.**

* **NO FIRM MAY BE ISSUED A PURCHASE ORDER OR CONTRACT WITH THE STATE UNLESS THEY COMPLY WITH THE AFFIRMATIVE ACTION REGULATIONS**

PLEASE CHECK APPROPRIATE BOX (ONE ONLY)

- I HAVE A CURRENT NEW JERSEY AFFIRMATIVE ACTION CERTIFICATE. (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE A VALID FEDERAL AFFIRMATIVE ACTION PLAN APPROVAL LETTER. (PLEASE ATTACH A COPY TO YOUR PROPOSAL).
- I HAVE COMPLETED THE ENCLOSED FORM AA302 AFFIRMATIVE ACTION EMPLOYEE INFORMATION REPORT.

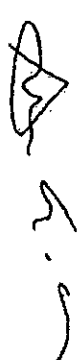
Certification 18798

CERTIFICATE OF EMPLOYEE INFORMATION REPORT
RENEWAL

This is to certify that the contractor listed below has submitted an Employee Information Report pursuant to N.J.A.C. 17:27-1.1 et seq. and the State Treasurer has approved said report. This approval will remain in effect for the period of 15-APR-2010 to 15-APR-2013

THE MERCADIAN GROUP, LLC
3625 QUAKERBRIDGE ROAD
HAMILTON NJ 08619 1207




Acting State Treasurer

NOTICE TO ALL BIDDERS
SET-OFF FOR STATE TAX

Please be advised that, pursuant to P.L. 1995, c.159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, including the legislative and judicial branches of State government, is entitled to payment for those goods or services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set-off under this act.

The Director of the Division of Taxation shall give notice of the set-off to the taxpayer and provide an opportunity for a hearing within 30 days of such notice under the procedures for protests established under R.S. 54:49-18. No requests for conference, protest, or subsequent appeal to the Tax Court from any protest under this section shall stay the collection of the indebtedness. Interest that may be payable by the State, pursuant to P.L. 1987, c.184 (c. 52:32-32 et seq.), to the taxpayer shall be stayed.

"I HAVE BEEN ADVISED OF THIS NOTICE"

COMPANY Mercadien, P.C., Certified Public Accountants

SIGNATURE 

NAME Lee D Boss

TITLE Principal

DATE May 14, 2010



State of New Jersey
Division of Purchase and Property
Two-Year Chapter 51 / Executive Order 117 Vendor Certification and
Disclosure of Political Contributions

For AGENCY USE ONLY

General Information

Solicitation, RFP or Contract No. _____ Award Amount _____

Description of Services _____

Agency Contact Information

Agency _____ Contact Person _____

Phone Number _____ Agency Email _____

Part 1: Vendor Information

Full Legal Business Name Mercadien, P.C., Certified Public Accountants
(Including trade name if applicable)

Business Type Corporation Limited Partnership Professional Corporation General Partnership
 Limited Liability Company Sole Proprietorship Limited Liability Partnership

Address 1 3625 Quakerbridge Road Address 2 _____

City Hamilton State NJ Zip 08619 Phone 609-689-9700

Vendor Email lboss@mercadien.com Vendor FEIN 22-3121712

Part 2: Public Law 2005, Chapter 51/ Executive Order 117 (2008) Certification

I hereby certify as follows:

1. On or after October 15, 2004, neither the below-named entity nor any individual whose contributions are attributable to the entity pursuant to Executive Order 117 (2008) has solicited or made any contribution of money, pledge of contribution, including in-kind contributions, company or organization contributions, as set forth below that would bar the award of a contract to the vendor, pursuant to the terms of Executive Order 117 (2008).

a) Within the preceding 18 months, the below-named person or organization has not made a contribution to:

- (i) Any candidate committee and/or election fund of any candidate for or holder of the public office of Governor or *Lieutenant Governor*;
- (ii) Any State, county, *municipal* political party committee; OR
- (iii) Any *legislative leadership committee*.

b) During the term of office of the current Governor(s), the below-named person or organization has not made a contribution to

- (i) Any candidate, committee and/or election fund of the Governor or *Lieutenant Governor*; OR
- (ii) Any State, county or *municipal* political party committee nominating such Governor in the election preceding the commencement of said Governor's term.

c) Within the 18 months immediately prior to the first day of the term of office of the Governor(s), the below-named person or organization has not made a contribution to

- (i) Any candidate, committee and/or election fund of the Governor or *Lieutenant Governor*; OR
Any State, county, *municipal* political party committee of the political party nominating the successful gubernatorial candidate(s) in the last gubernatorial election.

PLEASE NOTE: Prior to November 15, 2008, the only disqualifying contributions include those made by the vendor or a principal owning or controlling more than 10 percent of the profits or assets of a business entity (or 10 percent of the stock in the case of a business entity that is a corporation for profit) to any candidate committee and/or election fund of the Governor or to any state or county political party within the preceding 18 months, during the term of office of the current Governor or within the 18 months immediately prior to the first day of the term of Office of Governor.

Part 3: Disclosure of Contributions Made

Check this box if no reportable contributions have been made by the above-named business entity or individual.

Name of Recipient _____	Address of Recipient _____
Date of Contribution _____	Amount of Contribution _____
Type of Contribution (i.e. currency, check, loan, in-kind _____)	
Contributor Name _____	
Relationship of Contributor to the Vendor _____	
Contributor Address _____	
City _____	State _____ Zip _____

If this form is not being completed electronically, please attach pages for additional contributions as necessary. Otherwise click "Add a Contribution" to enter additional contributions.


Part 4: Certification

I have read the instructions accompanying this form prior to completing this certification on behalf of the above-named business entity. I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

I understand that this certification will be in effect for two (2) years from the date of approval, provided the ownership status does not change and/or additional contributions are not made. If there are any changes in the ownership of the entity or additional contributions are made, a new full set of documents are required to be completed and submitted. By submitting this Certification and Disclosure, the person or entity named herein acknowledges this continuing reporting responsibility and certifies that it will adhere to it.

(CHECK ONE BOX A, B or C)

- (A) I am certifying on behalf of the above-named business entity and all individuals and/or entities whose contributions are attributable to the entity pursuant to Executive Order 117 (2008).
- (B) I am certifying on behalf of the above-named business entity only.
- (C) I am certifying on behalf of an individual and/or entity whose contributions are attributable to the vendor.

Signed Name  Print Name Lee D Boss
Phone Number 609-689-9700 Date May 14, 2010
Title/Position Principal

Agency Submission of Forms

The agency should submit the completed and signed Two-Year Vendor Certification and Disclosure forms, together with a completed Ownership Disclosure form, either electronically to cd134@treas.state.nj.us, or regular mail at Chapter 51 Review Unit, P.O. Box 039, 33 West State Street, 9th Floor, Trenton, NJ 08625. The agency should save the forms locally and keep the original forms on file, and submit copies to the Chapter 51 Review Unit.

**PUBLIC LAW 2005
CHAPTER 271**

**Vendor Certification and
Political Contribution
Disclosure Form**

Contract Reference: _____ **Vendor:** Mercadien, P.C.,
Certified Public Accountants

At least ten (10) days prior to entering into the above-referenced contract, the Vendor must complete this Certification and Disclosure Form, in accordance with the directions below and submit it to the State contact for such contract.

Please note that the disclosure requirements under Public Law 2005, Chapter 271 are separate and different from the disclosure requirements under Public Law 2005, Chapter 51 (formerly Executive Order 134). Although no vendor will be precluded from entering into a contract by any information submitted on this form, a vendor's failure to fully, accurately and truthfully complete this form and submit it to the appropriate State agency may result in the imposition of fines by the New Jersey Election Law Enforcement Commission.

Disclosure

Following is the required Vendor disclosure of all Reportable Contributions made in the twelve (12) months prior to and including the date of signing of this Certification and Disclosure to: (i) any State, county, or municipal committee of a political party, legislative leadership committee, candidate committee of a candidate for, or holder of, a State elective office, or (ii) any entity that is also defined as a "continuing political committee" under N.J.S.A. 19:44A-3(n) and N.J.A.C. 19:25-1.

The Vendor is required to disclose Reportable Contributions by: the Vendor itself; all persons or other business entities owning or controlling more than 10% of the profits of the Vendor or more than 10% of the stock of the Vendor, if the Vendor is a corporation for profit; a spouse or child living with a natural person that is a Vendor; all of the principals, partners, officers or directors of the Vendor and all of their spouses; any subsidiaries directly or indirectly controlled by the Vendor; and any political organization organized under section 527 of the Internal Revenue Code that is directly or indirectly controlled by the Vendor, other than a candidate committee, election fund, or political party committee.

"Reportable Contributions" are those contributions that are required to be reported by the recipient under the "New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c.83 (C.19:44A-1 et seq.), and implementing regulations set forth at N.J.A.C. 19:25-10.1 et seq. As of January 1, 2005, contributions in excess of \$300 during a reporting period are deemed "reportable."

**PUBLIC LAW 2005
CHAPTER 271**

Mercadien, P.C.,
Vendor: Certified Public Accountants

Name and Address of Committee to Which Contribution Was Made	Date of Contribution	Amount of Contribution	Contributor's Name
Indicate "none" if no Reportable Contributions were made. Attach Additional Pages As Needed			
#1 None			

Certification:

I certify as an officer or authorized representative of the Vendor that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

#2 Name of Vendor: Mercadien, P.C., Certified Public Accountants
Signed: *Lee D. Boss*
Print Name: Lee D Boss
Title: Principal
Date: May 14, 2010

"N.J.S.A. 52:34-13.2 CERTIFICATION"

SOURCE DISCLOSURE CERTIFICATION FORM

Contractor: Mercadien, P.C., Waiver Number: _____
Certified Public Accountants

I hereby certify and say:

I have personal knowledge of the facts set forth herein and am authorized to make this Certification on behalf of the Contractor.

The Contractor submits this Certification in response to the referenced contract issued by the Division of Purchase and Property, Department of the Treasury, State of New Jersey (the "Division"), in accordance with the requirements of N.J.S.A. 52:34-13.2.

Instructions:

List every location where services will be performed by the Contractor and all Subcontractors.

If any of the services cannot be performed within the United States, the Contractor shall state, with specificity the reasons why the services cannot be so performed. Attach additional pages if necessary.

Contractor and/or Subcontractor	Description of Services	Performance Location[s] by COUNTRY	Reasons why services cannot be performed in USA
Mercadien, P.C., Certified Public Accountants	Audit	New Jersey	

Any changes to the information set forth in this Certification during the term of any contract awarded under the referenced solicitation or extension thereof will be immediately reported by the Contractor to the Director, Division of Purchase and Property (the "Director").

The Director shall determine whether sufficient justification has been provided by the Contractor to form the basis of his certification that the services cannot be performed in the United States and whether to seek the approval of the Treasurer.

I understand that, after award of a contract to the Contractor, it is determined that the Contractor has shifted services declared above to be provided within the United States to sources outside the United States, prior to a written determination by the Director that extraordinary circumstances require the shift of services or that the failure to shift the services would result in economic hardship to the State of New Jersey, the Contractor shall be deemed in breach of contract, which contract will be subject to termination for cause pursuant to Section 3.5b.1 of the Standard Terms and Conditions.

I further understand that this Certification is submitted on behalf of the Contractor in order to induce the Division to accept a bid proposal, with knowledge that the Division is relying upon the truth of the statements contained herein.

I certify that, to the best of my knowledge and belief, the foregoing statements by me are true. I am aware that if any of the statements are willfully false, I am subject to punishment.

Contractor: Mercadien, P.C., Certified Public Accountants
[Name of Organization or Entity]

By: 

Title: Principal

Print Name: Lee D Boss

Date: May 14, 2010



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Chris Christie, Governor
Kim Guadagno, Lt. Governor

Members:

The Hon. James S. Simpson, Chairman
Joseph Ripa, Vice Chairman
The Hon. Andrew P. Sidamon-Eristoff
Robert A. Briant, Jr.
Thomas J. Canto
Louis A. Giammarino
Vivian Altman

June 7, 2010

Report of the Evaluation Committee Meeting
Review of the Responses to the Auditor Request for Proposal

Via Teleconference:

Vivian Altman, Member
Alemnesh Tessema, Member
Steven Petrecca, Member

The Evaluation Committee (the Committee) solicited responses from qualified audit firms in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (NJTTFA) for the fiscal years 2010, 2011 and 2012.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property.

The Committee disbursed (insert #) requests for proposal (RFP) and received only two responses. The responding firms were Mercadien, P.C. of Mercerville, NJ and McEnerney, Brady & Co., LLC of Livingston, NJ.

The Committee members reviewed the responses of the firms and determined them to be qualified responses. The responses addressed all requirements of the RFP as established by the Committee and management of the NJTTFA.

The firm, Mercadien, P.C., has submitted fees for the annual financial audit for fiscal years 2010, 2011 and 2012 of \$16,500, \$17,000 and \$17,500, respectively. The firm, McEnerney, Brady & Co., LLC has submitted fees for the annual financial audit for fiscal years 2010, 2011 and 2012 of \$29,500, \$29,500 and \$29,500, respectively.

The Committee contacted a sample of references of governmental and public agencies given in the response.

The Committee hereby recommends Mercadien, P.C. to the Audit Committee as a qualified candidate to be the NJTTFA auditor for fiscal years 2010, 2011 and 2012 for review and potential recommendation to the Board of Directors of the NJTTFA. The Committee met via teleconference on Friday, June 4, 2010.

Respectfully submitted on behalf of the Evaluation Committee,


Alemnesh Tessema, Member



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Chris Christie, Governor
Kim Guadagno, Lt. Governor

Members:

James S. Simpson, Chairman
Joseph Ripa, Vice Chairman
The Hon. Andrew P. Sidamon-Eristoff
Robert A. Briant, Jr.
Thomas J. Canto

August 2, 2010

Report of the Audit Committee Meeting
Review of the Evaluation Committee Recommendation For Auditor

In Attendance:

Robert A. Briant, Jr., Member
Steven M. Petrecca, Member
Walter Perkins, NJDOT

The Audit Committee (the Committee) reviewed the recommendation for a qualified audit firm in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (NJTTFA) for Fiscal Years 2010, 2011, and 2012, as submitted by the Evaluation Committee on June 4, 2010.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property.

The Evaluation Committee disbursed eleven requests for proposal (RFP) and received only two responses. The responding firms were Mercadien, P.C. of Mercerville, NJ and McEnery, Brady & Co., LLC of Livingston.


The Evaluation Committee members reviewed the responses of the firms and determined them to be qualified responses. The responses addressed all requirements of the RFP as established by the Committee and management of the NJTTFA.

The firm, Mercadien, P.C., has submitted fees for the annual financial audit for Fiscal Years 2010, 2011 and 2012 of \$16,500, \$17,000 and \$17,500, respectively. The firm, McEnery, Brady & Co., LLC has submitted fees for the annual financial audit for Fiscal Years 2010, 2011 and 2012 of \$29,500, \$29,500 and \$29,500, respectively. There are established fees for management advisory and consulting services in the responses for future agreed upon procedures, if deemed necessary by the NJTTFA Board.

The Evaluation Committee contacted a sample of references of governmental and public agencies given in the response.

The Audit Committee recommends Mercadien, P.C. to the Board as a qualified candidate to be the NJTTFA auditor for Fiscal Years 2010, 2011 and 2012 for approval by the Board of Directors of the NJTTFA. The Committee met on Monday, August 2, 2010.

Respectfully submitted on behalf of the Audit Committee,



Steven M. Petrecca, Member