DELWARE RIVER

JOINT TOLL BRIDGE COMMISSION

MINUTES

SPECIAL MEETING OF MARCH 3, 2008
DELaware River Joint Toll Bridge Commission

Members of the Commission

New Jersey

Honorable David R. Degerolamo
Chairman

Honorable Donald Hart

Honorable Harry Zikas, Jr.

Honorable William J. Hodas
Secretary-Treasurer

Honorable Thomas Sumners, Jr.

Pennsylvania

Honorable Gaetan J. Alfano
Vice Chairman

Honorable Melissa Heller

Honorable J. Alan Fowler

Honorable Bernard Griggs, Jr.

Honorable John Prevoznik

Revised 10/07

X:\Wendy's Files\Commission Mtgs from 2003 to present\Committee Pages\2008\Mbrs of the Commission updated.10-07.doc
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

STANDING COMMITTEES

FINANCE, INSURANCE, MANAGEMENT OPERATIONS

PENNSYLVANIA: Alfano, Fowler
NEW JERSEY: Hart*, Zikas

HUMAN RESOURCES, AFFIRMATIVE ACTION AND TRAINING AND SAFETY

PENNSYLVANIA: Griggs, Fowler
NEW JERSEY: Hodas*, Sumners

PROJECTS, PROPERTY AND EQUIPMENT

PENNSYLVANIA: Griggs*, Alfano
NEW JERSEY: Hart, Hodas

CONTRACTS SUB-COMMITTEE

PENNSYLVANIA: Griggs*, Alfano
NEW JERSEY: DeGerolamo, Hodas

CAI COMMITTEE

PENNSYLVANIA: Alfano, Fowler
NEW JERSEY: DeGerolamo*, Hart

AUDIT COMMITTEE

PENNSYLVANIA: Prevoznik*, Heller
NEW JERSEY: DeGerolamo,

PROFESSIONAL SERVICES COMMITTEE

PENNSYLVANIA: Alfano*, Heller
NEW JERSEY: Sumners, Zikas

*Chairman of Committee
<table>
<thead>
<tr>
<th>Name</th>
<th>Committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>DeGerolamo</td>
<td>(1) Ex-Officio of all Committees</td>
</tr>
<tr>
<td>Alfano</td>
<td>(1) Finance, Insurance, Management Operations Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Projects, Property and Equipment Committee</td>
</tr>
<tr>
<td></td>
<td>(3) Contracts Sub-Committee</td>
</tr>
<tr>
<td></td>
<td>(4) Professional Services Committee</td>
</tr>
<tr>
<td></td>
<td>(5) CAI Committee</td>
</tr>
<tr>
<td>Fowler</td>
<td>(1) Finance, Insurance, Management Operations Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Human Resources, Affirmative Action and Training and Safety Committee</td>
</tr>
<tr>
<td></td>
<td>(3) CAI Committee</td>
</tr>
<tr>
<td>Griggs</td>
<td>(1) Human Resources, Affirmative Action and Training and Safety Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Projects, Property and Equipment Committee (Chairman)</td>
</tr>
<tr>
<td></td>
<td>(3) Contracts Sub-Committee (Chairman)</td>
</tr>
<tr>
<td>Hart</td>
<td>(1) Finance, Insurance Management and Operations Committee (Chairman)</td>
</tr>
<tr>
<td></td>
<td>(2) Projects, Property and Equipment Committee</td>
</tr>
<tr>
<td></td>
<td>(3) CAI Committee</td>
</tr>
<tr>
<td>Heller</td>
<td>(1) Professional Services Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Audit Committee</td>
</tr>
<tr>
<td>Hodas</td>
<td>(1) Human Resources, Affirmative Action and Training and Safety Committee (Chairman)</td>
</tr>
<tr>
<td></td>
<td>(2) Projects, Property and Equipment Committee</td>
</tr>
<tr>
<td></td>
<td>(3) Contracts Sub-Committee</td>
</tr>
<tr>
<td>Prevoznik</td>
<td>(1) Audit Committee (Chairman)</td>
</tr>
<tr>
<td>Sumners</td>
<td>(1) Professional Services Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Human Resources</td>
</tr>
<tr>
<td>Zikas</td>
<td>(1) Finance, Insurance, Management Operations Committee</td>
</tr>
<tr>
<td></td>
<td>(2) Professional Services</td>
</tr>
</tbody>
</table>
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

PROFESSIONAL ASSOCIATES

CONSULTING ENGINEERS

TRANSYSTEM/LICHTENSTEIN CONSULTING ENGINEERS
Paramus, New Jersey

LEGAL COUNSEL

FOX ROTHCHILD, LLP
Philadelphia, Pennsylvania

FLORIO, PERRUCCI, STEINHARDT & FADER
Phillipsburg, NJ

EMPLOYMENT COUNSEL

STRADLEY, RONON, STEVENS & YOUNG
Philadelphia, PA

WOLFF AND SAMSON
West Orange, NJ

AUDITOR

MERCADIEN
Princeton, New Jersey

FINANCIAL ADVISOR

VACANT

COMMUNICATIONS CONSULTANT

BELLEVUE COMMUNICATIONS
Philadelphia, PA

INVESTMENT MANAGEMENT

COMMERCE CAPITAL MARKETS
Philadelphia, PA

Revised 2008
<table>
<thead>
<tr>
<th></th>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Call to Order</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Appearances</td>
<td>1-2</td>
</tr>
<tr>
<td>3</td>
<td>Roll Call</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Welcoming Remarks of Chairman</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>Introduce any Comments from the Public</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>Capital Program</td>
<td>2-4</td>
</tr>
<tr>
<td>7</td>
<td>Update on SWAP Issue</td>
<td>4-5</td>
</tr>
<tr>
<td>8</td>
<td>Introduce Any Comments From the Public</td>
<td>5</td>
</tr>
<tr>
<td>9</td>
<td>Adjournment</td>
<td>6</td>
</tr>
<tr>
<td>10</td>
<td>Capital Program Costs/Delays Memo</td>
<td>7-8</td>
</tr>
</tbody>
</table>
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Meeting of March 3, 2008

CALL TO ORDER

A Special Monthly Meeting of the Delaware River Joint Toll Bridge Commission was Called to Order at the Trenton-Morrisville Administration Building, 110 Wood Street, Morrisville PA, on Monday, March 3, 2008 at 11:10 a.m., pursuant to notice properly forwarded to each member in compliance with the By-Laws. David DeGerolamo, Chairman, presided at this Meeting.

APPEARANCES

COMMISSION MEMBERS:

Hon. Gaetan Alfano (Pennsylvania) (Conference)
Hon. David DeGerolamo (New Jersey) (Conference)
Hon. J. Alan Fowler (Pennsylvania) (Conference)
Hon. Bernard Griggs (Pennsylvania) (Conference)
Hon. Donald Hart (New Jersey) (Conference)
Hon. William Hodas (New Jersey) (Conference)
Hon. Melissa Heller (Pennsylvania) (Conference)
Hon. Thomas Sumners (New Jersey) (Conference)
Hon. Harry Zikas, Jr. (New Jersey) (Conference)

COMMISSION MEMBERS ABSENT:

Hon. John Prevoznik (Pennsylvania)

COMMISSION GENERAL COUNSEL:

Mark Peck, Florio, Perrucci, Steinhardt and Fader (New Jersey Legal Counsel)
Alan Wohlstetter, Fox Rothschild, (Pennsylvania Legal Counsel)

REPRESENTING THE COMMISSION’S COMMUNICATIONS CONSULTANT:
BELLEVUE COMMUNICATIONS

Pete Peterson, Bellevue Communications

COMMISSION STAFF MEMBERS:

Frank G. McCartney, Executive Director
Frank J. Tolotta, Deputy Executive Director of Operations
Joseph Donnelly, Deputy Executive Director of Communications
George Alexandridis, Chief Engineer
Arnold Conoline, Chief Administrative Officer
Sean McNeeley, Chief Financial Officer
Stephen Cathcart, Comptroller
OTHERS:

Marc Feller, Dilworth Paxton (Conference)
Mark Vacha, Dilworth Paxton (Conference)

ROLL CALL

Frank G. McCartney, Executive Director, in his capacity as Secretary for this Meeting, called the Roll, and at the conclusion thereof, reported that there was a quorum present--there being four members present from Pennsylvania and five members present from New Jersey.

WELCOMING REMARKS OF CHAIRMAN

Chairman DeGerolamo welcomed those persons whose identities are set forth hereinabove under "Appearances".

INTRODUCE ANY COMMENTS FROM THE PUBLIC

Chairman DeGerolamo addressed the meeting and invited any comments from the Public or Press on items pertaining to today’s Agenda.

CAPITAL PROGRAM

R: 1506-03-08 - FIN-01-03-08

Chairman DeGerolamo addressed the meeting requested staff give a update on the Capital Improvement Plan.

Executive Director McCartney addressed the meeting concerning conversion of the existing auction rate Series 2007B Revenue Bonds and the impact the same might have on the Capital Program. He discussed the detrimental impact of defeasing these bonds, which would include the cancellation of certain planned projects and would also leave several other projects incomplete. Projects that would be partially completed would include the Trenton-Morrisville Bridge and the I-78 Roadway; projects that would be terminated would include the Open Road Tolling/Repaving of I-78 in Pennsylvania, Open Road Tolling/I-80 Westbound Lane Addition, and Final Design and Construction of the I-95 Scudder Falls Bridge.

Executive Director McCartney also noted that Pennsylvania Department of Transportation was planning to borrow $600 Million for work to be completed over the next three years. This borrowing represents a departure from Penn DOT’s usual practice of utilizing funds from the Federal Government and the gas tax.

Chief Engineer Alexandridis addressed the meeting and presented further details regarding the costs associated with the various impacted projects. He further noted the increased costs, which
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Meeting of March 3, 2008

would be significant, caused by delays in these projects. It was assumed that the annual average growth rate in costs for these projects would be 10.3%.

Then followed much discussion between the Commissioners, Executive Director, and Chief Engineer regarding the above-referenced projects’ costs, cost assumptions, financing options, tolls and status.

Chairman DeGerolamo stated that any Commissioner who had comments concerning the Capital Program should make the same at the instant meeting, so the same can be addressed in an open meeting.

Commissioner Heller requested to hear Marc Feller’s opinion.

Mr. Feller agreed with Chairman DeGerolamo that the Commission should focus on the Capital Program, and then, depending on how the Commission wished to proceed with the Capital Program, should have further discussion regarding financing options.

Commissioner Fowler asked whether the Delaware Water Gap project could be delayed.

Commissioner Hart acknowledged his prior concerns and thought that the Capital Program might be rethought, and stated that the February 29 memo was a useful tool for comprehending the various facets of the same; he also expressed his interest in further investigating financing for the Capital Program.

Vice Chairman Alfano asked if all Commissioners were in agreement that the Capital Program should proceed as planned, and that the question remaining concerned financing options.

Commissioners Fowler, Sumners, Hodas and Griggs all acknowledged that the cost of delaying the Capital Program would be too steep, and expressed support for the notion of proceeding with the Capital Program as planned.

Chairman DeGerolamo then requested a formal vote Approving to move forward with the Capital Program.

Vice Chairman Alfano reiterated that the unanimous vote of the Commissioners (excepting Commissioner Prevoznik, who was absent) would mean that the Capital Program would proceed.

Commissioner Hart added the caveat that any money set aside for the Scudder Falls project should be planning money and not construction money.

Executive Director McCartney stated that there was no money presently allocated for construction of the Scudder Falls project. Engineering and construction costs for this project would have to be covered by a subsequent bond issue.

Commissioner Hart then expressed his support for the yet-to-be made motion.
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Meeting of March 3, 2008

Vice Chairman Alfano moved that the Capital Program move forward as planned, which motion was seconded by Commissioner Fowler.

Chairman DeGerolamo addressed the Meeting and asked the Commission Members if, after their review, there were any questions.

At the conclusion of the review Commissioner Alfano moved and Commissioner Fowler seconded the adoption of the following Resolution:

"RESOLVED, by the Delaware River Joint Toll Bridge Commission, at its Regular Meeting assembled this 3rd day of March 2008, that the Commission, via this Resolution, approves the Capital Program to move forward."

Chairman DeGerolamo requested a roll call vote.

<table>
<thead>
<tr>
<th>NEW JERSEY</th>
<th>PENNSYLVANIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. DeGerolamo</td>
<td>Mr. Alfano</td>
</tr>
<tr>
<td>- Yea</td>
<td>- Yea</td>
</tr>
<tr>
<td>Mr. Sumners</td>
<td>Ms. Heller</td>
</tr>
<tr>
<td>- Yea</td>
<td>- Yea</td>
</tr>
<tr>
<td>Mr. Hodas</td>
<td>Mr. Fowler</td>
</tr>
<tr>
<td>- Yea</td>
<td>- Yea</td>
</tr>
<tr>
<td>Mr. Zikas</td>
<td>Mr. Griggs</td>
</tr>
<tr>
<td>- Yea</td>
<td>- Yea</td>
</tr>
<tr>
<td>Mr. Hart</td>
<td></td>
</tr>
<tr>
<td>- Yea</td>
<td></td>
</tr>
</tbody>
</table>

Chairman DeGerolamo then stated that the roll call produced a unanimous vote. No further questions were presented and the Resolution was unanimously adopted.

UPDATE ON SWAP ISSUE

Chairman DeGerolamo addressed the meeting and requested Executive Director McCartney give a brief update on the Bond issues.

Executive Director McCartney noted that the cost of a one year note was rapidly increasing, and directed the Commissioners’ attention to the February 29 spread sheet memo detailing various financing scenarios.

Chief Financial Officer McNeely gave a thorough explanation of the aforementioned February 29 spread sheet financing memo, and advised that both he and NW Financial recommended the variable rate demand bond with letter of credit. He further noted that DEXIA was willing to extend their offer by an additional week, giving the Commission extra negotiating time. There was further discussion between Executive Director McCartney, Chief Financial Officer McNeely and Commissioner Hart concerning some of the numbers used to arrive at the recommendation for the variable rate demand bond with letter of credit.

Executive Director McCartney clarified that the recommendation before the Commissioners was to begin negotiations with DEXIA to see if a deal could be reached, and then come back to the Board with the terms.
Chief Financial Officer McNeeley affirmed Executive Director McCartney’s clarification.

Vice Chairman Alfano inquired as to what authorization was required to be transmitted to DEXIA.

Executive Director McCartney replied that the Chair and Vice-Chair would be authorized to negotiate with DEXIA, which was confirmed by Chief Financial Officer McNeeley.

Commissioner Heller inquired as to whether any other institution than DEXIA responded.

Executive Director McCartney and Chief Financial Officer McNeeley replied that J.P. Morgan offered liquidity without a letter of credit, and that PNC Bank offered a partial letter of credit only. They indicated that DEXIA presented the best deal for the Commission’s circumstances.

Commissioner Heller inquired as to whether the Commission had reached beyond the RFP responses to any other banks the Commission has a relationship with.

Chief Financial Officer McNeeley replied that the Commission had spoken with all of its banks as part of its due diligence. He noted that Commerce and Wachovia Banks were not interested in this opportunity with the Commission.

Chairman DeGerolamo asked whether it was time to seek authorization to start negotiations with DEXIA and then come back to the full Board with a proposed deal for the Commissioners to ratify.

Executive Director McCartney affirmed Chairman DeGerolamo, and noted that DEXIA is a AA rated bank.

Chairman DeGerolamo requested that any Commissioner with concerns or comments about the proposed DEXIA negotiations raise them at this time.

Commissioner Heller stated her agreement with beginning negotiations with DEXIA subject to the Commission having the ability to terminate negotiations and/or any subsequent agreement, and that any proposed agreement be brought before the full Board prior to execution. Vice Chairman Alfano, Commissioner Fowler, Commissioner Griggs, Commissioner Sumners, Commissioner Hodas, Commissioner Hart, and Commissioner Zikas all concurred with Commissioner Heller.

INTRODUCE ANY COMMENTS FROM THE PUBLIC

Chairman DeGerolamo addressed the meeting and invited any comments from the Public or Press. No member of the Public or Press sought to offer comment.
DELAWARE RIVER JOINT TOLL BRIDGE COMMISSION

Meeting of March 3, 2008

ADJOURNMENT

Chairman DeGerolamo invited a motion for Adjournment.

Commissioner Hart then moved that the Meeting be adjourned and Commissioner Fowler seconded the motion. The voice vote was unanimously affirmative and the Meeting was adjourned at 11:50 a.m., Monday, March 3, 2008.

Prepared and submitted by: 

WENDY VADOLA READING
Assistant Secretary Treasurer to the Commission

Approved by: 

FRANK G. McCARTNEY
Executive Director
MEMORANDUM

To: Frank G. McCartney
From: George G. Alexandridis, Sean P. McNeely
Date: February 29, 2008
Re: Capital Program Costs/Delays

If the Commission defeases the Series B bonds with no plans for reissuing debt to replace it, the net cash cost to the Commission of the defeasance would be $10.7 million:

- This $10.7 million includes the cost of $8.4 million to unwind the swap (as of 2/28/08) and, $2.3 million for professional fees, underwriter’s discount, and bond insurance costs
- The $3.2 million in net interest paid to date would be a sunk cost.

The capital program would be impacted as follows:

- The Commission could complete work on the New Hope-Lambertville and Milford-Montague Toll Bridge projects with Series A proceeds

- The Commission would be able to complete roughly 70 percent of the work on the Trenton-Morrisville Toll Bridge and roughly 40 percent of the work on the I-78 Roadway Project using Series A proceeds. Halting these projects with only the Series A bonds would raise a number of contractual and engineering issues which would add significant costs (such as: demobilization, road user costs, and maintenance costs).

- The Commission would not be able to complete work on the I-78 Toll Bridge Open Road Project nor the Delaware Water Gap Toll Bridge Open Road and Additional Lane Project.

- The Commission would not have funds available to initiate final design and construction of the I-95/Scudder Falls Toll Supported Bridge Improvement Project

PennDOT is taking the approach that current economic conditions call for increased borrowing now, noting that the debt service will cost less than soaring construction costs over the next 10 years

- PennDOT Secretary Biehler noted that over the past five years, while the consumer price index increased by 14 to 15 percent, the bid price index, which measures heavy highway construction costs, shot up by a staggering 63 percent. “It’s my judgment that we will see [construction] cost increases well above the cost of bond financing,” said Biehler, citing inflation, increases in the bid price index, and continued deterioration of structures (Capitol Wire 2/27/08).
The 63 percent increase in the Federal Highway Administration bid price index over 5 years cited by Biehler is equivalent to a 10.3 percent annualized average growth rate. Applying this rate would result in the following impact on portions of the capital projects that are not currently under contract:

A one-year delay on the projects below would increase costs as follows:
- DWG Open Road Tolling and Additional Lane: $27.5 million
- I-78 Open Road Tolling: $4.7 million
- Scudder Falls: $30.8 million
- For a total of $63.0 million

Delaying the projects two years would increase total project costs by the following amounts:
- DWG Open Road Tolling and Additional Lane: $57.9 million
- I-78 Open Road Tolling: $9.9 million
- Scudder Falls: $64.8 million
- For a total of $132 million

Please note that the above figures do not include the increase costs to the Commission needed for additional rehabilitation and maintenance the bridges will require if current conditions are allowed to continue to deteriorate as well as road user costs to our customers.

Delaying or suspending the capital program will have other impacts as well. Continued congestion at I-78 and I-80 – both of which were to be addressed through Open Road Tolling -- will result in additional economic costs to local residents, both in terms of additional time and wasted fuel. The estimated economic cost is approximately $50,000 per day for these two facilities. As a result, delay in implementation of Open Road Tolling at these facilities equates to $18.25 million in economic costs for one year or $36.5 million for a two year delay. Please note that these figures do not include continued congestion or the economic impact of continued delays at Scudder Falls.

Suspending the capital program will also have economic impacts on the local and regional workforce. Please note that the following are very rough estimates, but are provided to give you an idea of the magnitude of the impact:
- DWG Open Road Tolling and Additional Lane: 960,000 person hours or over 530 person years
- I-78 Open Road Tolling: 224,000 person hours or over 125 person years
- Scudder Falls: 1,344,000 person hours or over 750 person years

Please note that the above does not include the ancillary impact on local small businesses.