

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 November 3, 2011 at 1:30 PM (EDT).

The following Authority members were present:

- James Simpson, Commissioner, New Jersey Department of Transportation (NJDOT); Chairman, New Jersey Transportation Trust Fund Authority (NJ TTFA)
- Steven Petrecca, Assistant State Treasurer, New Jersey Office of the Treasurer – (*Designee for the Honorable Andrew P. Sidamon-Eristoff, New Jersey State Treasurer*)
- Joseph Ripa, County Clerk– Camden County; NJ TTFA Vice Chairman – (Via teleconference-joining the meeting at 1:40 PM)
- Nelson Ferreira, NJ TTFA Public Member
- Robert Briant, NJ TTFA Public Member

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJ TTFA Executive Director; CFO, NJDOT
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL
- Johanna Barba Jones, Esq., Governor's Authorities Unit
- David Moore, Manager, Office of Public Finance
- Anthony Longo, Manager, Office of Public Finance
- Judith Sigle, Division of Accounting and Auditing, NJDOT
- Joseph Bertoni, Chief of Staff, NJDOT
- Linda Davino, Assistant Secretary to the Authority
- Mina Tsintzas, Administrative Assistant, NJDOT
- Jacqueline Shanes, McCarter & English, LLP
- Charlie Visconsi, Morgan Stanley
- Michael Greco, Office of Management and Budget
- Julius Bailey, Senate Majority Office

Commissioner Simpson presided at the meeting and Linda Davino, Assistant Secretary, kept the minutes.

Chairman Simpson convened the meeting at 1:30 PM. He introduced himself and made the following statement:

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

Secretary Assistant Linda Davino called the roll. The following acknowledged their presence: James Simpson, Steve Petrecca, Robert Briant and Nelson Ferreira. Joseph Ripa joined the meeting by telephone at 1:40 pm.

After acknowledging that a quorum was present, Commissioner Simpson called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting on April 12, 2011.

Public Member Robert Briant, Jr. moved the following resolution approving of the Authority's April 12, 2011 meeting.

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

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of April 12, 2011 of the New Jersey Transportation Trust Fund Authority are hereby approved.

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

Following this, Commissioner Simpson then requested a motion to approve the minutes of the TTFA Board meeting of September 1, 2011.

Mr. Steven Petrecca moved the following resolution approving the minutes of the Authority's September 1, 2011 meeting.

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

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of September 1, 2011 of the New Jersey Transportation Trust Fund Authority are hereby approved.

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

Next, Commissioner Simpson requested consideration of officers to serve the Authority in fiscal year 2012. First, the Commissioner requested a nomination for the position of Secretary to the Board and recommended that Pat Dyer be nominated to serve as Secretary of the Authority for the remainder of fiscal year 2012.

Commissioner/Chairman Simpson moved the following resolution electing Pat Dyer as Secretary of the Authority for the remainder of fiscal year 2012.

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of a Secretary and such other offices as it shall deem necessary; and

WHEREAS, the Authority desires to fill the position of Secretary;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Pat Dyer to serve in the capacity of Secretary of the Authority for the remainder of fiscal year 2012.

The motion was seconded by Public Member Robert Briant, Jr. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Next, the Commissioner requested a nomination for the position of Assistant Secretary to the Board and recommended that Linda Davino be nominated to serve as Assistant Secretary of the Authority for the remainder of fiscal year 2012.

Mr. Robert Briant Jr. moved the following resolution electing Linda Davino as Assistant Secretary of the Authority for the remainder of fiscal year 2012.

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of an Assistant Secretary and such other offices as it shall deem necessary; and

WHEREAS, the Authority desires to fill the position of Assistant Secretary;

NOW, THEREFORE, BE IT RESOLVED that the Authority elects Linda Davino to serve in the capacity of Assistant Secretary of the Authority for the remainder of fiscal year 2012.

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

Next, Commissioner Simpson requested a motion to approve the filling of the position of Comptroller to the Authority. The Commissioner stated that a vacancy had occurred in this position due to the recent retirement of Mike Macfeeters, who held the position previously. The Commissioner requested the nomination of a Comptroller and recommended that Judy Sigle, DOT's current Director of Accounting and Auditing, be nominated to serve in that capacity for the remainder of fiscal year 2012. Mr. Robert Briant Jr., then moved the following resolution:

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of an Comptroller and such other offices as it shall deem necessary; and

WHEREAS, a vacancy has occurred in the office of the Comptroller;

WHEREAS, the Authority desires to fill the position of Comptroller;

NOW, THEREFORE, BE IT RESOLVED, that the Authority elects Judy Sigle to serve in the position of Comptroller of the Authority for the remainder of fiscal year 2012.

Mr. Nelson Ferreira seconded the motion; the members were polled with all members being in favor and with no members in opposition; and, therefore, the motion was carried.

The next item addressed was the acceptance of the Authority's fiscal year 2011 financial audit by Mercadian, P.C., the Authority's auditor. Commissioner Simpson requested that Steven Petrecca Assistant State Treasurer and Chair of the Audit Committee briefly discuss the

audit results. Mr. Petrecca noted that there were no adverse findings in the audit and complimented the staff involved on having produced a quality product.

Commissioner Simpson then asked for a motion on the following resolution in acceptance of the Audit Report for fiscal year 2011. Mr. Robert Briant Jr., moved the following resolution:

WHEREAS, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended (the "Act"), NJSA 27:1B-1 et seq., 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 Legislature and the Governor; and

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

WHEREAS, the Authority selected the firm of Mercadien, P.C., ("Mercadien") to perform the audit of the Authority for fiscal year 2011; and

WHEREAS, Mercadien has prepared the audit for fiscal year 2011, a copy of which is attached to this Resolution as Exhibit A;

WHEREAS, the Authority's Audit Committee has reviewed the audit report for fiscal year 2011 and recommends its adoption by the Authority;

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby accepts the audit report of Mercadien attached hereto as Exhibit A.
2. This Resolution shall take effect upon adoption in accordance with the Act.

EXHIBIT A

**NEW JERSEY TRANSPORTATION
TRUST FUND AUTHORITY**
(A Component Unit of the State of New Jersey)

Financial Statements and
Supplementary Information

June 30, 2011

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

(A Component Unit of the State of New Jersey)

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June 30, 2011

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INDEPENDENT AUDITORS' REPORT

To the Honorable Chairperson and Members of
New Jersey Transportation Trust Fund Authority
A Component Unit of the State of New Jersey

We have audited the accompanying financial statements of the governmental activities, each fund, and the aggregate remaining fund information of New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2011, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, and each fund, of the Authority as of June 30, 2011, and the changes in the financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- AN INDEPENDENTLY OWNED MEMBER,
MCGladREY ALLIANCE
- AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF
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- AICPA'S PRIVATE COMPANIES PRACTICE
SECTION
- AICPA'S CENTER FOR AUDIT QUALITY
- REGISTERED WITH THE PCAOB

INDEPENDENT AUDITORS' REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2011, on our consideration of 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 to 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of cash receipts and disbursements on page 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of cash receipts and disbursements has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Amercador, P C
Certified Public Accountants
October 27, 2011

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Chairperson and Members of
New Jersey Transportation Trust Fund Authority
A Component Unit of the State of New Jersey

We have audited the accompanying financial statements of the New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2011, and have issued our report thereon dated October 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected or corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

- AN INDEPENDENTLY OWNED MEMBER,
MCGLADREY ALLIANCE
- AMERICAN INSTITUTE OF
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of Authority members, the finance committee, management, others within the Authority, and the State of New Jersey and is not intended to be and should not be used by anyone other than those specified parties.

Mercaderon, P C
Certified Public Accountants

October 27, 2011

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis

As financial management of the New Jersey Transportation Trust Fund Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

The Authority disbursed \$1,531,052,425 to the Special Transportation Fund of the State of New Jersey to fund statewide transportation system improvements during the fiscal year. This was a decrease of 11% from the prior year. The term "net assets" refers to the difference between assets and liabilities. At the close of fiscal year 2011, the Authority had a net deficit of \$173,353,748, as compared to a net deficit of \$367,144,411 at June 30, 2010. This increase in net assets was caused by the increased bond funding of statewide transportation system improvements during the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Authority is a single program government that combines government-wide and governmental fund financial statements. This report also contains required supplementary information concerning the Authority's cash flow for the fiscal year.

Basic Financial Statements

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to that which would be used by a private-sector business.

The statement of net assets and governmental funds balance sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating. Net assets increase when revenues exceed expenses. Increases to assets without corresponding increases to liabilities result in increased net assets, which indicate an improved financial position.

The statement of activities and governmental funds revenues, expenditures and changes in fund balance presents information showing how a government's net deficit changed during the fiscal year. All changes in net deficit are reported as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's flow of cash for the fiscal year.

Financial Analysis

Net assets (deficit) may serve, over time, as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities exceeded assets by \$173,353,748 at the close of the most recent fiscal year.

The largest portion of the Authority's net deficit reflects its investments in current assets (*e.g., accounts receivable, cash and cash equivalents and investments*) less any related bonds outstanding and accounts payable. The Authority's current assets are restricted in use for payment of state transportation costs and bond issues outstanding.

	Years Ended			Percentage Change 2011-2010
	June 30, 2011	June 30, 2010	June 30, 2009	
Accounts receivable	\$12,924,816,045	\$ 11,514,907,881	\$ 10,611,133,295	12
Cash and equivalents	244,859,631	249,060,953	424,693,446	(2)
Investments	42,728	59,012	31,844	(28)
Deferred loss on refunding on bonds	8,756,115	9,759,287	9,089,679	(10)
Unamortized bond discount	20,443,307	21,737,978	16,323,963	(6)
Unamortized bond issuance cost	107,393,042	107,472,875	114,233,065	-
Total Assets	13,306,310,868	11,902,997,986	11,175,505,292	12
Accrued interest payable	23,819,811	20,613,249	19,515,453	16
Accounts payable - State of New Jersey	213,485,882	384,396,398	207,421,888	(44)
Accounts payable - other	109,193	181,574	19,466	(40)
Bonds payable:				
Due within one year	310,110,000	314,285,000	281,170,000	(1)
Due after one year	12,571,168,986	11,167,122,881	10,223,042,295	13
Unamortized bond premium	360,970,744	383,543,295	417,373,829	(6)
Total Liabilities	13,479,664,616	12,270,142,397	11,148,542,931	10
Net Assets (Deficit) Restricted for:				
Debt Services	274,729	290,549	262,581	(5)
Deferred Charge	(248,198,091)	(265,186,404)	(297,242,575)	6
Payment of state transportation system cost	74,569,614	(102,248,556)	323,942,355	173
Net Assets (Deficit)	\$ (173,353,748)	\$ (367,144,411)	\$ 26,962,361	53

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

	Years Ended			Percentage Change 2011-2010
	June 30, 2011	June 30, 2010	June 30, 2009	
Revenues				
State appropriations				
Motor fuel taxes	\$ 483,000,000	\$ 483,000,000	\$ 483,000,000	-
Commercial vehicle fees and taxes	400,000,000	400,000,000	400,000,000	-
Toll road authority	12,000,000	12,000,000	12,000,000	-
Interest income and investment return	1,055,820	1,916,436	5,374,555	(45)
Amortization of bond premium and discount	<u>40,054,655</u>	<u>33,142,068</u>	<u>33,947,426</u>	21
Total Revenues	<u>936,110,475</u>	<u>930,058,504</u>	<u>934,321,981</u>	1
Expenses				
Operating expenses and financial costs				
State transportation costs	4,825,663	48,264	71,007	9,898
Debt Service	1,531,052,425	1,725,395,510	1,497,018,844	(11)
Bond interest expense, including amortization of bond issuance costs	526,724,927	500,782,283	448,869,731	5
Bond interest expense, capital appreciation bonds	<u>120,251,105</u>	<u>101,612,225</u>	<u>72,365,327</u>	18
Total Operating Expenses	<u>2,182,854,120</u>	<u>2,327,838,282</u>	<u>2,018,324,909</u>	(6)
Deficiencies of revenues over expenses	(1,246,743,645)	(1,397,779,778)	(1,084,002,928)	11
Other financing sources				
Garvee bond debt service reimbursement	4,802,000	5,281,000	5,737,250	(9)
Build America Bond Credits	<u>31,491,600</u>	<u>11,616,420</u>	<u>-</u>	171
Total other financing sources	<u>36,293,600</u>	<u>16,897,420</u>	<u>5,737,250</u>	115
Change in Net Deficit	(1,210,450,045)	(1,380,882,358)	(1,078,265,678)	12
Net Assets (Deficit), Beginning of Year	(367,144,411)	26,962,361	(248,538,350)	(1,462)
Current year bond activity, net	<u>1,404,240,708</u>	<u>986,775,586</u>	<u>1,353,766,389</u>	42
Net Assets (Deficit), End of Year	<u>\$ (173,353,748)</u>	<u>\$ (367,144,411)</u>	<u>\$ 26,962,361</u>	53

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Significant and Subsequent Events

As of June 30, 2011, the Authority had \$12,881,278,986 in bonds outstanding, as compared to \$11,481,407,881 in the prior fiscal year, an increase of 12.19%. There was new debt incurred by the Authority, net of refunding, in the amount of \$1,583,464,603 during fiscal year 2011. A total of \$309,530,000 in bond principal was retired by the annual debt service payments during the fiscal year.

The Authority has issued no bonds nor entered into any credit agreements subsequent to the close of fiscal year June 30, 2011.

The following information summarizes the changes in debt between the fiscal year 2011, 2010 and 2009:

	Years Ended			Percentage Change 2011-2010
	June 30, 2011	June 30, 2010	June 30, 2009	
Bonds Payable	<u>\$12,881,278,986</u>	<u>\$ 11,481,407,881</u>	<u>\$10,504,212,295</u>	<u>12</u>

More detailed information about the Authority's bonds payable is presented in Note D of the financial statements.

The current re-authorization of the Authority is set to expire on June 30, 2011, and is in need of legislative approval beyond June 30, 2011. For fiscal year 2012, the Authority is utilizing its remaining authorizations from the previous act. A new statute is being developed for fiscal year 2013 and beyond.

Contacting the Authority's Financial Management

This financial report is designed to provide the New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to the State of New Jersey and bondholders. If you have questions about this report or need additional financial information, you can contact the New Jersey Transportation Trust Fund Authority at 1035 Parkway Avenue, P.O. Box 600, Trenton, NJ 08625-0600 or visit its website at www.state.nj.us/ttfa.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUNDS BALANCE SHEET
June 30, 2011

	Special Revenue Fund	Other Funds (DSF)	Total Governmental Funds	Adjustments (Note H)	Statement of Net Assets
ASSETS					
Accounts receivable - State of New Jersey	\$ 43,537,059	-	\$ 43,537,059	\$ 12,881,278,986	\$ 12,924,816,045
Cash and equivalents	244,627,630	232,001	244,859,631	-	244,859,631
Investments	-	42,728	42,728	-	42,728
Deferred loss on refunding of bonds	-	-	-	8,756,115	8,756,115
Unamortized bond discount	-	-	-	20,443,307	20,443,307
Unamortized bond issuance costs	-	-	-	107,393,042	107,393,042
Total Assets	<u>\$ 288,164,689</u>	<u>\$ 274,729</u>	<u>\$ 288,439,418</u>	<u>\$ 13,017,871,450</u>	<u>\$ 13,306,310,868</u>
LIABILITIES					
Accrued interest payable	-	-	-	\$ 23,819,811	\$ 23,819,811
Accounts payable - State of New Jersey	213,485,882	-	213,485,882	-	213,485,882
Accounts payable - other	109,193	-	109,193	-	109,193
Transportation system bonds payable					
Due within one year	-	-	-	310,110,000	310,110,000
Due after one year	-	-	-	12,571,168,986	12,571,168,986
Unamortized bond premium	-	-	-	360,970,744	360,970,744
Total Liabilities	<u>213,595,075</u>	<u>-</u>	<u>213,595,075</u>	<u>13,266,069,541</u>	<u>13,479,664,616</u>
FUND BALANCES/NET ASSETS (DEFICIT)					
Restricted for					
Debt Service	-	274,729	274,729	-	274,729
Deferred Charges	-	-	-	(248,198,091)	(248,198,091)
Payment of state transportation systems cost	74,569,614	-	74,569,614	-	74,569,614
Total Fund Balances/Net Assets (Deficit)	<u>74,569,614</u>	<u>274,729</u>	<u>74,844,343</u>	<u>(248,198,091)</u>	<u>(173,353,748)</u>
Total Liabilities and Fund Balances/Net Assets (Deficit)	<u>\$ 288,164,689</u>	<u>\$ 274,729</u>	<u>\$ 288,439,418</u>	<u>\$ 13,017,871,450</u>	<u>\$ 13,306,310,868</u>

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

June 30, 2011

	Special Revenue Fund	Other Funds (DSF)	Total Governmental Funds	Adjustments (Note H)	Statement of Activities
REVENUES					
State appropriations equivalent to:					
Motor fuel taxes	\$ 483,000,000	-	\$ 483,000,000	-	\$ 483,000,000
Commercial vehicle fees and taxes	400,000,000	-	400,000,000	-	400,000,000
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Interest income and investment return	461,573	594,247	1,055,820	-	1,055,820
Amortization of bond premium and discount	-	-	-	40,054,655	40,054,655
Total revenues	<u>895,461,573</u>	<u>594,247</u>	<u>896,055,820</u>	<u>40,054,655</u>	<u>936,110,475</u>
EXPENDITURES					
Operating expenses and financial costs	64,723	4,760,940	4,825,663	-	4,825,663
State transportation costs	1,531,052,425	-	1,531,052,425	-	1,531,052,425
Debt Service					
Principal	-	309,530,000	309,530,000	(309,530,000)	-
Bond interest expense, including amortization of bond issuance costs	-	499,880,976	499,880,976	26,843,951	526,724,927
Bond interest expense, capital appreciation bonds	-	-	-	120,251,105	120,251,105
Total expenditures	<u>1,531,117,148</u>	<u>814,171,916</u>	<u>2,345,289,064</u>	<u>(162,434,944)</u>	<u>2,182,854,120</u>
Deficiency of revenues over expenses	<u>(635,655,575)</u>	<u>(813,577,669)</u>	<u>(1,449,233,244)</u>	<u>202,489,599</u>	<u>(1,246,743,645)</u>
OTHER FINANCING SOURCES (USES):					
Bonds issued, net of refunding	1,583,464,603	-	1,583,464,603	(1,583,464,603)	-
Bond premium, net	7,701,932	-	7,701,932	(7,701,932)	-
Garvee bond debt service reimbursement	-	14,857,000	14,857,000	(10,055,000)	4,802,000
Transfers - internal activities	(767,213,249)	767,213,249	-	-	-
Build America Bonds Credit	-	31,491,600	31,491,600	-	31,491,600
Cost of issuance	(11,479,541)	-	(11,479,541)	11,479,541	-
Total other financing sources (uses)	<u>812,473,745</u>	<u>813,561,849</u>	<u>1,626,035,594</u>	<u>(1,589,741,994)</u>	<u>36,293,600</u>
Change in fund balance/net assets	176,818,170	(15,820)	176,802,350	(1,387,252,395)	(1,210,450,045)
Fund balance/net deficit					
Beginning of year	(102,248,556)	290,549	(101,958,007)	(265,186,404)	(367,144,411)
Current year bond activity, net	-	-	-	1,404,240,708	1,404,240,708
End of year	<u>\$ 74,569,614</u>	<u>\$ 274,729</u>	<u>\$ 74,844,343</u>	<u>\$ (248,198,091)</u>	<u>\$ (173,353,748)</u>

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Authority

New Jersey Transportation Trust Fund Authority (the "Authority"), located in Ewing, New Jersey, was created by the State of New Jersey (the "State") in 1984 pursuant to the New Jersey Transportation Trust Fund Authority Act in order to provide a stable, predictable funding mechanism for transportation system improvements undertaken by the New Jersey Department of Transportation. The Authority also finances State aid to counties and municipalities for transportation system improvements.

Basis of Accounting

The Authority is a component unit of the State and is included in the general purpose financial statements of the State.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles according to a hierarchy of sources of accounting principles. Per GASB Statement 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, priority is established as to which source of accounting principles to utilize in determining proper accounting treatment. The hierarchy is as follows: GASB Statements and Interpretations; GASB Technical Bulletins; American Institute of Certified Public Accountants ("AICPA") Industry Audit and Accounting Guides and AICPA Statements of Position, if applicable, and cleared by GASB; AICPA Practice Bulletins, if applicable, and cleared by GASB; Implementation Guides published by the GASB; AICPA pronouncements that are not specifically applicable to state and governmental entities; Financial Accounting Standards Board ("FASB") Statements and Interpretations; and Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure (issued on or before November 30, 1989). The Authority follows the hierarchy in determining accounting treatment.

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 primary sources of revenues are appropriations received from the State from motor fuel taxes, good drivers' surcharges and commercial vehicle fees and taxes.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America for governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Accounts

In accordance with the 1995 Bond Resolution, the Authority has established the following fund accounts maintained by the Authority:

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Special Revenue Fund Transportation Improvement	Deposit of all revenues received by the Authority. Also used to account for the accumulation of resources for payment of state transportation costs.	Expenditures for specific purposes.
Debt Service Fund (DSF)	Amounts needed to pay matured principal and interest on bonds.	Interest and principal on bonds.

The Authority reserve, which accounts for the Authority's operating expenses, is included in the special revenue fund.

Income Taxes

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

Bond Issuance Costs

In the government-wide financial statements, bond issuance costs are reported as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond issuance costs are expensed when incurred.

Bond Premium

In the government-wide financial statements, bond premiums are reported as deferred revenues (liabilities) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums are recognized as revenue when received.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Discount

In the government-wide financial statements, bond discounts are recognized as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond discounts are recognized as expense when received.

Restricted Net Assets

In accordance with the terms of the various bond resolutions, cash and equivalents and investments of all funds required under such bond resolutions are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are not available for the payment of current operating expenses.

Accounts Receivable

The following is a summary of receivables due from the State primarily to fund future bonds payable.

Due within one year	\$ 353,647,059
Due after one year	<u>12,571,168,986</u>
	<u>\$12,924,816,045</u>

B. CASH AND EQUIVALENTS

Cash and equivalents consist primarily of State of New Jersey cash management fund deposits. New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund ("NJCMF") or in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agencies of the United States that insure deposits.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds;
or
- (b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

B. CASH AND EQUIVALENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash and equivalents and investments are substantially restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

Cash and equivalents at June 30, 2011, were as follows:

NJCMF	\$ <u>244,859,631</u>
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As of June 30, 2011, the Authority had the following investments and maturities:

	Fair	Investment Maturity (In Years)			
	Value	Less than 1	1-5	6-10	More than 10
US Treasury Notes	\$ <u>42,728</u>	\$ <u>42,728</u>	\$ -	\$ -	\$ -

Since the Authority's cash and equivalents and investments are all government securities, or an external investment pool, they are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Because the Authority maintains investments in US Treasury Notes, it is subject to interest rate risk if interest rates fluctuate.

C. ACCOUNTS PAYABLE - STATE OF NEW JERSEY

The balance due of \$213,485,882 consists of amounts due the State of New Jersey Special Transportation Fund for reimbursement of New Jersey Transit transportation costs.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE

Bond resolutions have been adopted by the Authority for the purpose of making improvements to the transportation system in the State of New Jersey. The following is a summary of revenue bonds outstanding:

Series	Interest Rate Range	Bonds Outstanding	Additions	Reductions	Bonds	Amounts Due within One Year
		(in Thousands) June 30, 2010			(in Thousands) June 30, 2011	
1995 Series B	4.50%-7.00%	\$ 64,590	\$ -	\$ 31,280	\$ 33,310	\$ 33,310
1998 Series A	4.25%-5.25%	102,830	-	102,830	-	-
1999 Series A	4.50%-5.75%	228,225	-	33,425	194,800	16,865
2001 Series A	4.00%-5.50%	1,570	-	-	1,570	490
2001 Series C	2.50%-6.00%	612,680	-	173,470	439,210	99,665
2003 Series A	4.00%-5.50%	303,310	-	4,755	298,555	4,995
2003 Series B	3.50%-5.25%	345,000	-	-	345,000	-
2003 Series C	2.25%-5.50%	15,710	-	-	15,710	-
2004 Series A	3.25%-5.75%	107,495	-	-	107,495	-
2004 Series B	2.50%-5.50%	733,830	-	17,200	716,630	101,400
2005 Series A	5.00%-5.25%	342,150	-	40,640	301,510	42,825
2005 Series B	3.70%-5.50%	1,186,440	-	8,415	1,178,025	-
2005 Series C	3.25%-5.25%	48,480	-	-	48,480	-
2005 Series D	4.00%-5.00%	465,910	-	3,255	462,655	-
2006 Series A	4.25%-5.50%	1,580,540	-	3,755	1,576,785	-
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-
2006 A Garvee	5.00%	96,040	-	10,055	85,985	10,560
2007 Series A	3.60%-5.00%	1,140,485	-	269,310	871,175	-
2008 Series A	5.25%-6.00%	2,295,700	-	121,965	2,173,735	-
2009 Series A	6.23%-6.40%	869,075	-	-	869,075	-
2009 Series B	6.875%	273,500	-	-	273,500	-
2009 Series C	Variable	150,000	-	-	150,000	-
2009 Series D	Variable	147,500	-	-	147,500	-
2010 Series A	5.85%-6.25%	1,273,180	-	-	1,273,180	-
2010 Series B	6.561%	500,000	-	-	500,000	-
2010 Series C	6.561%	-	1,000,000	-	1,000,000	-
2010 Series D	6.561%	-	485,875	-	485,875	-
2010 Series E	6.561%	-	14,100	-	14,100	-
2011 Series A	6.561%	-	600,000	-	600,000	-
		<u>16,592,825</u>	<u>2,099,975</u>	<u>820,355</u>	<u>17,872,445</u>	<u>310,110</u>
Less unamortized bond accretion		<u>(5,111,417)</u>	<u>120,252</u>	<u>-</u>	<u>(4,991,166)</u>	<u>-</u>
Total		<u><u>\$ 11,481,408</u></u>	<u><u>\$ 2,220,227</u></u>	<u><u>\$ 820,355</u></u>	<u><u>\$ 12,881,279</u></u>	<u><u>\$ 310,110</u></u>

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

Total maturities of transportation system bonds are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 310,110,000	\$ 559,438,575	\$ 869,548,575
2013	340,255,000	461,939,460	802,194,460
2014	360,275,000	518,748,865	879,023,865
2015	397,285,000	498,791,384	896,076,384
2016	418,115,000	477,853,830	895,968,830
2017-2021	2,578,370,000	2,032,920,650	4,611,290,650
2022-2026	3,482,490,000	1,243,703,220	4,726,193,220
2027-2031	3,434,560,000	747,391,009	4,181,951,009
2032-2036	3,086,750,000	518,670,011	3,605,420,011
2037-2041	<u>3,464,235,000</u>	<u>264,202,400</u>	<u>3,728,437,400</u>
Total	17,872,445,000	<u>\$ 7,323,659,404</u>	<u>\$25,196,104,404</u>
Less unamortized bond accretion	<u>4,991,166,014</u>		
Total Bonds Payable	<u>\$12,881,278,986</u>		

The bonds are secured primarily by revenues received by the Authority from the State. The payment of all such revenues to the Authority is subject to and dependent upon appropriations being made from time to time by the State Legislature. The State Legislature has no legal obligation to make such appropriations.

2003 Series B

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) bonds in September 2008. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments begin December 15, 2016, and end December 15, 2019. Interest payments began December 15, 2008.

INTEREST RATE SWAP AGREEMENTS

In connection with the initial issuance of the Remarketed Bonds, the Authority entered into five swap agreements (the "Existing Swap Agreements") with Goldman Sachs Mitsui Marine Derivative Products L.P. (the "Existing Counterparty") for the purpose of converting the Authority's variable rate exposure on the Remarketed Bonds to a fixed rate. The outstanding aggregate principal amount of the Remarketed Bonds is equal to the aggregate notional amount of these related Existing Swap Agreements. Under the terms of the Existing Swap Agreements, the Authority pays a fixed rate to the Existing Counterparty between 3.537% and 3.675% and receives a variable rate equal to 67% of either one-month or one-

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2003 Series B (Continued)

week LIBOR, in each case depending on the Existing Swap Agreement. These Existing Swap Agreements terminate upon the final maturity of the Remarketed Bonds; provided that the Authority may terminate and cancel any or all of the Existing Swap Agreements with no payment due from the Authority at any time on or after December 15, 2011. It is expected that the Existing Swap Agreements will not be terminated as a result of the conversion of the Remarketed Bonds to the Fixed Rate Mode. In connection with the conversion and remarketing of the Remarketed Bonds, the Existing Swap Agreements may be amended in a manner which could result in the Authority paying fixed rates in excess of the rates stated above.

In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), either the Authority or the Existing Counterparty will be required to make a termination payment to the other party. The party required to make such payment and the amount thereof will be determined by market conditions at the time of such early termination.

The Authority's obligations to make regularly scheduled payments under each Existing Swap Agreement are payable from moneys in the Debt Service Fund established under the Resolution on a parity with the Remarketed Bonds and all other Bonds issued or to be issued under the Resolution. In the event that an Existing Swap Agreement terminates prior to its stated termination date (other than a termination and cancellation by the Authority on or after December 15, 2011), any termination payments required to be made by the Authority pursuant to such Existing Swap Agreement shall be payable from the Subordinated Debt Fund established under the Resolution, subject and subordinate to the payment of Bond Payment Obligations, including payment of the Remarketed Bonds, pursuant to the Resolution.

The 2003 Series B Bonds were re-marked as fixed rate bonds on various dates between September 2, 2008 and September 8, 2008. The Existing Swap Agreements may be amended, terminated or offset with additional interest rate swaps when market conditions permit. The Authority applied a portion of the Existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds.

2006 A Garvee Bond

The debt service and interest expense payments on the 2006 A Garvee bond are reimbursed by the Federal Highway Administration, through the New Jersey Department of Transportation. These amounts are included in the principal and bond interest expense. The principal payment and interest payments reimbursed as of June 30, 2011, were \$10,055,000 and \$4,802,000, respectively.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

2009 Series C and D Bonds – Letter of Credit Facilities

In connection with the issuance of and to provide additional security to the 2009 Series C and Series D bondholders, the Authority entered into irrevocable, direct-pay letter of credit facilities (the "Credit Facility" or "Credit Facilities") with two separate financial institutions (the "Credit Facility Providers"). The Credit Facilities for the 2009 Series C Bonds and 2009 Series D Bonds in the original stated amount of \$152,367,124 and \$149,827,672, respectively, representing the sum of a) the aggregate principal amount of the 2009 Series C and D Bonds and b) 48 days' interest on the 2009 Series C and D Bonds (computed at a rate of 12% per annum) are scheduled to expire on December 15, 2011, unless extended in accordance with its terms. Each Credit Facility will terminate upon conversion of the 2009 Series C or Series D Bonds from a variable rate to a fixed rate interest mode. The bond trustee for each of the 2009 Series C and Series D Bonds is directed to draw on the Credit Facilities to pay when due the principal of and interest on the bonds. The Authority pays a letter of credit fee to the Credit Facility Providers and has entered into agreements to reimburse the Credit Facility Providers for any amounts drawn upon the Credit Facilities by the bond trustee. For the year ended June 30, 2011, the Authority paid \$4,729,300 in fees related to the Credit Facilities.

E. ADVANCE REFUNDINGS

When conditions warrant, the Authority sells various issues of bonds to provide for the refunding of previously issued obligations in order to achieve interest cost savings. As a result of the advance refundings, the Authority recorded a net loss on defeasance totaling \$30,488,941. The net loss on defeasance is being deferred and amortized over the life of the new debt. For financial statement purposes, the Authority follows GASB Statement No. 23, "Accounting and Financial Reporting for Refunding of Debt Reported by Proprietary Activities." The unamortized deferred loss on refundings of bonds amounted to \$8,756,115 at June 30, 2011. Amortization of \$741,986 is included in amortization of cost of issuance and deferred loss on refunding at June 30, 2011. The present value of the debt service savings resulted in an economic gain from the advanced refundings executed during fiscal year 2011 in the amount of \$15,791,014.

The proceeds received from the sales of the bond issues were used to currently refund the outstanding bond issues or to deposit in an irrevocable escrow fund held by an escrow agent an amount that, when combined with interest earnings thereon, will be at least equal to the sum of the first optional redemption date thereof and the premium required to redeem the bonds outstanding on such date. Accordingly, the Authority's assets and the liabilities for defeased bonds are not included in the Authority's financial statements. These transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. ADVANCE REFUNDINGS (CONTINUED)

Refunded bonds outstanding at June 30, 2011, are comprised of the following:

Issue	Principal Amount Outstanding June 30, 2011
2001 Series C	\$ 45,345,259
2003 Series A&B	461,435,396
2004 Series B	23,740,160
2005 Series B	1,151,520,080
2006 Series A	1,118,352,077
2006 Series B	104,756,732
2010 Series D&E	186,169,662
	\$ 3,091,319,366

F. FINANCIAL INSTRUMENTS

In connection with the interest rate swaps disclosed in Note D, no amounts are recorded in the financial statements other than the net interest expense resulting from the agreements. As of June 30, 2011, the swaps had a total net present value of (\$6,011,323). A negative net present value approximates the amount that Authority would owe the swap provider if the swap were terminated.

Pursuant to GASB Statement No. 53, the Authority is required to measure derivative instruments at fair value in its financial statements. No amounts have been recorded because any asset or liability related to the swap would result in a corresponding receivable or payable from the State of New Jersey and not result in any change to the statement of activities and governmental funds revenues, expenditures and changes in fund balance. Since the swap agreement is backed by the State of New Jersey, the ultimate responsibility falls on the State of New Jersey to record these amounts.

The 2003 Series B Bonds were re-marked as fixed rate bonds on various dates between September 2, 2008 and September 8, 2008. The Existing Swap Agreements may be amended, terminated or offset with additional interest rate swaps when market conditions permit. The Authority applied a portion of the Existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds as further disclosed in Note D.

G. CONCENTRATION OF RISK AND UNCERTAINTIES

Cash and Equivalents

The Authority maintains cash and short-term investment balances which may exceed federally insured limits. It historically has not experienced any credit-related losses.

Financial Instruments

As disclosed in Notes D and F, the Authority's 2003 Series B bond issue utilized financial instruments. These agreements are structured to enable variable rate bond proceeds to meet specific needs by reducing the risk associated with changes in interest rates.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

- (1) Unamortized bond issuance cost is recorded as deferred charges (other assets) in the statement of net assets and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond issuance costs are expensed when incurred. Balances as of June 30, 2011, were:

Bond issuance costs	\$ 145,308,683
Accumulated amortization	<u>(37,915,641)</u>
Total unamortized bond issuance cost	<u>\$ 107,393,042</u>
Amortization expense	<u>\$ 7,001,932</u>

- (2) Long-term liabilities (bonds payable and accrued interest payable) applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets. Balances as of June 30, 2011, were:

Bonds payable	\$11,481,407,881
Add issuance of bonds	2,099,975,000
Less principal payments and refunded debt	(820,355,000)
Add accretion	<u>120,251,105</u>
Total	<u>\$12,881,278,986</u>
 Accrued interest payable	 <u>\$ 23,819,811</u>

- (3) Bond proceeds contribute to the change in fund balance in governmental funds. In the government-wide statements, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statements of activities.

Proceeds were received from:

2010 series C Bond	\$ 970,194,018
2010 Series D & E Bond	2,714,705
2011 Series A Bond	<u>610,555,880</u>
Total Proceeds	<u>\$ 1,583,464,603</u>

- (4) Repayment of bond principal is reported as an expenditure in governmental funds and thus reduces the fund balance. For the Authority as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Principal payments, including amounts required for refunding bond issues, were made as follows:

Scheduled principal payments	<u>\$ 309,530,000</u>
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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

H. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

(5) Unamortized bond premium is recorded as deferred revenue (other liabilities) in the statement of net assets and is amortized over the life of the debt. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, bond premiums are recognized as revenue when received. Balances as of June 30, 2011, were:

Bond premium	\$ 614,429,585
Accumulated amortization	<u>(253,458,841)</u>
Total unamortized bond premium	<u>\$ 360,970,744</u>
Amortization revenue	<u>\$ 40,777,982</u>

(6) Unamortized bond discount is recorded as deferred charge (other assets) in the statement of net assets and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond discounts are recognized as expense when received. Balances as of June 30, 2011, were:

Bond discount	\$ 22,099,436
Accumulated amortization	<u>(1,656,129)</u>
Total unamortized bond discount	<u>\$ 20,443,307</u>
Amortization expense	<u>\$ 723,327</u>

(7) The adjustment related to current year bond activity, net, is comprised of the following:

Bond principal payment	\$ (309,530,000)
Garvee bond principal reimbursement	10,055,000
Bond premium	(7,701,932)
Bond issuance costs	11,479,541
Net bond proceeds	1,579,686,994
Capital appreciation bonds interest expense	<u>120,251,105</u>
Current year bond activity, net	<u>\$ 1,404,240,708</u>

I. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the balance sheet date but before October 27, 2011, the date the financial statements were available to be issued. The following item was determined by management to require disclosure:

The current re-authorization of the Authority is set to expire on June 30, 2011, and is in need of legislative approval beyond June 30, 2011. For fiscal year 2012, the Authority is utilizing its remaining authorizations of the previous act. A new statute is being developed for fiscal year 2013 and beyond.

SUPPLEMENTARY INFORMATION

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
(A Component Unit of the State of New Jersey)

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

June 30, 2011

	<u>Authority Reserve</u>	<u>Transportation Improvement</u>	<u>Total</u>	<u>Debt Service</u>	<u>Total</u>
	-	-	-	-	-
	\$	\$	\$	\$	\$
CASH BALANCES, JUNE 30, 2010					
RECEIPTS:					
Motor fuel taxes	-	483,000,000	483,000,000	-	483,000,000
Commercial vehicle fees and taxes	-	400,000,000	400,000,000	-	400,000,000
Toll road authorities	-	12,000,000	12,000,000	-	12,000,000
Build America Bond Credits	-	-	-	-	-
Interest income	5	461,569	461,574	31,491,600	31,491,600
Bond proceeds	-	1,579,646,252	1,579,646,252	594,246	1,055,820
Sale of cash management fund investment and other investments (net)	4,308	4,197,477	4,201,785	-	4,201,785
Garvee bond debt service reimbursement	-	-	-	14,857,000	14,857,000
Operating transfers in	42,000	-	42,000	767,213,249	767,255,249
Total Receipts	<u>46,313</u>	<u>2,479,305,298</u>	<u>2,479,351,611</u>	<u>814,156,095</u>	<u>3,293,507,706</u>
DISBURSEMENTS:					
Operating expenses and financial costs	46,313	50,049	96,362	4,729,301	4,825,663
Bond interest expense	-	-	-	499,880,976	499,880,976
State transportation costs	-	1,712,000,000	1,712,000,000	-	1,712,000,000
Principal retirement of bonds payable	-	-	-	309,530,000	309,530,000
Purchase of cash management fund investments	-	-	-	15,818	15,818
Operating transfers out	-	767,255,249	767,255,249	-	767,255,249
Total Disbursements	<u>46,313</u>	<u>2,479,305,298</u>	<u>2,479,351,611</u>	<u>814,156,095</u>	<u>3,293,507,706</u>
CASH BALANCES, JUNE 30, 2011	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>	<u>-\$</u>

Note: Cash balances consist of checking account activity only.

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

The next business item concerned the approval of the 26th Supplemental Resolution authorizing the issuance of Transportation System Bonds, 2011 Series B. The Commissioner requested that Executive Director Gary Brune and Steven Petrecca provide a brief overview of the Resolution. Executive Director Gary Brune noted that the Authority had effectively run out of cash in August, 2011, that the proposed \$1.315 billion sale would pay for state transportation projects through the end of fiscal year 2012. And that the sale assumed the use of \$1.315 billion of the \$1.6 billion of statutory bond cap carry forward that rolled over from prior fiscal years into fiscal year 2012, leaving approximately \$300 million in bond cap still available at the end of this fiscal year. Mr. Petrecca noted that the Joint Budget Oversight Committee approved the Authority's use of the bond cap carryforward at its October 27, 2011 meeting. At the end of Mr. Petrecca's remarks, Executive Director Brune invited Jacki Shanes, bond counsel from the firm of McCarter and English, to provide additional details on the proposed issuance. Ms. Shanes noted that in addition to authorizing the issuance of the Authority's bonds, the resolution contains three additional provisions: that authorized Authority Officials to develop, in consultation with bond counsel and the State Attorney General, post issuance tax compliance guidelines as required by the Internal Revenue Code that will apply to all currently outstanding and future issued bonds of the Authority; Comptroller of the TFA to serve as the Authority's Tax Officer; Authorized Authority Officials to issue notices to the affected banks of the planned replacement of the Authority's existing, expiring letters of credit relating its Transportation System Bonds, 2009 Series C and 2009 Series D.

Commissioner Simpson then asked for a motion on the following resolution approving the 26th Supplemental Resolution. Mr. Steven Petrecca moved the following resolution.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Not Exceeding \$1,315,000,000

Transportation System Bonds

**TWENTY-SIXTH SUPPLEMENTAL TRANSPORTATION
SYSTEM BOND RESOLUTION**

Adopted November 3, 2011

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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

TWENTY-SIXTH SUPPLEMENTAL

TRANSPORTATION SYSTEM BOND RESOLUTION

Adopted November 3, 2011

BE IT RESOLVED by the Members of the New Jersey Transportation Trust Fund Authority as follows:

ARTICLE I AUTHORITY AND DEFINITIONS

1.1. Supplemental Resolution.

This Twenty-Sixth Supplemental Transportation System Bond Resolution (the "Twenty-Sixth Supplemental Resolution") is supplemental to the 1995 Transportation System Bond Resolution adopted by the Authority on June 15, 1995, as amended and supplemented (the "Resolution").

1.2. Authority for this Twenty-Sixth Supplemental Transportation System Bond Resolution.

This Twenty-Sixth Supplemental Resolution is adopted (i) pursuant to the provisions of the New Jersey Transportation Trust Fund Authority Act of 1984, L. 1984, c. 73, as amended and supplemented (the "Act"), and (ii) in accordance with Article II and Article X of the Resolution.

1.3. Definitions.

All capitalized terms used herein and not otherwise defined shall have the same meanings, respectively, in this Twenty-Sixth Supplemental Resolution as such terms are given in the Resolution.

In addition, in this Twenty-Sixth Supplemental Resolution, the following terms shall have the meanings set forth below:

"Authorized Authority Official" shall mean the Chairperson of the Authority, the Vice Chairperson of the Authority or the Executive Director of the Authority.

"Bond Counsel" shall mean McCarter & English, LLP or any other attorney or firm of attorneys selected from time to time by the Authority having recognized standing and expertise in the field of law relating to municipal finance and whose legal opinions are generally accepted by purchasers of municipal obligations.

“Bond Purchase Contract” shall have the meaning given to such term in Section 2.4 of this Twenty-Sixth Supplemental Resolution.

“Code” shall mean the Internal Revenue Code of 1986, as amended and supplemented, and the regulations promulgated thereunder.

“DTC” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the Twenty-Sixth Supplemental Bonds.

“Rule 15c2-12” shall mean Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented.

“Senior Managing Underwriter” shall mean Morgan Stanley & Co. LLC in its capacity as the senior managing Underwriter for the Twenty-Sixth Supplemental Bonds.

“Series Certificate” shall mean the Series Certificate to be executed by an Authorized Authority Official pursuant to Section 2.8 of this Twenty-Sixth Supplemental Resolution.

“Tax-Exempt Twenty-Sixth Supplemental Bonds” shall mean any Twenty-Sixth Supplemental Bonds the interest on which is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code.

“Twenty-Sixth Supplemental Bonds” shall mean the not to exceed \$1,315,000,000 aggregate principal amount of Transportation System Bonds authorized pursuant to Article II of this Twenty-Sixth Supplemental Resolution.

“Underwriters” shall mean, with respect to each Series of the Twenty-Sixth Supplemental Bonds, the underwriters named in the Bond Purchase Contract for such Series of the Twenty-Sixth Supplemental Bonds pursuant to Section 2.4 of this Twenty-Sixth Supplemental Resolution.

ARTICLE II AUTHORIZATION OF TWENTY-SIXTH SUPPLEMENTAL BONDS

2.1. Maximum Principal Amount, Designation, Series and Other Details.

(a) Pursuant to the provisions of the Resolution, one or more Series of Twenty-Sixth Supplemental Bonds entitled to the benefit, protection and security of such provisions are hereby authorized to be issued in an aggregate principal amount not exceeding \$1,315,000,000. The Twenty-Sixth Supplemental Bonds shall be designated as “Transportation System Bonds” and shall be further distinguished by the designation of the year of issue and the letter of the Series, as such designation may be determined by an Authorized Authority Official in the Series Certificate. Each Series of the Twenty-Sixth Supplemental Bonds shall be issued as Tax-Exempt Twenty-Sixth Supplemental Bonds with a fixed rate or rates of interest to maturity and shall be dated, shall mature on such dates and in such principal amounts, shall bear interest

from their date at such rate or rates payable on such dates, and shall be subject to redemption prior to maturity on such terms and conditions, as shall be determined by an Authorized Authority Official in the Series Certificate; provided, however, that in no event shall (i) the final maturity of any Series of the Twenty-Sixth Supplemental Bonds be later than date set forth in the Act, which is currently thirty-one (31) years from the date of the original issuance and delivery of such Series of the Twenty-Sixth Supplemental Bonds, (ii) the true interest cost of each Series of the Twenty-Sixth Supplemental Bonds exceed seven percent (7.00%) per annum, and (iii) the redemption price for any Twenty-Sixth Supplemental Bond, if expressed as a percentage of the principal amount of such Twenty-Sixth Supplemental Bond to be redeemed, exceed one hundred three percent (103%) of the principal amount of such Twenty-Sixth Supplemental Bond. The Twenty-Sixth Supplemental Bonds may be issued and sold in one or more sub-Series as may be provided in the Series Certificate.

(b) Without limiting the generality of the authorization contained in the immediately preceding paragraph (a) of Section 2.1 of this Twenty-Sixth Supplemental Resolution, it is presently anticipated, but not required, that the Twenty-Sixth Supplemental Bonds will be issued as one Series of Bonds and sold to the Underwriters pursuant to one Bond Purchase Contract.

2.2. Purpose.

The Twenty-Sixth Supplemental Bonds shall be issued pursuant to the Resolution for the purposes of (i) paying State Transportation System Costs and (ii) paying the costs of issuance of such Twenty-Sixth Supplemental Bonds.

2.3. Determination in Accordance with Section 9(i) of the Act.

The Authority hereby finds and determines that it has minimized the incurrence of debt by first relying on appropriations and other revenues available to it for its statutory purposes; that it has received the approval of the Joint Budget Oversight Committee as required by Section 9(i) of the Act; and that such finding and determination hereby and the issuance of the Twenty-Sixth Supplemental Bonds as aforesaid are and will be in accordance with Section 9(i) of the Act.

2.4. Authorization of Negotiated Sale.

(a) The Authority hereby authorizes the sale of the Twenty-Sixth Supplemental Bonds on a negotiated basis because the financing involves the sale of a complex financing structure and volatile market conditions. Upon recommendation of the Treasurer based upon Treasury's competitive RFP/RFQ process and in accordance with Executive Order No. 26 (Whitman 1994) ("Executive Order 26"), the Authority hereby appoints Morgan Stanley & Co. LLC as Senior Managing Underwriter in connection with the Twenty-Sixth Supplemental Bonds herein authorized and, upon recommendation of the Treasurer in accordance with Executive Order 26, an Authorized Authority Official is hereby authorized to select additional co-senior managers and co-managers for the Twenty-Sixth Supplemental Bonds. In addition, if the Senior Managing Underwriter, a co-senior manager or co-manager requests the consent of the Authority to use another firm to provide retail distribution for any of the Twenty-Sixth

Supplemental Bonds, an Authorized Authority Official, in consultation with the Treasurer, and upon advice of Bond Counsel, is hereby authorized to execute such consent to the retail distribution arrangement. All such appointment(s) shall be evidenced by the execution of the Bond Purchase Contract. Notwithstanding anything to the contrary contained herein, the appointment of a firm to serve as a co-senior manager or co-manager for any Series of the Twenty-Sixth Supplemental Bonds does not provide any assurance that such firm will serve as a co-senior manager or co-manager for any other Series of the Twenty-Sixth Supplemental Bonds authorized to be issued under this Twenty-Sixth Supplemental Resolution.

(b) The purchase of one or more Series of the Twenty-Sixth Supplemental Bonds by the Underwriters and the sale of one or more Series of the Twenty-Sixth Supplemental Bonds by the Authority to the Underwriters shall be subject to the execution by the Authority and the Senior Managing Underwriter, as representative of the Underwriters, of a Bond Purchase Contract (the "Bond Purchase Contract") for the applicable Series of the Twenty-Sixth Supplemental Bonds in substantially the form presented to this meeting. The Bond Purchase Contract, in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Official is hereby authorized, with the advice of Bond Counsel and the Attorney General of the State (the "State Attorney General"), to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate in connection with the applicable Series of the Twenty-Sixth Supplemental Bonds. The Authorized Authority Officials are each hereby authorized and directed, in consultation with Bond Counsel and the State Attorney General, to negotiate the terms of the Bond Purchase Contract, to be dated the date of sale of the applicable Series of the Twenty-Sixth Supplemental Bonds, between the Authority and the Senior Managing Underwriter, as representative of the Underwriters. The Authorized Authority Officials are, and each such Authorized Authority Official is, hereby authorized and directed on behalf of the Authority to approve the terms of the Bond Purchase Contract relating to the sale of each Series of the Twenty-Sixth Supplemental Bonds and to execute and deliver such Bond Purchase Contract to the Senior Managing Underwriter, as representative of the Underwriters; provided, that, the provisions of the Bond Purchase Contract are acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and (i) the amount of the compensation to be paid to the Underwriters does not exceed \$6.00 per \$1,000.00 of the applicable Series of the Twenty-Sixth Supplemental Bonds, and (ii) the aggregate principal amount, the final maturity date or dates, the true interest cost and the redemption price of such Series of the Twenty-Sixth Supplemental Bonds does not exceed the limitations set forth in paragraph (a) of Section 2.1 of this Twenty-Sixth Supplemental Resolution.

2.5. Approval of the Preliminary Official Statement.

A Preliminary Official Statement (the "Preliminary Official Statement") relating to the sale of each Series of the Twenty-Sixth Supplemental Bonds in substantially the form presented to this meeting is hereby approved, provided that Appendix I (which is provided by the State) shall be included therein, and provided further that an Authorized Authority Official is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions or deletions to and omissions from the form of the Preliminary Official Statement, as may be necessary or appropriate with respect to each Series of the Twenty-Sixth

Supplemental Bonds. An Authorized Authority Official is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to execute and deliver a certificate, or to include a provision in the Bond Purchase Contract, that “deems final” the Preliminary Official Statement relating to each Series of the Twenty-Sixth Supplemental Bonds pursuant to the provisions of Rule 15c2-12, and such certificate or provision relating thereto shall be in a form acceptable to Bond Counsel and the State Attorney General.

2.6. Authorization of the Printing and Distribution of the Preliminary Official Statement.

The printing and distribution of the Preliminary Official Statement by an Authorized Authority Official in connection with the sale of each Series of the Twenty-Sixth Supplemental Bonds, with such changes, insertions, deletions and omissions in such Preliminary Official Statement as the Authorized Authority Official authorized to print and distribute the same shall approve, with the advice of Bond Counsel and the State Attorney General, is hereby authorized. Any Authorized Authority Official is further authorized and directed to take all such other actions as such Authorized Authority Official shall deem necessary or desirable to effect a public sale of each Series of the Twenty-Sixth Supplemental Bonds.

2.7. Approval of Continuing Disclosure Agreement.

A Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) relating to the sale of each Series of the Twenty-Sixth Supplemental Bonds in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Official is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from the form of the Continuing Disclosure Agreement as may be necessary or appropriate with respect to each Series of the Twenty-Sixth Supplemental Bonds. The Authorized Authority Officials are hereby authorized and directed, with the advice of the Bond Counsel and State Attorney General, to enter into and execute a Continuing Disclosure Agreement with the Treasurer and the Trustee, as dissemination agent, relating to each Series of the Twenty-Sixth Supplemental Bonds and to execute such documents and instruments relating to continuing disclosure as may be necessary or desirable to enable brokers, dealers and municipal securities dealers to comply with Rule 15c2-12.

2.8. Additional Proceedings.

As additional proceedings of the Authority in connection with the sale, issuance and delivery of each Series of the Twenty-Sixth Supplemental Bonds hereby authorized, there is hereby delegated to the Authorized Authority Officials the power to take the following actions and make the following determinations as to each Series of the Twenty-Sixth Supplemental Bonds by executing and delivering a Series Certificate or Certificates of any one such Authorized Authority Official, provided that the final terms and conditions of each Series of the Twenty-Sixth Supplemental Bonds as set forth in the Series Certificate shall be subject to the written approval of the Treasurer:

(a) To determine, subject to the provisions of this Twenty-Sixth Supplemental Resolution, the appropriate Series designations, respective principal amounts, the interest rate or rates, the dated dates, the interest and principal payment and maturity dates, the denomination or denominations and the redemption provisions of each Series of the Twenty-Sixth Supplemental Bonds, and any other provisions necessary to comply with the Resolution or deemed necessary or advisable by such Authorized Authority Official and which provisions are not in conflict with or in substitution for the provisions of the Resolution or the Act.

(b) To acknowledge receipt of prior approval letters of the Governor and the Treasurer as required by Section 9(a) of the Act approving the adoption by the Authority of this Twenty-Sixth Supplemental Resolution and the issuance of the Twenty-Sixth Supplemental Bonds.

(c) To file, with the Trustee, a copy of this Twenty-Sixth Supplemental Resolution certified by an Authorized Officer of the Authority, along with an opinion of Bond Counsel, which filing is required by Article X of the Resolution.

(d) With respect to each Series of the Twenty-Sixth Supplemental Bonds, to execute a final Official Statement of the Authority, dated the date of sale of such Series of the Twenty-Sixth Supplemental Bonds, substantially in the form of the Preliminary Official Statement for such Series of the Twenty-Sixth Supplemental Bonds, with such insertions, revisions, deletions and omissions as may be authorized by the Authorized Authority Official executing the same, with the advice of Bond Counsel and the State Attorney General, and to deliver such final Official Statement to the Underwriters and to authorize the use of such final Official Statement and the information contained therein in connection with the offering and sale of such Series of the Twenty-Sixth Supplemental Bonds.

(e) To determine the application of the proceeds of each Series of the Twenty-Sixth Supplemental Bonds in accordance with the provisions of Section 2.2 hereof.

(f) To purchase one or more policies of municipal bond insurance with respect to any or all of the maturities of each Series of the Twenty-Sixth Supplemental Bonds if an Authorized Authority Official determines that such policy or policies of municipal bond insurance are necessary or desirable to achieve the economic objectives of the Authority, to include in the Series Certificate for such Series of the Twenty-Sixth Supplemental Bonds such provisions relating to the insurance policy or policies as such Authorized Authority Official, with the advice of Bond Counsel and the State Attorney General, deems appropriate and to include on the form of any Twenty-Sixth Supplemental Bond which is insured by a municipal bond insurance policy a statement of insurance in the form requested by the issuer of such municipal bond insurance policy. The cost of any such policy or policies of municipal bond insurance may be paid from the proceeds of the applicable Series of the Twenty-Sixth Supplemental Bonds.

(g) To select and appoint a firm, through a competitive RFP/RFQ process, to serve as bidding agent to solicit bids to enter into or purchase Investment Securities with the proceeds from each Series of the Twenty-Sixth Supplemental Bonds in the event that such Authorized Authority Official determines that it is advantageous to the Authority to invest any proceeds of such Series of the Twenty-Sixth Supplemental Bonds in such Investment Securities.

(h) Prior to the issuance of the first Series of the Twenty-Sixth Supplemental Bonds, to make such revisions to this Twenty-Sixth Supplemental Resolution as may be requested by any Rating Agency in connection with its respective rating of such Series of the Twenty-Sixth Supplemental Bonds, or by the issuer of any municipal bond insurance policy insuring any of the Twenty-Sixth Supplemental Bonds of such Series, provided that such revisions, if any, shall be memorialized in the Series Certificate for such Series of the Twenty-Sixth Supplemental Bonds.

(i) In light of changing market conditions and in order to issue the Twenty-Sixth Supplemental Bonds on the terms most favorable to the Authority, in addition to all other matters authorized in this Twenty-Sixth Supplemental Resolution, the Authorized Authority Officials, in consultation with the Treasurer, are authorized to make such other determinations, to execute such other documents, instruments and agreements and to do such other acts and things as may be necessary or advisable in connection with the issuance of each Series of the Twenty-Sixth Supplemental Bonds or as may be appropriate based on a change in market conditions, provided that any such other determinations, documents, instruments and agreements, acts and things shall be in furtherance of, and not conflict with, the provisions of this Twenty-Sixth Supplemental Resolution, the Resolution or the Act. Any and all actions heretofore taken by the Authorized Authority Officials in connection with the issuance of the Twenty-Sixth Supplemental Bonds are hereby ratified.

(j) To make such other determinations, to execute such other documents, instruments and papers and to do or refrain from doing such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, each Series of the Twenty-Sixth Supplemental Bonds and which are not inconsistent with the provisions of this Twenty-Sixth Supplemental Resolution, the Resolution or the Act.

(k) To acknowledge receipt of approval of the Joint Budget Oversight Committee as required by Section 9(i) of the Act approving the utilization of the amount of debt permitted by Section 9(i) of the Act, less certain reductions, that was not used in prior years in connection with the issuance of the Twenty-Sixth Supplemental Bonds.

(l) To prepare, execute and submit an application for one or more ratings by the Rating Agencies for each Series of the Twenty-Sixth Supplemental Bonds, and to include in the Series Certificate for such Series of the Twenty-Sixth Supplemental Bonds such provisions relating to the rating(s) as an Authorized Authority Official, with the advice of Bond Counsel and the State Attorney General, deems appropriate. The cost of any such rating(s) may be paid from the proceeds of the applicable Series of the Twenty-Sixth Supplemental Bonds.

All matters determined by an Authorized Authority Official under the authority of this Twenty-Sixth Supplemental Resolution shall constitute and be deemed matters incorporated into this Twenty-Sixth Supplemental Resolution and approved by the Authority, and whenever an Authorized Authority Official is authorized, directed or delegated the power to take or refrain from taking any action pursuant to this Twenty-Sixth Supplemental Resolution with or upon the advice, consent or consultation with or by any other person, agency, office or official, a certificate of such Authorized Authority Official may be relied upon as being determinative that such advice, consultation or consent has in fact occurred and that such actions or

omissions of the Authorized Authority Official are valid and binding.

2.9. Denomination, Numbers and Letters.

Each Series of the Twenty-Sixth Supplemental Bonds shall be issued in fully registered form in the denominations as set forth in the applicable Series Certificate. Unless the Authority shall otherwise direct, each Series of the Twenty-Sixth Supplemental Bonds shall be lettered and numbered from one upward preceded by the letter "R" prefixed to the number. Subject to the provisions of the Resolution, the form of the Twenty-Sixth Supplemental Bonds and the Trustee's Certificate of Authentication thereon shall be substantially in the form set forth in Section 2.13 of this Twenty-Sixth Supplemental Resolution.

2.10. Redemption.

Each Series of the Twenty-Sixth Supplemental Bonds may be subject to redemption prior to maturity as provided in the applicable Series Certificate.

2.11. Book-Entry Only System.

1. Except as provided in subparagraph (3) of this Section 2.11, the registered Holder of all of the Twenty-Sixth Supplemental Bonds shall be, and the Twenty-Sixth Supplemental Bonds shall be registered in the name of, Cede & Co., as nominee of DTC. With respect to the Twenty-Sixth Supplemental Bonds for which Cede & Co. shall be the registered Holder, payment of interest on such Twenty-Sixth Supplemental Bonds shall be made by wire transfer of same day funds to the account of Cede & Co. on the Interest Payment Dates for the Twenty-Sixth Supplemental Bonds at the address indicated for Cede & Co. in the registration books of the Authority kept by the Trustee, as Bond Registrar.

2. The Twenty-Sixth Supplemental Bonds of each Series shall be initially issued in the form of a separate fully registered bond in the amount of each separate maturity. Upon initial issuance, the ownership of each such Twenty-Sixth Supplemental Bond shall be registered on the registration books of the Authority kept by the Trustee in the name of Cede & Co. With respect to Twenty-Sixth Supplemental Bonds so registered in the name of Cede & Co., the Authority and the Trustee shall have no responsibility or obligation to any DTC participant, indirect DTC participant, or any beneficial owner of a Twenty-Sixth Supplemental Bond. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in a Twenty-Sixth Supplemental Bond, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any notice with respect to a Twenty-Sixth Supplemental Bond, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any amount with respect to the principal of, redemption premium, if any, or interest on a Twenty-Sixth Supplemental Bond. The Authority and the Trustee may treat DTC as, and deem DTC to be, the absolute registered Holder of each Twenty-Sixth Supplemental Bond for the purpose of (i) payment of the principal of, redemption premium, if any, and interest on each such Twenty-Sixth Supplemental Bond, (ii) giving notices with respect to the Twenty-

Sixth Supplemental Bond, (iii) registering transfers with respect to a Twenty-Sixth Supplemental Bond and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of, redemption premium, if any, and interest on each Twenty-Sixth Supplemental Bond only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a Twenty-Sixth Supplemental Bond evidencing the obligation of the Authority to make payments of principal and interest thereon pursuant to this Twenty-Sixth Supplemental Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in this Twenty-Sixth Supplemental Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to a particular Series of the Twenty-Sixth Supplemental Bonds at any time by giving written notice to the Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

(b) The Authority, (i) in its sole discretion and without the consent of any other person, may discontinue the use of book-entry-only transfer through DTC (or a successor securities depository) with respect to a particular Series of the Twenty-Sixth Supplemental Bonds, in which event certificates for such Twenty-Sixth Supplemental Bonds shall be printed and delivered to DTC, and (ii) shall terminate the services of DTC with respect to a particular Series of the Twenty-Sixth Supplemental Bonds upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding Twenty-Sixth Supplemental Bonds of such Series to the effect, that (A) DTC is unable to discharge its responsibilities with respect to such Twenty-Sixth Supplemental Bonds or (B) a continuation of the requirement that all of the Outstanding Twenty-Sixth Supplemental Bonds of such Series be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Twenty-Sixth Supplemental Bonds of such Series.

(c) Upon the termination of the services of DTC with respect to the Twenty-Sixth Supplemental Bonds of a Series pursuant to subsection 2.11(3)(b)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to the Twenty-Sixth Supplemental Bonds of such Series pursuant to subsection 2.11(3)(a) or 2.11(3)(b)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, such Twenty-Sixth Supplemental Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Holders of such Twenty-Sixth Supplemental Bonds transferring or exchanging such Twenty-Sixth Supplemental Bonds shall designate, in accordance with the provisions of the Resolution.

Upon the determination by any party authorized herein that the Twenty-Sixth Supplemental Bonds of such Series shall no longer be limited to book-entry only form, the Authority shall immediately advise the Trustee in writing of the procedures for transfer of such Twenty-Sixth Supplemental Bonds from such book-entry only form to a fully registered form.

4. Notwithstanding any other provision of this Twenty-Sixth Supplemental Resolution to the contrary, so long as any Twenty-Sixth Supplemental Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, redemption premium, if any, and interest on, and all notices with respect to, such Twenty-Sixth Supplemental Bond shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to the applicable Series of Twenty-Sixth Supplemental Bonds.

5. In connection with any notice or other communication to be provided to Holders of the Twenty-Sixth Supplemental Bonds of any Series pursuant to the Resolution by the Authority or the Trustee with respect to any consent or other action to be taken by such Holders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

6. The Authority hereby authorizes the Treasurer, by and on behalf of the Authority, and in consultation with an Authorized Authority Official, to determine from time to time, subject to confirmation and ratification by the Authority, whether or not it is advisable for the Authority to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

2.12. Application of Proceeds of the Twenty-Sixth Supplemental Bonds.

The proceeds of each Series of Twenty-Sixth Supplemental Bonds shall be applied as set forth in the applicable Series Certificate with respect to such Series, subject to the following provisions:

(a) In the event an Authorized Authority Official determines to purchase one or more policies of municipal bond insurance and/or commitments for municipal bond insurance as authorized pursuant to Section 2.8(f) of this Twenty-Sixth Supplemental Resolution, there shall be sent by wire transfer directly from the Senior Managing Underwriter to the provider of such policy or policies of municipal bond insurance, an amount as shall be specified in the applicable Series Certificate constituting the premium for such policy or policies; and

(b) There shall be deposited in the Transportation Improvement Fund established under the Resolution in a special account hereby established therein with respect to each Series of the Twenty-Sixth Supplemental Bonds, to be known as the "2011 Series B Bonds Transportation Improvement Account," which may be combined with any other moneys in the Transportation Improvement Fund for purposes of investment, such amount as may be designated by an Authorized Authority Official to be applied to the payment of State Transportation System Costs, including the costs of issuance of the applicable Series of the Twenty-Sixth Supplemental Bonds, as specified in the applicable Series Certificate.

2.13. Form of the Twenty-Sixth Supplemental Bonds and Trustee's Certificate of Authentication.

Subject to the provisions of the Resolution, the form of each Series of the Twenty-Sixth Supplemental Bonds and the Trustee's Certificate of Authentication thereon shall be of substantially the following tenor:

UNITED STATES OF AMERICA
STATE OF NEW JERSEY

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

TRANSPORTATION SYSTEM BONDS,
2011 SERIES B

THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE 2011 SERIES B BONDS ARE PAYABLE SOLELY FROM THE PLEDGED PROPERTY (AS DEFINED IN THE RESOLUTION) AND NEITHER THE STATE OF NEW JERSEY NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH IN THE RESOLUTION, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND AND THE ISSUE OF WHICH IT IS ONE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND OR THE ISSUE OF WHICH IT IS ONE. THE AUTHORITY HAS NO TAXING POWER.

No. R-

\$ _____

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>Authentication</u>	<u>CUSIP No.</u>
%	June 15, ____		<u>Date</u>	

REGISTERED OWNER: Cede & Co.

PRINCIPAL SUM:

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY (the "Authority"), a public body corporate and politic and an instrumentality of the State of New Jersey (the "State") created and existing under the laws of the State, acknowledges itself indebted to, and for value received hereby promises to pay to, the Registered Owner stated hereon or registered assigns, on the Maturity Date stated hereon, but solely from the funds pledged therefor, upon presentation and surrender of this bond at the principal corporate trust office of TD Bank, National Association, Cherry Hill, New Jersey (such bank and any successors thereto being herein called the "Paying Agent" and "Trustee"), the Principal Sum stated hereon in any coin or

currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and to pay from such pledged funds on June 15 and December 15, in each year, commencing June 15, 2012, until the Authority's obligation with respect to the payment of such Principal Sum shall be discharged to the Registered Owner hereof, interest from the Dated Date hereof on such Principal Sum by check or draft of the Trustee hereinafter mentioned mailed to such Registered Owner who shall appear as of the fifteenth (15th) day next preceding such interest payment date on the books of the Authority maintained by the Bond Registrar.

This Bond is one of a duly authorized series of bonds of the Authority designated "Transportation System Bonds, 2011 Series B" (herein called the 2011 Series B Bonds"), in the original aggregate principal amount of \$ _____ issued under and in full compliance with the Constitution and Statutes of the State, and particularly chapter 73 of the Laws of New Jersey of 1984, as amended and supplemented (herein called the "Act"), and under and pursuant to a Resolution adopted by the Authority on June 15, 1995 entitled "1995 Transportation System Bond Resolution," as amended and supplemented, including as supplemented by a Twenty-Sixth Supplemental Transportation System Bond Resolution of the Authority authorizing the 2011 Series B Bonds adopted on November 3, 2011 and a Series Certificate duly executed by an Authorized Officer of the Authority as of November __, 2011 (collectively, the "Resolution").

As provided in the Resolution, the 2011 Series B Bonds and all other bonds issued under the Resolution on a parity with the 2011 Series B Bonds (herein collectively called the "Bonds") are direct and special obligations of the Authority payable solely from and secured as to payment of the principal and Redemption Price thereof, and interest thereon, in accordance with their terms and the provisions of the Resolution, solely by the Pledged Property, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. Pledged Property under the Resolution includes the Revenue Contracts, the Revenues and Funds, including Investment Securities held in any such Funds thereunder, together with all proceeds and revenues of the foregoing and all of the Authority's right, title and interest in and to the foregoing and all other moneys, securities or funds pledged for the payment of the principal or Redemption Price of and interest on the Bonds in accordance with the terms and provisions of the Resolution; provided, however, that all amounts paid to the Authority from the Transportation Trust Fund Account created under the Act are subject to and dependent upon appropriations being made from time to time by the New Jersey State Legislature (the "State Legislature"). The State Legislature has no legal obligation to make any such appropriations. Copies of the Resolution are on file at the office of the Authority and at the above mentioned office of the Trustee, and reference is hereby made to the Act and to the Resolution and any and all supplements thereto and modifications and amendments thereof for a description of the pledge and assignment and covenants securing the Bonds, the nature, extent and manner of enforcement of such pledge, the rights and remedies of the holders of the Bonds with respect thereto, the terms and conditions upon which the Bonds are issued and may be issued thereunder, the terms and provisions upon which this Bond shall cease to be entitled to any lien, benefit or security under

the Resolution and for the other terms and provisions thereof. All covenants, agreements and obligations of the Authority under the Resolution may be discharged and satisfied at or prior to the maturity or redemption of this Bond if moneys or certain specified securities shall have been deposited with the Trustee.

As provided in the Resolution, Bonds may be issued from time to time pursuant to supplemental resolutions in one or more series, in various principal amounts, may mature at different times, may bear interest at different rates and may otherwise vary as in the Resolution provided. The aggregate principal amount of Bonds which may be issued under the Resolution is not limited except as provided in the Act, and all Bonds issued and to be issued under the Resolution are and will be equally secured by the pledge and covenants made therein, except as otherwise expressly provided or permitted in the Resolution.

To the extent and in the manner permitted by the terms of the Resolution, the provisions of the Resolution, or any resolution amendatory thereof or supplemental thereto, may be modified or amended by the Authority, with the written consent of the holders of at least a majority in principal amount of the Bonds outstanding under the Resolution at the time such consent is given, and, in case less than all of the several series of Bonds then outstanding are affected thereby, with such consent of at least a majority in principal amount of the Bonds of each series so affected and outstanding; provided, however, that, if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like series and maturity remain outstanding under the Resolution, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be outstanding for the purpose of the calculation of outstanding Bonds. No such modification or amendment shall permit a change in the terms of redemption (including sinking fund installments) or maturity of the principal of any outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee or of any Paying Agent without its written assent thereto.

This Bond is transferable, as provided in the Resolution, only upon the books of the Authority kept for that purpose at the above-mentioned office of the Trustee, as Bond Registrar, by the Registered Owner hereof in person, or by such Registered Owner's attorney duly authorized in writing, upon surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or such Registered Owner's duly authorized attorney, and thereupon a new fully registered bond or bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor as provided in the Resolution and upon payment of the charges therein prescribed. The Authority, the Trustee and any Paying Agent may deem and treat the Registered Owner as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or Redemption Price hereof and interest due hereon and for all other purposes.

The 2011 Series B Bonds are subject to redemption prior to maturity, upon notice as hereinafter provided:

[INSERT REDEMPTION PROVISIONS HERE]

The principal amount of the 2011 Series B Bonds otherwise required to be redeemed may be reduced by the principal amount of such 2011 Series B Bonds theretofore purchased by the Trustee at the direction of the Authority out of moneys deposited for such purpose in the Debt Service Fund.

If less than all bonds of like maturity are to be redeemed, the particular bonds to be redeemed shall be selected by the Trustee.

The 2011 Series B Bonds are payable upon redemption at the above mentioned offices of the Paying Agent. Notice of redemption, setting forth the place of payment, shall be mailed by the Trustee, postage prepaid, not less than twenty-five (25) days prior to the redemption date, to the registered owners of any 2011 Series B Bonds or portions of 2011 Series B Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, all in the manner and upon the terms and conditions set forth in the Resolution. If notice of redemption shall have been mailed as aforesaid, the 2011 Series B Bonds or portions thereof specified in said notice shall become due and payable on the redemption date therein fixed, and if, on the redemption date, moneys for the redemption of all the 2011 Series B Bonds and portions thereof to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such 2011 Series B Bonds or portions thereof so called for redemption shall cease to accrue and be payable. Failure of the registered owner of any 2011 Series B Bonds which are to be redeemed to receive any such notice shall not affect the validity of the proceedings for the redemption of 2011 Series B Bonds.

THE PRINCIPAL OR REDEMPTION PRICE OF AND INTEREST ON THE 2011 SERIES B BONDS ARE PAYABLE SOLELY FROM THE PLEDGED PROPERTY (AS DEFINED IN THE RESOLUTION) AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN THE AUTHORITY TO THE LIMITED EXTENT SET FORTH HEREIN, IS OBLIGATED TO PAY THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND AND THE ISSUE OF WHICH IT IS ONE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THIS BOND OR THE ISSUE OF WHICH IT IS ONE. THE AUTHORITY HAS NO TAXING POWER.

It is hereby certified and recited that all conditions, acts and things required by law and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, exist, have happened and have been performed and that the series of Bonds of which this is one, together with all other indebtedness of the Authority, complies in all respects with the applicable laws of the State, including, particularly, the Act.

This Bond shall not be entitled to any benefit under the Resolution or be valid or become obligatory for any purpose until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate of Authentication hereon.

IN WITNESS WHEREOF, the NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of its Chairperson, Vice Chairperson or Executive Director, and its seal to be impressed, imprinted, engraved or otherwise reproduced hereon, and attested by the manual or facsimile signature of its Secretary or Assistant Secretary, all as of the Dated Date hereof.

[SEAL]

**NEW JERSEY TRANSPORTATION
TRUST FUND AUTHORITY**

By: _____
Chairperson, Vice-Chairperson or
Executive Director

ATTEST:

Secretary or Assistant Secretary

[FORM OF CERTIFICATE OF AUTHENTICATION
ON ALL 2011 SERIES B BONDS]

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the 2011 Series B Bonds delivered pursuant to the within mentioned Resolution.

**TD BANK, NATIONAL ASSOCIATION,
as Trustee**

By: _____
Authorized Officer

Date of Authentication: _____

**ARTICLE III
MISCELLANEOUS**

3.1. Registration or Qualification of Bonds Under Blue Sky Laws of Various Jurisdictions.

The Authorized Authority Officials are authorized and directed on behalf of the Authority to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of each Series of the Twenty-Sixth Supplemental Bonds for issue, offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters for such securities.

3.2. Payments from Authority Reserve Fund.

Notwithstanding any provision of the Resolution to the contrary, any amounts paid from the Authority Reserve Fund in accordance with the Tax Certificate of the Authority concerning the Code which shall accompany the original issuance and delivery of each Series of the Twenty-Sixth Supplemental Bonds shall be deemed operating expenses for purposes of Section 509 of the Resolution and the Authority may provide therefor in its Annual Budget.

3.3. Post Issuance Tax Compliance Procedures.

There is hereby delegated to the Authorized Authority Officials the power to develop, in consultation with Bond Counsel and the State Attorney General, post issuance tax compliance procedures as required by the Code and the regulations promulgated thereunder for the Twenty-Sixth Supplemental Bonds, all outstanding bonds previously issued by the Authority and all future bonds to be issued by the Authority.

3.4. Designation of Tax Compliance Officer.

The Comptroller of the Authority is hereby appointed as the Tax Compliance Officer with respect to the Twenty-Sixth Supplemental Bonds, all outstanding bonds previously issued by the Authority, and all future bonds to be issued by the Authority in order for the Authority to comply with the requirements of the Code and regulations promulgated thereunder.

3.5. Approval of Certain Actions With Respect to 2009 Series C Bonds and 2009 Series D Bonds.

The Authority hereby authorizes an Authorized Authority Official to send notices of the replacement of the existing Credit Facilities on behalf of the Authority, with the advice of Bond Counsel and the State Attorney General, pursuant to the Twenty-Third Supplemental Resolution to (i) JPMorgan Chase Bank, N.A. with respect to the 2009 Series C Bonds, (ii) Sumitomo Mitsui Banking Corporation, acting through its New York branch with respect to the 2009 Series D Bonds, (iii) the Remarketing Agents for each such series of Bonds, (iv) the Trustee, (v) the Tender Agent and (vi) the Rating Agencies relating to the expiration of each existing Credit Facility and the substitution thereof with the Alternate Credit Facility. All capitalized terms used in this Section 3.5 and not defined herein shall have the meanings ascribed to such terms in the Twenty-Third Supplemental Resolution and the Series Certificates for the 2009 Series C Bonds and the 2009 Series D Bonds.

**ARTICLE IV
EFFECTIVE DATE**

4.1. Effective Date.

This Twenty-Sixth Supplemental Resolution shall take effect upon its adoption in accordance with the Act, but this Twenty-Sixth Supplemental Resolution shall not become effective and no action shall be taken hereunder unless and until (i) the Chairperson or the Executive Director of the Authority shall have received the written approval of the Governor and the Treasurer as required pursuant to Section 9 of the Act and (ii) a copy of this Twenty-Sixth Supplemental Resolution, certified by an Authorized Officer of the Authority, shall be filed with the Trustee, along with the opinion of Bond Counsel required by Article X of the Resolution.

The above resolution was seconded by Mr. Robert Briant Jr. The members were polled with all members being in favor and with no members in opposition; and, therefore, the motion was carried.

The next business item was the approval of the cost of issuance resolution associated with the proposed sale of Transportation System Bonds, 2011 Series B. The Commissioner asked Executive Director Brune to summarize this resolution. Executive Director Brune pointed out that the cost of expenses for bond counsel, rating agencies, trustee, trustee's counsel, the Office of Public Finance, the printer, and other miscellaneous expenses were estimated at approximately \$760,000, which is largely consistent with past bond deals by the Authority.

Mr. Nelson Ferreira questioned the fee amount that is set aside for the Office of Public Finance. Executive Director Brune indicated that the operating budget of the Office of Public Finance is typically funded through fees that are charged to various bond issues that it is involved with; therefore, the amount listed in the resolution is part of normal business practice.

Commissioner Simpson then asked for a motion on the following resolution approving the cost of issuance. Mr. Nelson Ferreira moved the following resolution:

**RESOLUTION AUTHORIZING THE PAYMENT OF COSTS OF ISSUANCE IN CONNECTION WITH
THE SALE OF THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY'S
TRANSPORTATION SYSTEM BONDS, 2011 SERIES B BONDS TO BE ISSUED UNDER THE
TWENTY-SIXTH SUPPLEMENTAL TRANSPORTATION SYSTEM BOND RESOLUTION**

WHEREAS, by virtue of the provisions of the New Jersey Laws of 1984, as amended (the "Act"), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the "Authority") is authorized to issue its bonds, notes and other obligations (collectively, the "Obligations") from time to time and to sell such Obligations at public or private sale at a price or prices and in a manner as the Authority shall determine; and

WHEREAS, the Authority determined at its meeting on November 3, 2011 to authorize the issuance of its Transportation System Bonds, 2011 Series B in one or more Series of fixed rate bonds in an aggregate principal amount not to exceed \$1,315,000,000 (collectively the "Bonds") for the purpose of financing State transportation system costs pursuant to the Twenty-Sixth Supplemental Transportation System Bond Resolution (the "Twenty-Sixth Supplemental Resolution"); and

WHEREAS, pursuant to the authorization in the Twenty-Sixth Supplemental Resolution, the Authority intends to issue the Bonds in an aggregate principal amount not to exceed \$1,315,000,000; and

WHEREAS, in connection with the issuance of the Bonds, it will be necessary for the Authority to incur various costs of issuance ("Costs of Issuance") as described in Exhibit "A" attached hereto; and

WHEREAS, the Authority has determined that the Costs of Issuance should be approved for payment upon completion of the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Costs of Issuance as described in Exhibit "A" attached hereto are hereby approved for payment upon the issuance of the Bonds in an amount not in excess of ten percent (10%) of each of the amounts shown.
2. The Executive Director is hereby authorized to take and do any and all acts and things as may be necessary in connection with the payment of such Costs of Issuance.
3. This Resolution shall take effect upon adoption in accordance with the Act.

EXHIBIT "A"

**TRANSPORTATION SYSTEM BONDS, 2011 SERIES B
(To Be Issued Pursuant to the 26th Supplemental Resolution)**

Bond Counsel	McCarter & English LLC (including expenses)	\$69,000
Printer	Bowne of Philadelphia	\$100,000
Rating Agency	Standard & Poor's	\$98,625
Rating Agency	Moody's Investor's Service	\$126,000
Rating Agency	Fitch Ratings	\$110,000
Trustee	TD Bank, National Association	\$2,200
Trustee's Counsel	DeCotiis, FitzPatrick & Cole, LLP.	\$5,000
Structuring Fee	Office of Public Finance	\$250,000
TOTAL:		\$760,825

The above resolution was seconded by Mr. Robert Briant Jr. The members were polled with all members being in favor and with no members in opposition; and, therefore, the motion was carried.

The final order of business was approval of a payment to a consultant for an arbitrage rebate calculation and filing associated with the Authority's Grant Anticipation Bonds 2006 Series A (i.e., Garvee bonds). The Commissioner asked Executive Director Brune to summarize this resolution. Executive Director Brune indicated that this Garvee issuance was a special transaction in which the debt service is reimbursed from federal funds, for the Route 52 project in Southern New Jersey. Unlike most TFA bond issuances, the proceeds of which are typically used relatively rapidly, some of the proceeds of the Garvee sale were not immediately used to make cash payments on the project. When it became apparent that there were unspent proceeds, the Authority's Comptroller (who has since retired) and the Executive Director immediately alerted the Office of Public Finance, who recognized the possibility of an arbitrage issue. Due to State procurement requirements, a rebate consultant could not be

immediately engaged to conduct an analysis. The consultant was ultimately contracted through a competitive process to perform the rebate and yield restriction calculation. The consultant alerted the Authority on October 5, 2011, that a payment was due to the US Department of Treasury.

Mr. Robert Biant Jr., questioned how the payment to the consultant compared to the arbitrage payment to the IRS. Mr. Steven Petrecca responded confirming that the consultant payment was considerably less than arbitrage payment.

Commissioner Simpson then asked for a motion on the following resolution approving the payment of the rebate consultant. Mr. Steven Petrecca moved the following resolution:

**RESOLUTION AUTHORIZING THE PAYMENT OF FEES AND EXPENSES OF ARBITRAGE REBATE
CALCULATION CONSULTANT IN CONNECTION WITH THE CALCULATION AND FILING OF
ARBITRAGE REBATE FOR THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY'S
GRANT ANTICIPATION NOTES, 2006 SERIES A**

WHEREAS, on June 22, 2006, the New Jersey Transportation Trust Fund Authority (the "Authority") issued its Grant Anticipation Bonds, 2006 Series A (the "Bonds") pursuant to the Transportation Trust Fund Authority Act of 1984, as amended and supplemented (the "Act") and the Authority's 2005 Grant Anticipation Bond Resolution, duly adopted on May 26, 2005, as amended and supplement by the First Supplemental Grant Anticipation Bond Resolution, duly adopted on May 26, 2005 and the Second Supplemental Grant Anticipation Bond Resolution, duly adopted on November 2, 2005 (collectively the "Bond Resolution"); and

WHEREAS, the Authority is required to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the "Code") in order to maintain the tax exemption on the Bonds; and

WHEREAS, a portion of the Bond proceeds remains unspent; and

WHEREAS, upon learning unspent Bond proceeds existed, the Executive Director of the Authority consulted with the Office of Public Finance of the New Jersey Department of the Treasury; and

WHEREAS, the Director of the Office of Public Finance advised the Executive Director that a rebate and yield restriction liability might exist with respect to the Bonds; and

WHEREAS, to properly determine the amount to be rebated to the United States Treasury it was necessary to retain the services of an arbitrage rebate calculation consultant to calculate such amount which the Authority is permitted to do pursuant to the Bond Resolution; and

WHEREAS, the Office of Public Finance, on behalf of the Authority, engaged Hawkins Delafield & Wood LLP (the "Rebate Consultant"), the arbitrage rebate calculation consultant procured for the State's general obligation bonds, through a competitive process, to perform the rebate and yield restriction calculations for the Authority with respect to the Bonds; and

WHEREAS, the Rebate Consultant advised the Authority on October 5, 2011 that a positive Net Rebate Amount accrued for the Fifth Year Computation Period and that a payment was due to the United States Treasury Department; and

WHEREAS, the Authority made such payment to the United States Treasury Department on October 27, 2011, thereby maintaining the tax exemption on the Bonds; and

WHEREAS, the Authority wishes to approve the payment of the fees and expenses of the Rebate Consultant.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The fees and expenses of the Rebate Consultant in the amount of \$4,145.00 are hereby approved for payment. The Executive Director may pay an amount in excess of such sum if he determines that payment of such additional amount is necessary or appropriate in connection with such engagement; provided however, that the total amount paid shall not be in excess of ten percent (10%) of the amount stated above.
2. The Executive Director is hereby authorized to take and do any and all acts and things as may be necessary in connection with the payments of such fees and expenses. Any and all acts previously taken by the Executive Director in connection with the retention of the Rebate Consultant are hereby approved.
3. This Resolution shall take effect upon adoption in accordance with the Act.

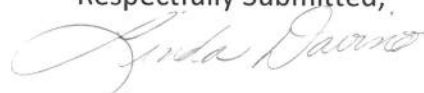
Mr. Nelson Ferreira seconded the motion. The members were polled with all members being in favor and with no members in opposition; and, therefore, the motion was carried.

There being no further business coming from the Authority, Commissioner Simpson requested a motion to adjourn the meeting. Mr. Steven Petrecca moved that the November 3, 2011 meeting of the New Jersey Transportation Trust Fund Authority be adjourned and was seconded by Mr. Robert Briant Jr.

Finally, Commissioner Simpson asked for any more questions or discussions, there were none, and so with all members in favor and with no members opposed, the motion was carried.

The November 3, 2011 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 1:49 PM.

Respectfully Submitted,



Linda Davino
Assistant Secretary of the Authority