FINDINGS AND RECOMMENDATIONS OF THE ASSEMBLY TRANSPORTATION COMMITTEE ON THE E-ZPASS PROJECT

A REPORT TO THE SPEAKER AND MEMBERS OF THE GENERAL ASSEMBLY

COMMITTEE MEMBERS:

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Assemblyman Reed Gusciora, Vice-Chairman
Assemblyman John J. Burzichelli
Assemblyman Anthony Impreveduto
Assemblyman Gordon M. Johnson
Assemblywoman Linda Stender
Assemblyman Francis L. Bodine
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July 10, 2002

New Jersey State Legislature
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July 10, 2002

Albio Sires, Speaker of the General Assembly
Members of the General Assembly

The Assembly Transportation Committee herewith formally submits, pursuant to Rule 10:5 of the Rules of the General Assembly, its report with findings and recommendations based upon its investigation into the electronic toll collection project known as "E-ZPass."

Sincerely,

John S. Wisniewski
Chairman

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SUMMARY

In 1995, a consortium of toll road authorities was formed to undertake an electronic toll collection project. The Request for Proposals was for a contract to design, build, operate and maintain an E-ZPass system. Bidders were encouraged to make suggestions about how the project could be financed. Despite warnings that the project was not likely to be self-financing and that the revenue streams were speculative and risky, the Consortium proceeded with a plan to pay for the project with revenues generated from toll violation fees and fiber-optic cable leases.

Under the contract awarded to MFS Network Technologies, the Consortium would pay "$0 down and $0 payments" for eight years. However, the Consortium guaranteed payment from the toll road authorities if revenue projections were off. Gov. Whitman approved the toll road authorities' guarantee of payment while, at the same time, she and her administration deliberately misled the public into believing that the E-ZPass system would pay for itself.

The Economic Development Authority was used as a conduit for $300 million in privately-placed bonds to establish a project fund to finance the project until the revenues started coming in. The Consortium's guarantee of payment was called a "True Up Agreement." That Agreement requires an annual recalculation of the base case financial model for the project. If that recalculation forecasts a deficit, the toll road authorities must identify the funds needed to pay the deficit in 2008.

According to the November 2001 recalculation of the base case model, the Consortium will be liable for a deficit of $161,731,000 in 2008. One reason for this deficit is the failure of the Consortium to take the necessary steps to collect the violation revenues which are the crucial element of the self-financing plan. Four years after the project was started, neither a collection agency nor the municipal court process to collect violation fees were in place. Revenue from violation fees in 2001 was projected to be $101.8 million; in reality, only $10.3 million was collected. The implementation of the E-ZPass system has been grossly mismanaged.

Other factors that have contributed to the deficit are the inefficient and costly decision to operate separate customer service and violation processing centers and the Consortium's decision to distribute for free transponders which cost $22.50 a piece. Over $4 million alone has been spent giving free transponders to out-of-state account holders.

In conclusion, the Whitman administration was warned that the self-financing plan was not likely to work, but proceeded with it anyway. The supervision of the contract performance and the overall implementation of the E-ZPass system have been fraught with error. The Committee has made recommendations for legislative action to prevent repeats of these problems. The Committee also recommends that the Legislature request an investigation of the E-ZPass system by the State Commission of Investigation.

INTRODUCTION

The E-ZPass system is a project of the Regional Consortium for Electronic Toll Collection (Consortium). The Consortium is a multi-agency group formed in 1995 by Memorandum of Understanding among the agencies to work together to implement an electronic toll collection system for the roadways, bridges and tunnels operated by these agencies. The Consortium's members are the New Jersey Highway Authority, the South Jersey Transportation Authority, the Port Authority of New York and New Jersey, the Delaware Department of Transportation and the New Jersey Turnpike Authority, which serves as the lead agency for the Consortium. The Consortium's members belong to the E-ZPass Interagency Group which coordinates all of the agencies operating E-ZPass systems on the East Coast.

E-ZPass is an electronic toll collection system which allows a motorist to pay highway and bridge tolls without stopping to deposit coins or tokens or to hand money to a toll collector. A transponder mounted in the vehicle emits a signal which is received by equipment in the toll lane. The information is processed and the motorist's E-ZPass account is charged for the appropriate toll. Video equipment installed in the toll lane takes an image of the vehicle's license plate. The image can be used to identify those who pass through the toll lane without paying their toll. The E-ZPass system is used by numerous highway and bridge authorities throughout the East Coast. The E-ZPass system reduces traffic congestion and air pollution from motor vehicles.

The contract for the E-ZPass system is what is known as a design-build, operate, and maintain contract (D-BOM). Under this approach, one contractor designs the project and then proceeds to build, construct and install the project. When construction and installation are complete, that same contractor operates and maintains the system.

The Committee's legislative mission was to examine E-ZPass - its conceptualization, the designing of the project, the way the contract was put out to bid and awarded, the development of the funding mechanism for the project, the implementation of the project, the performance of the contract, and the current status of the project - in order to understand the problems that have arisen and what steps can be taken by the Legislature to prevent such problems from happening again.

The Assembly Transportation Committee heard testimony concerning the E-ZPass system in New Jersey during Committee meetings on February 2, 2002; March 3, 2002; March 21, 2002; May 2, 2002; May 13, 2002 and June 10, 2002. The Committee requested and received documents concerning E-ZPass from the parties on the accompanying list. Based upon the testimony and documents received, the Committee makes the findings and recommendations set forth herein.

WITNESSES BEFORE THE COMMITTEE

Testimony was received by the Committee from the following individuals:

February 28, 2002 meeting:

Diane Scaccetti, Acting Director, New Jersey Turnpike Authority

Gregory J. Soriano, Senior Vice President, Parsons Brinckerhoff-FG, Inc., Project Manager

George P. Zilocchi, Acting Executive Director, New Jersey Highway Authority

Fran Ehret, President, Local No. 194, New Jersey Turnpike Employees Union

March 18, 2002 meeting:

Seth Maiman, Senior Manager, Government Affairs WorldCom, Incorporated

Jack Walters, Senior Vice President, Systems Engineering, WorldCom, Incorporated

Denise A. Ciok, Vice-President, Transportation Port Jersey Logistics, and Vice-President New Jersey Motor Truck Association

Gail E. Toth, Executive Director, New Jersey Motor Truck Association

Matthew Wright, President and Owner, Apgar Bros. Motor Transportation

Lorelei N. Nottese, Manager, Government Relations, Wakefern Food Corporation

Charles Amorosi, Manager, Transportation, Wakefern Food Corporation

Raymond Neveil, President, Citizens Against Tolls

March 21, 2002 meeting:

Gregory J. Soriano, Senior Vice President, Parsons Brinckerhoff-FG, Inc., Project Manager

May 2, 2002 meeting:

Edward Gross, former Executive Director of the New Jersey Turnpike Authority

May 13, 2002 meeting:

Caren S. Franzini, Executive Director of the New Jersey Economic Development Authority

Lawrence G. Cier, Director of Investment Banking, New Jersey Economic Development Authority

June 10, 2002 meeting:

Daniel M. Morash, Managing Director of Global Head Project Finance, Newcourt Capital Securities

Frank Wilson, former Commissioner of Transportation

The transcripts of the above testimony are available on the Legislature's Internet site (http://www.njleg.state.nj.us). Due to technical difficulties, only a portion of Ms. Scaccetti's testimony was transcribed. Archived recordings of the Committee's meetings are also available on the Legislature's Internet site.

WRITTEN TESTIMONY SUBMITTED TO THE COMMITTEE

Mark IV - IVHS, Inc., and

Tri-State Transportation Campaign.

DOCUMENT SOURCES

The Committee requested and received documents from the following entities involved with the E-ZPass project:

The New Jersey Turnpike Authority, lead agency for the Regional Consortium,

The New Jersey Highway Authority,

The South Jersey Transportation Authority,

WorldCom, Inc.,

Parsons Brinckerhoff-FG, Inc.,

The New Jersey Economic Development Authority, and

Mark IV - IVHS, Inc.

LIST OF EXHIBITS

Exhibit A MFS Network Technologies, Inc.'s letter dated July 26, 1996

Exhibit B MFS Network Technologies, Inc.'s letter dated Sept. 27, 1996

Exhibit C MFS Network Technologies, Inc.'s letter dated Oct. 2, 1996

Exhibit D Turnpike Authority Commissioners' Briefing, Nov. 26, 1996

Exhibit E Newcourt Capital's letter to Edward Gross dated June 13, 1997

Exhibit F Newcourt Capital's letter to Edward Gross dated July 24, 1997

Exhibit G New Jersey Dept. of Transportation press release dated March 11, 1998

Exhibit H Governor Whitman's letters (3) dated March 10, 1998 approving the toll road authorities' actions regarding E-ZPass, including the True Up Agreement

Exhibit I MFS's "violation/penetration/collection cube" and Consortium income/payment matrix dated Oct. 10, 1996

Exhibit J *Star-Ledger* article dated Jan. 22, 1999

Exhibit K Attorney General David Samsom's letter dated May 1, 2002

Exhibit L Resolutions of the three toll road authorities approving E-ZPass, March 10, 1998

Exhibit M Statement of Objectives, Request for Proposals, April, 1996

Exhibit N Requirements and Conditions for Proposals, Request for Proposals, April, 1996

CHRONOLGY OF E-ZPASS EVENTS

(events concerning MFS NT's history are in bold)

Sept. 1995 - Regional Consortium for electronic toll collection system is established by resolution of each of the three toll road authorities approving a Memorandum of Understanding; the Turnpike Authority (NJTA) is selected as the lead agency;

- Christine Todd Whitman is Governor;
- Frank J. Wilson is Commissioner of Transportation;
- Edward Gross becomes Acting Executive Director of NJTA.

Jan. 1996 - Consortium issues Request for Information and Request for Qualifications for the ETC project. Subsequently, four entities pre-qualified for participation as prime contractors:

Chase Manhattan Bank, N.A.
Lockheed Martin IMS Corp.
MFS Network Technologies
Valley National Bank, N.A.

April 1996 - Consortium issues Request for Proposals.

July 1996 - Proposals are submitted by Lockheed Martin IMS (Lockheed) and MFS Network Technologies (MFS NT).

Sept. 1996 - Frank Wilson recuses himself from further participation in any discussions relating to the E-ZPass project;

- Consortium issues Best and Final Offer (BAFO) guidelines;
- Lockheed and MFS NT submit BAFOs.

Oct. 1996 - Lockheed and MFS NT submit Best and Revised Final Offers (BARFO);

- Consortium's Multi-Agency Evaluation Team (MET) recommends awarding the contract to MFS NT;
- Lockheed files protest with NJTA over bidding process.

Nov. 1996 - Consortium's Executive Council approves the awarding of the E-ZPass contract to MFS.

Dec. 1996 - **WorldCom acquires MFS Telecom, Inc., including its subsidiary MFS NT**;
- Frank Wilson's resignation as Commissioner of Transportation is effective.

Jan. 1997 - John J. Haley becomes Commissioner of Transportation.

Feb. 1997 - Edward Gross becomes Executive Director of the NJTA.

March 1997 - E-ZPass contract is awarded to MFS NT;
- MFS NT hires Newcourt Capital as its financial advisor for the E-ZPass project.

April 1997 - Consortium issues Request for Proposals for program management service for E-ZPass implementation. The contract is subsequently awarded to Parsons Brinckerhoff-FG, Inc.

May 1997 - Lockheed files suit challenging the award of the contract to MFS NT.

June 1997 - Superior Court of N.J., Appellate Division, rules against Lockheed holding that the bidding procedures used by the Consortium were fair, Nachtigall v. N.J. Turnpike Authority, 302 N.J. Super. 123 (App. Div.), certif. denied 151 N.J. 77 (1997);
- Newcourt Capital warns Ed Gross that large reserves of funds are necessary because of the uncertainty of the revenues from violations and fiber-optic leases.

July 1997 - Newcourt Capital warns Ed Gross that major banks are declining participation in the financing because of the risk, including the speculative nature of cash inflows;
- New Jersey Supreme Court denies certiorari in Lockheed lawsuit, litigation ends;
- Parsons Brinckerhoff awarded the contract to perform program management service.

Oct. 1997 - NJTA Comptroller Catherine Schladebeck files "whistle blower" lawsuit against NJTA concerning, in part, estimated revenues from E-ZPass violations, Schladebeck v. New Jersey Turnpike Authority, N. J. Sup. Ct. Middlesex Co., no. MID-L-010237-97.

March 1998 - Contract is signed with MFS NT, notice to proceed is issued;
- Press release from DOT states: "The project will be paid for with revenues from violations enforcement fees, the lease of excess fiber-optic capacity to telecommunications companies, and additional technology marketing programs;" The press release quotes Gov. Whitman: ". . . motorists will soon be able to reap the benefits of advanced technology at no cost to the taxpayers;"
- Economic Development Authority issues $300 million in bonds to finance E-ZPass project.

July 1998 - **Able Telcom Holding Corp ("Able") acquires MFS NT from WorldCom.**

Nov. 1998 - E-ZPass becomes operational on Atlantic City Expressway and Delaware Turnpike;
- Original deadline for opening of Violations Processing Center (VPC) is not met.

Dec. 1998 - James W. Weinstein, Jr., replaces John J. Haley as Commissioner of Transportation.

Jan. 1999 - MFS NT agrees to pay $25,000 per day for lost revenues due to lack of a fully operational VPC.

June 1999 - Consortium announces revised schedule for implementation of E-ZPass on Parkway and Turnpike.

July 1999 - MFS NT opens the VPC.

Dec. 1999 - Installation of E-ZPass is changed to a phased implementation.

Feb. 2000 - **MFS NT changes its name to Adesta Communications, Inc. (Adesta).**

May 2000 - First amendment to the E-ZPass contract.

June 2000 - Consortium announces revised schedule for completion of the phase-in of E-ZPass on the Parkway and Turnpike.

Aug. 2000 - Stipulation of settlement filed in Schladebeck v. N.J. Turnpike Authority.

Dec. 2000 - **Bracknell Corporation acquires Adesta as part of its acquisition of Able.**

April 2001 - Second amendment to the E-ZPass contract, includes changes regarding the Customer Service Center.

Sept. 2001 - **Adesta files for Chapter 11 bankruptcy in federal bankruptcy court.**

Nov. 2001 - James W. Weinstein, Jr. resigns as Commissioner of Transportation.

Dec. 2001 - **U. S. bankruptcy court authorizes the assignment of the E-ZPass contract to WorldCom ETC.**

Jan. 2002 - Edward Gross leaves the Turnpike Authority.

Feb. 2002 - James Fox becomes Commissioner of Transportation.

March 2002 - Michael Lapolla becomes Executive Director of the Turnpike Authority.

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FINDINGS
CONCERNING THE DESIGN AND DEVELOPMENT OF THE PLAN FOR THE E-ZPASS PROJECT AND THE AWARDING OF THE CONTRACT

Finding 1

- The E-ZPass project is a massive, complex undertaking involving the installation of electronic toll collection equipment in more than 700 toll lanes and the coordination of five toll authorities in New Jersey, New York, and Delaware. It includes:

  1. Work at every toll plaza to refit the toll booths with the necessary hardware equipment and software, installation of the communication components to link with the customer service center, reconfiguration of the traffic flow, and other steps to implement the necessary technology;

  2. The installation of the fiber-optic cable component along more than 400 miles of the toll road authorities' rights-of-way and the necessary software for an integrated communication network throughout the E-ZPass system;

  3. A customer service center to collect and distribute the tolls, including the necessary links among customers, credit card companies, banks, members of the Consortium, and other agencies which operate E-ZPass systems;

  4. A violations processing center to process and collect violation fees; and

  5. A plan for the financing of the project.

Finding 2

- The impetus for an electronic toll collection system came from the highest level of the Whitman administration. The three toll road authorities acted within their existing powers and created the Consortium by resolution of each of the members entering into a Memorandum of Understanding in September, 1995.

- Frank Wilson was appointed Commissioner of Transportation by Gov. Whitman in March, 1994 and was involved from the development of the concept of an electronic toll collections system and the formation of the Consortium through the preparation of and issuance of the Request for Proposals and was still Commissioner of Transportation and a member of the Consortium's Executive Council when the bidders' Response to Proposals were received by the Consortium.

- No legislative authority was required for the implementation of the electronic toll collection system, except for passage of P. L. 1997, c. 59 (C. 27:12B-18.2 et al.) clarifying the existing law of the State's three toll road authorities with regard to the use of photo-monitoring evidence to enforce toll collection violations.

Finding 3

- The Request for Proposals issued by the Consortium was for a single contract to design-build, operate and maintain an electronic toll collection system. The Consortium issued a very general Request for Proposals for the project, leaving it to the bidders to suggest how the project would be done. (Wilson transcript pp. 102, 103)

- Design-build, operate, and maintain projects are relatively new to New Jersey and the United States. (Soriano transcript p. 8)

- Typically a construction project in New Jersey would have one entity design the project and prepare the bid documents. The State, its agencies or authorities would then seek separate bids for the construction of the project. The State, its agencies or authorities would oversee the construction of the project. It would be up to the State, its agencies or authorities to operate and maintain the project itself or to seek a separate contract for a private party to do so.

- Toll road authority statutes generally provide for a low bid process, but exempt professional services from this provision. See e.g. N.J.S.A. 27:23-6.1. The Appellate Division of the Superior Court of New Jersey held that the E-ZPass contract was a contract for professional services and exempt from competitive bidding laws. Nachtigall v. N.J. Turnpike Authority, 302 N.J. Super. 123 (App. Div.), certif. denied 151 N.J. 77 (1997).

- Frank Wilson was the Commissioner of Transportation at the time the E-ZPass project was being developed, the Request for Proposals was prepared and issued, the financial plan was being negotiated, and the proposals were received from the bidders. (In Nachtigall v. N.J. Turnpike Authority, supra, the court found that Frank Wilson "recused himself from further participation on behalf of the Consortium in any discussion relating to the ETC procurement process" on September 3, 1996. (supra at 141)

- Wilson testified that:

> Rather than be prescriptive and tell the vendors how to bid the job, it was done in reverse. It was done in a very open way. Here is the technology we want. You tell us what it is going to cost and any other creative, innovative approaches that you have that would either lower the cost or would raise revenue. And none of the member agencies knew enough about how to be prescriptive and structure a bid, let's say. And so what it really did was it operated to make a procurement more open so the bidders could propose those things. (Wilson transcript pp. 102, 103.)

Finding 4

- Frank Wilson testified that he took the lead in the formation of the Consortium, that he was a member of the Consortium's executive council and that, while he was Commissioner of Transportation, the idea of funding the project from revenues generated from the project, i.e. a self-financing project, was discussed as part of the prequalification stage prior to the issuance of the Request for Proposals. (Wilson transcript pp. 92-98)

- The Whitman administration wanted an electronic toll collection system, but it did not want to pay for it in any of the traditional or typical ways that other states implementing an electronic toll collection system have used. The Highway Authority (Garden State Parkway) did not have sufficient revenues to pay its share of the project and was not in a position to issue more bonds to finance its share. (Gross transcript p. 24). A way was sought to design, build, install and operate E-ZPass without paying for it or at least without paying for it for years. (Gross transcript p.22)

- The Request for Proposals dated April 12, 1996 states at the beginning of the proposal procedures:

  > The procurement of the new toll collection systems and customer service center operations will be a multi-step, negotiated procurement process where technical experience and competence will be evaluated in conjunction with the price for the work under this Contract. Furthermore, the procurement process will include evaluation and negotiation of proposed financial and work scope <u>options and innovations or other business opportunities</u> presented by the Proposers that make their Proposal more attractive to the Consortium. (exhibit N, emphasis added)

- Frank Wilson testified that the E-ZPass project was a very valuable undertaking and how the benefits would be shared with the Consortium was what "really drove how the procurement was structured." (Wilson transcript pp. 101, 102)

- Ed Gross, former Executive Director of the New Jersey Turnpike Authority, testified that Frank Wilson, as Commissioner of Transportation, chaired the Consortium's Executive Council and was one of the people who developed the idea of a financial plan of "zero down and zero over the eight operating years." (Gross transcript pp. 6, 22, 23)

- Lockheed Martin and MFS Technologies (MFS) submitted their responses to the Request for Proposals on July 26, 1996. (See exhibit A and Gross transcript p.8)

- As negotiations continued, MFS presented two approaches for consideration by the Consortium, summarized as follows in MFS's letter of Sept. 27, 1996 (exhibit B):

MFS Approach 1: $0 down, $0 payments;
MFS Approach 2: $0 down, budget certainty w/ annual payments of $60 million in 1999 and 2000.

- Lockheed Martin's proposal, as presented for final consideration, was for a fixed price paid via monthly payments from the Consortium to cover capital and operating costs and all fees and revenues remitted to the Consortium as collected. (exhibit D)

- In a letter dated October 2, 1996, MFS warned that it did not believe that Approach 1, known as the self-financing plan, would be successful. (exhibit C)

> Our financial concern <u>with the terms requested by the Consortium</u> is based on our view that the E-ZPass project including potential revenues (from statement inserts, float from E-ZPass account balances, the potential sale of customer lists and other incidental revenue sources) <u>is not likely to be self-financing.</u> Our estimates for revenues from a fiber optic telecommunications system help narrow the financial gap, but do not change our fundamental conclusion. . . . (emphasis added)

- In the same October 2, 1996 letter, MFS strongly urged the Consortium to consider Approach 2 for the financing plan:

> <u>Approach 2</u> addresses the financial risks of the MFS team in a different manner. The two payments . . . provide a financial backstop on the risks we face from lower than estimated violations rates, and - very importantly - align the Consortium's interests and ours in a number of important financial and operational ways. As a result, we believe this approach <u>is a sounder framework</u> for your relationship with the Consortium. <u>We believe this very strongly, and have structured it so that it will be more attractive financially to the Consortium than Approach 1.</u> We are recommending it for your serious consideration . . . . [W]e believe that alignment of interests between the Consortium and its service providers is critical to a successful working relationship over a long contract period. <u>We are asking no violations rate guarantees from the Consortium under Approach 2, and it is not</u>

predicated on the expectation of a 0.8% violations rate. (emphasis added)

- Approach 2, the financial plan which MFS was strongly urging for consideration by the Consortium, was not even presented for consideration by the Consortium's Executive Council at the November 26, 1996 briefing. (exhibit D)

- The Consortium had Lockheed Martin's proposed financing plan for consideration and MFS's Approach 2, both of which provided budget certainty. Yet even in the face of predictions by the MFS that its own Approach 1 would not be self-financing, the Consortium, under Ed Gross's leadership, selected a risky, never-done-before approach to finance the complex and immense E-ZPass project.

- Bidders were encouraged in the Request for Proposals to be innovative about revenue opportunities (Exhibit N). The financial plan would be a major component in evaluating the bidders' proposals. (Wilson transcript pp. 101, 102) MFS got the message. MFS responded with "$0 down, $0 payments during 8 year contract life." (exhibits B, D) MFS got the contract.

- It is the Committee's conclusion that the primary consideration in the decision to award the contract was the bidder's financial plan. The financial component of the plan outweighed the bidder's technical experience and competence for this type of complex project. Succinctly put, a purportedly self-financing plan was more important to the Consortium than the contractor's qualifications to design-build, operate, and maintain the system.

Finding 5

- E-ZPass improves the collection of tolls that would be paid anyway. It does not generate additional toll revenue. E-ZPass has provided savings from the decreased costs for manpower, but it is costing hundreds of millions of dollars to design, build, install and operate.

- In 2001, it cost $17, 187,000 to operate the customer service center and $18, 595, 000 to operate the violations processing center, according to the most recent recalculation of the base case financial model. (attached)

- There is a cost to distribute free transponders and to generate and mail account statements. Under the E-ZPass system as planned and implemented by the Consortium, the purchase cost of the transponders and the cost of issuing and mailing statements are borne entirely by the Consortium. The cost of a transponder to the Consortium is $22.50. Non-commercial accounts may have up to four transponders at no charge. As the popularity of E-ZPass increases, the cost increases. This is shown in the Consortium income/payment matrix in exhibit I.

- In Massachusetts, E-ZPass account holders are charged for the cost of the transponder and a $5 mailing fee. In Pennsylvania, E-ZPass account holders do not pay for the transponder, but do pay an annual fee and other charges. To avoid these charges and fees, residents of Massachusetts and Pennsylvania are opening E-ZPass accounts in New Jersey and thereby increasing the Consortium's costs.

- As of June, 2002, the Consortium reports 22,940 E-ZPass accounts from Massachusetts. These accounts were issued 37, 070 transponders which cost a total of $834,000. 86,614 E-ZPass accounts have been opened from Pennsylvania. 175,061 transponders have been issued to those accounts for a total cost of $3,938,872. These costs do not include the cost of sending out the transponders or the on-going costs of generating and mailing statements.

Finding 6

- The Request for Proposals issued by the Consortium in April, 1996 states:

> The objectives of the Regional Electronic Toll Collection Implementation Program are to design, furnish and install ETC equipment on the New Jersey Highway Authority and the New Jersey Turnpike Authority roadway facilities, and to design, implement and operate a Customer Service Center (CSC) that will interact with the ETC systems of each Consortium member. The CSC is also required under this program to interact with the

> ETC operations of other agencies in the E-ZPass Interagency Group and/or allow these and other agencies utilizing compatible ETC systems to contract for CSC services from it.
>
> The configuration of the NJHA and NJTA ETC systems require highly specialized technical services. The logistics and magnitude of upgrading and converting the toll operations of these two (2) agencies to an ETC operation requires substantial and highly competent resources. (exhibit M)

- There is no mention in the statement of objectives of the fiber-optic cable network or the technical services required to install and operate it. It appears that the fiber-optic cable component of the project was added subsequent to the release of the Request for Proposals.

- The fiber-optic cable rights which were included in the E-ZPass project are very valuable because of New Jersey's location on the Eastern Seaboard and particularly because Atlantic City is the point of departure for trans-Atlantic cables.

- The true value of this unique asset was never determined because it was not put up for bid on the open market; instead, the fiber-optic cable rights were included in the E-ZPass project.

Finding 7

- MFS would only offer the self-financing approach (Approach 1) as an option if the Consortium agreed to protect MFS from losses due to insufficient revenues:

> We are only able to present a <u>financial package of the sort the Consortium requested</u> ($0 down, $0 payments) <u>if it guarantees</u> to insulate the MFS team from losses resulting from violation rates significantly below its estimates over the eight year period of the project. (exhibit C, emphasis added)

- Dan Morash, managing director of Newcourt Capital, the financial advisor MFS brought in to put together the financing package, testified that Ed Gross, Executive Director of the New Jersey Turnpike Authority, directly handled the negotiations on the financing and bonding decisions. (Morash transcript pp. 8, 10)

- Morash testified that potential purchasers of the bonds insisted on a guarantee by the Consortium. He stated: "The revenue streams were too uncertain, too speculative to be the basis to raise 300 million dollars in financing." (Morash transcript p. 8, 10)

- Ed Gross was told by Morash in a June 13, 1997 letter that, "The uncertainty of actual levels of fiber optic and violations collection revenues necessitates that large reserves be built into the Transaction." (exhibit E)

- Morash warned Ed Gross in a July 24, 1997 letter that major New Jersey banks considered participating in the financing of the E-ZPass project and declined. Morash wrote that because of the risk to investors, it would be necessary to pay premium interest rates. The elements of risk include "the lack of lender control that is typical in project financing over . . . cash outflows, construction completion conditions, and contractor performance," "the speculative nature of cash flows from fiber optic network and violation revenues," and "the unique, unprecedented nature of the transaction." (exhibit F)

- The Consortium members agreed to be contractually liable for any deficit, including principal, interest and unpaid expenses, should the revenues from toll violations and the fiber optic cable leases be insufficient to fund and operate the project. (See attached True Up Agreement)

- Dan Morash testified that Ed Gross did not want the Consortium's guaranty agreement to be called a "guaranty agreement" because he did not want it to be perceived as a guaranty. Instead, upon Gross's insistence, the guaranty agreement was called a "true up agreement," a term not commonly used in such financing transactions. (Morash transcript, pp. 19, 44-47)

Finding 8

- The New Jersey Turnpike Authority, the New Jersey Highway Authority and the South Jersey Transportation Authority individually by resolutions ratifying and confirming previous resolutions concerning E-ZPass, and approving the E-ZPass contract, the financial plan and the True Up Agreement, thereby agreeing to be liable in accordance with the terms of the agreement for any deficit under the contract. (exhibit L)

- By statute, the governor has authority to veto any action taken by each of the authorities at its meetings. (See e.g. N.J.S.A. 27:23-3) On March 10, 1998, Gov. Whitman approved the actions taken by the three toll road authorities in connection with their participation in the implementation of a regional electronic toll collection system, including the delegation of authority to the executive directors to approve the contract with MFS Technologies, Inc., and to execute a True Up Agreement. (exhibit H)

Finding 9

- In January, 1998, the State Treasurer's office asked the New Jersey Economic Development Authority (EDA) to serve as a conduit for the issuance of $300 million in bonds to finance the E-ZPass project on the State's three toll roads. (Franzini transcript p. 11) The request was "late in the game." (Franzini transcript p. 37) The bond agreement was signed March 10, 1998.

- Caren Franzini, Executive Director of the EDA testified: . . . "I just want to state that this was an unusual transaction. This was not a normal transaction for EDA. EDA, our primary existence is financing business and not-for-profits in New Jersey. And we finance them usually in the range of, you know, five, ten million dollars in financing." (Franzini transcript p. 36)

- The Economic Development Authority was established in 1974 to foster and promote the State's economy and increase employment opportunities by making available financial assistance to businesses to locate, remain or expand within the State. (P. L. 1974, c. 80, s. 2) The Economic Development Authority should not be used as a conduit for bonds for the toll road authorities.

- The unrated bonds pay a higher interest rate than publicly-issued bonds would have paid. The higher interest rate will result in the Consortium paying more in total financing expenses than it would have had the bonds been publicly issued.

- If the project had been financed with bonds that were direct obligations of the toll road authorities, the bonds might have been able to be tax-exempt bonds and, thus issued at a lower rate resulting in lower finance costs for the E-ZPass project. (Morash transcript p. 74)

- Private purchasers for the bonds were arranged by Newcourt Capital acting on behalf of MFS. Newcourt Capital purchased 39% of the bonds itself in order to complete the transaction quickly and, within a few months, re-sold the bonds.

- While it is true that bonds issued by an authority are generally not an obligation of the State and the State is not legally liable should an authority default on its bond payments, the reality is that it is highly unlikely that the State would allow such a default to happen. For example, the Sports and Exhibition Authority previously generated income sufficient to repay its bonds, which are not an obligation of the State, and to cover its other expenses. Now the authority receives millions of dollars each year from the State general fund in order to remain solvent.

Finding 10

- On March 11, 1998 after the Consortium had been repeatedly warned by both MFS and Newcourt Capital that the self-financing plan was speculative, risky and unlikely to succeed, the Whitman administration issued a press release announcing the signing of the E-ZPass contract which contained the following statements:

> The project will be paid for with revenues from violations enforcement fees, the lease of excess fiber-optic capacity to telecommunications companies, and additional technology marketing programs. The toll road agencies will not be required to make any down payment for the system. Construction and administrative costs will be financed with $300 million in variable and fixedrate (sic) loans arranged with private lenders and administered by the New Jersey Economic Development Authority. The loans, which will be paid off by the five agencies as revenues are received from the violations fees and

fiber-optic facilities leases, will cover expenses until the revenues are sufficient to make the project self-sustaining. (exhibit G)

- Edward Gross told the Committee, "I think forthrightly, that the level of expectations that were raised in '98 were wrong." (Gross transcript, p.76)

- It is the Committee's conclusion that the Whitman administration deliberately misled the public into believing that the E-ZPass system would pay for itself.

FINDINGS
CONCERNING THE IMPLEMENTATION OF THE E-ZPASS CONTRACT

Finding 11

- Starting only four months after the contract was signed on March, 1998 with MFS NT, there has been on-going series of problems related to changes in the contractor, including loss of key personnel, cash flow problems, and delays in implementing the system and in opening the customer service center and the violations processing center.

- In July, 1998, WorldCom sold MFS NT to Able Telcom Holding Corp.

- In February, 2000, MFS NT changed its name to Adesta Communications, Inc.

- In December, 2000, Adesta was acquired by Bracknell Corp.

- In September, 2001, Adesta filed for bankruptcy.

- The bankruptcy court assigned the E-ZPass contract to WorldCom.

- The Securities and Exchange Commission has filed a complaint against WorldCom for accounting fraud. According to *The Wall Street Journal* on June 28, 2002, accounting experts say that WorldCom's outside auditors, Arthur Anderson LLP, "should have noticed that the telecommunications company hid $3.8 billion of expenses."

- In the original contract between the authorities and MFS, upon default, or unauthorized assignment by the contractor, the authorities could terminate the contract and/or exercise various other default remedies including getting another contractor to complete the work or allowing the surety to complete the work. The authorities did not exercise these options but rather allowed the entities who assumed the contract to act in stead of MFS. The authorities also entered into subsequent amendatory contracts which gave approval to the changes in contractors.

- No contract can prevent a vendor from going into bankruptcy, merging or being part of an acquisition, but when the contractor is consistently and repeatedly in default on performance of the contract, the non-defaulting party should seriously evaluate canceling the original contractor and using another vendor to complete the work.

- The contract between the authorities and MFS contains numerous provisions which speak to default and which might have been utilized by the authorities including, and by way of example only, sec. 1.31g "performance by surety or guarantor;" sec. 3.02 "event of default by contractor;" sec. 3.04 "remedies in the event of default;" sec. 3.05 "the authorities may avail itself of all rememdies;" and sec. 5.01 "consent of the authority required for assignment." The general provisions of the Request for Proposals and the Best and Revised Final Offers are incorporated into the contract and provide additional protections for the authorities.

Finding 12

- Diane Scaccetti testified that Ed Gross, the Executive Director of the New Jersey Turnpike Authority, "was the head in terms of the one person who headed or coordinated the efforts on behalf of the Consortium and was the final decision maker with regard to how the process and how the project would roll out." (Scaccetti transcript p. 12)

- Dan Morash testified that Ed Gross was directly in charge of the negotiations on the terms and conditions of the financing arrangements. Morash testified that those involved in the negotiations were Turnpike employees who reported to Gross or the attorney selected by Gross. Morash also testified that when an agreement was reached between Newcourt Capital and Gross as to the terms of the financing, Gross then sought the approval of the other consortium members. (Morash transcript pp. 16, 17)

Finding 13

- The E-ZPass contract called for a Customer Service Center to be operated by Chase Manhattan Bank which would handle all customer service matters, including the processing of toll violations. However, subsequent to the signing of the contract, the contractor decided to separate the Customer Service Center into two separate centers: a customer service center operated by the contractor and a violations processing center operated by the bank.

- No other authority operating an electronic toll collection system is known to have separate customer service center and violation processing operations. Having two centers is inefficient, redundant and not at all cost effective. Mark IV, in its written testimony, stated

> [I]n New Jersey, there is a significant departure from the norm as to the manner in which those violations are processed. Usually, violations are processed right within the customer service center. Clearly, this is the optimal strategy from several different perspectives including efficiency, economy and customer service. This is particularly true when it turns out that the violator is really a customer whose E-ZPass transaction was not properly recorded. (Mark IV written testimony p.8)

- Diane Scaccetti testified that $13.3 million was collected in toll violation fees as a result of notices sent by the Violations Processing Center; however, the operating expenses alone for the Violations Processing Center are expected to be $19.2 million in 2002. (Scaccetti transcript p. 2)

- The E-ZPass contract provides that the operator of the Violation Processing Center be paid according to the number of images of licenses plates that are reviewed by the center. Scaccetti testified that

> . . . the way the Violations Processing Center is paid is not based on the number of violations that they send out, they're paid by - based on the number of images they review. . . . every license plate is photographed. When the match occurs in the software, if it's a correct

> match and a valid transaction, that photograph is deleted. But if for some reason there is an improper read, that image goes to the Violations Processing Center. Then they review it. . . each time they review an image, they are paid. There is a baseline amount of $9.8 million for 2002 that they will be paid to review 4.7 million images. After they exceed 4.7 million images, they will be paid on an incremental basis for each additional image that they review at $1.34 per image. . . the Violations Processing Center is operated by the contractor. . WorldCom is the operator of the VPC. (Scacetti transcript pp. 2, 3)

The result of this contract provision is that the contractor is paid to review images, even when the images are due to the failure of the system that the contractor designed and installed.

- More than four years after the signing of the E-ZPass contract, a collection agency has not been retained and the necessary steps for enforcement proceedings in municipal courts have not been established. Scaccetti testified before the Committee in February, 2002 that

> . . . the tools necessary to self-fund this project to collect the violations, the administrative fees necessary to fund were not in place at the contract's inception. So that with no collection agency, no municipal court process available, really starting in 1998, when the Atlantic City Expressway opened and then rolling from there out to the Turnpike in September of 2000, there is no collection agency for us to enforce the violations. (Scaccetti transcript pp. 1, 2)

- As a result of the failure to put in place these two key elements in the collection process, potential revenues from toll violations are going uncollected. The November, 2000 recalculation of the base case financial model estimated that in 2001 the total administrative fees collected from violations would be $101.8 million. The November, 2001 recalculation found that the actual fees collected in 2001 were $10.3 million, approximately one-tenth of what was expected. (see attached 2001 recalculation)

- The Committee finds that the contract was awarded to MFS in 1997 and yet, by the end of 2001, the Consortium, led by Ed Gross, still had not taken the necessary steps to implement these crucial elements for bringing in the revenues which were supposed to be a primary source of funds for the self-financing project.

Finding 14

- Prior to the adoption of the self-financing plan, the Consortium received projections from MFS which showed that, as the number of drivers using E-ZPass increases, the costs to the Consortium increase. (exhibit I) In other words, the Consortium selected a plan in which achievement of the goal of reducing traffic congestion and air pollution would result in financial failure.

- These projections have turned out to be true. The Public Resources Advisory Group, in a November 30, 2001 letter which is part of the recalculation of the base case financial model, states that one of the significant factors leading to increased costs to the Consortium is the popularity of E-ZPass. (See attached letter and report)

Finding 15

- The E-ZPass contract calls for the installation of E-ZPass in every lane at a toll plaza. Some lanes are to be "dedicated" lanes; that is, lanes which only accept E-ZPass; the remainder of the lanes are to be "mixed mode" lanes which can accept any type of payment, including E-ZPass. Under the original E-ZPass contract, all lanes at a toll plaza were to be converted to E-ZPass at the same time. Under the original contract, the E-ZPass project was to be completed by the first quarter of 2000. (exhibit G, Soriano transcript p. 15)

- Because of delays in getting the E-ZPass system operational, the contract was amended in May, 2000 to provide for a phased implementation. During the first phase, the contractor would install dedicated E-ZPass lanes at each toll plaza so that E-ZPass could begin being used by motorists. During the second phase, the contractor would return to the toll plaza to convert the remaining lanes to mixed mode.

- Phased implementation resulted in sometimes dangerous conditions at toll plazas as motorists made sudden lane changes trying to find or avoid the E-ZPass dedicated lanes as appropriate. These dangerous situations were exacerbated by the fact that the location of the E-ZPass lanes varied from toll plaza to toll plaza.

- According to the testimony of Diane Scaccetti, Ed Gross was the "final decision maker" on decisions about the construction and implementation of the project. (Scaccetti transcript p. 12) This includes the decision to change to a two-phase implementation.

- The remaining work necessary to complete the second phase and achieve full deployment has been suspended indefinitely at the request of the Consortium.

Finding 16

- The E-ZPass contract calls for the transponders and the equipment to read the signal from the transponder to be purchased from Mark IV - IVHS, Inc. (Mark IV). The use of Mark IV equipment is required by the Inter-Agency Group which coordinates the E-ZPass system through the Northeast. The contractor is responsible for the design of the toll lane, including the location of all equipment. After designing the lane, the installation of the Mark IV equipment along with all other equipment, and the total integration of all equipment with the software is also the responsibility of the contractor. (Mark IV testimony p.7)

- Mark IV stated that its equipment is used by about 24 toll agencies in 11 states and that it believes New Jersey's E-ZPass system has not been properly installed and integrated with other toll lane equipment. (Mark IV testimony pp.2,3)

- Members of the trucking industry who have Mark IV transponders on their trucks repeatedly have problems with incorrect toll and violation notices in New Jersey, but do not have such problems in other states when using the very same transponders.

- Jack Walters, testifying on behalf of WorldCom, stated that Mark IV had raised issues concerning proprietary intellectual property and that these issues had interfered with the resolution of the problems with incorrect toll and violation notices in New Jersey. (Walters transcript p. 126)

- Soriano, testifying for Parsons-Brinckerhoff, stated that the failure of the design-builder regarding design of the configuration of the lanes and the software that drives the equipment in the toll lanes is at the root of the problem with incorrect violation notices. He further stated that WorldCom and Mark IV need to work together to resolve the problems occurring in the lanes and that if the sharing of proprietary information is necessary to achieving a solution, it should be shared.

Finding 17

- Parsons Brinckerhoff was selected in July, 1997 to provide oversight of the E-ZPass project. Under the original contract, the payment to Parsons Brinckerhoff was $6.2 million. (Soriano transcript p. 3)

- In June, 1999, the Parsons Brinckerhoff contract was amended to provide additional oversight at a cost of $5.1 million to be paid by the State. (Soriano transcript p. 14)

- In April, 2000, Parsons Brinckerhoff negotiated another additional payment in the amount of $4.0 million for additional construction supervision. The contractor, Adesta Communications, Inc., agreed to pay for these costs resulting from construction delays.

- The role of Parsons Brinckerhoff was to make sure that the E-ZPass system was correctly installed and operating properly. (Soriano transcript p. 18) The Committee finds that Parsons Brinckerhoff was negligent in its role as project manager. There have been numerous delays in the implementation of the project and significant problems with the equipment in the toll lanes. Parsons Brinckerhoff negotiated over $15 million in fees, but failed to meet its responsibilities under the contract. They took no responsibility for overseeing installation of a system that did not operate correctly.

- Parsons Brinckerhoff also had the role of program manager for another design-build, operate and maintain contract undertaken by the Whitman administration - the Department of Motor Vehicles' enhanced motor vehicle inspection and maintenanace program. (Soriano transcript p. 90)

Finding 18

- According to the report of the Public Resources Advisory Group dated November 30, 2001, a recalculation of the base case model estimates that approximately $161, 731, 000 will be owed by the Consortium on March 7, 2008 to be paid by the Consortium members according to their agreed-upon share. (See attached report and True Up Agreement)

- This is an increase of $96,890,000 from the 2000 estimate of the amount that will be owed by the Consortium.

- The report states that approximately $44.6 million of this increase is additional interest expense due to delayed receipt of revenues and the resulting drop in the project fund. This increase is directly related to the failure of the Turnpike Authority, as the lead agency for the Consortium, to implement the necessary steps for collection of violation revenues as set out in Finding 13. This failure occurred while Ed Gross was executive director of the Turnpike Authority.

Finding 19

- Each member of the Consortium is required by the True Up Agreement to account for appropriate funds to pay its respective share of the estimated amount of the deficit when the deficit becomes due in 2008.

- The amount owed by each Consortium member will be recalculated annually and may increase or decrease depending upon the recalculation of the base case financial model. This unpredictability does not provide stability in planning for other work that needs to be done. By comparison, MFS's proposed Approach 2 provided budget certainty.

- Money which is required to be paid under the True Up Agreement will not be available for other construction projects or for maintenance expenses for the three toll roads, nor will the money be available for contribution to the Transportation Trust Fund.

Finding 20

- On January 22, 1999, *The Star Ledger* reported: "The state Attorney General's Office is reviewing charges that New Jersey's E-ZPass deal has been mishandled, a spokesman for Attorney General Peter Verniero confirmed yesterday." The article identified the spokesman as Paul Loriquet. (exhibit J)

- In Feb. 2000, a Senate task force was formed to investigate the motor vehicle inspection contract and the E-ZPass system. A few months later, the Senate's investigation was canceled and the State Commission of Investigation undertook an investigation of the motor vehicle inspection contract.

- Attorney General David Samson, in a letter to Assemblyman John S. Wisniewski dated May 1, 2002, stated that the Attorney General's Office has no record of any review of the E-ZPass contract by the Office of the Attorney General in the Department of Law and Public Safety nor any record of a request to review the E-ZPass contract. (exhibit K)

- James Morley, executive director of the State Commission of Investigation, stated on March 19, 2002, that the State Commission of Investigation has never received a request to investigate the E-ZPass contract.

RECOMMENDATIONS

Recommendation 1

- Legislation should be enacted which would prohibit the State, its agencies and authorities from contracting for design-build projects or design-build, operate and maintain projects for complex, highly-technical, innovative or otherwise unusual projects. Design-build or design-build, operate and maintain contracts should be limited to basic, straight-forward construction projects that do not have complex technology components.

- When design-build projects are permitted, legislation should be enacted to require procedures to ensure an independent and expert review of the request for proposals before it is issued.

- Legislation should be enacted to guarantee an independent, expert, and detailed evaluation of the proposals received for design-build projects or design-build, operate and maintain projects. All aspects of the proposals should be evaluated, including the complexity of the design, the technical specifications, the financial plan, and whether the deadlines are realistically achievable.

- The legislation should ensure that the party with responsibility for oversight of the project has the expertise, the authority and the incentive to perform properly its role in making sure that the design/builder is meeting the contractual requirements that the project is proceeding according to specifications and is completed on time and on budget.

Recommendation 2

- Legislation should be enacted to provide the State, its agencies and authorities with the power to rescind a contract if there is a transfer of the ownership or control of the contractor.

- The State, its agencies and authorities should be required to review any change or substitution in subcontractors or the assumption of a subcontractor's work by any other entity, including the general contractor. Statutory authority should be given to permit the State, its agencies and authorities to refuse to accept any such change, substitution or assumption. Any such change, substitution or assumption when objected to should constitute a material breach of the contract.

Recommendation 3

- Legislation should be enacted to provide that every contract by the State, its agencies and authorities be subject to a provision in law that requires the sharing of proprietary intellectual property in a protected manner where necessary for the timely completion of the contract and subsequent issues that may arise related thereto.

Recommendation 4

- Legislation should be enacted to require that when private financing is arranged for public projects, the bonds issued are subject to a required review and analysis that will provide an equivalent degree of oversight and scrutiny as that received by public bonds.

- Legislation should be enacted which would prohibit a contractor, subcontractor or any party acting on their behalf or affiliated with them in any way, from arranging the financing for a project. This would prevent the situation where parties would arrange financing for a project which might not succeed, yet the parties would still be assured repayment of the financed debt.

Recommendation 5

- Legislation should be enacted to address the problem of residents from other states avoiding fees and charges by opening E-ZPass accounts in New Jersey and thereby increasing costs to the Consortium.

- A concurrent resolution should be passed by the Legislature urging the Inter-Agency Group which coordinates E-ZPass throughout the states to enact and require uniform policies as to fees and charges by all the agencies operating an E-ZPass system or an electronic toll collection system that uses equipment compatible with E-ZPass equipment.

Recommendation 6

- Legislation should be enacted to establish required procedures to ensure that the Legislature is kept informed, every step of the way, concerning significant projects by the State, its agencies and authorities. Statutory procedural requirements should be put in place to shed the light of day on how and why funds are spent, the amount of debt being incurred and how the debt will be repaid.

- Legislation should be enacted to require that projects over a set amount must be reviewed by the State Auditor. The State Auditor must conduct an independent examination of the financing plan and report on the findings to the Legislature. The financing plan may be implemented only if the Legislature does not take action to the contrary within 30 days of receipt of the State Auditor's report.

Recommendation 7

- The Committee has investigated and found that the Whitman Administration pressed forward with a financing plan for the E-ZPass project which it knew was speculative and risky. Further, it misled the public and the Legislature about the financing plan by stating that the project would pay for itself when the adminstration had received repeated warnings that the project would not be self-financing and would, in fact, have increasing debt if it were popular. The Committee's work uncovered the possibility of improprieties or possible wrong doing in the development and negotiation of the financing plan for the project and possible improper influence on the bidding process which the Committee believes warrants an investigation by the State Commission of Investigation.

- The Committee has investigated and found that the implementation of this complex project involving hundreds of millions of dollars was grossly mismanaged:
  - the last minute and possibly improper use of the Economic Development Authority to serve as a conduit for the issuance of private bonds to buyers arranged by the contractor;
  - failure to take appropriate action regarding the numerous changes in the contractors;
  - construction problems that run the gamut from hitting a waterline while digging ditches for cable to integrating high-tech equipment and computer software;
  - on-going problems with getting the toll booth equipment to work properly;
  - the decision to go to a two-phased implementation which resulted in dangerous conditions from driver confusion at toll plazas;
  - the inefficient and costly decision to operate a customer service center and a separate violations processing center;
  - repeated delays in opening the customer service center and the violations processing centers;
  - customer frustration from false violation notices and poor service; and
  - failure to take the necessary steps to implement collection of violations.

  The mismanagement, including possible misfeasance, warrants an investigation by the State Commission of Investigation.

- Because the Committee has found that there may have been improprieties, wrong doing or misfeasance in every stage of this project, the Committee recommends that the Legislature pass a concurrent resolution, pursuant to sec. 4 of P.L. 1968, c. 266 (C.52:9M-4), requesting the State Commission of Investigation to investigate the E-ZPass system from beginning to end.

Exhibit A

MFS Network Technologies

MFS Network Technologies, Inc.
1200 Landmark Center, Suite 1300
Omaha, Nebraska 68102-1841
TEL (402) 233-7700
FAX (402) 233-7650

July 26, 1996

Mr. Thomas E. Margro, PE
Director of Maintenance & Engineering Services/Chief Engineer
New Jersey Turnpike Authority
P.O. Box 1121 (Administration Building - Rte. 18)
New Brunswick, New Jersey 08903

Dear Mr. Margro:

MFS Network Technologies, Inc. (MFSNT) is pleased, as the prime contractor, to submit our response to the New Jersey Regional Consortium Electronic Toll Collection Implementation Program's Request for Proposals for the "*Design, Construction and Maintenance of a Multi-Facility Electronic Toll Collection (ETC) System*" (Contract No. R-1296).

MFSNT recognizes the special challenges involved in the Consortium's upgrade program and the attendant technical, logistical and operational requirements which are of a magnitude greater than any other endeavor of this type. Accordingly, we formed a team comprised of industry leading companies with the capabilities and resources to provide a "world class" approach in fulfilling all program requirements and to work in partnership with the Consortium members. Our primary team members include:

- Chase Manhattan Bank, NA.
- Frederick R. Harris, Inc.
- US Public Technologies, Inc.
- Vollmer Associates, LLD.

Additional support will be provided by AlphaTech, Inc., Conti Enterprises, Inc., Lightning Service Electrical Corp., and others as noted in our proposal. Our goal is to provide maximum benefit in terms of technical solutions and related services. We provide innovative financial and work scope options. In all of the technical areas, we have proposed technically sound solutions that will provide two distinct benefits: *lowest risk and maximum cost effectiveness.*

Our approach is to provide Consortium members with an "auditable" resolution for every billable transaction that occurs at each agencies' ETC toll lanes. We do this by providing a solution that balances our technical systems with a progressive financial proposal which recognizes and accounts for all revenue opportunities.

We understand the crucial role and importance of gaining acceptance and marketshare for the ETC program. We have devised a unique approach in marketing ETC services that maximizes rapid market penetration while minimizing capital costs.

Along with our team members, we bring a unique combination of solid experience and competence that will afford the Consortium and its member agencies an extremely flexible and responsive implementation program -- a program that will reinforce New Jersey's leadership in regional tolling interoperability, excellence in customer service, and technological innovation.

We have clearly identified our system approach, project personnel, project delivery schedules and pricing in our proposal. We have received Consortium Addendum's Numbers 1, 2, 3, and 4. Our proposal will remain valid for 90 days from July 26, 1996. We look forward to working with the Consortium and we will be available should there be any need for clarifications regarding our proposal. Our sales manager, Bill Rapp, remains available to respond to your requests and requirements. We can be contacted at:

MFS Network Technologies, Inc.
1200 Landmark Center, Suite 1300
Omaha, Nebraska 68102-1841

Sincerely,

William P. Thompson
Sr. Vice President, Operations

Exhibit B

MFS TransTech

MFS TransTech, Inc.
1256 North Church St., Suite D
Moorestown, New Jersey 08057-1129
TEL (609) 235-5252
FAX (609) 235-7486

September 27, 1996

Mr. Paul A. Carris
ETC Program Manager
New Jersey Turnpike Administration Building
P.O. Box 1121
East Brunswick, New Jersey 08903

Dear Mr. Carris:

MFS Network Technologies Inc. (MFSNT) and our associated team members are pleased to present our Best and Final Offer (BAFO) to the member agencies of the New Jersey regional Consortium for the deployment of an advanced Electronic Toll Collection (ETC) system and operation of a regional ETC Customer Service Center (CSC). As the Prime Contractor, MFSNT will continue to be the single point of contact for program management and responsibility for this project throughout the life of the contract.

The MFS Team offers the Consortium a unique public-private partnership approach that will provide the system and level of service needed to successfully implement and operate the E-ZPass program at an acceptable level of risk to both parties. Our partnership approach recognizes the unique contributions that each party brings to a venture of this nature.

Our analysis of the business conditions as stated in the BAFO guidelines provides the basis for offering the Consortium several financing options. We are able to provide this offer based on certain assumptions that include revenues and business risks shared between our public/private partnership. The two basic approaches, detailed in the pages immediately following this letter, are:

1. **$0 Down, $0 Payments** -- No initial payment and no recurring payments subject to a Consortium guarantee that the aggregate potential violation rate will not fall below 0.8% over the life of the eight-year contract. If the violation rate exceeds 0.8%, we will provide 15% of the profits, associated with this "surplus" to the Consortium, net of collection expenses -- approximately $9 million over the life of the contract (including Delaware). The 0.8% violation rate is relatively conservative compared with the Consortium's estimated violation rate of 0.93% over the eight-year contract life. We will work with the Consortium to fully define violation events, including the necessary "mix" of events.

2. **$0 Down, Budget Certainty** -- No payments for the first two years, followed by fixed annual payments of $60 million dollars in years 1999 and 2000. Within this framework, the Consortium and the MFS Team share in the actual profits associated with violations enforcement. Under this assumption, the Consortium can expect to receive approximately $150 million over the life of the contract.

Our team prefers the second approach as it truly aligns our interests with those of the Consortium over the eight-year contract, creating congruence for our mutual goals and objectives. We must emphasize that, based on our assumptions and predicated on all parties achieving mutually agreeable documentation, we are confident that it is possible to secure financing for either of these approaches. We are prepared to work with the Consortium for these approaches or other negotiated alternatives and variations. Additionally there are certain revenue projections (e.g. Fiber Optic R.O.W. revenues) that we have of necessity stated conservatively.

Our BAFO includes by reference our cumulative responses to all requirements as stated in the Request for Proposal and subsequent Addenda and Clarifications.

The MFS Team remains committed to the New Jersey Regional ETC program. We offer our proposal to provide the Consortium with a technically sound, cost efficient, well-managed and financially attractive offer that presents the highest value and lowest possible risk solution. Bill Rapp, our Sales Manager, is available should there be any questions regarding our submittal.

Sincerely,

William P. Thompson
President and COO
MFS TransTech, Inc.

Clarifications to Approach 1

$0 Down, $0 Payments

- No initial payment and no recurring payments
- Payment schedule subject to a Consortium guarantee that the aggregate violation rate will not fall below 0.8% over the life of the eight-year contract
- If the violation rate exceeds 0.8%, we will provide 15% of the profits associated with this "surplus", net of collection expenses, to the Consortium. Using the Consortium's violation rates and including Delaware, this will generate an estimated $9 million for the Consortium over the eight years of the contract
- Administration Fee sharing matrix for violation rates and collection rates other than those of this base case to be established during negotiations
- All tolls associated with citations collected will be forwarded to the appropriate Consortium member
- New citation issuance criteria (e.g., six-month guidelines for NJHA and SJTA) as presented in the BAFO details
- CSC costs, including banking charges associated with replenishment, are based on stated penetration levels. Deviations from the penetration assumptions will result in the appropriate pass-throughs to the Consortium
- Definition of a violation to be finalized during negotiations, but understood to include "non-payment", "partial payment", "missed basket", "unread tag" and "license plate not readable"
- Consortium members will provide operational support to MFSNT's VPC processes to maximize its effectiveness
- Offer assumes implementation of the MFSNT fiber optic network R-O-W option
- These projections include Delaware.

Clarifications to Approach 2

$0 Down, Budget Certainty

- No payments in 1996, 1997 or 1998
- Annual payments of $60 million in 1999 and 2000
- No payments in 2001 and beyond
- Sharing of violations revenues net of collection costs; using the Consortium's estimated violations rate and a collection rate of 50% on citations sent, the Consortium will receive violations sharing of an estimated $150 million over the eight years (including Delaware)
- Administration Fee sharing matrix for violation rates and collection rates other than those of this base case to be established during negotiations
- All tolls associated with citations collected will be forwarded to the appropriate Consortium member.
- New citation issuance criteria (e.g., six-month guidelines for NJHA and SJTA) presented in the BAFO details
- CSC costs, including banking charges associated with replenishment, are based on stated penetration levels. Deviations from the penetration assumptions will result in the appropriate pass-throughs to the Consortium
- Definition of a violation to be finalized during negotiations, but understood to include "non-payment", "partial payment", "missed basket", "unread tag" and "license plate not readable"
- Consortium members will provide operational support to MFSNT's VPC processes to maximize its effectiveness
- Offer assumes implementation of the MFSNT fiber optic network R-O-W option
- These projections include Delaware.

Exhibit C

MFS Network Technologies

MFS Network Technologies, Inc.
1256 N. Church Street, Suite C
Moorestown, New Jersey 08057
TEL (609) 222-1353
FAX (609) 222-1358

October 2, 1996

Mr. Paul A. Carris
ETC Program Manager
New Jersey Turnpike Administration Building
P.O. Box 1121
East Brunswick, New Jersey 08903

Dear Mr. Carris:

MFS Network Technologies, Inc. (MFSNT) and our associated team members are pleased to present the requested clarifications to our Best and Final Offer (BAFO) to the member agencies of the New Jersey Regional Consortium for the deployment of an advanced Electronic Toll Collection (ETC) system and operation of a regional ETC Customer Service Center (CSC).

Whereas the MFS Team offers the Consortium a unique public-private partnership approach that will provide the system and level of service needed to successfully implement and operate the E-ZPass program, we must emphasize that both our financing approaches are predicated on acceptance of our proposed fiber and maintenance options. The ability to finance this project is largely determined by the financial parameters, guarantees and interplay of our offer and options as outlined in the BAFO. We also emphasize that we are willing to consider variations and alternatives to the financing elements presented in our BAFO. We want to be certain that our opportunity to work together to achieve the Consortium's goals for this project is fully realized and that we all have an opportunity to structure what is best for all parties.

Sincerely,

William P. Thompson
Sr. Vice President, Operations

cc: Bill Rapp, Regional Sales Manager

MFSNT BAFO Clarification Questions
October 1, 1996

1. Although a violation rate of 0.8% seems reasonable, for either Approach (i.e. 1. $0 Down, $0 Payments, 2. $0 down, Budget Certainty), please clarify the Consortium obligations should the violation rate fail below 0.8% at any time during the contract. (We note that your BAFO Parameters show the rate falling to 0.5%). Your offer, at least Approach 1, indicates that it is based on the premise that the "aggregate violation rate will not fall below 0.8%". Does "aggregate" mean "average" rate? Is Approach 2 also predicated on the expectation of a 0.8% violation rate?

* How will the violation rates be monitored? do these figures include DelDot?

We have calculated the average violation rate (weighted by transactions for the different Consortium roadways) over the 8 year project life to be 0.93% using the Consortium's estimates. In some years, the Consortium's estimated overall violation rate is higher than this level on a weighted average basis, and in later years, its estimate (0.5% for all roads) is lower. The 0.8% violations rate introduced in our BAFO response is a number that is similar in nature to the 0.93% rate – an average over the eight year period of time. The framework we are proposing places no financial obligations on the Consortium if the overall violation rate drops below 0.8% for a year or a specific period of time in the eight year period, but does place a financial obligation on the Consortium if the violations rate falls below 0.8% over the eight year life of the project.

Our financial concern with the terms requested by the Consortium is based on our view that the E-ZPass project including potential revenues (from statement inserts, float from E-ZPass account balances, the potential sale of customer lists and other incidental revenue sources) is not likely to be self-financing. Our estimates for revenues from a fiber optic telecommunications system nelp narrow the financial gap, but do not change our fundamental conclusion. As a result, we have developed the two financing approaches outlined in our BAFO response. If the violation rate is as high as the Consortium has estimated and the MFS team receives the resulting administrative fees as outlined in our BAFO response, we will be able to provide E-ZPass equipment and services at no cost to the Consortium, and forward $8.5MM of administrative fees to the Consortium, as outlined in Approach 1. We believe that our rate of collections will be high enough to allow us to make this offer. If the violations rate falls below the Consortium's estimates, the MFS team faces increasing levels of financial risk, and will be in a money-losing position if the violation rate falls significantly below the Consortium's forecasts. We are only able to present a financial package of the sort the Consortium has requested ($0 down, $0 payments) if it guarantees to insulate the MFS team from losses resulting from violation rates significantly below its estimates over the eight year period of the project.

Approach 2 addresses the financial risks of the MFS team in a different manner. The two payments of $60MM (one in 1999, one in 2000) provide a financial backstop on the risks we face from lower than estimated violations rates, and – very importantly – align the Consortium's interests and ours in a number of important financial and operational ways. As a result, we believe this approach is a sounder framework for our relationship with the Consortium. We believe this very strongly, and have structured it so that it will be more attractive financially to the Consortium than Approach 1. We are recommending it for your serious consideration even though it yields lower returns to us than Approach 2. In a complex and dynamic service business such as E-ZPass, we believe that alignment of interests between the Consortium and its service providers is critical to a successful working relationship over a long contract period. We are asking no violations rate guarantees from the Consortium under Approach 2, and it is not predicated on the expectation of a 0.8% violations rate.

DelDOT is not included in our proposal, but the percentages we propose are valid if DelDOT is included.

We suggested that we should develop a mutually agreeable set of definitions and monitoring protocols if Approach 1 is the option most preferred by the Consortium. We suggest an annual monitoring (and, if necessary, reimbursement) process, developed with the expectation that the violation rate will be higher in early years than in later years. We are proposing an average violations rate over an eight year period with the understanding that this approach will require a financial settlement at the end of the project in addition to the annual monitoring and reimbursement process.

In addition to a process for monitoring results and triggering reimbursements, Approach 1 also requires the MFS team and the Consortium to arrive at a common definition of a violation, the policy for handling customers who drop to zero balance, partial coin violators and so on. We have made allotments for the magnitude the potential violations that will not generate citations because of the Consortium's policies. An unfortunate feature of Approach 1 is the fact that the MFS team has a strong financial interest in limiting this loss of fee income, and needs financial protection from expansion of leniency programs, special consideration for customers who generate violations, etc., beyond the allotment we have assumed. All in all, Approach 1 will require a great many operational definitions and careful delineation of the financial obligations of the two parties, with the recognition that the parties' interests might conflict numerous times as new conditions arise.

2. **Please clarify the 7th bullet in the page that details Approach 1. This bullet states that "Deviations from the penetration assumptions will result in the appropriate pass throughs to the Consortium." What are the nature and extent of the pass throughs?**

Exhibit D

ETC REGIONAL CONSORTIUM PROGRAM

NEW JERSEY TURNPIKE AUTHORITY COMMISSIONERS' BRIEFING

NOVEMBER 26th, 1996

C/M MAR 2 5 1997

1 72

ETC CONSORTIUM PROGRAM
AGENDA

- PROCESS OVERVIEW
- SELECTION RESULTS
- NEXT STEPS

ETC CONSORTIUM PROGRAM GOALS

- CREATE 1st INTERAGENCY MODEL EXPANDABLE BEYOND REGION
- ENHANCED BENEFITS FOR PATRONS
  - Improved customer service/ Driving convenience
- BENEFITS FOR AGENCIES:
  - Generate Return on Investment
  - Operational Efficiency/ Cost Reductions
  - Develop New Sources of Revenue
- HIGHEST QUALITY PUBLIC/ PRIVATE PARTNERSHIP
- VALUE ADDED THRU THE CREATIVITY OF VENDOR OPTIONS
- WIN-WIN FOR CONSORTIUM & EACH AGENCY & VENDOR

ETC CONSORTIUM PROGRAM
WHAT DID WE GET?

- FOUNDATION FOR EXPANDABLE CUSTOMER SERVICES
- REGIONAL INTEROPERABILITY
- ROBUST & COST EFFICIENT ETC & COMMUNICATIONS SYSTEM
- BIGGEST PLAYERS IN THE INDUSTRY OF ETC AND TRANSACTION PROCESSING
- TRANSPORTATION TECHNOLOGY INITIATIVES PROVIDING POTENTIAL REVENUE
- SOUND PUBLIC POLICY APPROACH

ETC CONSORTIUM PROGRAM PROPOSER TEAMS

- MFS NETWORK TECHNOLOGIES
  - Chase Manhattan Bank
  - U.S. Public Technologies
  - Vollmer Associates
  - Conti Enterprises & Lightning Service Electric
- LOCKHEED MARTIN IMS
  - Parsons Brinckerhoff
  - Syntonic
  - Daidone Electric
  - AAA

ETC CONSORTIUM PROGRAM
THE PROCESS

- **ADHERED TO EVALUATION GUIDELINES ADOPTED BY EXECUTIVE COUNCIL**
  - Step-by-Step review of Proposals
  - Extensive evaluation of Best & Final Offers
  - Report results to Executive Council for approval
- **EXTENSIVE INTERACTION BETWEEN VENDORS/ CONSORTIUM**
  - Extensive Pre-RFP interaction with vendors
  - Two proposals received July 26th
  - Early pass/fail acceptance of technical approaches before proceeding
  - Initial & ongoing clarifications
  - Day & one-half oral presentations from each vendor
  - Two day negotiations + pre-negotiation meetings w/ each vendor
  - Pre-BAFO mtgs & BAFO guidelines distributed
  - BAFO clarification mtgs & correspondence

ETC CONSORTIUM PROGRAM VENDOR APPROACHES

- **MFS/CHASE**
  - Customer Service Center Operator - Chase Manhattan Bank
  - Rules for interoperability with outside E-ZPASS operations (Reciprocity) - **"We are a Bank. We do this for a living."**
  - Partnership/ shared risk approach.
  - **MFS/Chase finance all capital and operating costs.** $0 Down, $0 Payments during 8 year contract life.
  - MFS/Chase utilize **all fees & non-toll revenue** to retire costs, then share excess revenue w/ Consortium.
  - Goal Congruence to reduce costs and share revenue.
  - **Unique marketing of transponders via 1200 retail outlets, 1 service center & 2 mobile vans for corporations**

ETC CONSORTIUM PROGRAM
VENDOR APPROACHES

- **LOCKHEED MARTIN**
  - Customer Service Center Operator - Lockheed
  - Reciprocity - **"We know how to do this based on our NY experience"**
  - Fixed Price paid via monthly payments from Consortium to cover capital & operating costs
  - All fees & revenue remitted to Consortium as collected
  - No incentive to reduce costs
  - Market transponders via 34 AAA stores & 4 service centers

C/M MAR 2 5 1997 11472

ETC CONSORTIUM PROGRAM
FIBER OPTIC OPTIONS

- **MFS**
  - **NJHA/NJTA/SJTA/ DelDOT OFFER**
    - 20 Year Deal
    - Exclusive marketing rights only w/ Consortium approval
    - 8 Dark fibers for each agency
    - Includes all terminus electronics. Maintenance by Consortium

- LOCKHEED MARTIN
  - **NJTA minimum $450K/yr**
    - 40 year deal
    - Requires exclusive ROW access for duration. Potential problems w/ 1996 Telecommunications Act
    - 16 Dark fibers for NJTA w/ electronics
    - Free Network Mgmt.
  - **NJHA - $150K to wait 6 months**
  - **SJTA - $75K to wait 6 months**
  - **DelDOT - $50K to wait 6 months**

-C/M MAR 2 5 1997

ETC CONSORTIUM PROGRAM
PRICING SUMMARIES (1)

	MFS/CHASE	LOCKHEED
	(Amounts shown in Millions)	
TOTAL GROSS REVENUE	$ 647	$ 415
BASELINE CAPITAL COST (2)	$ 181	$ 232
BASELINE CSC OPERATIONS COST	$ 250	$ 205
TOTAL OPTIONS COST	$ 57	Negligible
NET REVENUE TO CONSORTIUM	$ 159	$ (22)

(1) Figures represent an overview of pricing proposals only

(2) Includes financing costs & fees

C/M MAR 2 5 1997 17472

ETC CONSORTIUM PROGRAM
PRICING SUMMARIES (1)

(Amounts shown in Millions)

BASELINE NON-TOLL REVENUES/FEES (2)	$	**406**	$	**393**
BASELINE PRICE (Total Capital + Operations Price)	$	**431**	$	**437**
BASELINE REVENUES Less BASELINE PRICE	$	**(25)**	$	**(44)**

(1) Figures represent an overview of pricing proposals only

(2) Reflects violation administrative fees and interest on pre-paid tolls.

MAR 2 5 1997 7472

ETC CONSORTIUM PROGRAM PRICING SUMMARIES (1)

	MFS/CHASE	LOCKHEED
	(Amounts shown in Milllions)	
BASELINE NET COST	($25)	($44)
OPTIONS' GROSS REVENUE	$241	$22
OPTIONS' NET COSTS	$57	
TOTAL NET REVENUE	$159	($22)

(1) Figures represent an overview of pricing proposals only

ETC CONSORTIUM PROGRAM
NEXT STEPS

- PRESENTATIONS TO EACH MEMBER AGENCY BOARD
  - Del DOT
  - PANYNJ
  - SJTA
  - NJHA
  - NJTA - CONTRACT AWARD
- POST CONTRACT AWARD
  - Meeting w/ Award Designee
  - Finalize Terms & Conditions
  - Timing of Notice to Proceed

Exhibit E

June 13, 1997

BY FAX: (908) 247-3472

Mr. Edward Gross
Executive Director
New Jersey Turnpike Authority
Administration Building
P.O. Box 1121
New Brunswick, NJ 08903

Re.: MFS NT EZ Pass, CSC and Fiber Optic System (the "Project") Financing

Dear Mr. Gross:

Newcourt Capital has been actively negotiating with MFS NT and the Consortium to structure and arrange financing for the Project (the "Transaction"). As part of that effort, Newcourt presented the Transaction to its investment committee on Thursday, June 12, 1997 for consideration of a $100 million underwriting of the Fixed Rate Loan. Since the structure and terms of the Transaction are not yet complete, the investment committee reviewed the transaction and agreed to reschedule consideration of the Transaction to Wednesday, June 18, 1997, on the assumption that a definitive agreement on structure and terms would be in place by then.

Newcourt, MFS NT and the Consortium have had productive negotiations over the past week, and Newcourt remains dedicated to finalizing the details of the Transaction as soon as possible on a basis that is both consistent with the requirements of the Consortium and acceptable in the contemplated financial markets. We plan to submit a revised term sheet today reflecting our discussions of last evening.

Newcourt has had substantive discussions regarding the Transaction with several leading institutional investors regarding the Fixed Rate Loan, and with several leading banks regarding the Floating Rate Loan and the Bond Issue. We have asked that investors who have expressed to us their interest in the Transaction also submit letters to this effect to the Consortium today. This may or may not be achievable under the time constraints. However, Newcourt remains confident that the commitments will be obtained in a timely manner after the structure and terms of the Transaction are completed.

The uncertainty of actual levels of fiber optic and violations collection revenues necessitates that large reserves be built into the Transaction. Newcourt is evaluating how to achieve the necessary reserves at a minimum cost to MFS NT and the Consortium, and is prepared to consider all alternatives that reduce costs while meeting the objectives of the parties.

This letter does not constitute a commitment of Newcourt Capital or Newcourt Credit Group Inc. to provide funds for the Transaction.

Newcourt appreciates the extraordinary efforts of MFS NT and the Consortium and their dedicated professional staffs. We look forward to the finalizing the structure and terms of the Transaction, and to its timely and successful closing.

Very truly yours,

Daniel M. Morash
Managing Director

Johannes G. M. Derksen
Director

Exhibit F

July 24, 1997

VIA FACSIMILE (908-247-3472)

Mr. Edward Gross
Executive Director
New Jersey Turnpike Authority
Administration Building
P.O. Box 1121
New Brunswick, NJ

Dear Mr. Gross:

MFS NT/New Jersey Regional Consortium Electronic Toll Collection/Customer Service Center and Telecommunications Project Financing (the "Financing")

As we discussed today, on the strength of PNC Bank's verbal assurances received earlier by Newcourt that they would be in a position to make a firm commitment to the Financing, we assigned PNC Bank an allocation of $65 million of the Floating Rate portion of the Financing, which we previously reported to you. On Friday, July 18, 1997, PNC Bank raised five unacceptable issues as conditions to their participation in the Financing, including: i) an investment grade private letter rating prior to closing; ii) cross default to the indebtedness of the Members, rather than cross acceleration; iii) failure of a Member to maintain BBB- or better credit ratings as a True-up Agreement event of default; iv) a guarantee covering payment of the True-up by the Members if the Project is not complete by the fourth anniversary of Closing; and v) a four year limit on the time period that interest could accrue without being paid currently before payment would be due under the True-up. These conditions are inconsistent with the Draft Summary of Terms and Conditions. As a result, we have reallocated the financing as follows:

Lender	Fixed Rate Loan	Floating Rate Loan	Total
Newcourt Capital	$37.5 million	$75.0 million	$112.5 million
John Hancock	$50.0	$50.0	$100.0
American General	$32.5	-	$ 32.5
Prudential	$30.0	-	$ 30.0
Pacific Mutual	$25.0	-	$ 25.0
Total	$175.0 million	$125.0 million	$300.0 million

With PNC's inability to meet the terms of the Financing, each of three major banks having a significant presence in New Jersey (including Chase and First Union) have been unable to participate in the Financing at this time. These banks are not only large New Jersey/New York stakeholders, they are also banks with whom Newcourt has close business relations. Each gave the Financing opportunity full and careful consideration. Furthermore, we approached the project finance and public finance lenders at several additional commercial banks who have also declined to participate to date. The primary reason for the commercial banks' discomfort is the potential for non payment of interest without the ability to accelerate the True-up prior to maturity, and other terms of the Financing which are necessary in order to comply with the "nothing down, nothing for eight years" requirement of the MFS NT contract.

In contrast to the banks, the institutional investors in our syndicate have a longer term investment horizon, making the possibility of interest deferral somewhat less problematic. Our investors are sophisticated private lenders capable of understanding the complexity of the transaction structure. In addition to the prospect of non-current payment of interest, there are elements of risk to investors inherent in the structure of the transaction that make it necessary to price the loan at the premium rates set forth in the Draft Summary of Terms and Conditions, including: i) the unsecured, subordinated nature of the "True-up" claim on Members; ii) the limited covenant and default terms in the True-up Agreement; iii) the lack of lender control that is typical in project financing over SPV cash outflows, construction completion conditions, and contractor performance; iv) the speculative nature of cash inflows from fiber optic network and violation revenues; and v) the unique, unprecedented nature of the transaction.

The fees and spreads on the Fixed Rate Loan and the Floating Rate Loan are at the minimum levels necessary to attract lender commitments, given the transaction-specific risks. We recognize that the pricing is high relative to the pricing on direct obligations of the Members, but it is not possible to obtain commitments for the Financing at a lower level. The Fixed Rate lenders have agreed to a reduced "make-whole" payment in the event the Consortium is able to arrange tax exempt financing. Tax exempt financing is the avenue Newcourt first proposed, but this alternative was set aside in favor of the Draft Summary of Terms and Conditions given the timing required and the uncertainty of meeting all conditions of closing a tax exempt financing on a timetable consistent with the Consortium's objectives. Even with tax exempt financing, the transaction-specific risks and the need for premium pricing in order to induce lenders to absorb these risks remains.

Newcourt respectfully requests that the Members of the Consortium consider the extensive evaluations and negotiations that went into the Draft Summary of Terms and Conditions in their determination of its acceptability. Each of Newcourt and its syndicate members have invested considerable time and effort reviewing the Financing with their credit, investment and legal departments and members of senior management, in order to be in a position to deliver investment committee approval within one week of receipt of the Consortium Members' approval of the Draft Summary of Terms and Conditions. Newcourt and its syndicate are prepared to be flexible to meet the needs of the Consortium, but the transaction is quite complex. It may prove difficult to change any one element without having unintended adverse consequences that may jeopardize the overall integrity of the transaction.

Newcourt is pleased to confirm that it has received adequate commitments to date from reliable lenders with whom we have worked in the past and who we are confident will execute the Financing based on the terms and conditions outlined in the Draft Summary of Terms and Conditions on an expedited schedule. Newcourt has continued to direct the preparation of the loan documents and due diligence so that closing may proceed co-terminus with project contract signing. We will release the Draft True-up Agreement shortly, as soon as we are confident that it is faithful to the Draft Summary of Terms and Conditions. We look forward to finalizing the Summary of Terms and Conditions at your earliest convenience.

Should you have any further questions, please do not hesitate to call me at (212) 278-0365 or Han Derksen at (212) 278-0366.

Sincerely,

Daniel M. Morash
Managing Director

cc: William Thompson, MFS NT

Exhibit G

NJDOT
NEWS

"Deliver a safe, reliable and affordable transportation system that is considered to be the best - every day and in every way - by those who live, work, play and invest in New Jersey."
Transportation Mission Statement

For Immediate Release
March 11,1998

Contact: Jim Berzok
Phone: (609) 530-2034

AGREEMENT ON E-ZPASS CONTRACT REACHED

New Jersey Transportation Commissioner John J. Haley, Jr. today announced that the contract for the E-ZPass program has been signed by the members of the Consortium of toll authorities and the selected vendor, MFS Network Technologies, Inc. of Omaha.

The project is valued at more than $500 million for the design, construction, operation and maintenance of the system, which includes installation of electronic toll equipment in more than 700 toll lanes, the installation of a fiber-optic network along more than 400 miles of the toll road authorities' rights-of-way, and the establishment of a customer service center and a violations enforcement program.

"This agreement represents the largest, most innovative transportation procurement in the world," Governor Christie Whitman said. "It is a unique public-private partnership that advances our goal of a seamless, regional electronic toll system that will unify the northeast under one integrated system. It also means that Garden State motorists will soon be able to reap the benefits of advanced technology at no cost to the taxpayers."

"I would like to thank Commissioner Haley and the members of the Consortium for working so hard to make this goal a reality. The extraordinary effort that went into this contract demonstrates their strong commitment to making trips on the toll road facilities convenient" the Governor added.

The project will be paid for with revenues from violations enforcement fees, the lease of excess fiber-optic capacity to telecommunications companies, and additional technology marketing programs.

The toll road agencies will not be required to make any down payment for the system. Construction and administrative costs will be financed with $300 million in variable and fixedrate loans arranged with private lenders and administered by the New Jersey Economic Development Authority. The loans, which will be paid off by the five agencies as revenues are received from the violations fees and fiber-optic facilities leases, will cover expenses until the revenues are sufficient to make the project self-sustaining.

Once the system is paid for, the toll road agencies will also share in the revenues from violations, fiber-optic facilities leasing and marketing.

"This public-private partnership is a great deal for the region's toll agencies, for the region's businesses, for the region's drivers and for the region's taxpayers," said Commissioner Haley. "The financial models on which the revenue estimates are based are sound. They have been reviewed by numerous outside experts, who agree that they are valid."

The Commissioner added that while the entire project will take 22 months to complete, the E-ZPass capability will be phased in on several of the toll roads during that period. It is already in use on Port Authority of New York and New Jersey bridges and tunnels and is available for buses on the Atlantic City Expressway.

"Because transportation is New Jersey's lifeblood, E-ZPass will help ensure that our toll roads and bridges are not an impediment to a strong and vibrant economy," the Commissioner said. "It will improve the movement of goods, reduce congestion and pollution at the toll plazas and provide a level of convenience and efficiency that drivers demand and deserve."

Edward Gross, the Executive Director of the New Jersey Turnpike Authority, the lead agency in the Consortium, said the financing plan for the program represented "21st century thinking for 21st century technology."

"Working together, the five agencies involved in these complex contract negotiations have taken the time to craft a financing plan that delivers a state-of-the art regional ETC system at no cost to the taxpayers. That has never been done before in the United States and it is a significant achievement," Gross said.

The E-ZPass electronic toll collection system will eliminate the need for cash, tickets or tokens to change hands at toll booths. Instead, vehicles are equipped with a small electronic transponder that transmits both vehicle and account information through an antenna or reader located in a toll lane equipped with the technology. The data is processed and the appropriate toll is debited from the customer's pre-paid account.

The Regional Consortium for Electronic Toll Collection includes the New Jersey Turnpike Authority, the New Jersey Highway Authority (operator of the Garden State Parkway), the Port Authority of New York and New Jersey, the South Jersey Transportation Authority (operator of the Atlantic City Expressway) and the Delaware Department of Transportation

The Consortium members are also part of the InterAgency Group (IAG), which includes eleven toll agencies in New York, New Jersey, Delaware, Maryland and Pennsylvania. In 1995, the agencies, after extensive testing and consideration, selected the ETC equipment supplied by Mark IV Industries of Amherst, New York, for use by all toll agencies in the region, thereby providing inter-operability and maximum convenience to motorists traveling within the five states.

Reciprocity among the IAG agencies will allow E-ZPass tag holders to maintain an account with one agency while using the facilities of all the agencies. Reimbursements will be handled between the agencies involved, making the transaction transparent to the customer

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REGIONAL CONSORTIUM

FOR THE IMPLEMENTATION OF AN ELECTRONIC TOLL COLLECTION SYSTEM

FACT SHEET

Project Name

- Regional Consortium for the Implementation of an Electronic Toll Collection (ETC) System (E-ZPass^{SM})

Consortium Members

- New Jersey Highway Authority (NJHA)

- New Jersey Turnpike Authority (NJTA)
- Port Authority of New York & New Jersey (PA/NY & NJ)
- South Jersey Transportation Authority (SJTA)
- Delaware Department of Transportation (Del DOT)

Prime Contractor

- MFS Network Technologies (Omaha, NE) and its subsidiary, MFS Transportation Systems (Mt. Laurel, NJ)

Project Description

- Installation, upgrade and integration of Electronic Toll Collection systems and related sub-systems on 700 existing toll lanes along the New Jersey Turnpike (NJTA) and Garden State Parkway (NJHA).

- Implementation and systems integration of a fiber optic communications network to support all ETC-related systems. The Network will include additional capacity to be leased to telecommunications/information service providers on an equal and non-exclusive basis.

- Regional Customer Service Center (CSC) operations for all Consortium members.

- This project is a part of a regional shift to Electronic Toll Collection, using the regional system name EZPass. Selected New York toll roads, tunnels, and bridges (Port Authority of NY/NJ and York State Thruway Authority and Metropolitan Transit Authority) are already using E-ZPass Automated Vehicle Identification (AVI) technology. The Consortium program will extend the E-ZPass system and will be compatible with New York installations and other installations expected in the Mid-Atlantic region in the future.

Electronic Toll Correction System Components

- Violation Enforcement System (VES)
- Automated Vehicle Classification (AVC)
- Video Auditing System (VTDM)
- Fiber Optic Communications Network
- Touch Screen Toll Terminals
- Receipt Printers
- Patron Fare Display and other associated equipment

- Batch Ticket Machines and Dual Ticket Issuing Machines
- Upgrade of Host, plaza and lane controller computers and associated toll applications
- E-ZPass toll plaza signs and road stripping
- Training and documentation

Fiber Optic Network Components

- 415 mile fiber optic communications network with excess capacity (fiber and/or duct) along NJHA, NJTA & SJTA roadway Rights-Of-Way (ROW) including 15 miles in Delaware.
- 20 year system maintenance contract

Contract Value

- Approximately $500 million

Length of Contract

- Customer Service Center - 10 years
- Violations Enforcement - 10 years
- Fiber optic leasing and maintenance - 20 years

REGIONAL CONSORTIUM

FOR THE IMPLEMENTATION OF AN ELECTRONIC TOLL COLLECTION SYSTEM

E-ZPass Benefits

E-ZPass^{SM}, the system name for Electronic Toll Collection in the Mid-Atlantic region, will benefit New Jersey and out-of-state motorists:

Converting a lane to non-stop tolling is like adding two additional stop-to-pay lanes:

• Electronic Toll Collection (ETC) can process 250-300 % more vehicles per lane than manual collection Converting to ETC isn't as capital intensive or disruptive as physical construction of new lanes

Allowing traffic to flow freely through toll plazas is environmentally responsible:

• Reduces noxious emissions 45-75% per affected mile

• Reduces fuel consumption 6-12% per affected mile

• Increases toll plaza capacity without the environmental disruption of constructing new lanes

Non-stop tolling reduces driver stress and toll plaza delay, two significant "quality of life" factors:

• Electronic Toll Collection is convenient for drivers - they don't have to come to a complete stop or roll down their windows in inclement weather to pay tolls manually

• It's easy to use; drivers simply place the wallet sized tag in their vehicle windshields

• Processing traffic more efficiently in the toll plazas reduces delays and the stress of traffic congestion

• No need to collect receipts (patrons receive statements)

The MFS Team Approach brings excellent financial benefits for the Consortium toll road authorities:

• The violation enforcement system provides a process to collect non-paid tolls plus administrative fees; these fees will create a revenue source which is estimated to cover a significant portion of the project cost

• The violation enforcement system covers both ETC and non-ETC (coin or manual) lanes, reducing toll evasion to an absolute minimum and providing maximum toll revenue collection

• ETC is 100% auditable and provides greater accountability than manual collection systems

• ETC is significantly more cost efficient than manual ticket collection systems

• The Consortium can use its E-ZPass Customer Service Center to develop new revenue streams by adding new applications (such as parking) to the E-ZPass tags

Underlying infrastructure for E-ZPass provides the foundation for Intelligent transportation Systems (ITS) of the future:

• Intelligent Transportation Systems (ITS) make roads safer because ITS provides better traffic management, facilitates faster response to incidents, and incorporates collision avoidance technology

- Driver services like Advanced Traveler Information and other beneficial applications can use the ETC infrastructure

Why Is A Enforcement System Necessary?

Passing through toll plazas without stopping is the key to eliminating traffic congestion and delay.Free-flowing lanes, however, increase exposure to toll evasion since drivers don't have to stop and pay. A video enforcement system is necessary to detect drivers who pass through E-ZPass lanes without an E-ZPass tag in order to ensure that the people who use the roads pay for them.

Each year, state toll road authorities in New Jersey process approximately 12,000 toll lane violators. However, it estimated that there are 10-12 million lane violations each year. This means 10-12 million tolls are not paid each year.

Implementing a reliable process for detecting violators is the only way for the toll authorities to recoup the majority of these tolls.

In addition, assessing an administrative fee for violating the toll system increases the likelihood that violators will "convert" to being law-abiding citizens. Moreover, it gives law-abiding drivers positive reinforcement that they are doing the right thing."

How Does Video-Based Violation Enforcement Work?

In-Lane, Video-Based Violation Enforcement

In each lane of a toll plaza, a video camera monitors vehicles as they pass through the plaza. The camera is focused on the rear of the vehicle to only capture images of vehicle license plates. The monitoring system does not retain any of the video data unless there is an unusual or abnormal occurrence.

When cars equipped with E-ZPass drive through the electronic lane, an overhead reader registers the tag information and records the toll transaction. If the overhead reader does not register tag information, the violation enforcement is activated, signaling the system to retain and process the video images of that vehicle as a potential toll violator. If the toll transaction of a vehicle is not registered, the violations enforcement is activated.

Video-Based Audit System

In addition to the in-lane video monitoring system, Consortium E-ZPass will incorporate a second front-viewing system. This system consists of a single video camera placed along the roadway at a sufficient distance to preserve driver privacy and afford a view of the entire toll plaza. The primary function of this system is as an auditing device, giving the toll authority the ability to validate the toll lane sensor readings through visual observation. As such, it is an important tool in the early stages of violation validation and classification.

The video audit system is also used as a "reference check" for the violation enforcement system. Since the two video monitoring systems are connected to the same overall system, data from the audit system can be matched to the violation data to ensure a violation has actually occurred. This safeguard is critical to processing violations accurately.

REGIONAL CONSORTIUM

FOR THE IMPLEMENTATION OF AN ELECTRONIC TOLL COLLECTION SYSTEM

Project Financing Fact Sheet

• The Consortium's E-ZPass[SM] project is financed through a combination of revenues raised by violations enforcement and the long-term lease of the fiber optic network capacity. Additional revenues may be realized through new business opportunities (for example, marketing to adjacent industries such as parking lots) and through administrative fees collected through the municipal court system. These would be additional sources of income, but are not necessary to fund the project.

• Construction and operating costs during the 10-year length of the contract will be initially financed with a $300 million variable and fixed-rate loan arranged by MFS with private lenders and administered by the New Jersey Economic Development Authority (NJEDA). The loan will be repaid from revenues received from violations enforcement and fiber optic leases.

• MFS will forward the revenues from toll violations fees (plus the collected tolls) and the revenues from fiber optic leases and maintenance directly to the individual agencies.

• Projections estimate $450 million in violations revenues over the 10-year life of the violations enforcement contract. These estimates are based on a conservative .883 percent violation rate (the accepted industry standard is 2.5 percent).

• Revenues from the fiber optic leases are estimated at $205 million over the 20-year life of the fiber optic contract.

• The project fund will receive the administrative fees and fiber optic revenues from the five agencies and apply the revenues to pay operating expenses and debt service.

• The projections of revenue and expenses will be audited annually and updated.

• E-ZPass will provide other financial benefits to Consortium members. For example, it is estimated that the five authorities may realize operational savings of between 10 -15 percent due to more efficient toll collection and money handling methods. The system provides 100 percent audibility which eliminates shortages. There are also potential business marketing opportunities, such as expansion of the E-ZPass system to area parking lots, that would provide financial benefits to Consortium members. Another source of revenue is the collection of administrative fees through the municipal court system.

10-Year Outcome

Two outcomes are possible at the end of the 10-year contract:

1. If revenues exceed the total project cost 85 percent of the surplus will be shared by the agencies and 15 percent to the vendor (MFS). This provision provides an incentive for MFS to operate the project as efficiently as possible.

2. If overall revenues fall short of projections the shortfall will be paid proportionately among the agencies.

REGIONAL CONSORTIUM

FOR THE IMPLEMENTATION OF AN ELECTRONIC TOLL COLLECTION SYSTEM

Violations Enforcement & Collections Process

1. Violations enforcement equipment will be used on all toll lanes on the Consortium roadways, not just E-ZPass[SM] lanes.

2. When a suspected violation occurs, a photo is automatically taken of the back of the vehicle focusing on its license plate.

3. The photo is analyzed and the license plate number and vehicle model are checked to determine if the vehicle is registered as an E-ZPass customer. If that is the case, it is assumed that the transponder or the toll equipment malfunctioned and the toll is automatically deducted from the customer's account. No further action is taken unless the vehicle appears repeatedly as a toll violator. At that point, a notice is sent to the customer suggesting that there may be a problem with the transponder and that he or she should contact the service center to have it checked.

4. If the photo shows that the vehicle is not an E-ZPass customer, the license plate number is compared with registration records from the New Jersey Division of Motor Vehicles Services and other state's motor vehicle agencies.

5. DMVS then transmits the registration information to the service center and a second visual comparison is made of the vehicle type and license plate. If the information matches, a violation notice is sent to the owner. If the vehicle type and license do not match, that information is sent back to the Division of Motor Vehicles, where it is reviewed again to determine if a change of registration has occurred because the car was sold or for another reason. If a match can be made based on that information, a violation notice is mailed to the owner. If no match can be made, no further action is taken.

6. If a person receives a violation notice but believes he or she did not incur the violation, the person can dispute the claim by checking off an appropriate box on the violation notice and returning it to the customer service center. The disputed notice is then reviewed to determine if the claim is legitimate and the violation is either dropped or upheld. It is estimated that 10 percent of people receiving violation notices will dispute them.

7. If the person receiving the notice does not formally dispute it and the $25 violation fee and the toll amount are not received within 30 days, a second notice is mailed to the suspected violator.

8. If payment is not received within 60 days, an evidence file is prepared and sent to the municipal court in the town in which the violation occurred.

9. When the matter is resolved, the municipal court collects the $25 violation fee and toll amount forwards those to the agency where the violation occurred. Other fines and court costs will be distributed under the current practice.

Other Violations Enforcement Facts

Revenue Projections

- An estimated 8 billion toll transactions will take place on Consortium member roads over the 10 year contract period. The Consortium's violations revenue projections are based on a conservative .883 percent violation rate (the accepted industry average is 2.5 percent) and are estimated to generate approximately $450 million over 10 years.

- The member authorities will also realize an increase in toll revenues because tolls that would have remained uncollected under the old enforcement systems will now be collected.

Privacy Considerations

Many motorists have expressed concern about the increased public availability of DMVS information. The Consortium and MFS have instituted a system of checks to ensure confidentiality in the system:

- Staff members reviewing photos and license plate numbers at the E-ZPass service center will not be contacting DMVS individually each time they identify a suspected violator. At the end of each day, information requests for all suspected violators will be collected and electronically transmitted as a unit to DMVS.

- DMVS will return the information in the same manner.

- The staff member who initially detected the violation will not be the same person who reviews the information received from DMVS.

Double and Triple Check System

Some ETC systems currently operating have generated complaints from motorists who receive violation notices for violations they claim they did not commit. While no system can be completely immune to human or computer error, the Consortium and MFS have developed a double- and triple-check system that minimizes mistakes.

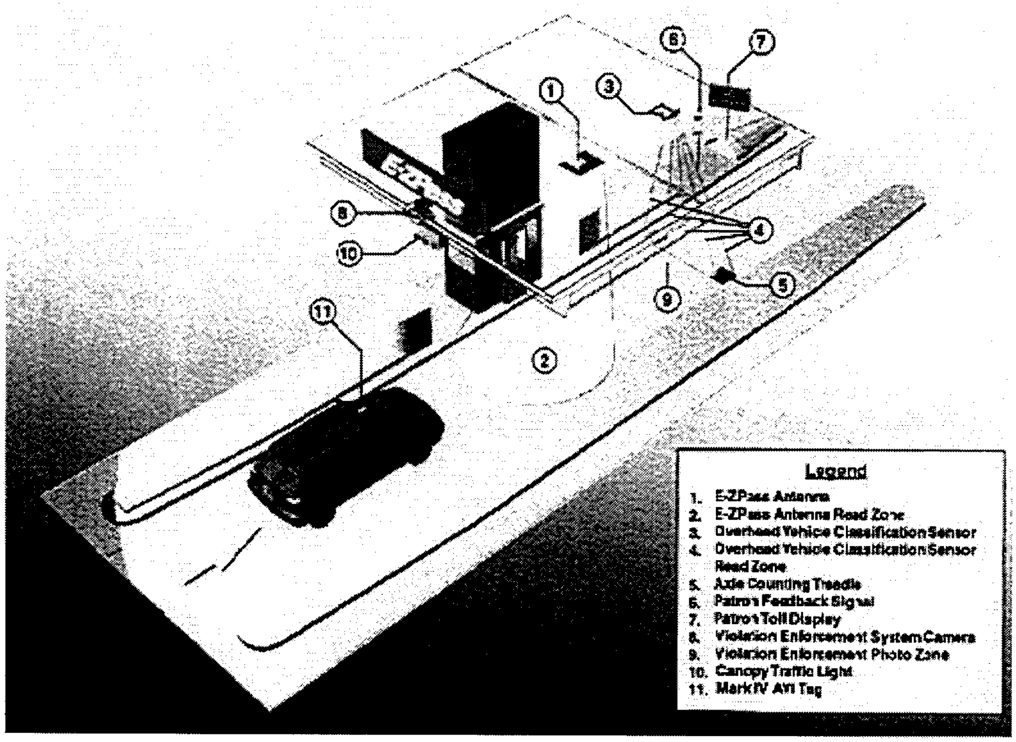
- The plate-photo-registration match is visually confirmed at least twice and often three times before a violation notice is sent.

- Staff members making the comparisons will be rated on the accuracy of their work, not on the number of matches they can complete in a given period of time.

- Violation disputes can be initiated by mail, rather than by a visit to the service center.

Initial "Grace Period"

The Consortium will provide a grace period in the initial weeks of the program during which time first-time offenders can apply a portion of the $25 violation fee toward the deposit on an E-ZPass transponder.



NJ TURNPIKE

Updated on April 08, 1998.

Exhibit H

C/M MAR 10 1998

DOC. #16675

State of New Jersey

CHRISTINE TODD WHITMAN
Governor

OFFICE OF THE GOVERNOR
CN-001
TRENTON NJ 08625-0001

EXECUTIVE DIRECTOR

March 10, 1998

Edward Gross, Executive Director
The New Jersey Turnpike Authority
Administration Building
191 Route 18 North
East Brunswick, New Jersey 08816

Dear Mr. Gross:

In accordance with the authorization contained in Section 3 of the New Jersey Turnpike Authority Act of 1948, P.L. 1948, c. 454, p. 1873, section 22, as amended (N.J.S.A. 27:23-3), I hereby acknowledge receipt of an excerpt of the minutes of a meeting of the New Jersey Turnpike Authority (the "Authority") held on March 10, 1998 and hereby approve the said excerpt as it relates to all actions taken by the Authority at said meeting in connection with its participation in the implementation of a regional electronic toll collection system, including but not limited to the delegation of authority to the Executive Director of the Authority to (i) enter into the Contract between the Authority and MFS Technologies, Inc., and (ii) execute and deliver, on behalf of the Authority, a True Up Agreement among the Authority, the South Jersey Transportation Authority, the New Jersey Highway Authority, the State of Delaware, acting through its Department of Transportation, the Port Authority of New York and New Jersey, and the New Jersey Economic Development Authority.

I specifically reserve my right to veto any and all actions taken by the Authority at its meeting on March 10, 1998, unrelated to the electronic toll collection system.

Yours sincerely,

Christine Todd Whitman
Governor

State of New Jersey
OFFICE OF THE GOVERNOR
CN-001
TRENTON NJ 08625-0001

CHRISTINE TODD WHITMAN
Governor

March 10, 1998

James A. Crawford, Executive Director
South Jersey Transportation Authority
Milepost 21.3, Farley Service Plaza
Atlantic City Expressway
Elwood, New Jersey 08217

Dear Mr. Crawford:

In accordance with the authorization contained in Section 14 of the South Jersey Transportation Authority Act, P.L. 1991, c. 252, as amended (N.J.S.A. 27:25A-14), I hereby acknowledge receipt of an excerpt of the minutes of a meeting of the South Jersey Transportation Authority held on March 10, 1998 and hereby approve the said excerpt as it relates to all actions taken by the Authority at said meeting in connection with its participation in the implementation of a regional electronic toll collection system, including but not limited to the delegation of authority to the Executive Director of the Authority to (i) approve the Contract between the New Jersey Turnpike Authority and MFS Technologies, Inc., and (ii) execute and deliver, on behalf of the Authority, a True Up Agreement among the Authority, the New Jersey Turnpike Authority, the New Jersey Highway Authority, the State of Delaware, acting through its Department of Transportation, the Port Authority of New York and New Jersey, and the New Jersey Economic Development Authority.

I specifically reserve my right to veto any and all actions taken by the Authority at its meeting on March 10, 1998, unrelated to the electronic toll collection system.

Yours sincerely,

Christine Todd Whitman
Governor

Certified to be a true copy
Mary Ann Iulucci
Mary Ann Iulucci, Board Secretary
Date: June 19, 2002

State of New Jersey
OFFICE OF THE GOVERNOR
CN-001
TRENTON NJ 08625-0001

CHRISTINE TODD WHITMAN
Governor

March 10, 1998

Lewis B. Thurston, III
New Jersey Highway Authority
King Georges Road
P.O. Box 5050
Woodbridge, New Jersey 07095

Dear Mr. Thurston:

In accordance with the authorization contained in Section 4 of The New Jersey Highway Authority Act, P.L. 1952, c. 16, as amended (N.J.S.A. 27:12B-4), I hereby acknowledge receipt of an excerpt of the minutes of a meeting of the New Jersey Highway Authority (the "Authority") held on March 10, 1998 and hereby approve the said excerpt as it relates to all actions taken by the Authority at said meeting in connection with the Authority's participation in the implementation of a regional electronic toll collection system, including but not limited to the delegation of authority to the Executive Director of the Authority to (i) approve the Contract between the New Jersey Turnpike Authority and MFS Technologies, Inc., and (ii) execute and deliver, on behalf of the Authority, a True Up Agreement by and among the Authority, the South Jersey Transportation Authority, the New Jersey Turnpike Authority, the State of Delaware, acting through its Department of Transportation, the Port Authority of New York and New Jersey, and the New Jersey Economic Development Authority.

I specifically reserve my right to veto any and all actions taken by the Authority at its special meeting on March 10, 1998, unrelated to the electronic toll collection system.

Yours sincerely,

Christine Todd Whitman
Governor

Exhibit I

Violation/Penetration/Collection Cube

Consortium Cost / Payout under various scenarios

The Consortium asked the MFS team to indicate overall costs or payouts for Approaches 1 and 2, based upon a series of permutations involving three variables ...

- "Potential violations", ranging from 0.5% to 2.0% in increments of 0.1%
- Collections rate, ranging from 30% to 70% in increments of 5%
- Penetration rate, ranging from 35% to 50% increments in 5%

At the close of the discussion, the MFS team indicated it would provide evidence on a range of scenarios based on a best-efforts basis. At this time, we are prepared to present the following combinations for Approach 1 only:

- "Potential violations": 0.5%, 0.8%[1], 0.93%[2], 1.0%, 1.5% and 2.0%
- Collections rate: 30%, 50% and 70%
- Penetration rate: 35%, 40%, 45% and 50%

Negative numbers (in parentheses) reflect payments from the Consortium to the MFS team to cover shortfalls. Positive numbers reflect payments from the MFS team to the Consortium, which include a 85 (Consortium) / 15 (MFS team) split.

We believe a feasible "break-even scenario" to be 1% violations rate, 50% collections rate and 35% penetration. Time limitations preclude us from presenting the same scenarios for Approach 2, although we clearly believe them worthy of consideration should the Consortium choose to continue discussions with the MFS team with regard to this particular approach.

---

[1] The guarantee called for in the original BAFO submission

[2] The Consortium's estimated overall violations rate

Consortium Income / Payment Matrix

In $ Millions

10-Oct-96 04:52 AM

Cumulative cash position at end of contract
( ) Indicate amounts owed by Consortium
Positive amounts are net amounts to Consortium

At 35% Penetration

	Collections on Citations Issued		
Viol Rate	30%	50%	70%
2.00	(9)	383	756
1.50	(121)	190	472
1.00	(234)	0	188
0.93	(239)	(12)	174
0.80	(278)	(90)	76
0.50	(346)	(227)	(113)

At 40% Penetration

	Collections on Citations Issued		
Viol Rate	30%	50%	70%
2.00	(24)	368	741
1.50	(136)	176	457
1.00	(249)	(15)	173
0.93	(254)	(27)	159
0.80	(293)	(105)	61
0.50	(361)	(242)	(128)

At 45% Penetration

	Collections on Citations Issued		
Viol Rate	30%	50%	70%
2.00	(39)	353	726
1.50	(151)	161	442
1.00	(264)	(30)	158
0.93	(269)	(42)	145
0.08	(308)	(120)	46
0.50	(376)	(257)	(143)

At 50% Penetration

	Collections on Citations Issued		
Viol Rate	30%	50%	70%
2.00	(54)	338	711
1.50	(166)	146	427
1.00	(279)	(45)	143
0.93	(284)	(57)	130
0.80	(323)	(135)	31
0.50	(391)	(272)	(158)

Exhibit J

Mark

The Star-Ledger (Newark, NJ), Jan 22, 1999 p042

Attorney General reviews charges state mishandled E-ZPass deal. (NEW JERSEY)

Byline: P.L. Wyckoff

The state Attorney General's Office is reviewing charges that New Jersey's E-ZPass deal has been mishandled, a spokesman for Attorney General Peter Verniero confirmed yesterday.

Gov. Christie Whitman's office requested the "legal review" yesterday in response to a letter from a Wall Street investor who has alleged the toll contractor and its parent firm don't have the money and personnel to get E-ZPass tolls operating, a Whitman spokesman said.

The investor, Manuel Asensio, also charged that the state should have done more to protect itself last year when its toll contractor, MFS Network Technologies, was sold to a little-known Florida firm.

State officials, however, were tightlipped about the scope of the Attorney General's review. "We have received something from the Governor's office and we are reviewing the matter," said Paul Loriquet, a spokesman for the Attorney General's Office. "We're just looking into it." He declined to comment further, except to note that the review is "general" and has not been assigned to the Division of Criminal Justice or any other specific division within the Attorney General's Office.

The State Commission of Investigation is also looking into the investor's allegations, Asensio said last night. An SCI official refused to confirm or deny that the independent investigative agency had contacted Asensio.

Even as the controversy swirling around the $500 million E-

ZPass program grew, transportation officials were still locked in negotiations with MFS last evening, trying to agree on a new schedule for the activation of crucial computer systems for the new tolls.

MFS is being slapped with $5,000-a-day penalties for having failed to get the computers working by Nov. 11. The computers will send out bills to toll cheats. The state is counting on collecting some $400 million in fines, at $25 per violation, to pay for the massive toll system on the New Jersey Turnpike and Garden State Parkway.

Drivers have been eagerly awaiting the electronic tolls, which let vehicles go through a toll lane without stopping while a computer deducts the fare from a pre-paid account. The non-stop transaction is designed to reduce congestion and be more convenient.

State officials yesterday said they are still holding out hope the tolls can be installed on the Parkway and Turnpike by early next year.

Whitman's communications director, Peter McDonough, confirmed yesterday the Governor's office asked for the Attorney General's examination after being contacted by Asensio. He is well known on Wall Street for short-selling, an investment strategy that bets on stock prices dropping.

Asensio has been the most vocal critic of MFS' parent corporation, Able Telcom of Florida. Asensio, who freely acknowledges he will make money if Able's stock price falls, has charged that Able is financially and technically unable to provide MFS with the resources to get high-tech tolls built in New Jersey, and that MFS cannot do the job without help.

Asensio also has made his attacks personal. He has scathingly criticized state officials, particularly Turnpike Authority Executive Director Edward Gross, for not taking steps to protect New Jersey's contract when Able bought MFS last year, shortly after New Jersey hired MFS for the toll work. MFS had been owned by Worldcom, a well-funded company that is one of the nation's major telecommunications providers and that has since merged with MCI.

Gross and other officials have declined comment, but some executives close to the project have said former DOT Commissioner John J. Haley Jr. and others went out of their way to get as much information on MFS' sale as they could last year.

The computer delay is the most serious, but by no means the only, bump the state has experienced in its drive to bring electronic tolls to New Jersey. There have been delays due to bidding challenges, a number of top MFS employees have left the firm, and numerous problems have cropped up on the Atlantic City Expressway, which already has the tolls under a separate deal with MFS.

Article CJ81637265

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Article 20 of 23

Exhibit K

State of New Jersey
DEPARTMENT OF LAW AND PUBLIC SAFETY
OFFICE OF THE ATTORNEY GENERAL
P.O. BOX 080
TRENTON, NJ 08625-0080
(609) 292-4925

JAMES E. MCGREEVEY
Governor

DAVID SAMSON
Attorney General

May 1, 2002

Assemblyman John S. Wisniewski
Chairman, Assembly Transportation Committee
State House Annex
P. O. Box 068
Trenton, New Jersey 08625

Dear Assemblyman Wisniewski:

I have your April 24 letter requesting information concerning a 1999 newspaper account referring to a review by this Department of the E-Z pass contract. There is no such record of any review by this Department nor is there any record of a request for same. Please let me know if we can be of further assistance.

Very truly yours,

David Samson
Attorney General

DS:lg

Exhibit L

PROCEEDINGS OF NEW JERSEY TURNPIKE AUTHORITY
TUESDAY, MARCH 10, 1998

Chairman McDermott called the Authority into session in the Administration Building, East Brunswick, New Jersey, at 9:00 a.m.

PRESENT

A) <u>By Telephone</u>:

Chairman McDermott, Commissioner Becker, Commissioner Miele and NJDOT Commissioner Haley.

B) <u>In Person</u>:

Commissioner Kramer and Commissioner Pocino.

Executive Staff: Edward Gross, Executive Director; Diane Scaccetti, Deputy Executive Director and Secretary; Lynn Fleeger, Acting Communications Director; Gwen Pines, Assistant Secretary; and William Wolf, Special Counsel.

Also present were: Paul Cohn, NJ Department of Transportation; Richard VanWagner, Sterns & Weinroth; Paul Wyckoff, <u>Star Ledger</u>.

NOTICE OF MEETING

This is a Special Meeting of the New Jersey Turnpike Authority. Adequate notice of this meeting has been provided in accordance with Chapter 231, P.L. 1975 in that notice has been given to at least two newspapers and notice has been forwarded to the Secretary of State of the State of New Jersey. In addition, notice of said meeting has been and is being displayed in the main lobby of the Authority's Administration Building in East Brunswick.

The Chairman recognized Executive Director Gross:

Mr. Gross noted to the Board that on March 25, 1997, it adopted an Agenda Item approving the selection of MFS Network Technologies, Inc. ("MFS") to provide services in connection with the implementation of the regional electronic toll collection system (the "ETC Agenda Item") and authorizing him, as Executive Director, to approve, on behalf of the Authority and other Consortium Members, the final terms and conditions of a contract between MFS and the Authority, as the lead agency of the Consortium, and certain other matters.

Since the adoption of the ETC Agenda Item, staff of the Authority and other Consortium Member Agencies have entered into extended contract discussions with MFS and have examined the terms of the financing that has been arranged by MFS.

The contract discussions with MFS for the services related to the design, implementation, operation and maintenance of the integrated electronic toll collection system ("ETC System"), customer service center ("CSC") and fiber optic telecommunications system ("Fiber System") (collectively the "Project") have been completed. The financing has also been arranged by MFS through (a syndicate of lenders) and the New Jersey Economic Development Authority ("EDA") (the "Financing").

Mr. Gross outlined the salient features of the Project Agreement, the True Up Agreement and the Financing.

Mr. Gross asked the Board to ratify and confirm the ETC Agenda Item and all actions taken in reliance thereon including but not limited to the Project Agreement and the True Up Agreement, and requested the adoption of a Resolution of the New Jersey Turnpike Authority Authorizing Certain Actions In Connection With The Electronic Toll Collection System Project.

RESOLUTION 3-98

WHEREAS, the New Jersey Turnpike Authority (the "Authority") has, on September 4, 1996, and October 29, 1996, respectively, authorized, among other things, the Executive Director of the Authority to enter into a memorandum of understanding; and

WHEREAS, the Authority has heretofore entered into a Memorandum of Understanding, as amended by the First Amendment and a Second Amendment (collectively, the "Memorandum of Understanding"), by and among the New Jersey Highway Authority, the South Jersey Transportation Authority, the Port Authority of New York and New Jersey, the Delaware Department of Transportation, and the Authority (collectively, the "Consortium") providing for, amongst other matters, the designation of the Authority as Lead Agency; and

WHEREAS, the Authority has, on March 25, 1997, adopted an Agenda Item approving the selection of MFS Network Technologies, Inc. ("MFS") to provide services in connection with the implementation of the regional electronic toll collection system (the "ETC Agenda Item"), and authorizing the Executive Director to approve, on behalf of the Authority, the final terms and conditions of a contract between MFS and the Authority, as the Lead Agency of the Consortium, and certain other matters; and

WHEREAS, the Authority desires to ratify and confirm the adoption of the March 25, 1997 ETC Agenda Item and all actions taken in reliance thereon and to provide for certain ancillary matters in connection therewith.

NOW, THEREFORE, be it resolved by the New Jersey Turnpike Authority, and its Members, as follows:

1. The adoption of the March 25, 1997 ETC Agenda Item and the authorization to the Executive Director contained therein, and all actions taken in reliance thereon, are hereby ratified and confirmed.

2. The execution and delivery of the Memorandum of Understanding by the Authority is hereby ratified and confirmed.

3. The Executive Director of the Authority is hereby authorized to approve, on behalf of the Authority and the other Consortium Members, consistent with the provisions of the Memorandum of Understanding and the authorizing documentation from the other member agencies, the final terms and conditions of a contract between the Authority and MFS (the "ETC Contract"), in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Secretary of the Authority, with such revisions and modifications thereto as may be

approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the ETC Contract by the Executive Director of the Authority.

4. In connection with the ETC Contract, the Executive Director is hereby authorized to execute and deliver, on behalf of the Authority, a True Up Agreement by and among the members of the Consortium and the New Jersey Economic Development Authority (the "True Up Agreement"), in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Secretary of the Authority, with such revisions and modifications thereto as may be approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the True Up Agreement by the Executive Director of the Authority. The True Up Agreement shall obligate the Authority to pay a percentage of the true up amount, if any, as defined therein.

5. Pursuant to the applicable provisions of the Turnpike Revenue Bond Resolution adopted August 20, 1991, and amended and restated September 26, 1991, (the "Bond Resolution"), the Authority hereby determines that the execution, delivery and performance by the Authority of the True Up Agreement will not impair the financial viability of the Authority and its operations.

6. The ETC Contract and the True Up Agreement will provide that the obligations of the Authority thereunder, to the extent not constituting Operating Expenses (as defined in the Bond Resolution), shall constitute a Special Project (as defined in the Bond Resolution), payable from the Special Project Reserve Fund created and established in the Authority's Bond Resolution.

7. The Executive Director, the Chief Engineer, the Secretary and such other officers of the Authority designated by the Executive Director are hereby authorized and directed to perform any other acts and determine any other matters or details as may be necessary in connection with the execution, delivery and performance of the ETC Contract, the True Up Agreement and all other related agreements including, but not limited to, the execution and delivery, for and on behalf of the Authority, of any and all instruments, certificates, documents, letters and other papers, and to do and to perform or cause to be done any and all acts as they may deem necessary or appropriate in order to implement this Resolution.

8. All resolutions in conflict herewith are hereby amended to conform herewith to the extent of such inconsistency.

9. This Resolution shall take effect immediately.

On motion by Commissioner Miele, seconded by Commissioner Haley, the Authority unanimously adopted the aforesaid RESOLUTION OF THE NEW JERSEY TURNPIKE AUTHORITY AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ELECTRONIC TOLL COLLECTION SYSTEM PROJECT; and received for file.

oooOooo

Chairman McDermott entertained a motion to adjourn. Upon motion made by Commissioner Haley, seconded by Commissioner Pocino, the meeting was adjourned at 9:15 a.m.

Gwendolyn S. Pines

Gwendolyn S. Pines
Assistant Secretary

APPROVED:

Frank X. McDermott, Chairman

Nancy H. Becker, Vice Chair

Raymond M. Pocino, Treasurer

Joseph P. Miele, Commissioner

Lawrence F. Kramer, Commissioner

Department of Transportation, Commissioner ex officio

RESOLUTION 98-32

RESOLUTION AUTHORIZING EXECUTION, DELIVERY AND PERFORMANCE OF DOCUMENTATION IN CONNECTION WITH THE ELECTRONIC TOLL COLLECTION SYSTEM PROJECT

WHEREAS, the New Jersey Highway Authority (the "Authority") has, on September 26, 1996 and October 24, 1996, respectively, adopted Resolutions 96-119 and 96-137 authorizing the Executive Director of the Authority to enter into a memorandum of understanding; and

WHEREAS, the Authority has heretofore entered into a Memorandum of Understanding, as amended by a First Amendment and a Second Amendment (collectively, the "Memorandum of Understanding") by and among the New Jersey Turnpike Authority as the lead agency (the "NJTA"), the South Jersey Transportation Authority, the Port Authority of New York and New Jersey, the Delaware Department of Transportation, and the Authority (collectively, the "Consortium"); and

WHEREAS, the Authority has, on January 23, 1997, adopted Resolution 97-15 ("Resolution 97-15") approving the selection of MFS Network Technologies, Inc. ("MFS") to provide services in connection with the implementation of the regional electronic toll collection system and authorizing the Executive Director to approve, on behalf of the Authority, the final terms and conditions of a contract between MFS and the NJTA, as the lead agency of the Consortium, and certain other matters; and

WHEREAS, the Authority desires to ratify and confirm the adoption of Resolution 97-15 and all actions taken in reliance thereon and to provide for certain ancillary matters in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Highway Authority and the Members thereof, that:

1. The adoption of Resolution 97-15 and the authorization to the Executive Director contained therein, and all actions taken in reliance thereon, are hereby ratified and confirmed.

2. The execution and delivery of the Memorandum of Understanding by the Authority is hereby ratified and confirmed.

RESOLUTION 98-32 (Continued)

3. The Executive Director of the Authority is hereby authorized to approve, on behalf of the Authority, the final terms and conditions of a contract between MFS and NJTA (the "ETC Contract") in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Assistant Secretary of the Authority, with such revisions and modifications thereto as may be approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the ETC Contract by the appropriate officer of the NJTA. Notwithstanding Section 2 of Resolution 97-115, the Executive Director of the Authority is hereby authorized to approve the final terms and conditions of the ETC Contract without further approval of the Chairman.

4. In connection with the ETC Contract, the Executive Director is hereby authorized to execute and deliver, on behalf of the Authority, a True-Up Agreement by and among the members of the Consortium and the New Jersey Economic Development Authority (the "True-Up Agreement") in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Assistant Secretary of the Authority, with such revisions and modifications thereto as may be approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the True-Up Agreement by the Executive Director of the Authority. The True-Up Agreement shall obligate the Authority to pay a percentage of the true-up amount as defined therein. The True-Up Agreement may provide that the initial percentage of the true-up amount provided for therein may not be revised by more than a stated percentage upward or downward.

5. Pursuant to Section 708(3) of the Authority's Parkway Revenue Bond Resolution adopted November 15, 1984 (the "Bond Resolution"), the Authority hereby

RESOLUTION 98-32 (Continued)

determines that, in the opinion of the Authority, the provisions of the ETC Contract, as they apply to the Authority, shall not impede or restrict the operation by the Authority of its Parkway System (as defined in the "Bond Resolution").

6. The ETC Contract and the True-Up Agreement shall provide that the obligations of the Authority thereunder, to the extent not constituting Operating Expenses (as defined in the Bond Resolution), shall constitute Junior Indebtedness (as defined in the Bond Resolution) payable from the Junior Indebtedness Fund created and established in the Authority's Bond Resolution.

7. The Executive Director, the Comptroller, the Secretary, the Assistant Secretary and such other officers of the Authority designated by the Executive Director are hereby authorized and directed to perform any other acts and determine any other matters or details as may be necessary in connection with the execution, delivery and performance of the ETC Contact and the True-Up Agreement, including, but not limited to, the execution and delivery, for and on behalf of the Authority, of any and all instruments, certificates, documents, letters, authorizations and other papers, and to do and to perform or cause to be done any and all acts as they may deem necessary or appropriate in order to implement this Resolution.

8. All resolutions in conflict herewith are hereby amended to conform herewith to the extent of such inconsistency.

9. This Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and holidays, after delivery to the Governor of the Minutes of the meeting of the Authority at which this resolution is adopted or at such earlier time as approved by the Governor, all in accordance with Section 4 of the New Jersey Highway Authority Act, as amended.

MINUTES

OF THE

SPECIAL MEETING

OF THE

NEW JERSEY HIGHWAY AUTHORITY

CONDUCTED ON

MARCH 10, 1998

EXECUTIVE OFFICES

WOODBRIDGE, NEW JERSEY 07095

ATTENDANCE

COMMISSIONERS
Joseph E. Buckelew, Chairman
Ronald R. Gravino, Vice Chairman
Christine V. Bator, Secretary
Jerold L. Zaro, Treasurer
Harry Larrison, Jr., Member
Elizabeth S. Rozier, Member
Carol Hallows, Member

STAFF
Lewis B. Thurston III, Executive Director
George P. Zilocchi, Deputy Executive Director
John F. Flynn, Comptroller
Charles D. McManus, Chief Engineer

Thomas Butler, Financial Audit and Revenue Control Manager
Stanley Ciszewski, Telecommunications Manager
Dennis Ingoglia, Director - Public Affairs
Margaret Lake, Commissioners' Office Supervisor
Peter E. Markens, General Attorney
Arnold Mercer, Senior Systems Engineer
Clifford J. Miller, Director - Tolls
Toni Pantaleo, Assistant Secretary to the Authority
W. David Ryan, General Services Manager
Mariann G. Zach, Attorney

CONSULTANTS
William Mayer, General Counsel

STATE OF NEW JERSEY
Miki Krakauer, New Jersey Department of Transportation

PRESS
Marla Diamond, News Radio 88
Andrey Meyer, New Jersey 101.5 Radio
Paul Wycoff, Star Ledger

<u>ATTENDANCE</u> (Continued)

VISITORS
Thomas Cerwinski, Mark IV IVHS, Inc.
Devorah Rosen, PNC Bank, Trustee for Parkway Revenue Bond Resolution
Chris Torkelson, Sterns and Weinroth

The meeting was called to order by the Honorable Joseph E. Buckelew at 10:06 A.M. Chairman Buckelew and Commissioners Harry Larrison, Jr. and Elizabeth S. Rozier attended the meeting via telephonic conference communication. Vice-Chairman Gravino, Commissioner Jerold L. Zaro and Commissioner Carol Hallows representing the New Jersey Department of Transportation were present. Commissioner Christine V. Bator was not present when the meeting commenced.

ACTIONS

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ACTIONS

ACTIONS

Upon completion of the telephonic conference communication with Chairman Joseph E. Buckelew, Commissioner Harry Larrison and Commissioner Elizabeth S. Rozier, Executive Director Thurston advised that present were Vice Chairman Ronald R. Gravino, Commissioner Jerold L. Zaro and Carol Hallows representing the New Jersey Department of Transportation. The Chairman then called the meeting to order.

1. Announcement in Compliance with the New Jersey Open Public Meetings Act

The following announcement was made by Chairman Buckelew in compliance with N.J.S.A. 10:4-10:

"This is a Special Meeting of the New Jersey Highway Authority. Adequate notice of this meeting has been provided in accordance with Chapter 231 of the Public Laws of 1975, N.J.S. 10:4-8. On March 6, 1998, Notice/Agenda of this Special Meeting was telefaxed and mailed to the Star Ledger, The Home News & Tribune, the Bergen Record, the Asbury Park Press and the Atlantic City Press, the five newspapers designated by the Authority to receive such notice, and to the Secretary of State. Notice\Agenda of this Special Meeting was posted in the Lobby of the Authority's Administration Building in Woodbridge on March 6, 1998 and at all times since then. Adequate notice was also provided on March 6, 1998 by telefax of the Notice\Agenda to all other parties requesting notice pursuant to the Open Public Meetings Act."

Public Comment

Chairman Buckelew announced that this is the point in the meeting where the public is afforded an opportunity to be heard and asked if there was anyone present who wished to speak. In the absence of a response, the Chairman continued the meeting.

2. Closed Session

Chairman Buckelew called upon General Attorney Peter Markens who presented the recommendations contained in his Memorandum dated March 6, 1998 concerning adoption of a resolution authorizing a Closed Session of the Authority to discuss proposed terms and conditions and related contract negotiations and pending litigation relating to the potential utilization of electronic tolls on the Garden State Parkway.

2. **Closed Session** (Continued)

He advised the matter was exempt under N.J.S. 10:4-12b(7) and that the most precise estimate of the time at which the matter to be discussed in Closed Session may be disclosed would be after formal action of the Commission.

Whereupon, Resolution 98-31, Resolution Authorizing Closed Session of the New Jersey Highway Authority, was moved for adoption by Commissioner Gravino, seconded by Commissioner Rozier, and unanimously adopted.

The meeting recessed at 10:08 and re-convened at 10:42 A.M. upon motion by Commissioner Bator, who was present when the meeting re-convened, and seconded by Commissioner Rozier.

General Attorney Markens advised that as a result of the Closed Session, there was a matter the Commission wished to take up at the public meeting at this time.

3. **Electronic Toll Collection**

Chairman Buckelew advised that the Commissioners had before them a resolution to be considered for adoption (clarified by William Mayer, General Counsel, as Resolution 98-32). He entertained a motion to do so, which was made by Commissioner Bator and seconded by Commissioner Larrison.

Executive Director Thurston advised that this matter was both previously discussed and resolutions adopted therefor. He indicated that negotiations have now been completed and the Project Agreement for the provision of an electronic toll collection system has been agreed upon by MFS Network Technologies, Inc. and the Consortium, consisting of the New Jersey Highway Authority, the New Jersey Turnpike Authority, the South Jersey Transportation Authority, the Port Authority of New York and New Jersey and the Delaware Department of Transportation. He called upon William Mayer, General Counsel, for further comment.

Mr. Mayer advised that the Authority is ratifying the prior resolutions in connection with this matter and the prior approval of the Memorandum of Understanding among the agencies and providing for execution of final documents in connection with the electronic toll collection system project.

3. Electronic Toll Collection

In the absence of any questions as to the matter, the Chairman called the vote, of which all commissioners were in favor of the resolution.

Whereupon, Resolution 98-32, Resolution Authorizing Execution, Delivery and Performance of Documentation in Connection with the Electronic Toll Collection System Project, having been moved for adoption by Commissioner Bator and seconded by Commissioner Larrison, was unanimously adopted.

Chairman Buckelew expressed his appreciation to William Mayer for his outstanding work on behalf of the Authority over the last few months as well as the Authority's Executive Director, Chief Engineer, Comptroller and other staff who have worked so hard on this project. He said he appreciated their professionalism and fine efforts. He also thanked the Commissioners who assembled today on short notice to move ahead with this historic contract which he said would benefit the motoring public.

There being no further business to come before the Authority and upon motion by Commissioner Rozier as seconded by Commissioner Larrison, the meeting was adjourned at 10:45 A.M.

The next regular meeting of the Authority is scheduled for Thursday, March 26, 1998 at 9:00 A.M. at the Woodbridge Administration Building.

RESOLUTIONS

RESOLUTION 98-31

RESOLUTION CONCERNING CLOSED SESSION OF THE NEW JERSEY HIGHWAY AUTHORITY

WHEREAS, the Authority proposes to discuss matters in Closed Session from which the public may be excluded pursuant to N.J.S.A. 10:4-12(b); and

WHEREAS, prior to such Closed Session, the Authority is required to adopt a resolution pursuant to N.J.S.A. 10:4-13 stating the general nature of the subject(s) to be discussed and stating, as precisely as possible, the time and circumstances under which such discussion conducted in Closed Session can be disclosed to the public;

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Highway Authority and the Members thereof, that:

1. The Authority will adjourn and meet in Closed Session from which the public will be excluded pursuant to N.J.S.A. 10:4-12b (7) to discuss the following exempt matter:

   Proposed terms and conditions and related contract negotiations and pending litigation relating to the potential utilization of electronic tolls on the Garden State Parkway

2. The discussion conducted in the Closed Session will be disclosed to the public in a manner consistent with the provisions of N.J.S. 10:4-12b.

3. The most precise estimate possible of the time at which the matter listed above to be discussed in Closed Session may be disclosed is after formal action by the Commissioners.

RESOLUTION 98-32

RESOLUTION AUTHORIZING EXECUTION, DELIVERY AND PERFORMANCE OF DOCUMENTATION IN CONNECTION WITH THE ELECTRONIC TOLL COLLECTION SYSTEM PROJECT

WHEREAS, the New Jersey Highway Authority (the "Authority") has, on September 26, 1996 and October 24, 1996, respectively, adopted Resolutions 96-119 and 96-137 authorizing the Executive Director of the Authority to enter into a memorandum of understanding; and

WHEREAS, the Authority has heretofore entered into a Memorandum of Understanding, as amended by a First Amendment and a Second Amendment (collectively, the "Memorandum of Understanding") by and among the New Jersey Turnpike Authority as the lead agency (the "NJTA"), the South Jersey Transportation Authority, the Port Authority of New York and New Jersey, the Delaware Department of Transportation, and the Authority (collectively, the "Consortium"); and

WHEREAS, the Authority has, on January 23, 1997, adopted Resolution 97-15 ("Resolution 97-15") approving the selection of MFS Network Technologies, Inc. ("MFS") to provide services in connection with the implementation of the regional electronic toll collection system and authorizing the Executive Director to approve, on behalf of the Authority, the final terms and conditions of a contract between MFS and the NJTA, as the lead agency of the Consortium, and certain other matters; and

WHEREAS, the Authority desires to ratify and confirm the adoption of Resolution 97-15 and all actions taken in reliance thereon and to provide for certain ancillary matters in connection therewith;

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Highway Authority and the Members thereof, that:

1. The adoption of Resolution 97-15 and the authorization to the Executive Director contained therein, and all actions taken in reliance thereon, are hereby ratified and confirmed.

2. The execution and delivery of the Memorandum of Understanding by the Authority is hereby ratified and confirmed.

<u>**RESOLUTION 98-32**</u> (Continued)

3. The Executive Director of the Authority is hereby authorized to approve, on behalf of the Authority, the final terms and conditions of a contract between MFS and NJTA (the "ETC Contract") in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Assistant Secretary of the Authority, with such revisions and modifications thereto as may be approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the ETC Contract by the appropriate officer of the NJTA. Notwithstanding Section 2 of Resolution 97-115, the Executive Director of the Authority is hereby authorized to approve the final terms and conditions of the ETC Contract without further approval of the Chairman.

4. In connection with the ETC Contract, the Executive Director is hereby authorized to execute and deliver, on behalf of the Authority, a True-Up Agreement by and among the members of the Consortium and the New Jersey Economic Development Authority (the "True-Up Agreement") in substantially the form submitted to and hereby approved by the Authority, a copy of which is on file with the Assistant Secretary of the Authority, with such revisions and modifications thereto as may be approved by the Executive Director of the Authority, such approval to be conclusively evidenced by the execution of the True-Up Agreement by the Executive Director of the Authority. The True-Up Agreement shall obligate the Authority to pay a percentage of the true-up amount as defined therein. The True-Up Agreement may provide that the initial percentage of the true-up amount provided for therein may not be revised by more than a stated percentage upward or downward.

5. Pursuant to Section 708(3) of the Authority's Parkway Revenue Bond Resolution adopted November 15, 1984 (the "Bond Resolution"), the Authority hereby

RESOLUTION 98-32 (Continued)

determines that, in the opinion of the Authority, the provisions of the ETC Contract, as they apply to the Authority, shall not impede or restrict the operation by the Authority of its Parkway System (as defined in the "Bond Resolution").

6. The ETC Contract and the True-Up Agreement shall provide that the obligations of the Authority thereunder, to the extent not constituting Operating Expenses (as defined in the Bond Resolution), shall constitute Junior Indebtedness (as defined in the Bond Resolution) payable from the Junior Indebtedness Fund created and established in the Authority's Bond Resolution.

7. The Executive Director, the Comptroller, the Secretary, the Assistant Secretary and such other officers of the Authority designated by the Executive Director are hereby authorized and directed to perform any other acts and determine any other matters or details as may be necessary in connection with the execution, delivery and performance of the ETC Contact and the True-Up Agreement, including, but not limited to, the execution and delivery, for and on behalf of the Authority, of any and all instruments, certificates, documents, letters, authorizations and other papers, and to do and to perform or cause to be done any and all acts as they may deem necessary or appropriate in order to implement this Resolution.

8. All resolutions in conflict herewith are hereby amended to conform herewith to the extent of such inconsistency.

9. This Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and holidays, after delivery to the Governor of the Minutes of the meeting of the Authority at which this resolution is adopted or at such earlier time as approved by the Governor, all in accordance with Section 4 of the New Jersey Highway Authority Act, as amended.

CERTIFICATION

I, Antonette Pantaleo, Assistant Secretary of the New Jersey Highway Authority, DO HEREBY CERTIFY that the foregoing is a true and correct copy of the Minutes of the Special Meeting of the New Jersey Highway Authority conducted on March 10, 1998.

Antonette Pantaleo
Assistant Secretary

SOUTH JERSEY TRANSPORTATION AUTHORITY

SPECIAL COMMISSION MEETING

OPEN PUBLIC SESSION

MINUTES

March 10, 1998

A **Special** Commission Meeting of the South Jersey Transportation Authority was held on Tuesday, March 10, 1998 at the South Jersey Transportation Authority's offices in Elwood, New Jersey for the purpose of:

- Authority Commissioners will consider the adoption of a resolution authorizing the execution of an agreement concerning electronic tolls

In addition, the Commissioners may consider other matters which may come to their attention at the special meeting of Tuesday, March 10, 1998, but which were not known at the time this notice was given. Formal action may be taken at the open portion of the meeting.

The following Commissioners were present:

CHAIRMAN STANLEY R. GLASSEY
VICE-CHAIRMAN CHARLES J. DEPALMA
COMMISSIONER CARL W. BLOCK
COMMISSIONER CHARLES E. OWENS
COMMISSIONER LOUIS TOSCANO
COMMISSIONER STANLEY ROSENBLUM, NJDOT

The following Commissioners were absent:

COMMISSIONER JAMES M. DWYER
COMMISSIONER JAMES WASHINGTON
CONNIE CALASTI, Associate Commissioner, NJDOC

Certified to be a true copy
Mary Ann Iuliucci
Mary Ann Iuliucci, Board Secretary
Date: June 19, 2002

Also present:

James A. Crawford, Executive Director
Vincent L. Leonetti, Deputy Executive Director/Director of Expressway
Thomas Rafter, Airport Director
Kathy Aufschneider, Director of Engineering
George Gilmore Esq., General Counsel
Mary Ann Iuliucci, Board Secretary

OPEN PUBLIC SESSION
SPECIAL COMMISSION MEETING
March 10, 1998
Page 2

Chairman's Statement:

Chairman Glassey called the Special Commission meeting to order at 10:15 A. M. The Chairman opened the Commission meeting by advising the members of the Commission that this meeting, as required by the "Open Public Meetings Act:, Chapter 231, P.L., of 1975, was advertised in the three designated newspapers and sent to the New Jersey Secretary of State. Notice was also posted in the terminal of the Atlantic City International Airport and the N.J. Tourist Information Center located on the Atlantic City Expressway and the New York Avenue offices, as prescribed by law.

A total of 3 members of the public attended this public meeting.

Swearing in of new Commissioner, Carl W. Block:

Chairman Glassey introduced Carl W. Block to those in attendance and called upon General Counsel George Gilmore, to swear Mr. Block as a Commissioner of the Authority.

Roll Call:

Chairman Glassey requested the Secretary to call the roll:

CHAIRMAN STANLEY J. GLASSEY	PRESENT
COMMISSIONER CARL W. BLOCK	PRESENT
VICE CHAIRMAN CHARLES J. DEPALMA	PRESENT
COMMISSIONER JAMES M. DWYER	ABSENT
COMMISSIONER CHARLES E. OWENS	PRESENT
COMMISSIONER LOUIS TOSCANO	PRESENT
COMMISSIONER JAMES WASHINGTON	ABSENT
COMMISSIONER STANLEY ROSENBLUM	PRESENT
CONNIE CALASTI, NJDOC	ABSENT

Approval of the Agenda:

Chairman Glassey requested a motion to approve the March 10, 1998 agenda.

Whereupon, motion was moved by Commissioner DePalma and seconded by Commissioner Toscano and unanimously adopted approving the March 10, 1998 agenda.

Approval of the February 18, 1998 Commission Meeting Minutes:

Chairman Glassey requested a motion to approve the February 18, 1998 Commission Meeting Minutes.

Whereupon, motion was moved by Commissioner Toscano and seconded by Commissioner DePalma and unanimously adopted, approving the February 18, 1998 Commission Meeting Minutes.

PETITIONS AND COMMUNICATIONS:

Chairman Glassey asked if there were any petitions and or communications to be brought before the Board.

Mr. Crawford responded that all petitions and or communications have been mailed to the Board prior to the meeting.

Public Response to Agenda:

Chairman Glassey asked the public for comments. There were no comments forthcoming.

Motion & Resolutions:

RESOLUTION 1998-12 OF THE SOUTH JERSEY TRANSPORTATION AUTHORITY AUTHORIZING CERTAIN ACTIONS IN CONNECTION WITH THE ELECTRONIC TOLL COLLECTION SYSTEM PROJECT

Mr. Crawford presented Resolution 1998-12 to the Board. He stated the purpose of this resolution is to re-affirm the Boards approval of this system. Resolution 1996-124 approved the selection of MFS. The Authority is required to establish a Second Subordinated Debt Fund for the True-Up Agreement. It is anticipated the Authority may receive some small revenue flow. If this should not happen the authority maybe required to pay no less than 3% but no more than 6%. This resolution authorizes the Executive Director, Finance Director and Authority Secretary to sign all necessary documents. This resolution is recommended for approval.

Chairman Glassey called for motion authorizing certain actions in connection with the Electronic Toll Collection System Project.

Whereupon, motion was moved by Commissioner Toscano and seconded by Commissioner DePalma, approving Resolution 1998-12.

Chairman Glassey asked the Commissioners if they had any questions.

Commissioner Toscano asked if there was any outstanding litigation?

Mr. Crawford responded no.

Chairman Glassey asked what time schedule has been set for this system.

Mr. Crawford responded that the Customer Service Center must be created and the fiber optic lines are installed to link the Plaza with the Customer Service Center the system will be operational. It is anticipated to be working in nine [9] months.

Chairman Glassey asked the Secretary to call the roll:

COMMISSIONER	Motion	2nd	YEA	NAY	ABSTAIN	ABSENT
CHAIRMAN STANLEY J. GLASSEY			X			
COMMISSIONER CARL W. BLOCK			X			
VICE CHAIRMAN CHARLES J. DEPALMA		X	X			
COMMISSIONER JAMES M. DWYER						X
COMMISSIONER CHARLES E. OWENS			X			
COMMISSIONER LOUIS TOSCANO	X		X			
COMMISSIONER JAMES WASHINGTON						X
COMMISSIONER STANLEY ROSENBLUM, NJDOT			X			

A copy of Resolution 1998-12, with a copy of the Project Agreement as Exhibit "A" and the True-Up Agreement as Exhibit "B", is attached and made a part of the official minutes of the Authority.

Unfinished Business:

There was no unfinished business to be brought before the Board.

New Business:

There was no new business to be brought before the Board.

General Comment:

Chairman Glassey asked for comments from the public. There was none forthcoming.

Time and Place of Next Meeting:

The next regularly scheduled meeting of the South Jersey Transportation Authority will be held on Tuesday, March 17, 1998 at the same location.

There being no additional business at this time, Chairman Glassey requested a motion to adjourn special commission meeting.

Whereupon, motion was moved by Commissioner DePalma and seconded by Commissioner Toscano and unanimously adopted, adjourning the meeting at 10:35 A.M.

Respectfully submitted

Mary Ann Iuliucci

Mary Ann Iuliucci
Board Secretary

Recorded and Transcribed by:
Mary Ann Iuliucci

There was no executive session held at this meeting.

Exhibit M

NEW JERSEY TURNPIKE AUTHORITY

****

OBJECTIVES OF THE REGIONAL ELECTRONIC TOLL COLLECTION PROGRAM

CONTRACT NO. R-1296

The objectives of the Regional Electronic Toll Collection Implementation Program are to design, furnish and install ETC equipment on the New Jersey Highway Authority and the New Jersey Turnpike Authority roadway facilities, and to design, implement and operate a Customer Service Center (CSC) that will interact with the ETC systems of each Consortium member. The CSC is also required under this program to interact with the ETC operations of other agencies in the ***E-ZPass*** Interagency Group and/or allow these and other agencies utilizing compatible ETC systems to contract for CSC services from it.

The configuration of the NJHA and NJTA ETC systems require highly specialized technical services. The logistics and magnitude of upgrading and converting the toll operations of these two (2) agencies to an ETC operation requires substantial and highly competent resources. These ETC systems must also be designed and operated so as to assure that it can maintain customer accounts and provide customer service functions for all Consortium members, in addition to providing interoperability with other regional ***E-ZPass*** systems. The Consortium is unaware of any cooperative venture of this type or of this magnitude.

The Consortium is seeking technically sound and innovative proposals from qualified Proposers to achieve its goals. The Consortium has concluded that the highly technical services and complex operational requirements to meet the needs of its member agencies in a seamless operation for the public can best be procured through:

- A prequalification process for the prime contractor qualified to perform all associated work under a single contract
- The provision of an RFP utilizing performance based specifications
- Competitive negotiation with multiple qualified Proposers
- A resulting Best and Final Offer (BAFO) from all negotiations

** End of this Section **

Exhibit N

NEW JERSEY TURNPIKE AUTHORITY

****

PROPOSAL PROCEDURES

CONTRACT NO. R-1296

1.0 Requirements and Conditions for Proposals

The procurement of the new toll collection systems and customer service center operations will be a multi-step, negotiated procurement process where technical experience and competence will be evaluated in conjunction with the price for the work under this Contract. Furthermore, the procurement process will include evaluation and negotiation of proposed financial and work scope options and innovations or other business opportunities presented by the Proposers that make their Proposal more attractive to the Consortium. These options can take the form of added value, revenue that offsets capital and operations costs associated with the services and materials provided under this Contract, or other initiatives that could produce revenue opportunities for the Consortium. The options presented by the Proposers shall not modify the basic electronic toll collection services and materials required for this Contract. This procurement will not be a conventional "low-bid" contract, but will be based on a combination of technical approach, experience, competence, and "best value" provided by the Proposer to the Consortium.

Proposals for this Contract will be received only from Proposers who have been prequalified prior to the release of this RFP in accordance with the Prequalification Process described in the "Request for Information and Qualifications for Consortium Regional Electronic Toll Collection Implementation Program" dated January 29, 1996. Proposers have been notified as to their prequalification status and shall acknowledge receipt of that notification in the response to the Prime Contractor Qualification Statement portion of this RFP.

2.0 Prequalification of Prospective Proposers

In order to expedite the proposal process and maintain the proposed schedule, a prequalification process was employed to identify qualified firms or joint ventures that will be permitted to propose bids on this project.

Prequalification Statements submitted by Respondents during the RFI/RFQ process were evaluated, which resulted in the following pre-qualified Proposers for this project (listed in alphabetical order):

ATTACHMENT 1

ETC REGIONAL CONSORTIUM BASE CASE FINANCIAL MODEL

ETC REGIONAL CONSORTIUM
BASE CASE FINANCIAL MODEL
BASED ON 35% Penetration; .88% Violation Rate, 50% Collection Rate
ASSUMES 3/1/98 NOTICE TO PROCEED

In Millions

Year ===>	3/98-12/98	1999	2000	2001	2002	2003	2004	2005	2006	2007	1/08-2/08	Subtotal 10 Years	3/08-8/19	Total 20 Years
Revenues														
Fiber Revenue	$0.000	$57.300	$7.500	$7.500	$7.500	$7.500	$7.500	$7.500	$7.500	$7.500	$1.250	$118.550	$86.650	$205.200
VPC Revenue	$2.413	$15.396	$78.429	$96.914	$74.062	$44.094	$33.412	$32.832	$33.311	$33.798	$5.727	$450.388		$450.388
Court Revenue (1)	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000		$0.000
Customer Float	$0.029	$0.214	$0.587	$1.140	$1.277	$1.305	$1.323	$1.323	$1.323	$1.323	$0.218	$10.062		$10.062
Mailing Revenue	$0.100	$0.200	$0.200	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$0.300	$0.050	$2.650		$2.650
Parking	$0.000	$0.000	$0.667	$2.000	$2.000	$2.000	$2.000	$2.000	$2.000	$2.000	$0.333	$15.000		$15.000
Smart Card	$0.000	$0.000	$0.000	$0.000	$1.111	$1.333	$1.333	$1.333	$1.333	$1.333	$0.222	$8.000		$8.000
National Service Center	$0.000	$0.000	$0.000	$0.192	$0.577	$0.577	$0.577	$0.577	$0.577	$0.577	$0.096	$3.750		$3.750
Total Revenue	$2.542	$73.110	$87.383	$108.046	$88.827	$57.109	$46.445	$45.865	$46.344	$46.831	$7.896	$608.400	$86.650	$695.050
Expenses														
CSC Operating Expense	$15.262	$13.183	$12.662	$15.060	$10.720	$10.190	$10.110	$10.460	$10.820	$11.094	$2.705	$122.266		$122.266
VPC Operating Expense	$2.966	$5.873	$20.110	$22.402	$17.889	$11.734	$9.643	$9.665	$9.919	$10.184	$1.997	$122.382		$122.382
Credit Card & Banking Fees	$0.167	$1.260	$2.926	$5.583	$6.307	$6.507	$6.647	$6.781	$6.870	$6.970	$1.442	$51.460		$51.460
Fiber Maintenance	$0.000	$0.791	$0.911	$1.289	$1.353	$1.421	$1.492	$1.567	$1.645	$1.727	$0.297	$12.495	$27.505	$40.000
Total Operating Expense	$18.395	$21.107	$36.609	$44.334	$36.269	$29.852	$27.892	$28.473	$29.254	$29.975	$6.441	$308.603	$27.505	$336.108
Admin Costs:														
Trustee/Acctg. Fees	$0.042	$0.050	$0.050	$0.050	$0.050	$0.050	$0.050	$0.050	$0.050	$0.050	$0.008	$0.500		$0.500
Cash Flow Before Financing	($15.895)	$51.953	$50.724	$63.662	$50.508	$27.207	$18.503	$17.343	$17.040	$16.806	$1.447	$299.297	$59.145	$358.442
Interest Expense	($17.413)	($19.749)	($17.345)	($14.791)	($9.780)	($4.421)	($2.412)	($1.003)	($0.107)	$-0.000	$-0.000	($87.020)		($87.020)
Interest Income	$11.235	$7.902	$4.341	$4.002	$2.688	$0.807	$0.375	$0.136	$0.383	$1.178	$0.309	$33.357		$33.357
Net Interest Expense	($6.177)	($11.847)	($13.003)	($10.789)	($7.092)	($3.613)	($2.037)	($0.867)	$0.276	$1.178	$0.309	($53.662)		($53.662)
Make-Whole Payment	$0.000	$0.000	$0.000	$0.000	($3.022)	($0.059)	($0.581)	($0.490)	($0.045)	$0.000	$0.000	($4.197)		($4.197)
Cash Flow Before Capital	($22.072)	$40.106	$37.720	$52.873	$40.394	$23.535	$15.865	$15.985	$17.271	$17.984	$1.756	$241.438	$59.145	$300.583
Capital Costs	($55.762)	($120.894)	($23.331)	($2.122)	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	($202.109)		($202.109)
Origination Fee/Closing Cost	($4.410)	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	($4.410)		($4.410)
Net Cash Flow	($82.243)	($80.788)	$14.389	$50.751	$40.394	$23.535	$15.865	$15.985	$17.271	$17.984	$1.756	$34.919	$59.145	$94.064
(2) MFS Share (15%)												$5.125	$8.872	$13.997
Available to Share - Consortium Members												$29.794	$50.273	$80.067

(1) Court Revenues estimated at zero for base case; however, a potential of up to $80 million of revenue could be realized through collections from municipal court system or from use of collection agencies.
(2) Net Cash Flow adjusted for Smart Card revenues and National CSC revenues, which are in model only at Consortium's 50% share - all other revenues subject to 85%/15% split
Also adjusted for $11Million Transponder purchase per Project Agreement.

c:\etc\base11\3-10-98

ETC REGIONAL CONSORTIUM
BASE CASE FINANCIAL MODEL
BASED ON 35% Penetration; .88% Violation Rate, 50% Collection Rate
ASSUMES 3/1/98 NOTICE TO PROCEED

Calculation of Annual Escrow/Loan Balance

Year ===>	3/98-12/98	1999	2000	2001	2002	2003	2004	2005	2006	2007	1/08-2/08
Escrow Balance - Beginning	$300.000	$217.757	$96.968	$83.357	$84.108	$19.502	$8.537	$4.423	$0.508	$15.179	$33.163
Cash Flow Before Capital	($22.072)	$40.106	$37.720	$52.873	$40.394	$23.535	$15.885	$15.985	$17.271	$17.984	$1.756
Capital/Upfront Loan Fees	($60.172)	($120.894)	($23.331)	($2.122)	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Loan Repayments	$0.000	($40.000)	($28.000)	($50.000)	($105.000)	($34.500)	($20.000)	($19.900)	($2.600)	$0.000	$0.000
Escrow Balance - Ending	$217.757	$96.968	$83.357	$84.108	$19.502	$8.537	$4.423	$0.508	$15.179	$33.163	$34.919
Loan Balance - Beginning	$300.000	$300.000	$260.000	$232.000	$182.000	$77.000	$42.500	$22.500	$2.600	$0.000	$0.000
Loan Repayments	$0.000	($40.000)	($28.000)	($50.000)	($105.000)	($34.500)	($20.000)	($19.900)	($2.600)	$0.000	$0.000
Loan Balance - Ending	$300.000	$260.000	$232.000	$182.000	$77.000	$42.500	$22.500	$2.600	$0.000	$0.000	$0.000
Escrow To Loan Balance - %	73%	37%	36%	46%	25%	20%	20%	20%	0%	0%	0%

Calculation of Initial Loan Balance

ETC/CSC Capital Costs	$130.300	
Fiber Capital	$58.809	
Mark IV Tags	$11.000	
DelDot ETC Equipment	$2.000	
Total Capital Cost	$202.109	(1)
Origination/Closing Fees	$4.410	
Subtotal	$206.519	
Operating Loan Fund	$93.481	(2)
Loan Balance Needed	$300.000	

	Facility Size	Interest Rate	
Fixed Rate Loan	$150.000	7.06%	(3)
Floating Rate Loan	$150.000	6.87%	(4)
Interest Income - After Construction		5.00%	(5)
Interest Income - Construction period		5.35%	(5)

Financing Costs		
Closing Costs		$4.410
Ongoing Fees		$0.500
Interest Expense - Net		$53.662
Make-Whole Payment	(6)	$4.197
Total		$62.769

(1) Represents fixed construction price - does not include additional $11 million tag purchase allowed by contract (only used if market penetration warrants) and 10% construction contingency allowed by Project Agreement for unanticipated change-orders.

(2) Operating Loan Fund represents additional funds required to finance based on .5% violation rate, 50% collection rate, and increase by 10% (to avg. 45%) in market penetration, and 25% reduction in Fiber Revenue. It is estimated that these additional funds will be repaid within four years of loan closing if actual performance is closer to base case assumptions. (.88% violation, 50% collection, 35% market penetration.)

(3) Fixed Rate Loan - 10 Year Treasury Notes (2/15/08) as of March 10, 1998 (5.66%) plus 140 basis points.

(4) Floating Rate Loan - 6 month LIBO rate (5.72%) as of March 10, 1998 plus 115 basis points.

(5) Interest income assumed at 5.35% during construction and 5.00% thereafter. Current 90 day T-Bill rate is 5.15%.

(6) Make-whole payment calculated at Treasury + 50 basis points. Assumes loan facility remains until retired with project proceeds.

ETC REGIONAL CONSORTIUM
Base Case Financial Model
Assumes 3/1/98 Notice To Proceed
Summary of Assumptions

Revenue Assumptions

(1) Fiber Revenue - Assumes 415 total miles of Fiber will be installed. - 75% marketable
Rentals as follows:

Inner duct - $49,000 per mile up front or $5,178 per year
Fiber Pairs - $3,200 upfront or $338 per year

(2) Violations Revenue - based on revenue data supplied by MFS. Assumes an overall average violation rate of .88%, with a 50% collection rate. Overall average violation rates by year are as follows:

Year	Rate	Year	Rate	Year	Rate
1998	1.39%	2003	0.69%	2008	0.50%
1999	1.33%	2004	0.52%		
2000	1.76%	2005	0.50%		
2001	1.64%	2006	0.50%		
2002	1.19%	2007	0.50%		

Each Consortium member has its own violation rate assumptions included in the above averages.
The model assumes that approximately 50% of all potential violations can be identified and send citations.
Of those 50%, approximately 50% will be collected. This results in an overall collection rate of approximately 25%.

(3) Court revenue - No collection of court revenue has been assumed for the base case model. There is a possibility that up to $80 million may be collected through the court system based on the MFS assumptions shown in #2 above, or by referrals to collection agencies.

(4) Customer float - represents interest earnings on customer prepaid account balances and tag deposits (for customers who replenish by check or cash). Assumes an average prepaid balance of $40, with interest at 5%.

(5) Mailing Revenue - based on projections supplied by MFS. Represents income which can be earned by allowing the CSC to obtain advertisements to be included in the customer statements.

(6) Parking - based on projections supplied by MFS. Represents net revenue, as it is assumed that capital costs will be paid for by the parking lot operators. Gross revenue was estimated at $25 million over the project term, with operating costs assumed at $10 million.

(7) Smart Card - Based on estimates supplied by MFS and accepted by the MET team in October 1996.

(8) National Service Center - based on October 1996 Best and Final Offer. Consortium to receive rebate of .0025 cents/ transaction on all additional transactions brought into the CSC.

ETC REGIONAL CONSORTIUM
Base Case Financial Model
Assumes 3/1/98 Notice To Proceed
Summary of Assumptions

Cost Assumptions

(1) CSC Expenses - per contract section 6.02 (c) as a fixed price based on average 35% market penetration. Price is subject to adjustments beginning on 7/1/2001 of $.04/transaction for transactions above or below baseline penetration rate. Average baseline price per transaction is approximately $.043.

(2) VPC Expenses - per contract section 6.02 (e) as a fixed price based on overall violation rate of .88% with a 50% collection rate. Price is subject to adjustment as set forth in the contract based on actual number of images reviewed and actual payments processed. In no event can the VPC price fall below $60,751,220. Actual price is based on $1.361 per image reviewed and $.330 per payment processed.

(3) Credit card/banking fees - per contract section 6.02 (d). Represents a direct pass- through of costs. Estimate based on the assumptions that there will be 90% credit card replenishment and 10% check/cash replenishment. Assumes a 1.80% charge for credit card transactions and a .2% charge for checks.

(4) Fiber maintenance - per contract section 6.02 (g). Represents a maximum not to exceed amount. Contract requires MFS to submit actual invoices on a cost plus basis - Consortium will receive any benefit at the end of twenty years if actual expenses plus overhead are less than $40 million.

(5) Trustee/accounting fees - Represents annual amounts payable to trustee and co-trustee ($26,500 total) as well as $23,500 to cover future accounting, financial advisory, consultant fees which may be required to monitor the project.

(6) Interest expense - Calculated based on floating rate of 5.72% (6 month LIBOR rate) plus 115 basis points and fixed rate of 5.66% (10 year treasury) plus 140 basis points.

(7) Interest income - Calculated based on a floating rate of 5.35% during the construction period and 5.0% thereafter.

(8) Origination Fees/Closing Costs - include fees payable to Newcourt/Lenders and their legal fees, EDA fees, and trustee and co-trustee fees.

(9) Make-whole calculated based on Treasury plus 50 basis point. Current treasury rates were used. Model assumes that floating rate debt is paid in full before fixed rate debt is paid.

(10) Capital/construction costs - includes the following:

(a) ETC Construction Costs - per section 6.02 (a) of the contract.
(b) CSC and VPC Construction Costs - per section 6.02 (b) of the contract.
(c) Fiber Capital - per section 6.02 (f) of the contract, subject to a $3,000,000 adjustment
(d) Delaware ETC equipment - estimated DelDOT change order
(e) Mark IV tags - represents 50% of the transponder purchases required under the base case. Remaining need will be purchased through the use of Federal Funds.

ATTACHMENT 2

TRUE UP AGREEMENT, MARCH 10, 1998

TRUE UP AGREEMENT

dated March 10, 1998

between

THE STATE OF DELAWARE,
ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION,

NEW JERSEY TURNPIKE AUTHORITY,

THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY,

SOUTH JERSEY TRANSPORTATION AUTHORITY

and

NEW JERSEY HIGHWAY AUTHORITY

and

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

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TRUE UP AGREEMENT

THIS TRUE UP AGREEMENT, dated March 10, 1998 (this "**Agreement**") between THE STATE OF DELAWARE, ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION ("**DelDOT**"), the NEW JERSEY TURNPIKE AUTHORITY ("**NJTA**"), a body corporate and politic established pursuant to N.J.S.A. 27:23-1 *et seq.*, THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY ("**PANYNJ**"), a body corporate and politic created by the Compact of April 30, 1921 made by and between the States of New York and New Jersey (as codified in McK. Unconsol. Laws §§ 6401-6423 and N.J.S.A. 32:1-1 to 32:1-24, respectively) and thereafter consented to by the Congress of the United States, the SOUTH JERSEY TRANSPORTATION AUTHORITY ("**SJTA**"), a body corporate and politic established pursuant to N.J.S.A. 27:25A-1 *et seq.* and the NEW JERSEY HIGHWAY AUTHORITY ("**NJHA**"), a body corporate and politic established pursuant to N.J.S.A. 27:12B-1 *et seq.* (each a "**Member**" and collectively, the "**Consortium**") and the New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "**Authority**").

W I T N E S S E T H :

WHEREAS, the Members have formed the Consortium for the purpose of receiving the services associated with the design, installation and implementation of an integrated electronic toll collection system ("**ETC System**"), the design, installation, marketing, operation and maintenance of a fiber optic system ("**Fiber Optic System**") and the design, installation, implementation, maintenance and operation of a customer service center ("**CSC**") (collectively, the "**Project**"); and

WHEREAS, the NJTA acting in its capacity as Designated Representative (the "**Designated Representative**") and MFS Network Technologies, Inc. a Delaware corporation (the "**Service Provider**") have entered into that certain Contract dated March 10, 1998 (the "**Project Agreement**") relating to the Project; and

WHEREAS, the Service Provider has arranged with the Authority to finance certain costs of the Project and the Authority intends to issue the Bonds (as hereinafter defined) pursuant to an Indenture of Trust dated March 10, 1998 (the "**Indenture**") to be purchased by the Bond Purchasers in an aggregate principal amount of $300,000,000 pursuant to a Bond

Purchase Agreement dated the Closing Date (the "**Bond Purchase Agreement**"); and

WHEREAS, it is a condition to the Authority's participation in the Project that each Member enter into this Agreement in order to effectuate the irrevocable and unconditional assignment by the Authority to the Trustee, for the benefit of the Bondholders, of the Member's respective payment obligations under this Agreement;

NOW, THEREFORE, in consideration of the foregoing, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01 Definitions. Certain capitalized terms used in this Agreement have the meaning provided in Annex A to the Indenture which Annex A is incorporated herein by this reference and the rules of construction set forth therein shall apply herein.

ARTICLE II.

TRUE UP

Section 2.01 Payment of the True Up Amount.

(a) Upon the occurrence of a True Up Event, each Member shall be obligated to pay its Percentage of the True Up Amount (the "**True Up Payment**"), and upon receipt from the Trustee of a notice substantially in the form of Exhibit A hereto (the "**True Up Notice**"), such Member shall promptly pay to the Authority for deposit to the True Up Account its Percentage of the True Up Amount, provided that in no event shall any Member be obligated to pay an amount in excess of its Percentage of the True Up Amount then in effect for such Member as determined pursuant to this Agreement. The True Up Notice shall set forth in reasonable detail the event which comprises the True Up Event and the amount payable by each Member to which such True Up Event applies.

As used herein, "**True Up Amount**" shall mean (x) the aggregate amount of all outstanding principal, accrued interest, Capitalized Interest and Make-Whole Amount and Modified Make-Whole Amount, if any, and any other amounts due and owing hereunder, on the Bonds and under the Indenture to the Bondholders, minus (y) any due and unpaid True Up Payments of any Member whose Percentage has been reduced to zero pursuant to Section 2.04(a), minus (z) the sum of (1) the amounts on deposit in the Monthly Payment Account (less payments that need to be made pursuant to clauses first and second of Section 5.06(a) of the Indenture) and (2) the amounts on deposit in the True Up Account (to the extent that amounts in the True Up Account are not to be applied to True Up Payments described in clause (y)); provided, however, that for purposes of determining the "True Up Amount" in the case of an Event of Default described in Section 8.02(b) of the Indenture, the amount in clause (z) shall be zero.

(b) The obligations of each of NJTA, SJTA and NJHA to pay the True Up Amount hereunder are subject to the subordination provisions of such Member's Bond Resolution to the extent set forth in Schedule III and the Lien and pledge created therein in favor of such Member's Indebtedness. Notwithstanding anything contained herein to the contrary, the obligations of DelDOT to pay the True Up Amount hereunder is subject to such amount being appropriated pursuant to an act of appropriation adopted by the General Assembly of the State of Delaware.

Section 2.02 Nature of Obligations. Each Member specifically agrees that it shall not be necessary, and that such Member shall not be entitled to require, before or as a condition of enforcing the obligations of any Member under this Agreement that any Person: (a) file suit or proceed to obtain or assert a claim for personal judgment against any other Member with respect to such other Member's Percentage of the True Up Amount; (b) seek to realize upon any security now or hereafter existing for the True Up Amount; (c) exercise or assert any other right or remedy to which such Member is or may be entitled in connection with its Percentage of the True Up Amount or any security therefor or (d) assert or file any claim against the assets of any other Member, with respect to such other Member's Percentage of the True Up Amount.

Section 2.03 Separate Obligations. The obligations of each Member to pay its Percentage of the True Up Amount hereunder are independent of the obligations of any other Member or the Authority and a separate action or actions may be brought and prosecuted against each Member whether or not action is brought against any other Member or the Authority and whether or not any other Member or the Authority be joined in any such action or actions.

Section 2.04 Adjustment of Percentage. (a) Upon the occurrence of a True Up Event of Default with respect to a Member and after determining the amount of such Member's True Up Payment, the Percentage of such Member shall be reduced to zero and the Percentages of the remaining Members shall be increased proportionately to equal 100 percent of the True Up Amount (as reduced by an amount equal to the True Up Payment of such Member, whether or not such True Up Payment shall have been paid by such Member). Upon payment by such Member of the full amount of such Member's True Up Payment, the Percentages of all the Members shall be readjusted to the then current Percentages as shall then be applicable pursuant to Section 2.04(b).

(b) Except as provided in Section 2.04(a), the Percentage of a Member shall not be adjusted for purposes of this Agreement without the prior written consent of the Required Bondholders which consent shall not be unreasonably withheld or delayed; provided, that the Percentage of a Member may be adjusted, without the prior consent of the Bondholders, in the event that (i) the adjustment of the Percentage shall be no more than 40 percent upward or downward (on a cumulative basis) of such Member's initial Percentage set forth in Schedule I hereto and (ii) the aggregate percentages of all Members as adjusted shall at all times equal 100 percent. Notwithstanding the foregoing proviso, the Percentage of SJTA shall not at any time exceed 6 percent of the total True Up Amount then due under this Agreement without the prior written consent of the Required Bondholders which consent shall not be unreasonably withheld or delayed.

(c) As between and among the Members, any adjustment to the Percentages shall not affect any rights that any Member or Members may have against any other Member or Members pursuant to the Memorandum of Understanding among the Members executed on December 9, 1996 and with respect to PANYNJ on January 28, 1997, as amended, or otherwise.

ARTICLE III.

PLACE AND MANNER OF PAYMENT

Section 3.01 Payments. All payments to be made by each Member under this Agreement shall be payable to the Authority. As a consequence of the assignment referred to in Section 8.01, such payments shall be made directly to the Trustee for deposit to the applicable account of the Project Fund. Each Member agrees that it will make all payments due hereunder in Dollars by wire transfer no later than (x) 2:00

p.m. (New Jersey time) of the date of the True Up Notice if such True Up Notice is received prior to 11:00 a.m. of such date or (y) 11:00 a.m. (New Jersey time) of the following day if such True Up Notice is received later than 11:00 a.m., in immediately available funds without setoff, counterclaim or other defense. Except as otherwise expressly provided in this Agreement, all amounts due hereunder that are not paid when due as specified in the preceding sentence shall be paid together with interest thereon from such due date to the date of payment at the Past Due Rate. Amounts received by the Trustee after 2:00 p.m. (New Jersey time) on any Business Day shall be deemed to have been received on the next succeeding Business Day. Except as otherwise provided herein, whenever any payment to be made under this Agreement shall be stated to be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day and such extension of time shall in such case be included in computing interest in connection with such payment.

ARTICLE IV.

CHARACTER OF OBLIGATIONS; ETC.

Section 4.01 Obligations Not Affected. The obligations of each Member pursuant to Section 2.01 hereof shall be continuing and irrevocable, absolute and unconditional, primary and original, immediate and not contingent and shall remain in full force and effect without regard to and shall not be released, discharged or in any way affected by any circumstance or condition, including, without limitation, the occurrence of any one or more of the following: (a) any termination or expiration or breach or lack of validity or enforceability of the Project Agreement or the other Operative Documents or any provision thereof, the absence of any action to enforce the same or waiver or consent with respect to any provision thereof; (b) any bankruptcy, insolvency, winding up or reorganization of, or similar proceedings involving, the Consortium, any Member, the Service Provider or the Authority or any of their Affiliates; (c) the recovery of any judgment against any party to the Credit Facilities or any action to enforce the same; (d) any failure or delay in the enforcement of the obligations of any Person under the Credit Facilities or any other agreement or any provision thereof; (e) any set-off, counterclaim, deduction, defense, abatement, suspension, deferment, diminution, recoupment, limitation or termination available with respect to the True Up Amount, and irrespective of any other circumstances that might otherwise limit recourse by or against the Consortium, any Member, or any other party to the Credit Facilities; (f) any compromise, alteration, amendment, modification, extension, renewal, release or other change, or waiver, consent or other action, or delay or omission or failure to act, in respect of any of the terms, covenants or conditions of the Credit Facilities or the Project Agreement (except to the extent that the payment or performance of the True Up Amount is waived in writing by the Authority, the Trustee and the Bondholders), or any other agreement or any related document referred to therein, or any assignment or transfer of any thereof; or (g) to the maximum extent permitted by law, any other circumstance that might otherwise constitute a legal or equitable defense or discharge of a Member with respect to its Percentage of the True Up Amount (other than the defense of payment in full by such Member with respect to its Percentage of the True Up Amount).

Section 4.02 Waiver by the Members. Each Member hereby expressly and irrevocably waives diligence, demand for payment, filing of claims with any court, any proceeding to enforce any provision of the Project Agreement or the Credit Facilities, any diligence in collection or protection of or realization on the True Up Amount, any obligation hereunder or any collateral security for any of the foregoing, any right of protest, presentment, notice or demand whatsoever, all claims of waiver, release, surrender, alteration or compromise, and all defenses (other than the defense of payment in full by such Member with respect to its Percentage of the True Up Amount), set-offs, counterclaims, recoupments, reductions, limitations, impairments or terminations, whether arising hereunder or otherwise.

Section 4.03 Reinstatement. Each Member agrees that this Agreement shall, to the extent permitted by Applicable Law, be automatically reinstated if and to the extent that for any reason any payment by any Member with respect to its Percentage of the True Up Amount is rescinded or must be otherwise restored by the Authority or the Bondholders, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

Section 4.04 Acknowledgment of Obligations. (a) Each Member (other than PANYNJ and DelDOT) agrees that in the event any True Up Payment or Monthly Payment payable by it shall not be treated in the manner described in Schedule II, such Member shall acknowledge and/or reaffirm its obligations hereunder and shall include such amounts, if any, in the calculation of the Rate Covenant of such Member in accordance with the Bond Resolution of such Member.

(b) DelDOT agrees that it will (i) include in any budget request which it submits to the Delaware Budget Office and (ii) cause the Delaware Budget Office to include in the Governor of the State of Delaware's recommended budget for any fiscal year, any True Up Amount or other amount payable under this Agreement or any Approved Expenses payable hereunder, under the Credit Facilities or the Project Agreement, and that it will take all necessary and appropriate action for the inclusion of such amounts in the annual budget of the State of Delaware for the years during which such amounts are due and payable and for the adoption by the General Assembly of the State of Delaware of an act of appropriation with respect thereto.

(c) PANYNJ agrees that it will characterize and treat its obligations to make any True Up Payment or Monthly Payment payable by it in the manner ascribed to it in Schedule II.

(d) If the CoreStates Obligation (as defined in Schedule III) is not paid and satisfied in full or refinanced on or prior to October 1, 2000 by the SJTA from the proceeds of bonds, notes or other evidences of indebtedness that are (i) "Bonds" (as defined in SJTA's Bond Resolution), or (ii) "Subordinated Indebtedness" (as such term is defined in SJTA's Bond Resolution) (herein called "Refunding Subordinated Indebtedness") which Refunding Subordinated Indebtedness (A) is pari passu with the SJTA's obligation to make True Up Payments hereunder (except for any debt service reserve fund which is financed with the proceeds of such Refunding Subordinated Indebtedness and which may be pledged exclusively to the payment of such Refunding Subordinated Indebtedness) and (B) shall be issued without rank, preference or priority over the SJTA's obligations to make True Up Payments hereunder (except for any debt service reserve fund which is financed with the proceeds of such Refunding Subordinated Indebtedness and which may be pledged exclusively to the payment of such Refunding Subordinated Indebtedness), then the SJTA shall pay to the Authority on a monthly basis, for deposit by the Trustee in the Additional Payment Account, an amount (the "**Additional Payment**") equal to the product of (i) the aggregate principal amount of the Bonds Outstanding, times (ii) SJTA's applicable Percentage, times (iii) the excess of (A) the Past Due Rate over (B) the rate then in effect on the Bonds. SJTA's obligations to make such payments shall terminate when the CoreStates Obligations shall have been paid and satisfied in full or refinanced in accordance with this paragraph (d).

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

Section 5.01 Representations and Warranties.

Each Member hereby represents and warrants for itself that:

(a) Such Member (other than DelDOT) is duly organized and validly existing under the laws of the jurisdiction of its organization and has full legal power and authority to own its property and assets and to conduct its affairs.

(b) Such Member has full legal power and authority to execute, deliver and carry out the terms and provisions of this Agreement and has taken all necessary action to authorize the execution, delivery and performance of this Agreement. Such Member has duly executed and delivered this Agreement and this Agreement constitutes the legal, valid and binding obligation of such Member enforceable in accordance with its terms.

(c) Neither the execution, delivery and performance by such Member of this Agreement nor compliance by it with the terms and provisions hereof, nor the consummation of the transactions contemplated herein, (i) will contravene any applicable provision of any law, statute, rule, regulation, order, writ, injunction or decree of any court or governmental instrumentality having jurisdiction over it, (ii) will conflict or be inconsistent with, or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any lien upon any of the property or assets of such Member pursuant to the terms of, any material indenture, mortgage, deed of trust, agreement or other instrument to which such Member is a party or by which it or any of its material property or assets are bound or to which it may be subject or (iii) with respect to NJTA, NJHA, SJTA and PANYNJ, will violate any provision of the Enabling Act (or equivalent organizational documents) of such Member.

(d) As to such Member, no order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize or is required in connection with (i) the execution, delivery and performance of this Agreement or (ii) the legality, validity, binding effect or enforceability of this Agreement, except such as has been obtained and is in full force and effect.

(e) Except as may be disclosed in Schedule IV or in the audited financial statements of such Member described on Schedule VI, there are no actions, suits or proceedings pending or, to such Member's knowledge, threatened with respect to such Member that could reasonably be expected to have a material adverse effect on the rights or remedies of the Authority or the Trustee, for the benefit of the Bondholders, or on the ability of such Member to perform its obligations hereunder.

(f) Except as disclosed in Schedule IV, the financial statements of such Member described on Schedule V present fairly the financial condition of such Member at the date of such statements. Such financial statements have been prepared on the basis set forth therein. Since the date of such financial statements, there has been no material adverse change in the business, operations, property, assets, condition (financial or otherwise) or prospects of such Member, except as disclosed in Schedule IV.

(g) Except as disclosed in Schedule IV or as fully reflected in the financial statements described on Schedule VI, there were no liabilities or obligations with respect to such Member of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in aggregate, would have a material adverse effect on such Member. As of the date hereof such Member does not know of any basis for the assertion against such Member of any liability or obligation of any nature whatsoever that is not fully reflected in such financial statements which, either individually or in the aggregate, could have a material adverse effect on such Member.

(h) All factual information ascribed to such Member in Schedule IV and VI (taken as a whole) for purposes of or in connection with this Agreement or any transaction contemplated herein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of such Member to the Trustee will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading at such time in light of the circumstances under which such information was provided.

(i) Such Member is in compliance with all Applicable Laws in respect of the conduct of its affairs and the ownership of its property (including Applicable Laws relating to environmental standards and controls), except such noncompliances as would not, in the aggregate, have a material adverse effect on the business, operations, property, assets, condition (financial or otherwise) or prospects of such Member or a material adverse effect on its ability to perform its obligations under this Agreement.

(j) Such Member has never maintained or contributed to (or had an obligation to contribute to) any plan (as defined in Section 3 of ERISA or Section 4975 of the Code) that is subject to Title I of ERISA or Section 4975 of the Code. The execution and delivery of this Agreement and the payment of True Up Amounts hereunder will be exempt from, or will not involve any transaction which is subject to, the prohibitions of either Section 406 of ERISA or Section 4975 of the Code, or similar prohibitions under applicable federal, state or local law, and will not involve any transaction in connection with which a penalty could be imposed under Section 502(i) of ERISA, a tax could be imposed under Section 4975 of the Code, or a liability could be imposed pursuant to any such applicable federal, state or local law.

(k) Subject to Sections 4.04 and 6.02, such Member will characterize and treat its obligations to make Monthly Payments and True Up Payments in the manner ascribed to it in Schedule II.

(l) Such Member has no right to claim sovereign immunity with respect to the enforcement of its obligations hereunder, provided that the enforcement of the obligations hereunder is subject to (x) the provisions of the New Jersey Tort Claims Act (NJSA §59:4-1 et. seq.), and the New Jersey Contractual Liability Act (NJSA §59:13-1 et. seq.) with respect to NJTA, NJHA and SJTA and (y) McKinney's Unconsolidated Laws §§7101-7112, 7131-7136 and 7141-7142 and NJSA §32:1-157 to 176 with respect to PANYNJ.

ARTICLE VI.

COVENANTS

Section 6.01 Information Covenants. Each Member hereby agrees to furnish to the Trustee:

(a) Annual Financial Statements. Within 180 days after the close of each fiscal year of such Member, the financial statements of such Member (similar to such financial statements described in Section 5.01(f) hereof), in each case setting forth (except in the case of SJTA) comparative figures for the preceding fiscal year and certified by independent certified public accountants selected by such Member.

(b) Operating Budgets. With respect to each Member other than PANYNJ, within 30 days after the adoption of the operating budget required by Applicable Law or to be delivered to a bond trustee under the Bond Resolution of such Member, such operating budget accompanied by the statement of the Responsible Officer of such Member to the effect that, to the best of his knowledge, the operating budget is a reasonable estimate for the period covered thereby.

(c) Other Reports and Filings. Promptly upon passage or issuance thereof, copies of (i) all bond or similar resolutions adopted by such Member, (ii) copies of all official statements or other offering documents issued by such Member and (iii) except with respect to PANYNJ, all documents required to be delivered to a bond trustee.

(d) Traffic Reports. With respect to each Member other than PANYNJ, at the time of the delivery of the financial statements provided for in Section 6.01(a), the most recent traffic report officially accepted by such Member, if any, prepared, during the period covered by such financial statements in accordance with the Bond Resolution of such Member by independent consultants and the most recent annual updates, if any, since the last traffic report delivered hereunder, setting forth in reasonable details, such information as is customarily provided to the bond trustee in connection with the bonds of such Member.

(e) Notice of Default or Litigation. Promptly, and in any event (i) within three Business Days after obtaining knowledge thereof, notice of the occurrence of any event which constitutes a Default or Event of Default and (ii) within ten Business Days after obtaining knowledge thereof, notice of any litigation or governmental proceeding pending (x) against such Member which could materially and adversely affect the business, operations, property, assets condition (financial or otherwise) or prospects of such Member or the Project or (y) with respect to any Operative Documents or the Project.

(f) <u>No Default Certificate</u>. At the time of the delivery of the financial statements provided for in Section 6.01(a), a certificate from a Responsible Officer of such Member stating that to the best of such Responsible Officer's knowledge after due inquiry no Default or Event of Default (including with respect to any failure to deliver any of the information required to be delivered in this Section 6.01) has occurred or is continuing, or in the event such Responsible Officer has knowledge of a Default or an Event of Default, the nature of such Default and Event of Default.

(g) <u>Estimate of True Up Amount</u>. On or about November 30 of each year, (x) a report from the Independent Accountant setting forth a recalculation of the base case model provided at Closing and the basis for such recalculation and (y) a certificate of the Designated Representative (agreed to and acknowledged by each other Member of the Consortium) setting forth the Designated Representative's estimate of the amount of the True Up Amount to be owed by each Member.

(h) <u>Material Events</u>. Promptly, and in any event, within ten Business Days after obtaining knowledge thereof, notice (to the extent such notice is not included in Section 6.01(g)) of (x) the occurrence of any event that materially and adversely affects such Member's ability to make Monthly Payments and True Up Payments, and (y) the use by any Member of any monies in any separate dedicated fund which such Member may have created as a reserve solely for such Member's projected True Up Payments, provided that this clause (y) shall not (A) obligate any Member to create any such fund or otherwise limit the use of such fund by such Member for any authorized purpose or (B) require notice in the event a Member reduces the amount in such fund to an amount not less than its projected accrued liability for its True Up Payment based upon the Accounting Letter and the recalculated base case model provided pursuant to Section 6.01(g).

Section 6.02 <u>Change in Accounting</u>. Each Member agrees to provide prompt written notice to the Trustee of any change in such Member's method of accounting for, allocation and characterization of its obligations hereunder from the method described in Schedule II or the Accounting Letter of such Member.

Section 6.03 Rate Covenants and Budget. (a) At all times during the True Up Period, the obligations of NJTA and NJHA to make Monthly Payments and True Up Payments shall be (i) characterized as "Operating Expenses" (as defined in such Member's Bond Resolution) or (ii) characterized as an item which is included within the definition of Net Revenue Requirement (as defined in such Member's Bond Resolution) and incorporated within the Rate Covenant of such Member and each such Member agrees and acknowledges that its Rate Covenant is incorporated herein by reference in all respects for the benefit of the Trustee and the Bondholders, provided that this subparagraph (a) shall not require the funding or establishment of a reserve, other than as set forth in the Accounting Letter.

(b) At all times during the True Up Period, the obligations of SJTA to make Monthly Payments and True Up Payments shall be (i) characterized as "Operating Expenses" (as defined in SJTA's Bond Resolution) or (ii) included in the Rate Covenant of SJTA, and SJTA agrees and acknowledges that its Rate Covenant is incorporated herein by reference in all respects for the benefit of the Trustee and Bondholders, provided that this subparagraph (b) shall not require the funding or establishment of a reserve, other than as set forth in the Accounting Letter.

(c) At all times during the True Up Period, the obligations of DelDOT to make Monthly Payments and True Up Payments shall be included in the budget of the State of Delaware and it will take all necessary and appropriate action for the inclusion of such amounts in such budget for any fiscal year and the years during which such amounts are due and payable and for the adoption by the General Assembly of the State of Delaware of an act of appropriation with respect thereto.

Section 6.04 Defeasance and Amendment. (a) Each Member (other than DelDOT and PANYNJ) agrees that, at any time during the True Up Period, if such Member shall defease its Indebtedness and discharge the Lien of the Bond Resolution of such Member and no replacement or successor bond resolution shall be in effect for such Member, (i) such defeasance and discharge of the Lien of such Bond Resolution shall in no event affect the ability of such Member to make True Up Payments as "Operating Expenses" (as defined in such Bond Resolution of such Member) or prevent the inclusion of its obligation to make True Up Payments within the calculation of the Rate Covenant of such Member pursuant to the Bond Resolution of such Member as set forth in Schedule II, (ii) the Rate Covenant set forth in such Bond Resolution shall be incorporated herein in its entirety as such Rate Covenant shall be in effect immediately prior to the time such Member shall defease its Indebtedness and discharge the Lien of the Bond Resolution of such Member, and (iii) any debt service coverage test currently in place in such Member's Bond Resolution with respect to such Member's ability to issue additional indebtedness, or other obligation superior in right or time of payment to such Member's payment obligations to make True Up Payments shall be incorporated herein in its entirety as in effect immediately prior to the time such Member defease its Indebtedness and discharge the Lien of the Bond Resolution of such Member.

(b) Each Member (other than DelDOT and PANYNJ) agrees that in the event after the date hereof such Member shall amend its Bond Resolution or replace or supersede its Bond Resolution with a successor bond resolution, then the characterization, priority, budgeting process and treatment of the payment obligations of such Member with respect to Monthly Payments and True Up Payments shall be on no less favorable terms under its Bond Resolution, as so amended or any such successor bond resolution than was afforded under the Bond Resolution of such Member in effect as of the date hereof.

Section 6.05 Consolidation and Merger. Each Member agrees that if such Member shall consolidate with or merge with any other corporation or entity or convey, transfer or lease substantially all of its assets in a single transaction or series of transactions to any person or entity, (a) the successor formed by such consolidation or the survivor of such merger or the person or entity that acquires by conveyance, transfer or lease substantially all of the assets of such Member as an entirety, as the case may be (i) shall have executed and delivered to the Trustee its assumption of the due and punctual performance and observance of each covenant and condition of this Agreement and (ii) shall have caused to be delivered to the Authority and the Trustee an opinion of nationally recognized independent counsel, or other independent counsel reasonably satisfactory to the Majority Bondholders, to the effect that all agreements or instruments effecting such assumption are enforceable in accordance with their terms and comply with the terms hereof and (b) immediately after giving effect to such transaction, no Default or Event of Default shall have occurred and be continuing.

Section 6.06 Replacement of Service Provider. The Designated Representative and each other Member hereby agrees and acknowledges that if at any time the Service Provider shall cease to act as such under the Service Provider Agreement and until such time thereafter as a successor

Service Provider shall have (i) acknowledged and assumed all obligations of the Service Provider under the Service Provider Agreement, and (ii) delivered to the Authority and the Trustee an opinion of counsel to the successor Service Provider in substantially the same form and addressing the same matters as such opinion delivered by such counsel at Closing, including, without limitation, due execution and authorization and the validity, legality and enforceability of such acknowledgment and assumption of such obligation of the Service Provider, the Designated Representative agrees to perform the functions of the Service Provider and indemnifies the Indemnitees (as defined in the Service Provider Agreement) pursuant to the terms of the Service Provider Agreement as if it were the Service Provider and the obligor under the Service Provider Agreement.

Section 6.07 Insurance. To the extent required under the Project Agreement, the Authority shall be named as an additional insured on insurance policies as set forth in the Project Agreement. In the event that such insurance policies at any time are not in effect, the Designated Representative shall obtain such insurance policies, and if the Designated Representative fails to do so as soon as reasonably practicable after notice from the Authority, the Authority may obtain such insurance policies and the cost thereof shall be an Approved Expense.

Section 6.08 Project Users. The Members shall not permit any leasing or subleasing of all or any part of the Project or assigning of leases that would impair the operation of the Project or cause the Project not to be operated as an authorized project under the Act. Except for leases of the Fiber Optic System as part of the Project, the Members do not currently anticipate that there shall be any leases, subleases or assignments.

Section 6.09 Operation of Project. The Designated Representative shall cause the Project to be operated as an authorized project for the purpose and use as provided for under the Act until the expiration or earlier termination of this Agreement.

Section 6.10 Preservation of Project. The Members shall at all times preserve and protect the Project, or cause the Project to be preserved and protected, in good repair, working order and safe condition, and from time to time will make, or will cause to be made, all needed and proper repairs, renewals, replacements, betterments and improvements thereto including those required after a casualty loss. All operating costs, utility charges and other costs and expenses arising out of ownership, possession, use or operation of the

Project shall constitute Approved Expenses. The Authority shall have no obligation and makes no warranties respecting the condition or operation of the Project. The undertaking of the Members pursuant to this Section 6.10 shall be without prejudice to any rights or remedies which they or the Designated Representative may have under the Project Agreement.

Section 6.11 Completion of Project. The Designated Representative shall, at the time of completion of the Project, deliver a completion certificate provided by the Designated Representative to the Service Provider pursuant to the Project Agreement.

Section 6.12 Use of Project and Leases. On each anniversary hereof, the Designated Representative shall provide or cause to be provided to the Trustee and the Authority (x) a written description of the present use of the Project, current leases, and a description of any anticipated material change in the use of the Project or in the number of the employees employed at the Project and (y) a report from every entity that leases and occupies space at the Project indicating the number of persons the entity employs at the Project.

Section 6.13 No Fraudulent Misrepresentations. In the event any representations, statements or warranties set forth in the Application and the Project Agreement proves to have been a fraudulent misrepresentation when made, the Designated Representative agrees to pursue its remedies under Section 3.04 of the Project Agreement.

ARTICLE VII.

MONTHLY PAYMENTS AND PROJECT FUND DEFICIENCY PAYMENTS

Section 7.01 Monthly Payment. Not later than the last calendar day of each month, each Member shall make a monthly payment (the **"Monthly Payment"**) to the Authority for deposit into the Monthly Payment Account in an amount equivalent to the amount of such Member's System Proceeds remitted by the Depository (as defined in the Project Agreement) pursuant to Section 6.10(a) of the Project Agreement for the immediately preceding month (the **"Applicable Month"**) and shall provide the Trustee with a statement indicating the amount of such Member's System Proceeds received on each day of such Applicable Month. To the extent any Member collects any amount during an Applicable Month constituting System Proceeds from sources other than the Depository, such Member shall separately identify the source of such collection and shall include such amount in such Member's Monthly Payment relating to such Applicable Month.

In the event a Member shall fail to make any Monthly Payment within thirty days after the last calendar day of the Applicable Month, then during the period commencing on the date thirty days after the last calendar day of such Applicable Month until the date such Monthly Payment is made, interest shall accrue on the unpaid balance of such Monthly Payment at an interest rate equal to the then average investment rate accrued on the Monthly Payment Account during such period, or if such failure to make a Monthly Payment shall result in the inability of the Trustee to make a disbursement to the Bondholders from the Monthly Payment Account to pay interest on the Bonds, the Past Due Rate.

Upon the expiration of the applicable Grace Period (as defined in the next following paragraph), if a Member shall fail to make the full amount of its Monthly Payment, (i) interest shall accrue on such unpaid amount at the Past Due Rate plus 2.25%, (ii) the unpaid amount shall be added to the amount of such Member's True Up Payment, and (iii) the Trustee shall have the right to exercise such other remedies as may be available at law or in equity to collect the unpaid amount.

For purposes of this Article VII, "Grace Period" for a Member with respect to the making of a Monthly Payment shall mean the period ending on the date ninety days after the last day of the Applicable Month, except in the case of NJHA, to the extent that any Monthly Payment or portion thereof constitutes "Junior Indebtedness" (as defined in NJHA's Bond Resolution) such Grace Period may be extended for such Monthly Payment or portion thereof to one hundred and fifty days after the last calendar day of the Applicable Month; <u>provided</u> that NJHA delivers to the Trustee a certificate of the Comptroller or a Responsible Officer of NJHA, stating either (i) that the failure to make such Monthly Payment or portion thereof within the Grace Period is a result of adverse condition(s) outside the control of NJHA which condition(s) could not have reasonably been anticipated during the budget process covering the period during which such payment delay occurs, or (ii) that the amount of the System Proceeds received by NJHA during such Applicable Month and with respect to which NJHA has failed to pay its corresponding Monthly Payment or portion thereof does not exceed the "Stabilization Requirement" (as defined in NJHA's Bond Resolution).

Pursuant to the Clearing Account Agreement, the Depository shall provide to the Trustee a quarterly statement within 15 days after the close of each calendar quarter detailing the amount of Systems Proceeds remitted to each Member in each month during such calendar quarter.

Section 7.02 Project Fund Deficiency Payments. Each Member shall upon receipt of a SP Project Fund Deficiency Notice or a General Project Fund Deficiency Notice make the relevant Project Fund Deficiency Payment to the Authority for deposit in the SP Project Fund Deficiency Account or the General Project Fund Deficiency Account, as applicable, and amounts in the SP Project Fund Deficiency Account and the General Project Fund Deficiency Account shall only be applied by the Trustee to the payment of the approved Disbursement Certificate(s) to which the SP Project Fund Deficiency Notice or General Project Fund Deficiency Notice relates. In no event shall any Member be obligated to make a Project Fund Deficiency Payment (i) in an amount in excess of its Percentage of the True Up Amount at the time in effect, or (ii) for an Approved Expense other than a payment attributable to the Total Contract Amount (as limited by Section 6.02 of the Project Agreement) or a payment of an Approved Expense described in clauses (i), (iv), (v) or (viii) of the definition of "Approved Expenses".

Section 7.03 Certain System Proceeds. Pursuant to Section 6.09(d) and Exhibit 20 of the Project Agreement, the Depository will be authorized and directed by the Members to pay directly to the Authority for deposit in the Monthly Payment Account the proceeds listed in clause (iv) (interest and investment income on customer prepayments) and clause (vi) (tag deposit interest and investment income) of Section 6.09(a) of the Project Agreement.

Section 7.04 Acknowledgement. It is expressly acknowledged and agreed by the parties hereto that all amounts on deposit in the Project Fund shall only be applied for payment of Approved Expenses.

ARTICLE VIII.

MISCELLANEOUS

Section 8.01 Assignment. The parties hereto acknowledge that all of the Authority's right, title and interest in, to and under this Agreement (other than Excepted Rights) will be irrevocably, absolutely and unconditionally assigned by the Authority to the Trustee for the benefit of the Bondholders as security for the repayment of all amounts due under the Credit Facilities. Each Member hereby consents to such assignment and pledges and agrees that on and after such assignment, all rights of the Authority in this Agreement (other than Excepted Rights) may be exercised by the Trustee on behalf of the Bondholders.

Section 8.02 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the Bondholders, and with respect to Excepted Rights, the Authority, provided that any amendment, supplement, waiver or modification which is for the purposes of curing any ambiguity or defect or omission in this Agreement or any of the terms hereof may be effected with the consent of the Majority Bondholders. Without the prior written consent of the Required Bondholders, the Trustee, the Special Co-Trustee and the Authority, (a) the Designated Representative agrees not to amend or modify, and (b) each Member agrees not to consent to any amendment or modification of, Article VI of the Project Agreement in any way adversely affecting payments to the Project Fund, or any other provisions of the Project Agreement relating to payments to the Project Fund.

Section 8.03 Notices. Any notice, request or other communications hereunder shall be given at the notice addresses set forth opposite to the signatures of the parties hereto, in accordance with Section 11.01 of the Indenture which Section 11.01 is incorporated herein by this reference.

Section 8.04 Severability. If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination that any provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled. To the extent permitted by Applicable Law, each Member hereby waives any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

Section 8.05 Delay. No failure or delay on the part of the Authority in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise of any right or remedy shall preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights, powers and remedies herein expressly provided are cumulative and not exclusive of any other rights, powers or remedies that the Authority may have.

Section 8.06 Expenses. Each Member shall pay or reimburse the Authority, the Trustee and the Special Co-Trustee for all costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred in connection with the enforcement of this Agreement against such Member after the occurrence of a True Up Event applicable to such Member.

Section 8.07 Right to Contest. (a) In the event any claim is made by a third party against any Bondholder with respect to a claim described in clause (v) of the definition of "Approved Expenses", and any such Person wishes to be indemnified with respect thereto, such Person shall promptly, upon receiving actual notice of such claim, notify the Trustee and the Designated Representative in writing. Each Bondholder may by notice to the Designated Representative take control of all aspects of the investigation and defense of all claims asserted against it and shall reasonably diligently pursue such investigation and defense and may employ counsel of its choice (which shall be the same counsel for all Bondholders similarly situated), reasonably acceptable to the Designated Representative and at the expense of the Members, provided that (x) so long as no Event of Default has occurred and is continuing, any settlement such Bondholder may enter into must be reasonably consented to by the Designated Representative, and whether or not any Event of Default has occurred and is continuing, no Bondholder may in connection with any such investigation, defense or settlement, without the consent of the Designated Representative, require the Designated Representative to take or refrain from taking any action (other than payment of a settlement amount) or to make any public statement, which the Designated Representative reasonably considers to materially adversely affect the interests of the Members, (y) such Bondholder, other than the Authority, may not claim the defense of sovereign immunity or such other similar governmental defense without the consent of the Designated Representative, and (z) if reasonably requested by the Designated Representative, then such Bondholder shall, if applicable, claim such governmental defense on behalf of the Members. Upon the request of the Designated Representative, such Bondholder shall keep the Designated Representative reasonably apprised of the status of those aspects of such investigation and defense controlled by such Bondholder and shall provide such information with respect thereto as the Designated Representative may reasonably request. The

Designated Representative shall cooperate with such Bondholder in all reasonable respects with respect thereto.

(b) In case any claim is made by a third party against any Indemnified Person other than the Bondholders with respect to a claim described in clause (v) of the definition of "Approved Expenses" and such Person wishes to be indemnified with respect thereto, such Person shall promptly upon receiving actual notice of such claim notify the Trustee and the Designated Representative in writing, and the Designated Representative shall assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Person, the payment of all expenses and the right to negotiate and consent to settlement. Any Indemnified Person or any Bondholder shall have the right to employ separate counsel (which, in the case of the Authority, may be the Attorney General of the State of New Jersey which employment is deemed authorized hereunder) in any such action and to participate in the defense thereof, provided that except as provided in this clause (b), the fees and expenses of such counsel shall be paid by the Indemnified Person employing such counsel, unless the employment of such counsel is authorized in advance by the Designated Representative in writing or is required because of a conflict of interest between the Designated Representative and such Indemnified Person, as determined in good faith by such Indemnified Person, in which case the fees and expenses of such counsel shall be paid by the Designated Representative. The Designated Representative shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the Designated Representative or if a final judgment is entered in favor of the claimant in any such action, the Designated Representative shall discharge the liability and indemnify and hold harmless the Indemnified Person and any Purchaser from and against any loss or liability by reason of such settlement or judgment; provided however that at its option the Authority may elect the treatment provided to the Bondholders in Section 8.07(a) hereof and, in connection therewith, to be represented by the New Jersey Attorney General.

Section 8.08 <u>Term</u>. Subject to reinstatement as set forth in Section 4.03 hereof, this Agreement shall be in effect until full and indefeasible payment and performance of the True Up Amount.

Section 8.09 <u>Successors and Assigns</u>. The terms of this Agreement shall be binding upon each Member and its successors and assigns and shall inure to the benefit of, and may be enforced by, the Authority and the assignees described in Section 8.01. All liabilities to which this Agreement applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

Section 8.10 Governing Law, Submission to Jurisdiction, Venue. THIS AGREEMENT SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW JERSEY. Any legal action or proceeding with respect to this Agreement may be brought (x) in the courts of the State of New Jersey or of the United States for the District of New Jersey, within a county or judicial district situated wholly or partially within the District (as defined in the Compact referred to in the first paragraph of this Agreement), with respect to NJTA, NJHA, SJTA and PANYNJ and (y) in the courts of the State of Delaware or of the United States for the District of Delaware, with respect to DelDOT, and, by execution and delivery of this Agreement, each Member hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts specified for such Member. Each Member further irrevocably consents to the service of process out of the aforementioned courts with respect to each individual Member in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such Member at its address set forth opposite its signature below, such service to become effective upon receipt of such mailing. Each Member hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to in the previous sentences and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 8.11 Waivers. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 8.12 Provisions Subject to Applicable Law. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law, and are intended to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable under the provisions of any Applicable Law.

Section 8.13 Headings. The headings of the various Sections of this Agreement are inserted for purposes of convenience of reference only and shall not modify, define, expand or limit any of the terms and provisions hereof.

Section 8.14 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 8.15 Further Assurances. Upon the request of the Majority Bondholders, each Member will, at its expense, promptly and duly execute and deliver all such documents and assurances and take such further action as may be reasonably necessary or appropriate in order to carry out more effectively the intent and purpose of this Agreement and to establish and protect the rights and remedies created hereunder.

Section 8.16 Non-Recourse. Notwithstanding anything to the contrary contained in this Agreement, no recourse under or upon any obligation contained in this Agreement shall be had against any commissioner, director, officer, agent or employee of any Member; provided, however, that nothing in this Section shall be deemed to release any such Person from liability for his or her own fraudulent actions or willful misconduct.

Section 8.17 Consent and Acknowledgement. Each of the Members hereby acknowledges and consents to the provisions of the Indenture and the Designated Representative hereby expressly agrees to and acknowledges its rights, duties and obligations set forth in the Indenture.

Section 8.18 Remedies. In the event that a Member commits a breach, or threatens to commit a breach of a provision of this Agreement relating to the Authority's public purposes, the Authority shall have the right and remedy, without posting bond or other security, to have the provisions of this Agreement specifically enforced by any court having equity jurisdiction over such Member, it being acknowledged and agreed that any such breach or threatened breach will cause immediate and irreparable injury to the Authority and that money damages will not provide an adequate remedy therefor.

Section 8.19 Actions of the Designated Representative. Each of the parties hereto agrees and acknowledges that any action of the Designated Representative taken under the Credit Facilities shall be binding upon each

Member, and each of the Authority, the Trustee, the Service Provider and the Bondholders may consider and rely upon such action of the Designated Representative in all respects and for all purposes under the Credit Facilities as an action taken by such Member.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

Notice Address

Delaware Department of Transportation P.O. Box 778 Route 113 Bay Road Dover, Delaware 19901 Attn: General Counsel	THE STATE OF DELAWARE, ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION By Anne P. Canby Name: ANNE P. CANBY Title: Secretary
New Jersey Turnpike Administration Building 191 Route 18 North East Brunswick, New Jersey 08816 Attn: Executive Director	NEW JERSEY TURNPIKE AUTHORITY, in its individual capacity and as Designated Representative By ____________ Name: Title:
Port Authority of New York and New Jersey 1 World Trade Center New York, New York 10048 Att: Chief Financial Officer, 67N	THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY By ____________ Name: Title:
South Jersey Transportation Authority Milepost 21.3 Farley Service Plaza Atlantic City Expressway Elwood, New Jersey 08217 Attn: Executive Director	SOUTH JERSEY TRANSPORTATION AUTHORITY By ____________ Name: Title:
New Jersey Highway Authority King Georges Road P.O. Box 5050 Woodbridge, New Jersey 07095 Att: Executive Director	NEW JERSEY HIGHWAY AUTHORITY By ____________ Name: Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

Notice Address

Delaware Department of Transportation P.O. Box 778 Route 113 Bay Road Dover, Delaware 19901 Attn: General Counsel	THE STATE OF DELAWARE, ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION By ______________________ Name: Title:
New Jersey Turnpike Administration Building 191 Route 18 North East Brunswick, New Jersey 08816 Attn: Executive Director	NEW JERSEY TURNPIKE AUTHORITY, in its individual capacity and as Designated Representative By ______________________ Name: Edward Gross Title: Executive Director
Port Authority of New York and New Jersey 1 World Trade Center New York, New York 10048 Att: Chief Financial Officer, 67N	THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY By ______________________ Name: Title:
South Jersey Transportation Authority Milepost 21.3 Farley Service Plaza Atlantic City Expressway Elwood, New Jersey 08217 Attn: Executive Director	SOUTH JERSEY TRANSPORTATION AUTHORITY By ______________________ Name: Title:
New Jersey Highway Authority King Georges Road P.O. Box 5050 Woodbridge, New Jersey 07095 Att: Executive Director	NEW JERSEY HIGHWAY AUTHORITY By ______________________ Name: Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

Notice Address

Delaware Department of
 Transportation
P.O. Box 778
Route 113 Bay Road
Dover, Delaware 19901
Attn: General Counsel

THE STATE OF DELAWARE,
 ACTING BY AND THROUGH ITS
 DEPARTMENT OF TRANSPORTATION

By ______________________________
 Name:
 Title:

New Jersey Turnpike
 Administration Building
191 Route 18 North
East Brunswick, New Jersey 08816
Attn: Executive Director

NEW JERSEY TURNPIKE AUTHORITY,
 in its individual capacity and
 as Designated Representative

By ______________________________
 Name:
 Title:

Port Authority of New York and
 New Jersey
1 World Trade Center
New York, New York 10048
Att: Chief Financial Officer, 67N

THE PORT AUTHORITY OF NEW YORK AND
 NEW JERSEY

By Karen Antion
 Name: Karen Antion
 Title: Chief Technology Officer

South Jersey Transportation
 Authority
Milepost 21.3 Farley Service Plaza
Atlantic City Expressway
Elwood, New Jersey 08217
Attn: Executive Director

SOUTH JERSEY TRANSPORTATION
 AUTHORITY

By ______________________________
 Name:
 Title:

New Jersey Highway Authority
King Georges Road
P.O. Box 5050
Woodbridge, New Jersey 07095
Att: Executive Director

NEW JERSEY HIGHWAY AUTHORITY

By ______________________________
 Name:
 Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

Notice Address

Delaware Department of
Transportation
P.O. Box 778
Route 113 Bay Road
Dover, Delaware 19901
Attn: General Counsel

THE STATE OF DELAWARE,
ACTING BY AND THROUGH ITS
DEPARTMENT OF TRANSPORTATION

By ______________________________
Name:
Title:

New Jersey Turnpike
Administration Building
191 Route 18 North
East Brunswick, New Jersey 08816
Attn: Executive Director

NEW JERSEY TURNPIKE AUTHORITY,
in its individual capacity and
as Designated Representative

By ______________________________
Name:
Title:

Port Authority of New York and
New Jersey
1 World Trade Center
New York, New York 10048
Att: Chief Financial Officer, 67N

THE PORT AUTHORITY OF NEW YORK AND
NEW JERSEY

By ______________________________
Name:
Title:

South Jersey Transportation
Authority
Milepost 21.3 Farley Service Plaza
Atlantic City Expressway
Elwood, New Jersey 08217
Attn: Executive Director

SOUTH JERSEY TRANSPORTATION
AUTHORITY

By ______________________________
Name: James A. Crawford
Title: Executive Director

New Jersey Highway Authority
King Georges Road
P.O. Box 5050
Woodbridge, New Jersey 07095
Att: Executive Director

NEW JERSEY HIGHWAY AUTHORITY

By ______________________________
Name:
Title:

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed and delivered as of the date first above written.

Notice Address

Delaware Department of Transportation P.O. Box 778 Route 113 Bay Road Dover, Delaware 19901 Attn: General Counsel	THE STATE OF DELAWARE, ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION By ____________________ Name: Title:
New Jersey Turnpike Administration Building 191 Route 18 North East Brunswick, New Jersey 08816 Attn: Executive Director	NEW JERSEY TURNPIKE AUTHORITY, in its individual capacity and as Designated Representative By ____________________ Name: Title:
Port Authority of New York and New Jersey 1 World Trade Center New York, New York 10048 Att: Chief Financial Officer, 67N	THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY By ____________________ Name: Title:
South Jersey Transportation Authority Milepost 21.3 Farley Service Plaza Atlantic City Expressway Elwood, New Jersey 08217 Attn: Executive Director	SOUTH JERSEY TRANSPORTATION AUTHORITY By ____________________ Name: Title:
New Jersey Highway Authority King Georges Road P.O. Box 5050 Woodbridge, New Jersey 07095 Att: Executive Director	NEW JERSEY HIGHWAY AUTHORITY By Lewis B. Thurston III Name: Lewis B Thurston III Title: Executive Director

NEW JERSEY ECONOMIC DEVELOPMENT
AUTHORITY

By Beth E. Sztuk
Name: Beth E. Sztuk
Title: Deputy Director

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SCHEDULE 1

SCHEDULE I

PERCENTAGE

MEMBERS	PERCENTAGE
The State of Delaware, Acting By and Through Its Department of Transportation	4%
New Jersey Turnpike Authority	48%
The Port Authority of New York and New Jersey	13%
South Jersey Transportation Authority	3%
New Jersey Highway Authority	32%
	100%

SCHEDULE II

SCHEDULE II

TRUE UP PAYMENT AND MONTHLY PAYMENT CHARACTERIZATION

New Jersey Turnpike Authority

During the term of the True Up Agreement, and subject to the provisions of Section 6.02 of the True Up Agreement allowing changes in accounting for and allocation of the NJTA's obligations hereunder, the NJTA will account for and allocate its Monthly Payments in accordance with the following formula:

The percentage of each Monthly Payment which will be allocated to "Operating Expenses" (as defined in its Bond Resolution) will be computed as follows: total operating expenses projected to be incurred prior to the end of the True Up Period shall be divided by the sum of (total operating expenses, plus net interest expense, plus capital costs, plus origination fee/closing cost projected to be incurred prior to the end of the True Up Period). The resulting percentage times the Monthly Payment will equal the portion of the Monthly Payment allocated to Operating Expenses. Notwithstanding the foregoing, if at any time actual Operating Expenses attributable to the NJTA can be determined, the amount of each Monthly Payment allocated to Operating Expenses will not exceed said actual Operating Expenses.

The formula will result in a determination of the percentage of each Monthly Payment which will be treated as Operating Expenses and the remaining amount of the Monthly Payment will be paid subject to and in conformance with Section 509 of its Bond Resolution out of the "Special Project Reserve Fund" (as defined in such Bond Resolution).

The above percentages will be recalculated annually based upon the recalculated base case model provided pursuant to Section 6.01(g) of the True Up Agreement.

The True Up Payments of the NJTA will be paid subject to and in conformance with Section 509 of its Bond Resolution out of the Special Project Reserve Fund.

New Jersey Highway Authority

During the term of the True Up Agreement, and subject to the provisions of Section 6.02 allowing changes in accounting for and allocation of the NJHA's obligations hereunder, the NJHA will account for and allocate its Monthly Payments in accordance with the following formula:

The percentage of each Monthly Payment which will be allocated to Operating Expenses (as defined in its Bond Resolution) will be computed as follows: total operating expenses projected to be incurred prior to the end of the True Up Period shall be divided by the sum of (total operating expenses, plus net interest expense, plus capital costs, plus origination fee/closing cost projected to be incurred prior to the end of the True Up Period). The resulting percentage times the Monthly Payment will equal the portion of the Monthly Payment allocated to Operating Expenses. Notwithstanding the foregoing, if at any time actual Operating Expenses attributable to the NJHA can be determined, the amount of each Monthly Payment allocated to Operating Expenses will not exceed said actual Operating Expenses.

The formula will result in a determination of the percentage of each Monthly Payment which will be treated as Operating Expenses and the remaining amount of the Monthly Payment will be treated as "Junior Indebtedness" (as defined in the Bond Resolution of the NJHA).

The above percentages will be recalculated annually based upon the recalculated base case model provided pursuant to Section 6.01(g) of the True Up Agreement.

NJHA will account for, reserve for and allocate its True Up Payments to Junior Indebtedness; and as such its True Up Payments shall be payable from amounts on deposit or credited to the "Junior Indebtedness Fund" (as such term is defined in the Bond Resolution of the NJHA), and amounts required to be transferred to the Junior Indebtedness Fund pursuant to Section 510(3) and Section 512(1)(i) of its Bond Resolution, and (iii) included within the calculation of "Net Revenue Requirement" (as such term is defined in the Bond Resolution of the NJHA).

South Jersey Transportation Authority

SJTA's share of Monthly Payments under the True Up Agreement shall be paid by the SJTA as an "Operating Expense" (as such term is defined in its Bond Resolution) payable from the Revenue Fund (as defined in the SJTA's Bond Resolution), and the True Up Payments shall be paid as Subordinated Indebtedness (as such term is defined in the SJTA's Bond Resolution).

The Port Authority of New York and New Jersey

Both the Monthly Payments and the True Up Payments of PANYNJ will be payable in the same manner, to the same extent and from the same sources as operating expenses within the contemplation of clause (i) of the definition of "net operating revenues" in the Bond Resolution of PANYNJ.

Delaware Department of Transportation

The State of Delaware's participation in the True Up Agreement will constitute a procurement contract and amounts owed thereunder will be payable from appropriations included in the annual budget for the "Transportation Trust Fund" (as such term is defined in its Bond Resolution) without distinction between Monthly Payments or the True Up Payments.

SCHEDULE III

SUBORDINATION PROVISIONS

New Jersey Turnpike Authority

Subject to and in conformance with Section 509 of NJTA's Bond Resolution, to the extent the NJTA's payment obligations under the True Up Agreement constitute a "Special Project" (as such term is defined in its Bond Resolution), such obligations shall be (i) subordinate to the pledge and lien created by its Bond Resolution securing the "Bonds" (as such term is defined in its Bond Resolution), (ii) payable from amounts on deposit or credited to the "Special Project Reserve Fund" (as such term is defined in its Bond Resolution), the "General Reserve Fund" (as such term is defined in its Bond Resolution) and from any other funds, moneys, and sources available to NJTA for such purpose, in the order and manner as provided in its Bond Resolution, (iii) included within the calculation of "Net Revenue Requirement" (as such term is defined in its Bond Resolution), and (iv) included as an appropriation for "Special Project Reserve Payment" (as such term is defined in its Bond Resolution) in NJTA's Annual Budget (as such term is defined in its Bond Resolution). However, the NJTA shall not be obligated to budget or fund a reserve, except as set forth in the Accounting Letter.

New Jersey Highway Authority

To the extent the NJHA's payment obligations under the True Up Agreement constitute "Junior Indebtedness" (as such term is defined in NJHA's Bond Resolution), such obligations shall be payable out of the "Junior Indebtedness Fund" (as such term is defined in NJHA's Bond Resolution) created and established in the NJHA's Bond Resolution, and the payment of said amounts shall be junior and subordinate to the NJHA's Bonds (as "Bonds" is defined in the NJHA's Bond Resolution, and including all Bonds now outstanding and all "Additional Bonds" and/or "Refunding Bonds" as defined in and hereafter issued under NJHA's Bond Resolution; said Bonds, Additional Bonds and Refunding Bonds being hereinafter referred to as the "NJHA Bonds").

In accordance with Section 514(2) of the NJHA's Bond Resolution:

(a) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization or other similar proceedings in connection therewith, relative to NJHA or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of NJHA, whether or not involving insolvency or bankruptcy, the holders of all NJHA Bonds then "Outstanding" (as such term is defined in the NJHA's Bond Resolution) shall be entitled to receive payment in full of all principal and interest on all such NJHA Bonds before the Authority, the Trustee or the holders of the Authority's Bonds are entitled to receive any payment under the True Up Agreement, which constitutes Junior Indebtedness, from the trust estate under NJHA's Bond Resolution consisting of the "Revenues" (as such term is defined in NJHA's Bond Resolution) and Funds (as such term is defined in NJHA's Bond Resolution) held under the NJHA's Bond Resolution (said trust estate being hereinafter in this subsection referred to as the "NJHA Bond Resolution Trust Estate").

(b) In the event that any payment under the True Up Agreement which constitutes Junior Indebtedness is declared due and payable before its expressed maturity because of the occurrence of an event of default (under circumstances when the provisions of (a) above shall not be applicable), the holders of all NJHA Bonds Outstanding under NJHA's Bond Resolution at the time such payment which constitutes Junior Indebtedness so becomes due and payable because of such occurrence of such an event of default shall be entitled to receive payment in full of all principal and interest on all such NJHA Bonds before the Authority, the Trustee or the holders of the Authority's Bonds are entitled to receive any accelerated payment from the NJHA Bond Resolution Trust Estate of amounts payable under the True Up Agreement which constitute Junior Indebtedness.

(c) If any Event of Default (as such term is defined in NJHA's Bond Resolution) with respect to the NJHA Bonds shall have occurred and be continuing (under circumstances when the provisions of (a) above shall not be applicable), the holders of all NJHA Bonds then Outstanding shall be entitled to receive payment in full of all principal and interest on all such NJHA Bonds before the Authority, the Trustee or the holders of the Authority's Bonds is entitled to any accelerated payment from the NJHA Bond Resolution Trust Estate of amounts payable under the True Up Agreement which constitute Junior Indebtedness.

(d) No holder of an NJHA Bond shall be prejudiced in his/her right to enforce subordination of the amounts payable by the NJHA hereunder which constitute Junior Indebtedness by any act or failure to act on the part of NJHA.

The foregoing provisions contained in paragraphs (a) through (d) above are solely for the purpose of defining the relative rights of the holders of the NJHA's Bonds on the one hand, and the Authority, the Trustee and the holders of the Authority's Bonds on the other hand and shall not (i) impair, as between NJHA and the Authority, the Trustee and the holders of the Authority's Bonds, the obligation of NJHA, which is unconditional and absolute, to pay to the Trustee or the holder of the Authority's Bonds the amounts payable under the True Up Agreement in accordance with the terms hereof, (ii) prevent the Authority, the Trustee or the holders of the Authority's Bonds from exercising all remedies permitted by applicable law or available hereunder upon the occurrence of a default hereunder, subject to the rights under (a) through (d) above of the holders of the NJHA Bonds to receive cash, property or securities otherwise payable or deliverable to the Authority, the Trustee or the holders of the Authority's Bonds, and (iii) insofar as the Trustee is concerned, prevent the Trustee from applying any moneys deposited with it under the Indenture towards the payment of amounts payable under the True Up Agreement if the Trustee did not have knowledge at the time of such application that such application was prohibited by the provisions of NJHA's Bond Resolution.

The NJHA's obligations to make Monthly Payments or True Up Payments which constitute Junior Indebtedness, shall be on a parity basis with other Junior Indebtedness which may be hereafter issued by the NJHA and for which the NJHA shall have provided in the resolution, indenture or other instrument securing such issue of Junior Indebtedness that it is payable on a parity basis with the obligations hereunder.

South Jersey Transportation Authority

To the extent the SJTA's payment obligations under the True Up Agreement constitute "Subordinated Indebtedness" (as such term is defined in its Bond Resolution), such obligation shall be (i) subordinate in all respects to the provision of the Bond Resolution to the pledge and lien created by its Bond Resolution (as provided in Section 5.12 of its Bond Resolution) or any of the "Bonds" (as such term is defined in its Bond Resolution), (ii) payable from amounts on deposit in the "Second Subordinated Debt Fund" (as such term is defined in its Bond Resolution and established with respect to Subordinated Indebtedness, and the "General Reserve Fund" (as such term is defined in its Bond Resolution) and from any other funds, moneys, and sources available to SJTA for such purpose and (iii) included within the calculation of "Net Revenue Requirement" (as such term is defined in its Bond Resolution).

For the purpose of defining the rights of the Authority to receive payment under the True Up Agreement of the True Up Payments as Subordinated Indebtedness, relative to the rights of the "Bondholders" (as such term is defined in its Bond Resolution) under SJTA's Bond Resolution, SJTA's obligation to make True Up Payments which constitute Subordinated Indebtedness, shall, be in accordance with the following:

(a) all "Principal Installments" (as such term is defined in its Bond Resolution) and interest on the Bonds shall be paid before any further payments of True Up Payments, which constitute Subordinated Indebtedness, if (i) an "Event of Default" (as such term is defined in its Bond Resolution) under the Bond Resolution occurs resulting from the non-payment of Principal Installments or interest on Bonds (until cured), (ii) an Event of Default under the Bond Resolution occurs with respect to the Bonds resulting in an acceleration of Principal Installments and interest on Bonds, or (iii) SJTA becomes insolvent;

(b) any Event of Default with respect to SJTA's obligation to make True Up Payments as Subordinated Indebtedness shall not in itself create the right to declare an Event of Default with respect to the Bonds; and

(c) True Up Payments which constitute Subordinated Indebtedness shall not be accelerated unless the Bonds are accelerated.

The foregoing provisions contained in paragraphs (a) through (c) above shall not (i) impair, as between SJTA and the "Authority," the obligation of SJTA, which is unconditional and absolute, to pay Monthly Payments and True Up Payments as Subordinated Indebtedness under the Bond Resolution and (ii) prevent the Authority from exercising all remedies permitted by applicable law or available hereunder upon the occurrence of a default hereunder, subject to paragraphs (a) through (c) above.

SJTA's obligation to make True Up Payments, shall be subject and subordinate to the obligations of SJTA under the Loan and Security Agreement, dated October 10, 1997 between CoreStates Bank, N.A. as lender, and SJTA, as borrower, and a Promissory Note, dated as of October 10, 1997 from SJTA to CoreStates Bank, N.A. in the aggregate principal amount of $125,000,000 (the "CoreStates Obligation").

SCHEDULE IV

SCHEDULE IV

DISCLOSURE

New Jersey Highway Authority

Pending litigation against the New Jersey Highway Authority is identified in the following correspondence:

1. Letter dated January 5, 1998 from Peter E. Mankens, General Attorney to the New Jersey Highway Authority, to Deloitte & Touche, LLP, Parsippany, New Jersey, including the attachments hereto as Exhibit X to Schedule IV.
2. Letter dated February 26, 1998 from Peter E. Mankens, General Attorney to the New Jersey Highway Authority, to Caroline S. Han, Esq. White & Case, LLP.

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SCHEDULE IV

DISCLOSURE

$125,000,000 loan between CoreStates Bank, N.A., as lender, and SJTA, as borrower, pursuant to the Loan and Security Agreement, dated October 10, 1997 between CoreStates Bank, N.A. as lender, and SJTA, as borrower, and a Promissory Note, dated as of October 10, 1997 from SJTA to CoreStates Bank, N.A. in the aggregate principal amount of $125,000,000.

EXHIBIT A

1. Action brought in the Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-79-97, entitled David Gallagher, a citizen and taxpayer of the State of New Jersey, H. James Polos, a citizen and taxpayer of the State of New Jersey, James M. Cahill, a citizen and taxpayer of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Jersey Transportation Authority and Mirage Resorts, Incorporated. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-1835-97TI.

2. Action brought in the Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-80-97, entitled Helen Merolla, a citizen and taxpayer of the State of New Jersey and Jane Z. Brady, a citizen and taxpayer of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Jersey Transportation Authority and Mirage Resorts, Incorporated. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-1953-97TI.

3. Action brought in Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-129-97, entitled County of Middlesex, a municipal corporation of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Department of Transportation and Mirage Resorts, Inc. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-2177-97TI.

4. Action brought in United States District Court for the District of New Jersey (Civ. Action No. 97-CV-1371 (SMO)) entitled Trump Hotels & Casino Resorts, Inc. vs. Mirage Resorts, Incorporated, The State of New Jersey, The New Jersey Department of Transportation, The South Jersey Transportation Authority, The Casino Reinvestment Development Authority, The New Jersey Transportation Trust Fund Authority, John J. Haley, Jr., in his capacity as Acting Commissioner of the New Jersey Department of Transportation, James A. Crawford, in his capacity as Executive Director of the Sough Jersey Transportation Authority, James B. Kennedy, in his capacity as Executive Director of the Casino Reinvestment Development Authority and Steven Hansen, in his capacity as

Executive Director of the New Jersey Transportation Trust Fund Authority (Presently on appeal to United States Court of Appeals for the Third Circuit, Docket No. 97-5281.)

5. Action brought in United States District Court for the District of New Jersey (Civ. Action No. 97 Civ. 1397 (SMO)) entitled Lillian E. Bryant, Lillian W. Bryant, Carl Briscoe, Gustavia Ellis, Pierre Hollingsworth, Michael F. Johnson, Elwood S. Davis, First Ward Civic Association, Third Ward Civic Association, and West Side Protective Homeowners Association vs. The New Jersey Department of Transportation, The State of New Jersey, the South Jersey Transportation Authority, The New Jersey Transportation Trust Fund Authority, Mirage Resorts, Incorporated, The New Jersey Transportation Trust Fund Authority, and the Casino Reinvestment Development Authority. All counts dismissed by decision of February 17, 1998. However, Judge Orlofsky has allowed supplemental briefing considering impact of a recent U.S. Supreme Court case.

6. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-2325-97, entitled Trump Hotels & Casino Resorts, Inc. vs. The Casino Reinvestment Development Authority. Dismissed at trial level. Appeal currently pending in Appellate Division under Appellate Docket Number A-2325-97TI.

7. Action brought in Superior Court of New Jersey, Chancery Division, Atlantic County, Docket No. ATL-C-97-97, entitled Trump Hotels & Casino Resorts, Inc. vs. New Jersey Department of Transportation, The South Jersey Transportation Authority, Mirage Resorts, Incorporated, Atlandia Design and Furnishings, Inc. and MAC Corp. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A2043-97TI.

8. Action brought in Superior Court of New Jersey, Law Division, Mercer County, Docket No. MER-L-001547-97, entitled George Harms, a citizen and taxpayer of the State of New Jersey, and James H. Reid, a citizen and taxpayer of the State of New Jersey, George Harms Construction Company, Inc., a corporation of the State of New Jersey, and J.H. Reid General Contractor, a corporation of the State of New Jersey, and George Harms Construction Company, Inc./ J.H. Reid General Contractor, a joint venture of two New Jersey corporations vs. Sate of New Jersey, Department of Transportation, a body corporate and politic of the State of New Jersey, South Jersey Transportation Authority, body corporate and

politic of the State of New Jersey, Mirage Resorts, Inc., a Nevada corporation, Atlandia Design and Furnishings, Inc., a New Jersey corporation.

9. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-1373-97, entitled The State of New Jersey and Casino Reinvestment Development Authority vs. Trump Hotels & Casino Resorts, Inc. Presently on appeal to Superior Court of New Jersey, Appellate Division, Docket No. A-5135-96T5.

10. Action brought in Superior Court of New Jersey, Chancery Division, General Equity Part, Mercer County, Docket No. C-0067-97, entitled United Senior Alliance, on behalf of itself and its members; Senior Truth Squad, on behalf of itself and its members; New Jersey Council of Senior Citizens, on behalf of itself and its members; Independence Park Senior Citizens Friday Club, on behalf of itself and its members; and Michael Agnello, individually vs. State of New Jersey; State Treasurer of the State of New Jersey; and The Casino Reinvestment Development Authority.

11. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-1535-96, entitled Lillian E. Bryant, Carl Briscoe, Tillie J. Peterson, Gustavia Ellis, Pierre Hollingworth, Michael F. Johnson, Elwood S. Davis, First Ward Civic Association, Third Ward Civic Association, West Side Protective Homeowners Association vs. The City of Atlantic City, The Mayor and City Council of the City of Atlantic City Presently on appeal to Superior Court of New Jersey, Appellate Division, Docket No. A-0034-38-96T5.

SCHEDULE V

FINANCIAL STATEMENTS

Delaware Department of Transportation

(a) Independent Auditors' Opinion of Santora, Starr & Baffone dated August 15, 1996

(b) Delaware Transportation Authority Transportation Trust Fund Combined Balance Sheet - All Fund Types and Account Groups as of June 30, 1996 with comparative totals for June 30, 1995

(c) Delaware Transportation Authority Transportation Trust Fund Combined Statement of Revenues, Expenses, Transfers, and Changes in Fund Balances - All Fund Types for the Year ended June 30, 1996 with Comparative Totals for the Year Ended June 30, 1995

(d) Delaware Transportation Authority Transportation Trust Fund Statement of Operating Revenues and Expenses - Toll Road Operations for the Years Ended June 30, 1996 and 1995

(e) Delaware Transportation Authority Transportation Trust Fund Combined Statement of Cash Receipts and Disbursements - All Fund Types for the Year Ended June 30, 1996 with Comparative Totals for the Year ended June 30, 1995

(f) Notes to Financial Statements

(g) Delaware Transportation Authority Transportation Trust Fund Schedule of Expenses Compared to Budget - Toll Road Operating Funds For the Year Ended June 30, 1996

(h) Delaware Transportation Authority Transportation Trust Fund Schedule of Cost of Projects for the Year Ended June 30, 1996

(i) Delaware Transportation Authority Transportation Trust Fund Delaware Turnpike Administration Traffic Statistics and Toll Revenue (I-95) for the Years Ended June 30, 1996 and 1995

(j) Delaware Transportation Authority Transportation Trust Fund
Delaware Turnpike Administration
Traffic Statistics and Toll Revenue (SR-1) for the Years Ended June 30, 1996 and 1995

2. New Jersey Highway Authority

(a) Independent Auditors' Opinion of Deloitte & Touche LLP, dated January 20, 1998.

(b) Balance Sheets as of December 31, 1997

(c) Statement of Operations and Other Changes in Fund Balances for the Years Ended December 31, 1997 and 1996

(d) Statement of Changes in Cash, Years Ended December 31, 1997 and 196

(e) Notes to Financial Statements, Years Ended December 31, 1997 and 1996

New Jersey Highway Authority Garden State Cultural Center Fund

(f) Independent Auditors' Opinion of Deloitte & Touche LLP dated January 20, 1998

(g) Balance Sheet as of December 31, 1997 and 1996

(h) Statements of Cash Flows, Years Ended December 31, 1997 and 1996

(i) Statements of Operations and Changes in Fund Balance, Years Ended December 31, 1997 and 1996

(j) Notes to Financial Statements, Years Ended December 31, 1997 and 1996

3. New Jersey Turnpike Authority

(a) Independent Auditors' Opinion of KPMG Peat Marwick LLP dated January 30, 1998

(b) Statement of Assets, Liabilities and Fund Balances as of December 31, 1997 (with comparative total figures for 1996)

(c) Statement of Revenues and Expenses, Year ended December 31, 1997 (with comparative figures for 1996)

(d) Statement of Changes in Fund Balances, Year ended December 31, 1997 (with comparative total figures for 1996)

(e) Statement of Cost of Investment in Facilities as of December 31, 1997 (with comparative total figures for 1996)

(f) Notes to Financial Statements as of December 31, 1997

(g) Schedule 1 - Schedule of Investments as of December 31, 1997

(h) Schedule 2 - Schedule of Cash Receipts and Disbursements, Year ended December 31, 1997

(i) Schedule 3 - Schedule of Bond Indebtedness as of December 31, 1997

(j) Schedule 4 - Schedule of Toll Revenues, Year ended December 31, 1997

4. The Port Authority of New York and New Jersey

(a) Independent Auditors' Opinion of Deloitte & Touche LLP dated February 27, 1998

(b) Combined Statement of Income for Years ended December 31, 1997 and 1996

(c) Combined Statement of Cash Flows for Years ended December 31, 1997 and 1996

(d) Combined Statements of Financial Position for Years ended December 31, 1997 and 1996

(e) Notes to Combined Financial Statements

(f) Schedule A - Revenues and Reserves, Years ended December 31, 1997 and 1996

(g) Schedule B - Assets and Liabilities as of December 31, 1997 and 1996

(h) Schedule C - Analysis of Reserve Funds, Years ended December 31, 1997 and 1996

(i) Schedule D - Selected Statistical Financial Data, Years ended 1997, 1996, 1995, 1994, 1993, 1992, 1991, 1990, 1989 and 1988

(j) Schedule E - Information on Port Authority Operations, Years ended 1997 and 1996

5. <u>South Jersey Transportation Authority</u>

(a) Independent Auditors' Opinion of Hutchins, Laeza, Farrell & Allison, P.A., dated March 17, 1997.

(b) Independent Auditors' Opinion of Hutchins, Laezza, Farrell & Allison, P.A. dated March 17, 1997 on compliance with laws and regulations based on an audit of financial statements performed in accordance with government auditing standards

(c) Independent Auditors' Opinion of Hutchins, Laezza, Farrell & Allison, P.A. dated March 17, 1997 on the internal control structure based on an audit of financial statements performed in accordance with government auditing standards

(d) Statement of Assets, Liabilities and Fund Equity, December 31, 1996

(e) Statement of Revenues, Expenses and Changes in Retained Earnings - Unrestricted Funds for the Year ended December 31, 1996

(f) Notes to Financial Statements for the Year ended December 31, 1996.

SCHEDULE V

FINANCIAL STATEMENTS

New Jersey Highway Authority

Audit of the bond resolution basis balance sheet of the New Jersey Highway Authority as of December 31, 1997 and 1996 and the related statements of operations and changes in cash for the years then ended, as reflected in the report of Deloitte & Touche, LLP dated January 20, 1998.

SCHEDULE VI

SCHEDULE VI

DUE DILIGENCE CHART

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DUE DILIGENCE - Items From Consortium Members as of 3/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.1[1]	Enabling legislation for NJHA, adopted in 1952, and subsequent amendments through 4/2/97 By-laws of NJHA, adopted 3/26/92 and currently in effect. Regulations Governing Use of Garden State Parkway, effective 1/95 (subsequent amendments not included but found at NJAC 19-8:1.1 et. seq.)	Enabling legislation for NJTA enacted in 1948 and subsequent amendments through 4/2/97 NJTA Regulations (Title 19, Ch. 9 of N.J.A.C.)	Constitution of the State of Delaware and the Authorizing Materials referred to in the 3/10/98 Opinion of the Deputy Attorney General	Compact between New York and New Jersey Creating Port Authority of New York and New Jersey, effective 4/2/21 By-Laws of PANYNJ New York Unconsolidated Laws ss. 6407, 6459, 6512, 6802, and 6810 N.J.S.A. 32:1-128	Enabling Legislation of SJTA enacted 8/9/91 and subsequent amendments through 4/2/97 By-laws of SJTA, as amended through May 20, 1997 Regulations of SJTA
Item 1.2	(a) <u>Resolution 97-15</u>, adopted 1/23/97 - In support of Contracting for the Implementation of Electronic Toll Collection (b) <u>Resolution 96-119</u>, adopted 9/26/96 - Authorizing Memorandum of Understanding with the Electronic Toll Collection Consortium - Lead Agency, Executive Council... (c) <u>Resolution 96-137</u>, adopted 10/24/96 - Amending Resolution 96-119 Memorandum of Understanding Electronic Toll	Certification of Edward Gross dated 3/7/98 re NJTA compliance with quorum requirement of N.J.S.A. 27:23-3(c) <u>Board Resolutions</u> (a) <u>Resolution 48-91</u>, adopted 12/19/92 - Authorizing Turnpike Authority Participation in the EZ-Pass Interagency Group (b) <u>Resolution 28-92</u>, adopted 10/30/92 - Authorizing Execution and Delivery of	Authorizing Materials	<u>Board Resolutions</u>: 11/7/96 - Port Authority participation in the New Jersey Electronic Toll Collection Council Consortium – Execution of Memorandum of Understanding. Minutes from the 11/7/96 meeting of PANYNJ at which resolution above was adopted	(a) <u>Resolution 1996-87</u>, adopted 9/17/96 - Authorizing Execution of Memorandum of Understanding Regarding Implementation of Electronic Toll Collection System (b) <u>Resolution 1996-89</u>, adopted 10/22/96 - Authorizing Acceptance of an Irrevocable Offer by Mark IV IVHS, Inc. Designating Mark IV as Electronic Toll Equipment Vendor as selected by the Interagency Group (c) <u>Resolution 1996-90</u>, adopted

DUE DILIGENCE - Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
	Collection Consortium (d) Resolution 96-9, adopted 1/25/96 -- authorizing Asst. Secretary to Effect Annual Notice Pursuant to the New Jersey Open Public Meetings Act (e) Resolution 97-13, adopted 1/23/97 -- authorizing Asst. Secretary to Effect Annual Notice Pursuant to the New Jersey Open Public Meetings Act (f) 3/10/98 Board resolution Minutes of Meetings of the NJHA (a) 9/26/96 Agenda includes item re: Toll Agency Interagency Group Agreement - Electronic Toll Collection (Resolution 96-119) (b) 10/24/96 Agenda includes item re: Interagency Group Irrevocable Offer and E-Z Pass	Exchange Agreement (c) Resolution 20-93, adopted 8/31/93 - Confirming Execution and Delivery of a Renewal Liquidity Facility in Connection with the Outstanding Series 1991 D Turnpike Revenue Bonds of the New Jersey Turnpike Authority (d) Resolution 17-94, adopted 5/31/94 - Confirming Execution and Delivery of a Renewal Liquidity Facility in Connection with the Outstanding Series 1991 D Turnpike Revenue Bonds of the New Jersey Turnpike Authority (e) Resolution 33-95, adopted 9/26/95 - In Support of Forming a Council for Implementation of Electronic Toll Collection (f) 3/25/97 Agenda Item authorizing contract with MFS			10/22/96 - Amending Authorization for Execution of Memorandum of Understanding Regarding Implementation of an Electronic Toll Collection System (d) Resolution 1996-108, adopted 11/19/96 - Authorizing Execution of License Agreement for the Use of Service Marks Within the Interagency Group (e) Resolution 1996-124, adopted 3/25/97 approving selection of MFS NT (f) 3/10/98 Board resolution

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DUE DILIGENCE - Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
	License Agreement (Resolution 96-135) (c) 1/23/97 Agenda includes item re: Electronic Toll Collection – approving selection of and award of contract to MFS (Resolution 97-15)	NT. (g) 3/10/98 Board resolution <u>Minutes of Meetings of the Board of Commissioners</u>: (a) 6/25/96 - Authorizing execution of Interagency Operating Agreement (b) 9/4/6 - Authorizing execution of the Memorandum of Understanding between Members of the ETC Consortium (c) 10/29/96 - Authorizing execution of amended Memorandum of Understanding between members of the ETC Consortium including Delaware DOT. (d) 10/29/96 - Authorizing execution of the Interagency Group Irrevocable Offer with Mark IV Industries.			

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DUE DILIGENCE Items From Consortium Members as of 3/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
		Notices of Meetings of NJTA 10/92 and 12/92 Monthly Notices of meetings of NJTA 1993, 1994, 1995, 1996, 1997 and 1998 Annual Notices for monthly meetings of the NJTA, including certifications and copies published in The Star-Ledger and The Trenton Times 1998 Schedule of meetings of the NJTA			
Item 1.3	(a) Resolution 96-2, adopted 1/25/96 - Adopting Operating Budget for 1996 (b) Memorandum dated 1/9/97 from John F. Flynn, Comptroller, re Proposed Operating Budget – Year 1997 (c) 1996 Annual Report (d) 1996 and 1997 year-end NJHA and NJHA Garden State Cultural Center Fund Financial	Annual Reports for 1992-1996 No continuing disclosure filings since no new issuance of debt since regulation requiring such filings was passed. Audited Financial Statements as of 12/31/97	Audited Financial Statements of the DTA for FY 1992-1997 inclusive are attached as Exhibit A to the Official Statements referred to in Item 1.7 below. Continuing Disclosure Filing dated 1/30/9?	(a) 1998 Budget (b) 1997 Audited Financial Statements and Appended Notes, Year ended 1997 (c) See 12/17/97 Official Statement re $100,000,000 PANYNJ Versatile Structure Obligations, Series 6 for most recent continuing disclosure filing (d) PANYNJ audited Financial Statements and Appended Notes	Annual Reports for 1994-1996 Bond Resolution statements of assets and liabilities and fund balances as of 12/17/92 (date of dissolution of New Jersey Expressway Authority, predecessor to SJTA) and 12/31/91, audited by Deloitte & Touche Audited balance sheet of SJTA as of 12/31/93 and related statements of revenues, expenses

[M4011.DOC]

DUE DILIGENCE - Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
	Statements (e) 1995 and 1996 year-end NJHA and NJHA Garden State Cultural Center Fund Financial Statements (f) 1994 and 1995 year-end NJHA and NJHA Garden State Cultural Center Fund Financial Statements (g) 1993 and 1994 year-end NJHA and NJHA Garden State Cultural Center Fund Financial Statements (h) 1992 and 1993 year-end NJHA and NJHA Garden State Cultural Center Fund Financial Statements (i) 1991 and 1992 year-end NJHA and NJHA Garden State Cultural Center Fund Financial Statements			Year 1997	and changes in retained earnings and cash flows for period 10/1/92 through 12/31/93 1995 and 1996 Annual Budgets

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DUE DILIGENCE - Items From Consortium Members as of 3/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.4	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank
Item 1.5	(a) NJHA 1992 Business Plan (b) NJHA 1993 Business Plan	NJTA Amended 3-Year Financial Plan, approved January 1997, and second amended financial plan approved December 1997 NJTA Progress Report No. 22 Business Plan for the 90's dated 9/30/97 <u>Resolution 48-95</u>, adopted 12/19/95, re Plan of Finance for 1996-1998 <u>Resolution 2-97</u>, adopted 1/28/97 - New Jersey Turnpike Authority 1996-1998 Amended Plan of Finance	(a) Delaware Department of Transportation Fiscal Year 1998 Work Program (b) Delaware Department of Transportation Capital Transportation Improvement Program, Fiscal Years 1998-2003 (c) Delaware Department of Transportation Statewide Long-Range Transportation Plan ("Transportation and Delaware's Future") dated January 1997	See 1998 Budget in Item 1.3 for information on capital investments and operating funds.	Five-year capital plan for 1998-2002
Item 1.6	Authority Organization - names, titles, and biographical information	Resumes of all Authority Commissioners, Executive Director, Deputy Executive Director, and Chief Engineer	<u>See</u> p.3 of Official Statement in Item 1.7 below for names, titles and biographical information of key management of DEL DOT	See Official Statement dated 12/17/97	Biographical information for certain of the Commissioners and senior executive officers listed

DUE DILIGENCE Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.7	Official Statements[2]	Official Statements[3]	Official Statements Delaware Transportation Authority ("DTA") (a) DTA $60,560,000 Transportation System Senior Revenue Bonds, 1998 Series (b) DTA $120,640,000 Transportation System Senior Revenue Bonds, 1997 Series, and $19,385,000 Transportation System Junior Revenue Bonds, 1997 Series (c) $70,000,000 DTA Transportation System Senior Revenue Bonds, 1994 Series (d) DTA $103,080,000 Transportation System Senior Revenue Bonds, 1993A Series (e) DTA $69,410,000 Transportation System Senior Revenue Bonds,1993 Series; $33,605,000 Transportation System Junior Revenue Bonds, 1993 Series	Official Statements $100,000,000 Port Authority of New York and New Jersey Versatile Structure Obligations, Series 6 (dated 12/17/97)	Official Statements (a) $15,240,000 South Jersey Transportation Authority Transportation System Revenue Bonds, 1994 Series (b) South Jersey Transportation Authority $16,385,000 Transportation System Revenue Bonds, 1992 Series A (Taxable Expressway Refunding Project) and $44,100,000 Transportation System Revenue Bonds, 1992 Series B (Tax Exempt)

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DUE DILIGENCE - Items From Consortium Members as of 5/10/93					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.7 (continued)			(f) DTA $89,760,000 Transportation System Senior Revenue Bonds, 1992 Series; $55,215,000 Transportation System Junior Revenue Bonds, 1992 Series <u>State of Delaware ("DE")</u> (a) DE $63,940,900.80 General Obligation Bonds Series 1992B and $75,020,000 General Obligation Refunding Bonds Series 1992C (b) DE $55,000,000 General Obligation Bonds Series 1993A (c) DE $45,220,000 General Obligation Refunding Bonds Series 1993B		

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DUE DILIGENCE: Items From Consortium Members as of 6/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.7 (continued)	**Bond Resolution/Indentures** $280,000,000 New Jersey Highway Authority Parkway Revenue Bond Resolution[4], Senior Parkway Revenue Bonds, 1984 Series, adopted 11/15/84, with Supplemental Resolution No. 1 thereto, adopted 11/15/84	**Bond Resolutions/Indentures** (a) New Jersey Turnpike Authority Turnpike Revenue Bond Resolution[5], as amended and restated as of 11/22/91[6]	**Bond Resolutions/Indentures** Delaware Transportation Authority Trust Agreement, dated as of August 1, 1988	**Bond Resolutions/Indentures** (a) Port Authority of New York and New Jersey Consolidated Bond Resolution adopted 10/9/52 (b) Port Authority of New York and New Jersey Special Project Bonds Resolution adopted 6/9/83 (c) Port Authority of New York and New Jersey Commercial Paper Obligations Resolution adopted 11/9/95 (d) Port Authority of New York and New Jersey Variable Rate Master Note Resolution – Modification adopted 12/12/96 (e) Port Authority Equipment Note Resolution - Modification adopted 12/12/96	**Bond Resolutions/Indentures** (a) South Jersey Transportation Authority Revenue Bond Resolution adopted 12/3/92 (b) South Jersey Transportation Authority Series Resolution authorizing issuance of Transportation System Revenue Bonds, 1992 Series A (Taxable Expressway Refunding Project) and Transportation System Revenue Bonds, 1992 Series B (Tax Exempt), adopted 12/3/92 (c) South Jersey Transportation Authority Series Resolution Authorizing the Issuance of Transportation System Revenue Bonds, 1994 Series, Adopted December 21, 1993 (d) South Jersey Transportation Authority $125,000,000 Amended and Restated

DUE DILIGENCE - Items From Consortium Members as of 3/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
					Subordinated Indebtedness Resolution, adopted 9/12/97 (related to CoreStates loan)
Item 1.8	See Official Statements in Item 1.7 above	See Exhibit C ("Reported Traffic Consultants") to Official Statement (c) provided in endnote to Item 1.7 above for 11/11/91 report by Wilbur Smith Associates	See Appendix B to Official Statement (a) in Item 1.7 above.	See 1996 Annual Report in Item 1.3 and Official Statements in Item 1.7 above for traffic data statistics (p. 11)	See 1994 Annual Report in Item 1.3 above for description of traffic volumes June 1997 Atlantic City Expressway Annual Traffic and Revenues 1997-2010 Final Report by URS Greiner 1/20/98 Transaction and Toll Revenue Estimates, Atlantic City Expressway Task Areas I-III Letter Report by Wilbur Smith Associates
Item 1.9	1995 Agreement By and Between New Jersey Highway Authority and the State of New Jersey (8/24/95 draft approved by Resolution 95-117 of NJHA, attached) (NJHA agrees to pay to trust fund authority $10 million/year for 20 years)	4/27/84 agreement between NJTA and the State of New Jersey (NJTA agrees to pay $12 mil annually to state transportation fund), as amended by resolution dated 8/1/95	None	N/A	1983 Agreement Between South Jersey Transportation Authority (as successor to NJEA, original signatory) and the Department of Transportation of the State of New Jersey (SJTA agrees to make $2.5 mil annual payments)
Item 1.10	None	None	None	N/A	None

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DUE DILIGENCE – Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.11	<u>See</u> Letter from Charles McManus dated 10/24/97 re outstanding contracts, with attachment	None	None	Please see 12/17/97 Official Statement to identify the relevant agreements.	(a) Loan and Security Agreement by and between Corestates Bank as Lender and South Jersey Transportation Authority as Borrower, dated as of 8/28/97 (b) SJTA Promissory Note (SJTA promises to pay $125 mil to CoreStates Bank under 10/10/97 Loan and Security Agreement) (c) Loan and Security Agreement dated 10/10/97 by and between CoreStates Bank and SJTA
Item 1.12	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank
Item 1.13	N/A	Not applicable	None	N/A	8/17/93 Memorandum of Understanding between SJTA and the New Jersey Department of Transportation (agreement re federal grant for SJTA's existing ETC equipment—separate project)
Item 1.14	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank	Intentionally left blank

DUE DILIGENCE Items From Consortium Members as of 3/10/98

	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.15	N/A	None	None	N/A	MBIA and CoreStates consents
Item 1.16	N/A	None	None	N/A	N/A
Item 1.17	N/A	None	None	N/A	N/A
Item 1.18	N/A	The [Superior Court] Appellate [Division] and Superior Court [Law Division] decisions regarding the award of this project, of which MFS Network Technologies was involved, are the only legal actions meeting these criteria.	Lockheed Decision	N/A	N/A
Item 1.19	N/A	None (other than a confidential analysis of the financing and the external auditor's recommendation regarding the accounting treatment of Monthly Payments and True Up Payments)	None	N/A	None

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DUE DILIGENCE Items From Consortium Members as of 3/10/98					
	New Jersey Highway Authority	New Jersey Turnpike Authority	Delaware Department of Transportation	Port Authority of New York and New Jersey	South Jersey Transportation Authority
	("NJHA")	("NJTA")	("DEL DOT")	("PANYNJ")	("SJTA")
Item 1.20	Schedule of litigation organized according to source of liability coverage and pending status 1/5/98 Letter from Peter Markens of NJHA to Deloitte & Touche re litigation involving alleged NJHA liabilities and contract obligations 1/13/98 Letter from Appruzzese, McDermott, Mastro & Murphy("AMM&M") to Deloitte & Touche re pending or threatened litigation in which AMM&M is representing NJHA 1/30/98 Letter from DeCotiis, Fitzpatrick & Gluck ("DF&G") to Deloitte & Touche with respect to certain litigation matters pending during the period of 12/31/97 to 1/28/98	See footnote 7 of 1997 financial statements and Certificate of Executive Director dated 3/10/98	Memorandum dated 11/4/97 from Gary Fullman summarizing outstanding litigation matters involving DEL DOT.	Schedule of litigation pertaining to PANYNJ, dated 2/25/98	Schedule of litigation relating to the Marina Connector

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ENDNOTES

1. See attached list entitled "Due Diligence Items Requested of Each Consortium Member" for the particular request corresponding to each item number.

2. Official Statements of NJHA in connection with new bond issues authorized under 11/15/84 Bond Resolution

   (a) $340,000,000 New Jersey Highway Authority (Garden State Parkway) Senior Parkway Revenue Bonds, 1986 Series

   (b) $237,405,000 New Jersey Highway Authority (Garden State Parkway) Senior Parkway Revenue Bonds, 1989 Series

   (c) $422,700,000 New Jersey Highway Authority (Garden State Parkway) Senior Parkway Revenue Refunding Bonds, 1992 Series

   (d) $117,085,000 New Jersey Highway Authority (Garden State Parkway) Senior Parkway Revenue Refunding Bonds, 1993 Series

3. Official Statements of NJTA in connection with new bond issues authorized under Turnpike Revenue Bond Resolution as amended and restated as of 11/22/91

   (a) $423,205,000 New Jersey Turnpike Authority Turnpike Revenue Bonds, Series 1991 A (Refunding Bonds)

   (b) $79,340,000 New Jersey Turnpike Authoring Turnpike Bonds, Series 1991 B (Refunding Bonds)

   (c) $1,618,850,000 New Jersey Turnpike Authority Turnpike Revenue Bonds, Series 1991 C & D

   (d) $741,110,000 New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 1992 A

   (e) $30,016,972 New Jersey Turnpike Authority, Turnpike Revenue Bonds, Series 1992 B (Garden State Savings Bonds)

4. Supplemental Bond Resolutions of NJHA in connection with new bond issues authorized under 11/15/84 Bond Resolution

   (a) Supplemental Resolution No. 2 Relating to the Parkway Revenue Bond Resolution of the New Jersey Highway Authority, Supplementing the Same and Authorizing the $340,000,000 Senior Parkway Revenue Bonds, 1986 Series, adopted 4/4/86

   (b) Supplemental Resolution No. 3 Relating to the Parkway Revenue Bond Resolution of the New Jersey Highway Authority and authorizing $80,000,000 subordinated indebtedness under a Credit Agreement dated 8/1/87

   (c) Supplemental Resolution No. 4 Relating to the Parkway Revenue Bond Resolution of the New Jersey Highway Authority, Supplementing the Same, Authorizing the $237,405,000 Senior Parkway Revenue Bonds, 1989 Series, Determining Certain Terms, and Providing for Other Matters in Connection Therewith

   (d) Supplemental Resolution No. 5 Relating to the Parkway Revenue Bond Resolution of the New Jersey Highway Authority Supplementing the Same, Authorizing the $422,700,000 Senior Parkway Revenue Bonds, 1992 Series, Determining Certain Terms, and Providing for Other Matters in Connection Therewith

   (e) Supplemental Resolution No. 6 Relating to the Parkway Revenue Bond Resolution of the New Jersey Highway Authority Supplementing the Same, Authorizing the $128,350,000 Senior Parkway Revenue Bonds, 1993 Series, Determining Certain Terms, and Providing for Other Matters in Connection Therewith

5. <u>Bond Resolutions of NJTA in connection with new bond issues authorized under Turnpike Revenue Bond Resolution, as amended and restated as of 11/22/91</u>

(a) Resolution Providing for Certain Details in Connection with the Issuance of Turnpike Revenue Bonds, Series 1991 B, dated 9/26/91

(b) Series 1991C, Turnpike Revenue Bond Resolution, Adopted 11/22/91

(c) Series 1991D, Turnpike Revenue Bond Resolution, Adopted 11/22/91

(d) Resolution 24-92, adopted 9/22/92 - Authorizing Execution and Delivery of a Renewal Liquidity Facility in Connection with the Outstanding Series 1991 D Turnpike Revenue Bonds of the New Jersey Turnpike Authority

(e) Resolution 4-92 - Providing for Amendment of Series 1992A Turnpike Revenue Bond Resolution of the New Jersey Turnpike Authority

(f) Series 1992 B, Turnpike Revenue Bond Resolution, Adopted January 9, 1992

6. <u>See</u> also certain historical versions of this resolution

(a) New Jersey Turnpike Authority Turnpike Revenue Bond Resolution Adopted 8/20/91

(b) Resolution Providing For Amendment and Restatement of Turnpike Revenue Bond Resolution dated 8/20/91 and Amended and Restated 9/26/91

Due Diligence Items Requested of Each Consortium Member **

1.1 Constituent documents, if any, of the Member.

1.2 A copy of any board resolutions of the Member which relate directly to the E-Z Pass project ("Project") or to any financing undertaken by such Member since January 1, 1992.

1.3 A copy of any annual budget, annual report, financial statements or compilation of key statisical data of such Member, which is of public record or deliverable pursuant to a bond indenture (or similar agreement) and which relates to any period after January 1, 1992.

1.4 [Intentionally left blank]

1.5 A copy of any long term business plan (such as a 5 year plan) of the Member which is of public record or which is deliverable pursuant to a bond indenture (or similar agreement) and which relates to any period after January 1, 1992.

1.6 A list of all board members and senior executive staff the Member and a bio or resume on each such person.

1.7 A copy of the official statement, bond resolution and indenture (or other similar document) for each outstanding issue of indebtedness of the Member.

1.8 A copy of any traffic report which is of public record or which is deliverable pursuant to a bond indenture (or similar agreement) and which relates to any period after January 1, 1992.

1.9 A copy of any agreement between the Member and the State or any other governmental entity requiring payment(s) from the Member to the State or other governmental entity.

1.10 A copy of any guaranty, if any, of the Member in respect of the indebtedness or obligations of any third party.

1.11 A copy of any agreement, contract or commitment which might reasonably be expected to (i) have a material adverse impact on the business, operations, condition (financial or otherwise) or prospects of the Member or (ii) have an adverse impact on the ability of the Member to perform under the True-Up Agreement.

1.12 [Intentionally left blank].

1.13 A copy of any governmental permit, license or approval relating to the Consortium's or the Member's participation in the Project, including any application or grant request related thereto. (This request is not intended to cover, or to require copies of, ordinary course permits, licenses or approvals necessary for the construction or operation of the Project.)

1.14 [Intentionally left blank].

1.15 A list of third party consents necessary to the pledge of system proceeds of the Project, the execution and/or performance of the True-Up Agreement and the conduct of the transactions contemplated by the Credit Agreement.

1.16 A copy of any report or significant correspondence filed with any local or national regulatory agency relating to the Project. (This request is not intended to cover, or to require copies of, ordinary course permits, licenses or approvals relating to the construction or operation of the Project.)

1.17 A copy of any auditors' letter, law firm response to an auditors' letter request or similar letter which relates to the Project and which is not contained in an annual report provided in response to item 1.3 above.

1.18 A copy of any consent decree, order, judgment, settlement or the like affecting the Project or its operation.

1.19 A copy of any analysis of the Project prepared for the Member by any consultant, investment bank, accountant or other third party, which analysis has been submitted to the Member in substantially final, or "draft" final, form.

1.20 A schedule of any litigation, administrative proceedings or governmental investigations or inquiries affecting the Member.

** One or more of the above items may not be applicable to the Member or there may exist no pertinent documents or materials, in which case the Member should please respond "Not Applicable" or "None."

1. Action brought in the Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-79-97, entitled David Gallagher, a citizen and taxpayer of the State of New Jersey, H. James Polos, a citizen and taxpayer of the State of New Jersey, James M. Cahill, a citizen and taxpayer of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Jersey Transportation Authority and Mirage Resorts, Incorporated. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-1835-97TI.

2. Action brought in the Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-80-97, entitled Helen Merolla, a citizen and taxpayer of the State of New Jersey and Jane Z. Brady, a citizen and taxpayer of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Jersey Transportation Authority and Mirage Resorts, Incorporated. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-1953-97TI.

3. Action brought in Superior Court of New Jersey, Chancery Division, Middlesex County, Docket No. C-129-97, entitled County of Middlesex, a municipal corporation of the State of New Jersey vs. The Casino Reinvestment Development Authority, The New Jersey Department of Transportation, The South Department of Transportation and Mirage Resorts, Inc. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A-2177-97TI.

4. Action brought in United States District Court for the District of New Jersey (Civ. Action No. 97-CV-1371 (SMO)) entitled Trump Hotels & Casino Resorts, Inc. vs. Mirage Resorts, Incorporated, The State of New Jersey, The New Jersey Department of Transportation, The South Jersey Transportation Authority, The Casino Reinvestment Development Authority, The New Jersey Transportation Trust Fund Authority, John J. Haley, Jr., in his capacity as Acting Commissioner of the New Jersey Department of Transportation, James A. Crawford, in his capacity as Executive Director of the Sough Jersey Transportation Authority, James B. Kennedy, in his capacity as Executive Director of the Casino Reinvestment Development Authority and Steven Hansen, in his capacity as

Executive Director of the New Jersey Transportation Trust Fund Authority (Presently on appeal to United States Court of Appeals for the Third Circuit, Docket No. 97-5281.)

5. Action brought in United States District Court for the District of New Jersey (Civ. Action No. 97 Civ. 1397 (SMO)) entitled Lillian E. Bryant, Lillian W. Bryant, Carl Briscoe, Gustavia Ellis, Pierre Hollingsworth, Michael F. Johnson, Elwood S. Davis, First Ward Civic Association, Third Ward Civic Association, and West Side Protective Homeowners Association vs. The New Jersey Department of Transportation, The State of New Jersey, the South Jersey Transportation Authority, The New Jersey Transportation Trust Fund Authority, Mirage Resorts, Incorporated, The New Jersey Transportation Trust Fund Authority, and the Casino Reinvestment Development Authority. All counts dismissed by decision of February 17, 1998. However, Judge Orlofsky has allowed supplemental briefing considering impact of a recent U.S. Supreme Court case.

6. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-2325-97, entitled Trump Hotels & Casino Resorts, Inc. vs. The Casino Reinvestment Development Authority. Dismissed at trial level. Appeal currently pending in Appellate Division under Appellate Docket Number A-2325-97TI.

7. Action brought in Superior Court of New Jersey, Chancery Division, Atlantic County, Docket No. ATL-C-97-97, entitled Trump Hotels & Casino Resorts, Inc. vs. New Jersey Department of Transportation, The South Jersey Transportation Authority, Mirage Resorts, Incorporated, Atlandia Design and Furnishings, Inc. and MAC Corp. All counts against SJTA dismissed at trial court level. Appeal currently pending in Appellate Division under Appellate Docket Number A2043-97TI.

8. Action brought in Superior Court of New Jersey, Law Division, Mercer County, Docket No. MER-L-001547-97, entitled George Harms, a citizen and taxpayer of the State of New Jersey, and James H. Reid, a citizen and taxpayer of the State of New Jersey, George Harms Construction Company, Inc., a corporation of the State of New Jersey, and J.H. Reid General Contractor, a corporation of the State of New Jersey, and George Harms Construction Company, Inc./ J.H. Reid General Contractor, a joint venture of two New Jersey corporations vs. Sate of New Jersey, Department of Transportation, a body corporate and politic of the State of New Jersey, South Jersey Transportation Authority, body corporate and

politic of the State of New Jersey, Mirage Resorts, Inc., a Nevada corporation, Atlandia Design and Furnishings, Inc., a New Jersey corporation.

9. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-1373-97, entitled The State of New Jersey and Casino Reinvestment Development Authority vs. Trump Hotels & Casino Resorts, Inc. Presently on appeal to Superior Court of New Jersey, Appellate Division, Docket No. A-5135-96T5.

10. Action brought in Superior Court of New Jersey, Chancery Division, General Equity Part, Mercer County, Docket No. C-0067-97, entitled United Senior Alliance, on behalf of itself and its members; Senior Truth Squad, on behalf of itself and its members; New Jersey Council of Senior Citizens, on behalf of itself and its members; Independence Park Senior Citizens Friday Club, on behalf of itself and its members; and Michael Agnello, individually vs. State of New Jersey; State Treasurer of the State of New Jersey; and The Casino Reinvestment Development Authority.

11. Action brought in Superior Court of New Jersey, Law Division, Atlantic County, Docket No. ATL-L-1535-96, entitled Lillian E. Bryant, Carl Briscoe, Tillie J. Peterson, Gustavia Ellis, Pierre Hollingworth, Michael F. Johnson, Elwood S. Davis, First Ward Civic Association, Third Ward Civic Association, West Side Protective Homeowners Association vs. The City of Atlantic City, The Mayor and City Council of the City of Atlantic City Presently on appeal to Superior Court of New Jersey, Appellate Division, Docket No. A-0034-38-96T5.

EXHIBIT A

EXHIBIT A

FORM OF TRUE UP NOTICE

[DATE]

To: [NAME OF MEMBER]

Re: True Up Notice

Reference is hereby made to the True Up Agreement, dated March 10, 1998 between THE STATE OF DELAWARE, ACTING BY AND THROUGH ITS DEPARTMENT OF TRANSPORTATION ("**DelDOT**"), the NEW JERSEY TURNPIKE AUTHORITY ("**NJTA**"), a body corporate and politic established pursuant to N.J.S.A. 27:23-1 et seq., THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY ("**PANYNJ**"), a body corporate and politic created by Compact between the States of New Jersey and New York with the consent of the Congress of the United States, the SOUTH JERSEY TRANSPORTATION AUTHORITY ("**SJTA**"), a body corporate and politic established pursuant to N.J.S.A. 27:25A-1 et seq. and the NEW JERSEY HIGHWAY AUTHORITY ("**NJHA**"), a body corporate and politic established pursuant to N.J.S.A. 27:12B-1 et seq. (each a "**Member**" and collectively, the "**Consortium**") and New Jersey Economic Development Authority, a public body corporate and politic constituting an instrumentality of the State of New Jersey (the "**Authority**"). You are hereby notified that as a result of the following True Up Event, a True Up Payment in amount set forth herein is due and payable: [DESCRIBE TRUE UP EVENT]. Pursuant to Section 2.01 of the True Up Agreement, you are hereby requested to deposit the sum of $[______________] by bank wire transfer of immediately available funds for credit not later than (x) 2:00 p.m. of the date of this notice if such notice is received prior to 11:00 a.m., or (y) 11:00 a.m. of the following day if such notice is received later than 11:00 a.m., to the True Up Account at [Account Information] as payment of the True Up Amount.

THE BANK OF NEW YORK,
as Trustee

By______________________________
Name:
Title:

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ATTACHMENT 3

NOVEMBER 2001 RECALCULATION OF THE BASE CASE FINANCIAL MODEL

Public Resources Advisory Group

40 Rector Street, Suite 1600 ▪ New York, New York 10006-2908 ▪ (212) 566-7800

November 30, 2001

Edward Gross
Executive Director
New Jersey Turnpike Authority
Administrative Building
P.O. Box 1121
New Brunswick, NJ 08903

Dear Mr. Gross:

On behalf of Public Resources Advisory Group, I am pleased to transmit our report on the current recalculation of the 1998 base case financial model pertaining to the Regional Consortium Project (the "November 2001 Recalculation"). As you know, the first recalculation of the base case financial model was submitted to the Consortium on November 30, 2000, and showed a projected true up amount of approximately $64,841,000 to be owed by the Consortium members on March 7, 2008, subject to recalculation of the 1998 base case financial model on an annual basis (the "November 2000 Recalculation"). Based on our review of the November 2000 Recalculation and the current status of the Regional Consortium Project, our current analysis reflected in the November 2001 Recalculation shows a projected true up amount of approximately $161,731,000 to be owed by the Consortium members on March 7, 2008, subject to recalculation of the 1998 base case financial model on an annual basis. However, the November 2001 Recalculation does not include estimated additional net operating income of approximately $54.9 million assumed to be earned by the ETC System from March 2008 through December 2024.

The November 2001 Recalculation is based on actual operating results and information and assumptions provided by the Consortium members regarding the future operation of the E-ZPass electronic toll system ("E-ZPass"). In subsequent annual reviews, these assumptions may be revised to reflect additional operating experience. Any forecast is subject to uncertainties; inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

Significant factors that increased the estimated costs of the Regional Consortium Project are (1) the purchase of additional Mark IV transponders and higher costs associated with the Customer Service Center ("CSC"), due to the increased popularity of E-ZPass, (2) higher operating costs of the Violations Processing Center ("VPC") resulting from increased toll transactions and higher violations, (3) increased construction costs due to Project additions, (4) increased credit card and bank fees due to the popularity of E-ZPass and higher toll rates on several of the roads resulting in higher credit card fees that are calculated as a percentage of the total transaction amount, (5) increased interest expense because the bonds issued to finance the Project are likely to be outstanding longer than assumed in the November 2000 Recalculation, (6) delayed receipt of violation revenue ("Administrative Fees") and (7) lower revenue from other sources including mailing revenue, parking revenue and the "National Service Center" and the elimination of earnings from "Smart Card".

Significant factors that offset the estimated increased cost in the Regional Consortium Project are (1) estimated revenue flows from the use of a collection agency to pursue past-due Administrative Fees, (2) estimated revenue flows from the prosecution of violators through the municipal courts, (3) higher Administrative Fees due to a slower assumed decline in violation rates, (4) a reduction in CSC expense due to reduced incremental transaction costs resulting from a policy change of the New Jersey Highway Authority to provide a discount to E-ZPass customers and eliminate the sale of tokens to increase E-ZPass usage, (5) increased E-ZPass customer deposits resulting in increased interest income, (6) higher interest earnings on the Project Fund and (7) no payment of fixed-rate principal prepayment premiums ("Make-Whole" payments), as the November 2001 Recalculation does not assume any prepayment of principal on the fixed rate bonds prior to March 7, 2008. The following table presents a summary of the changes in the estimated cash flows as of March 7, 2008 from the November 2000 Recalculation.

Summary of Changes from the November 2000 Recalculation Estimated Cash Flows at March 7, 2008
(Amounts in Thousands)

November 2000 Recalculation Cash at March 7, 2008 *		($64,841)
Project Construction Costs		
Net Project Change Orders	($5,467)	
Total Change in Project Construction Costs	($5,467)	
Effect on Base Case		($5,467)
Revenues		
Increase in Administrative Fees	$10,902	
Decrease in Fiber Revenue and User Maintenance Fees	(795)	
Collection Agency	13,172	
Court Revenue	13,950	
Increase in Interest on Customer Prepayments	2,118	
Decrease in Other Revenue	(15,000)	
Total Change in Revenue	$24,347	
Effect on Base Case		$24,347
Expenses		
Increase in CSC Operating Expense	($2,410)	
Increase in VPC Operating Expense	(14,733)	
Increase in Credit Card/Banking Fees	(36,445)	
Mark IV Transponders	(21,313)	
Other Expenses	(192)	
Total Change in Expenses	($75,093)	
Effect on Base Case		($75,093)
Net Financing Costs		
Increase in Interest Expense	($44,611)	
Increase in Interest Income	1,896	
Decrease in Make Whole Payments	2,038	
Total Change in Net Financing Costs	($40,677)	
Effect on Base Case		($40,677)
November 2001 Recalculation Cash at March 7, 2008 *		($161,731)

* Represents a true-up payment by the Consortium. This schedule does not include assumed net operating income of $54.9 million estimated to be earned from March 2008 through December 2024, based on $39.8 million estimated to be earned from existing and anticipated fiber contracts through 2024 and $15.1 million estimated to be earned from the contract for the CSC/VPC which is expected to expire in June 2010.

Public Resources Advisory Group

The assumptions used in the November 2001 Recalculation are presented as an attachment, but discussed below are certain key assumptions concerning the VPC and violation rates. The November 2000 Recalculation assumed that early in 2001 technical issues associated with toll violations processing would be addressed and efforts to improve the collection of Administrative Fees, including contracting with a collection agency and prosecution of toll violators through the court system, would be implemented. Sufficient improvements in the overall collections of Administrative Fees to meet expectations did not occur in the projected timeframe and the estimate for 2001 of total Administrative Fee collections is $10.3 million, versus $101.8 million estimated in the November 2000 Recalculation. The November 2001 Recalculation assumes that the VPC begins improving in July 2002 and achieves contract performance levels by September 2002, aided by the expected replacement of Adesta Transportation, Inc. ("Adesta") with WorldCom, Inc. ("WorldCom") as the Service Provider for the Regional Consortium Project. WorldCom brings greater financial, technical and managerial resources to the Regional Consortium Project than Adesta was able to provide. It is assumed that WorldCom has the resources capable of implementing improvements that will lead to the reliable detection of an increased number of actual toll violators and timely notification to violators, with implementation of more effective management in the operation of the VPC. In addition, the installation of front end cameras in lanes to provide for better images of license plates of toll violators' vehicles and the greater use of mixed mode lanes will help increase the detection of violators. The assumed changes discussed above are anticipated to result in projected Administrative Fee revenue in 2002 of $41.4 million, versus $94.4 million projected for 2002 in the November 2000 Recalculation. In subsequent years, the November 2001 Recalculation assumes that the decline in the toll violation rates is more gradual than assumed in the November 2000 Recalculation and Administrative Fees in total are approximately $10.9 million higher than the amount projected in the November 2000 Recalculation. It is our opinion, on the basis of our review of the November 2000 Recalculation, the current status of the Project and the action steps that are committed to be taken, that the assumptions underlying the financial forecasts for the November 2001 Recalculation, taken as a whole, form a reasonable basis for those forecasts.

The basis for our opinion that the forecasts are reasonable rest on:

- The selection of the "Expert Witness" in 2001, which is a necessary element for successful municipal court prosecutions.
- WorldCom providing assurances to the Consortium that it has or shall obtain, expertise for back office operations.
- Retention by the NJTA in 2002 of a full-time paralegal to accelerate the deployment of the municipal court program and develop the automated court interface.
- Consortium recognition that the enforcement program must have true and well publicized consequences to create payment incentives.
- NJTA outside counsel's written opinion that current legislation provides the municipal court judge and/or the Director of Motor Vehicles ("DMV") with the discretion to suspend the registration of a vehicle and/or a driver's license of a violator on the New Jersey Turnpike and the Garden State Parkway.
- Municipal parking systems and red light traffic violation models in U.S. demonstrate that, with sufficient DMV penalties in place, supported by underlying legislation, collection rates exceed the projected results of the Consortium model. Parking

violations enforcement models show a 68% recovery rate through three notification letters without referrals to a collection agency.

- Escalation by collection agency to credit reporting agencies for accounts over $300 and not targeted for municipal court system.

In addition to working to improve the technical operation of the VPC, the Consortium has advised that the Service Provider is finalizing a contract with a collection agency, which is expected to begin pursuing past-due violation accounts in early 2002. The Consortium also reports that in 2002, working with the Service Provider, it will select cases on a manual basis for referral to the municipal courts, with the longer-term objective of having the Service Provider automate the selection and referral of cases for municipal court action. Although municipal court action did not occur in 2001, significant progress toward filing complaints in municipal court was achieved in 2001. For example, an expert with sufficient experience in electronic data operations and with an understanding of this system was engaged for testimony in court. In addition, an evidence package was developed for the proceedings. The NJTA believes complaints in municipal court will be filed during the first quarter of 2002. The November 2001 Recalculation assumes these improved enforcement efforts are implemented and will result in additional revenues[1].

Appended to this letter is a copy of the November 2001 Recalculation, including a listing of the major assumptions for the various revenue and expense items, and the November 2000 Recalculation.

Sincerely,

Steven Peyser
Co-President

Attachments

cc: Commissioner James Weinstein
James Crawford
Walter Kristlibas
Lewis Thurston
P.J. Wilkins

[1] If the assumptions regarding the VPC, violation rates, improved enforcement and other assumptions presented herein are not realized, the true up amount could be significantly higher than the level estimated in the November 2001 Recalculation. In addition, the Agencies comprising the Consortium could be required to make payments to the Project Fund at any time during the forecast period to cover current operating costs and to either pay current interest on the bonds issued for the Regional Consortium Project or capitalize interest due on those bonds at a rate equal to1-month LIBOR plus 3.75%.

November 2001 Recalculation
Amounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
Operating Income															
Fiber Revenue	$0.0	$16,296.6	$34,977.9	$30,232.9	$5,995.6	$24,745.6	$24,745.6	$4,323.8	$4,323.8	$4,323.8	$720.6	$150,686.3	$9,778.9	$55,660.4	$216,125.6
Fiber User Maintenance Fees	$0.0	$100.1	$397.6	$540.5	$565.5	$890.5	$924.6	$924.6	$924.6	$924.6	$154.1	$6,346.9	$2,157.5	$10,189.3	$18,693.7
Administrative Fees	$0.0	$329.9	$3,559.4	$10,300.0	$41,423.8	$99,700.0	$87,180.1	$73,533.7	$60,696.3	$38,947.2	$6,426.7	$422,097.0	$91,088.8		$513,185.8
Collection Agency	$0.0	$0.0	$0.0	$0.0	$1,160.3	$3,159.0	$3,500.3	$2,340.0	$1,443.0	$1,345.5	$224.3	$13,172.3	$3,139.5		$16,311.8
Liquidated Damages	$0.0	$4,772.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$4,772.8	$0.0		$4,772.8
Court Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$1,368.5	$3,726.0	$4,128.5	$2,760.0	$1,702.0	$264.5	$13,949.5	$3,703.0		$17,652.5
Interest on Customer Prepayment	$0.0	$54.8	$639.2	$1,550.0	$1,085.6	$1,605.3	$2,291.1	$2,965.4	$3,040.1	$3,091.9	$523.2	$16,846.5	$7,386.1		$24,232.5
Mailing Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$100.0	$200.0	$300.0	$300.0	$300.0	$50.0	$1,250.0	$700.0		$1,950.0
Parking Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$666.7	$1,333.3	$2,000.0	$2,000.0	$2,000.0	$333.0	$8,333.0	$4,662.0		$12,995.0
Smart Card	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
National Service Center	$0.0	$0.0	$0.0	$0.0	$0.0	$192.3	$384.7	$577.0	$577.0	$577.0	$96.0	$2,404.0	$1,346.5		$3,750.5
Total Operating Income	$0.0	$21,554.1	$39,574.0	$42,623.4	$50,230.7	$132,427.9	$124,285.7	$91,093.0	$76,064.9	$53,212.1	$8,792.4	$639,858.2	$123,962.3	$65,849.7	$829,670.2
)perating Expenses															
CSC Operating Expense	$15,262.0	$13,183.0	$12,662.0	$17,187.4	$14,771.9	$17,938.4	$18,799.5	$19,605.5	$20,379.8	$20,846.6	$4,357.5	$174,993.7	$52,336.1		$227,329.7
VPC Operating Expense	$2,086.4	$0.0	$5,561.8	$18,595.0	$19,238.6	$22,428.5	$19,986.5	$17,645.0	$15,271.5	$11,021.5	$1,850.6	$133,685.4	$19,830.0		$153,515.5
Credit Card & Banking Fees	$0.0	$231.9	$2,356.6	$7,226.3	$7,398.3	$15,921.7	$16,887.5	$17,340.4	$17,782.8	$18,069.2	$3,054.3	$106,269.1	$27,369.8		$133,638.9
Mark IV Transponders	$0.0	$0.0	$0.0	$11,000.0	$0.0	$583.8	$2,335.0	$2,335.0	$2,335.0	$2,335.0	$389.2	$21,312.9	$5,448.3		$26,761.3
ͣiber Operation and Maintenance	$0.0	$0.0	$0.0	$600.0	$1,627.5	$1,380.5	$1,449.5	$1,519.5	$1,595.5	$1,672.5	$315.3	$10,160.1	$4,029.7	$26,002.5	$40,192.3
Total Operating Expenses	$17,348.4	$13,414.9	$20,580.5	$54,608.7	$43,036.3	$58,252.9	$59,458.0	$58,445.4	$57,364.6	$53,944.8	$9,966.9	$446,421.3	$109,013.9	$26,002.5	$581,437.7
ustee and Other Expenses	$15.0	$37.4	$75.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$8.3	$485.7	$116.7		$602.4
ısh Flow Before Financing Costs	($17,363.4)	$8,101.8	$18,918.6	($12,035.3)	$7,144.4	$74,125.0	$64,777.7	$32,597.7	$18,650.3	($782.7)	($1,182.8)	$192,951.2	$14,831.7	$39,847.2	$247,630.1
:t Interest Expense															
ıterest Expense	($13,370.8)	($21,466.8)	($21,974.8)	($18,618.8)	($15,885.0)	($17,031.4)	($15,987.8)	($14,117.2)	($12,949.2)	($12,598.5)	($2,029.8)	($166,030.1)	$0.0	$0.0	($166,030.1)
ıterest Income	$12,561.0	$12,757.9	$7,896.2	$4,017.0	$926.3	$1,027.1	$1,888.9	$1,947.1	$1,781.9	$1,455.2	$187.2	$46,445.8	$292.3	$0.0	$46,738.1
Net Interest Expense	($809.7)	($8,708.9)	($14,078.7)	($14,601.7)	($14,958.7)	($16,004.3)	($14,098.9)	($12,170.2)	($11,167.4)	($11,143.3)	($1,842.5)	($119,584.3)	$292.3	$0.0	($119,292.0)
:ke-Whole Payments	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
sh Flow Before Proj. Con. Cost	($18,173.1)	($607.1)	$4,839.9	($26,637.0)	($7,814.3)	$58,120.7	$50,678.8	$20,427.5	$7,482.9	($11,926.0)	($3,025.3)	$73,366.9	$15,124.0	$39,847.2	$128,338.2
ɔital Costs	($16,623.0)	($61,212.7)	($96,663.0)	($17,506.0)	($38,424.2)	($250.0)	$0.0	$0.0	$0.0	$0.0	$0.0	($230,678.9)	$0.0		($230,678.9)
ın Origination Costs	($4,419.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($4,419.1)	$0.0		($4,419.1)
Cash Flow	($39,215.2)	($61,819.8)	($91,823.1)	($44,143.0)	($46,238.5)	$57,870.7	$50,678.8	$20,427.5	$7,482.9	($11,926.0)	($3,025.3)	($161,731.1)	$15,124.0	$39,847.2	($106,759.8)

.mounts are rounded and totals may not equal the sum of their respective components.
ıitial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
evised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.
dditional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

November 2000 Recalculation
Amounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
Operating Income															
Fiber Revenue	$0.0	$11,031.5	$63,961.2	$36,619.0	$13,079.7	$5,079.7	$5,079.7	$5,079.7	$5,079.7	$5,079.7	$846.6	$150,936.4	$9,312.7	$55,876.4	$216,125.6
Fiber User Maintenance Fees	$0.0	$100.1	$464.6	$624.6	$924.6	$924.6	$924.6	$924.6	$924.6	$924.6	$154.1	$6,891.3	$1,695.2	$10,171.0	$18,757.5
Administrative Fees	$0.0	$329.9	$3,559.4	$101,841.6	$94,446.5	$59,152.1	$39,846.2	$35,570.1	$35,010.1	$35,456.6	$5,982.1	$411,194.6	$63,761.1		$474,955.7
Collection Agency	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Liquidated Damages	$0.0	$4,772.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$4,772.8	$0.0		$4,772.8
Court Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Interest on Customer Prepayment	$0.0	$54.8	$639.2	$1,539.7	$1,798.0	$1,902.0	$2,005.4	$2,077.5	$2,151.1	$2,189.5	$371.8	$14,728.9	$4,090.0		$18,818.9
Mailing Revenue	$0.0	$0.0	$0.0	$150.0	$300.0	$300.0	$300.0	$300.0	$300.0	$300.0	$50.0	$2,000.0	$550.0		$2,550.0
Parking Revenue	$0.0	$0.0	$0.0	$1,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$333.0	$13,333.0	$3,663.0		$16,996.0
Smart Card	$0.0	$0.0	$0.0	$0.0	$1,111.1	$1,333.3	$1,333.3	$1,333.3	$1,333.3	$1,333.3	$222.2	$8,000.0	$2,444.4		$10,444.4
National Service Center	$0.0	$0.0	$0.0	$96.0	$577.0	$577.0	$577.0	$577.0	$577.0	$577.0	$96.0	$3,654.0	$1,056.0		$4,710.0
Total Operating Income	$0.0	$16,289.1	$68,624.4	$141,871.0	$114,236.9	$71,268.8	$52,066.2	$47,862.2	$47,375.9	$47,860.8	$8,055.8	$615,511.0	$86,572.4	$66,047.5	$768,130.9
perating Expenses															
CSC Operating Expense	$15,262.0	$13,183.0	$12,662.0	$17,312.0	$16,571.9	$16,904.5	$17,782.0	$18,738.0	$19,718.3	$20,189.2	$4,260.5	$172,583.4	$38,060.8		$210,644.2
VPC Operating Expense	$2,086.4	$0.0	$10,394.1	$25,713.8	$21,774.2	$14,699.9	$11,035.6	$10,291.9	$10,317.5	$10,579.8	$2,059.2	$118,952.5	$14,212.5		$133,165.0
Credit Card & Banking Fees	$0.0	$231.9	$2,356.6	$7,171.8	$8,461.0	$9,041.9	$9,629.6	$10,075.7	$10,432.9	$10,619.2	$1,803.3	$69,824.0	$19,921.3		$89,745.3
Mark IV Transponders	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Fiber Operation and Maintenance	$0.0	$0.0	$0.0	$911.0	$1,289.0	$1,353.0	$1,422.0	$1,492.0	$1,568.0	$1,645.0	$287.8	$9,967.8	$3,166.2	$26,866.0	$40,000.0
Total Operating Expenses	$17,348.4	$13,414.9	$25,412.7	$51,108.7	$48,096.2	$41,999.3	$39,869.2	$40,597.6	$42,036.7	$43,033.2	$8,410.8	$371,327.8	$75,360.8	$26,866.0	$473,554.6
ustee and Other Expenses	$15.0	$37.4	$75.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$8.3	$485.7	$91.7		$577.4
sh Flow Before Financing Costs	($17,363.4)	$2,836.8	$43,136.6	$90,712.3	$66,090.7	$29,219.5	$12,147.0	$7,214.6	$5,289.2	$4,777.6	($363.4)	$243,697.6	$11,119.9	$39,181.5	$293,999.0
t Interest Expense															
terest Expense	($13,370.8)	($21,466.8)	($21,974.8)	($19,418.4)	($12,265.6)	($7,811.0)	($6,392.5)	($5,960.1)	($5,832.0)	($5,813.4)	($1,114.2)	($121,419.6)	$0.0		($121,419.6)
terest Income	$12,561.0	$12,757.9	$7,896.2	$3,745.2	$2,246.0	$1,249.3	$1,042.9	$979.7	$961.8	$954.6	$155.6	$44,550.3	$254.8		$44,805.1
Net Interest Expense	($809.7)	($8,708.9)	($14,078.7)	($15,673.2)	($10,019.6)	($6,561.7)	($5,349.5)	($4,980.4)	($4,870.2)	($4,858.8)	($958.6)	($76,869.3)	$254.8	$0.0	($76,614.5)
ke-Whole Payments	$0.0	$0.0	$0.0	$0.0	($1,024.8)	($811.0)	($160.2)	($38.7)	($4.0)	$0.0	$0.0	($2,038.6)	$0.0		($2,038.6)
sh Flow Before Proj. Con. Cost	($18,173.1)	($5,872.1)	$29,058.0	$75,039.1	$55,046.4	$21,846.8	$6,637.3	$2,195.5	$415.0	($81.2)	($1,322.0)	$164,789.7	$11,374.7	$39,181.5	$215,345.9
pital Costs	($16,623.0)	($61,212.7)	($105,810.0)	($39,175.0)	($2,391.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($225,211.8)	$0.0		($225,211.8)
n Origination Costs	($4,419.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($4,419.1)	$0.0		($4,419.1)
Cash Flow	($39,215.2)	($67,084.8)	($76,752.0)	$35,864.1	$52,655.4	$21,846.8	$6,637.3	$2,195.5	$415.0	($81.2)	($1,322.0)	($64,841.2)	$11,374.7	$39,181.5	($14,284.9)

mounts are rounded and totals may not equal the sum of their respective components.
itial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
evised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.
dditional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

roject Cash Flow Variance
nounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
perating Income															
·iber Revenue	$0.0	$5,265.0	($28,983.3)	($6,386.2)	($7,084.1)	$19,665.9	$19,665.9	($755.9)	($755.9)	($755.9)	($126.0)	($250.2)	$466.2	($216.0)	$0.0
·iber User Maintenance Fees	$0.0	$0.0	($67.1)	($84.1)	($359.1)	($34.1)	$0.0	$0.0	$0.0	$0.0	$0.0	($544.4)	$462.3	$18.3	($63.8)
\dministrative Fees	$0.0	$0.0	$0.0	($91,541.6)	($53,022.8)	$40,547.8	$47,333.9	$37,963.6	$25,686.2	$3,490.6	$444.6	$10,902.4	$27,327.7		$38,230.1
;ollection Agency	$0.0	$0.0	$0.0	$0.0	$1,160.3	$3,159.0	$3,500.3	$2,340.0	$1,443.0	$1,345.5	$224.3	$13,172.3	$3,139.5		$16,311.8
.iquidated Damages	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
;ourt Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$1,368.5	$3,726.0	$4,128.5	$2,760.0	$1,702.0	$264.5	$13,949.5	$3,703.0		$17,652.5
nterest on Customer Prepayment	$0.0	$0.0	$0.0	$10.3	($712.4)	($296.7)	$285.7	$887.9	$889.0	$902.4	$151.4	$2,117.6	$3,296.1		$5,413.7
⁄ailing Revenue	$0.0	$0.0	$0.0	($150.0)	($300.0)	($200.0)	($100.0)	$0.0	$0.0	$0.0	$0.0	($750.0)	$150.0		($600.0)
'arking Revenue	$0.0	$0.0	$0.0	($1,000.0)	($2,000.0)	($1,333.3)	($666.7)	$0.0	$0.0	$0.0	$0.0	($5,000.0)	$999.0		($4,001.0)
;mart Card	$0.0	$0.0	$0.0	$0.0	($1,111.1)	($1,333.3)	($1,333.3)	($1,333.3)	($1,333.3)	($1,333.3)	($222.2)	($8,000.0)	($2,444.4)		($10,444.4)
lational Service Center	$0.0	$0.0	$0.0	($96.0)	($577.0)	($384.7)	($192.3)	$0.0	$0.0	$0.0	$0.0	($1,250.0)	$290.5		($959.5)
Total Operating Income	$0.0	$5,265.0	($29,050.4)	($99,247.5)	($64,006.2)	$61,159.1	$72,219.4	$43,230.8	$28,689.0	$5,351.3	$736.6	$24,347.2	$37,389.9	($197.8)	$61,539.3
erating Expenses															
;SC Operating Expense	$0.0	$0.0	$0.0	($124.7)	($1,800.1)	$1,033.9	$1,017.6	$867.5	$661.5	$657.4	$97.1	$2,410.3	$14,275.2		$16,685.5
'PC Operating Expense	$0.0	$0.0	($4,832.3)	($7,118.8)	($2,535.6)	$7,728.7	$8,950.8	$7,353.1	$4,954.0	$441.7	($208.7)	$14,732.9	$5,617.5		$20,350.4
'redit Card & Banking Fees	$0.0	$0.0	$0.0	$54.6	($1,062.7)	$6,879.8	$7,257.9	$7,264.7	$7,349.9	$7,450.0	$1,251.0	$36,445.1	$7,448.5		$43,893.6
lark IV Transponders	$0.0	$0.0	$0.0	$11,000.0	$0.0	$583.8	$2,335.0	$2,335.0	$2,335.0	$2,335.0	$389.2	$21,312.9	$5,448.3		$26,761.3
iber Operation and Maintenance	$0.0	$0.0	$0.0	($311.0)	$338.5	$27.5	$27.5	$27.5	$27.5	$27.5	$27.5	$192.3	$863.5	($863.5)	$192.3
Total Operating Expenses	$0.0	$0.0	($4,832.3)	$3,500.0	($5,059.8)	$16,253.6	$19,588.8	$17,847.7	$15,327.9	$10,911.6	$1,556.0	$75,093.5	$33,653.1	($863.5)	$107,883.1
ustee and Other Expenses	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
sh Flow Before Financing Costs	$0.0	$5,265.0	($24,218.1)	($102,747.6)	($58,946.3)	$44,905.5	$52,630.6	$25,383.1	$13,361.2	($5,560.3)	($819.4)	($50,746.4)	($817.6)	$665.7	($46,343.8)
t Interest Expense															
ıterest Expense Paid from Income	$0.0	$0.0	$0.0	$799.6	($3,619.4)	($9,220.4)	($9,595.3)	($8,157.1)	($7,117.2)	($6,785.1)	($915.5)	($44,610.5)	$0.0		($44,610.5)
ıterest Income	$0.0	$0.0	$0.0	$271.8	($1,319.7)	($222.3)	$846.0	$967.4	$820.1	$500.6	$31.6	$1,895.5	($17.5)		$1,878.1
Net Interest Expense	$0.0	$0.0	$0.0	$1,071.4	($4,939.2)	($9,442.6)	($8,749.3)	($7,189.8)	($6,297.2)	($6,284.5)	($883.9)	($42,715.0)	($17.5)	$0.0	($42,732.4)
ke-Whole Payments	$0.0	$0.0	$0.0	$0.0	$1,024.8	$811.0	$160.2	$38.7	$4.0	$0.0	$0.0	$2,038.6	$0.0		$2,038.6
sh Flow Before Proj. Con. Cost	$0.0	$5,265.0	($24,218.1)	($101,676.1)	($62,860.7)	$36,273.8	$44,041.5	$18,232.0	$7,068.0	($11,844.8)	($1,703.3)	($91,422.7)	($835.1)	$665.7	($87,037.7)
oital Costs	$0.0	$0.0	$9,147.0	$21,669.0	($36,033.2)	($250.0)	$0.0	$0.0	$0.0	$0.0	$0.0	($5,467.2)	$0.0		($5,467.2)
ın Origination Costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Cash Flow	$0.0	$5,265.0	($15,071.1)	($80,007.1)	($98,893.9)	$36,023.8	$44,041.5	$18,232.0	$7,068.0	($11,844.8)	($1,703.3)	($96,889.9)	$3,749.3	$665.7	($92,474.9)

\mounts are rounded and totals may not equal the sum of their respective components.

nitial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

tevised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

\dditional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

Revenue and Expense Assumptions for the November 2001 Recalculation

The revenues and expenses in the November 2001 Recalculation incorporate actual operating experience of the Regional Consortium Project. Summarized below are the assumptions that were used to develop the revenue and expense estimates for the November 2001 Recalculation. These estimates are based on information and assumptions provided by the Consortium members regarding the future operation of E-ZPass, including roadway volume, the component of roadway volume that constitutes electronic toll transactions and Administrative Fee collections. Any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasts and actual results, and those differences may be material.

Revenue Assumptions

Administrative Fees (Violation Revenue): It is assumed that the VPC will begin improving its performance by July 2002 and achieve contractual performance levels by September 2002, aided by the expected replacement of Adesta with WorldCom as the Service Provider for the Regional Consortium Project. It is assumed that WorldCom has the resources capable of implementing improvements that will lead to the reliable detection of an increased number of actual toll violators and timely notification to violators, with implementation of more effective management in the operation of the VPC. In addition, the installation of front end cameras in lanes to provide for better images of license plates of toll violators' vehicles and the greater use of mixed mode lanes will help increase the detection of violators. In addition to working to improve the technical operation of the VPC, the Consortium advises that the Service Provider is finalizing a contract with a collection agency, which is expected to begin pursuing past-due violation accounts in early 2002. The Consortium also advises that in 2002 it will work with the Service Provider to select cases on a manual basis for referral to the municipal courts, with the longer-term objective of having the Service Provider automate the selection and referral of cases for municipal court action. Although municipal court action did not occur in 2001, significant progress toward filing complaints in municipal court was achieved in 2001. For example, an expert with sufficient experience in electronic data operations and with an understanding of this system was engaged for testimony in court. In addition, an evidence package was developed for the proceedings. The NJTA believes complaints in municipal court will be filed during the first quarter of 2002. Also, based on current experience and the views of the Agencies that the performance of the VPC and enforcement have not yet reached the levels anticipated in the November 2000 Recalculation, violation rates are assumed to decline more slowly. While significantly lower levels of Administrative Fees are assumed for 2001 and 2002 in the November 2001 Recalculation compared to the November 2000 Recalculation, the November 2001 Recalculation assumes these revenues are deferred to later years based on the assumptions discussed above. If the assumptions regarding the performance of the VPC, improved enforcement and violation rates are not realized, the true up amount could be significantly higher. Presented in the following table are the projected violation rates.

November 2001 Recalculation Violation Rates

	Regional Consortium Member				
Year	NJTA	NJHA	SJTA	PANYNJ (1)	DELDOT
2002	1.50%	2.20%	0.80%	NA	1.50%
2003	1.25%	1.80%	0.80%	0.90%	1.00%
2004	1.10%	1.50%	0.80%	0.80%	0.80%
2005	0.85%	1.25%	0.50%	0.80%	0.80%
2006	0.65%	1.00%	0.50%	0.70%	0.80%
2007	0.50%	0.50%	0.50%	0.60%	0.80%
2008	0.50%	0.50%	0.50%	0.50%	0.80%

(1) For purposes of the November 2001 Recalculation, the PANYNJ is assumed to migrate to the CSC/VPC by January 1, 2003. The violation rate for 2002 is therefore not relevant to the model.

Collection Agency: The November 2001 Recalculation assumes the collection agency responsible for pursuing past due Administrative Fees is in place by April 2002. This results in estimated additional revenues of approximately $13.2 million through February 2008. It is assumed that the collection agency will collect 8% of the prior year's past due Administrative Fees. The collection rate is based on PANYNJ's experience. The November 2001 Recalculation also assumes that 30% of the violations pursued by the collection agency will be on a "per case" basis, where a flat fee of $2.25 per case is paid to the collection agency regardless of the outcome of the collection effort. It is assumed that the other 70% of the violations pursued by the collection agency will be on a "contingent" basis, where the collection agency is permitted to retain 25% of any Administrative Fees collected. It is further assumed that there are no capacity constraints on the number of violations the collection agency is capable of pursuing in a year. This is an additional source of potential revenue and, since the assumptions upon which the projections are based have yet to be tested, there is no assurance that actual results will be at the levels estimated by the November 2001 Recalculation.

Court Revenue: The Consortium advises that progress is being made in developing an evidence package for the municipal courts and, during 2002, the Consortium expects to select and refer, on a manual basis, cases to the municipal courts. The longer-term objective is for the Service Provider to automate the selection and referral of cases for municipal court action, thereby increasing the potential for revenue to be collected through the courts. The manual process assumed to be initiated in 2002, however, should help bring increased awareness of the Consortium's efforts to improve enforcement. The November 2001 Recalculation assumes the service provider implements the automated process by the beginning of 2003 and revenue begins to be generated from municipal court action in that year. It is assumed that 5% of the past-due Administrative Fees that are not collected by the collection agency are collected through the municipal courts. It is further assumed that there are no capacity constraints on the number of violations the court system is capable of pursuing in a year. This is an additional source of potential revenue and, since the assumptions upon which the projections are based have yet to be tested, there is no assurance that actual results will be at the levels estimated by the November 2001 Recalculation.

Fiber Revenue: The November 2001 Recalculation assumes that the current weakness within the telecommunications industry will continue through 2002 but the industry will begin to recover in 2003, aided by additional marketing opportunities created by an agreement with the Delaware

River Bay Authority to lease ducts to connect the Consortium fiber network to the Delaware/Maryland line. The November 2001 Recalculation assumes that, in total, the Consortium will still receive approximately $216 million of fiber revenue over the 20 year term of the lease agreements. The November 2001 Recalculation also assumes reductions in the payment of maintenance fees by fiber users through 2003, reflecting the near-term weakness within the fiber industry.

Interest on Customer Prepayments: Represents the interest earned on fund balances arising from customers prepaying their toll charges, as well as from deposits on transponder tags. The November 2001 Recalculation assumes an average prepaid balance of $55.

Interest Income: Represents interest earned on amounts in the Project Fund. The November 2001 Recalculation assumes an interest rate of 2.35% in 2002, 2.85% in 2003, 3.85% in 2004 and 4.85% in 2005 and thereafter.

Mailing Revenue: Represents assumed income from CSC advertisements included in customer statements.

Parking Revenue: The revenue is net of capital costs to be paid for parking lot operations.

National Service Center: The November 2001 Recalculation is based upon existing contractual arrangements entered into by Chase Manhattan Bank with third parties and assumptions as set forth in the base case model.

Expense Assumptions

CSC Expenses: These expenses are based on a fixed price based on an average market penetration for E-ZPass transactions of 35%. Beginning July 1, 2001, the price is subject to adjustment, up or down, for the number of transactions above or below the baseline market penetration. The following table shows the assumed market penetration rates for the Consortium members for 2002 through 2008. A decrease of approximately 2.5 cents per transaction for each transaction above a 46% utilization rate is made to the variable cost component for the NJHA for a policy change made by the NJHA to implement discount pricing for E-ZPass users and eliminate the sale of tokens, both to promote E-ZPass usage.

November 2001 Recalculation E-ZPass Utilization Rates

	Regional Consortium Member				
Year	NJTA	NJHA	SJTA	PANYNJ (1)	DELDOT
2002	56%	50%	36%	67%	33%
2003	57%	51%	37%	68%	36%
2004	58%	52%	39%	69%	40%
2005	59%	52%	40%	70%	43%
2006	60%	52%	40%	71%	45%
2007	60%	52%	40%	72%	46%
2008	60%	52%	40%	72%	48%

(1) For purposes of the November 2001 Recalculation, the PANYNJ is assumed to migrate to the CSC/VPC by January 1, 2003.

VPC Expenses: These expenses are based on a fixed price, determined by an assumed level of license plate images and payments that would be processed by the VPC, and a variable adjustment, based on the number of actual license plate images reviewed and actual payments processed. The November 2001 Recalculation also makes adjustments to base payment amounts and variable cost components due to the provisions of recent Service Provider contract amendments.

Mark IV Transponders: The November 2001 Recalculation provides for the Consortium's acquisition of $11 million of additional Mark IV transponders in 2001, reflecting the increased popularity of the E-ZPass System. It also assumes that it will be necessary for the Consortium to purchase additional Mark IV transponders in future years, given the expected growth in the number of E-ZPass customers. It is assumed that the current inventory level of Mark IV transponders will be sufficient to meet the additional demand through 2002 and most of 2003. In 2003, the November 2001 Recalculation assumes approximately 25,000 additional transponders are purchased at a unit cost of $23.35 per transponder. The additional annual operating expense attributed to the purchase of the transponders is approximately $580,000. In 2004 and thereafter, the November 2001 Recalculation assumes the Consortium purchases approximately 100,000 transponders per year, at a unit cost of $23.35, to meet the additional growth in E-ZPass customers and to provide replacement transponders as needed. This results in annual expenses of approximately $2.3 million. A program to replace transponders at the end of their life expectancy has yet to be developed and it is yet to be determined whether replacement transponders will be distributed free of charge. Accordingly, no expenditure is projected for such eventuality.

Credit Card/Banking Fees: Credit card and banking fees are determined by the amount of toll revenue that is derived from E-ZPass transactions and the fees charged by credit card companies and banks when E-ZPass customers replenish their accounts. In the November 2001 Recalculation, a higher average toll of approximately $1.35 is assumed, which more accurately reflects current toll levels and toll increases by NJTA, PANYNJ and SJTA. A higher average credit card fee of 2.23% is assumed based on recent experience, and the percentage of customers paying by credit card and by check were revised slightly. The percentage for credit card payment is assumed to be 91.25% and the percentage for check payment is assumed to be 8.75%.

Fiber Maintenance: These expenses are based on a maximum not to exceed amount of $40 million. The Service Provider submits actual invoices based on a schedule set forth in the Project Agreement and the Consortium receives a refund at the end of 20 years if actual expenses plus overhead are less than $40 million.

Trustee and Other Expenses: These expenses represent annual amounts payable to the bond trustee and to cover future accounting, financial advisory and other consultant fees, which may be required to monitor the Regional Consortium Project.

Interest Expense: Interest on the floating rate bonds is set at LIBOR plus 115 basis points. For 2002, a rate of 3.53%, the current rate of interest being paid, is assumed. In 2003, a rate of 4.5% is assumed, increasing to 5.00% in 2004 and then to 6.00% in 2005 and thereafter. Interest on the fixed rate bonds is set at 7.06% based upon the 10-year Treasury rate when the bonds were issued plus 140 basis points.

Make Whole Payments on Repayment of Debt: "Make-whole" payments are made when any of the principal of the fixed-rate bonds is prepaid. There are no make-whole payments on the floating rate bonds. The payments are based on Treasury rates plus 50 basis points. For the November 2001 Recalculation, it is assumed that no fixed-rate bonds are prepaid and no make-whole payments are made.

Regional Consortium Project

Recalculation of the Base Case Financial Model

Submitted to:

The New Jersey Turnpike Authority
on behalf of the Regional ETC Consortium

November 30, 2001

Public Resources Advisory Group

Independent Financial Advisors

Table of Contents

Executive Summary

The New Jersey Turnpike Authority ("NJTA"), acting on behalf of the Consortium[1], retained Public Resources Advisory Group ("PRAG") to perform an annual recalculation of the Base Case Model referred to in Section 6.01(g) of the True Up Agreement. The first recalculation was submitted to the Consortium on November 30, 2000 (the "November 2000 Recalculation"). Based on our review of the November 2000 Recalculation and the current status of the Project, this recalculation (the "November 2001 Recalculation") estimates that there will be a True Up Amount of approximately $161,731,000 on March 7, 2008 versus the $64,841,000 True Up Amount estimated in the November 2000 Recalculation at such date. The following table summarizes the major cash flow changes from the November 2000 Recalculation.

Summary of Changes from the November 2000 Recalculation Estimated Cash Flows at March 7, 2008
(Amounts in Thousands)

November 2000 Recalculation Cash at March 7, 2008 *		($64,841)
Project Construction Costs		
Net Project Change Orders	($5,467)	
Total Change in Project Construction Costs	($5,467)	
Effect on Base Case		($5,467)
Revenues		
Increase in Administrative Fees	$10,902	
Decrease in Fiber Revenue and User Maintenance Fees	(795)	
Collection Agency	13,172	
Court Revenue	13,950	
Increase in Interest on Customer Prepayments	2,118	
Decrease in Other Revenue	(15,000)	
Total Change in Revenue	$24,347	
Effect on Base Case		$24,347
Expenses		
Increase in CSC Operating Expense	($2,410)	
Increase in VPC Operating Expense	(14,733)	
Increase in Credit Card/Banking Fees	(36,445)	
Mark IV Transponders	(21,313)	
Other Expenses	(192)	
Total Change in Expenses	($75,093)	
Effect on Base Case		($75,093)
Net Financing Costs		
Increase in Interest Expense	($44,611)	
Increase in Interest Income	1,896	
Decrease in Make Whole Payments	2,038	
Total Change in Net Financing Costs	($40,677)	
Effect on Base Case		($40,677)
November 2001 Recalculation Cash at March 7, 2008 *		($161,731)

* Represents a True-Up Payment by the Consortium. This schedule does not include additional net operating income of $54.9 million expected to be earned from March 2008 through December 2024, based on $39.8 million to be earned from existing and anticipated fiber contracts through 2024 and $15.1 million from the contract for the CSC/VPC which is expected to expire in June 2010.

[1] Capitalized terms of special meaning used, but not otherwise defined, in this report shall have the meanings given to such terms in or pursuant to that certain True Up Agreement dated March 10, 1998, between The State of Delaware, acting by and through its Department of Transportation ("DelDOT"), the NJTA, The Port Authority of New York and New Jersey ("PANYNJ"), the South Jersey Transportation Authority ("SJTA"), and the New Jersey Highway Authority ("NJHA"), as members of a consortium formed for the purposes of receiving the services associated with the implementation of an integrated electronic toll collection system, a fiber optic system, a customer service center for the processing of tolls transactions and a related violations processing center, and the New Jersey Economic Development Authority (the "True Up Agreement").

A significant factor affecting the change in the projected True-Up amount is the expected payment of approximately $44.6 million of additional interest expense. Based on the operating results projected in the November 2000 Recalculation, it was estimated that approximately $220 million of the EDA Bonds would be redeemed prior to March 2008, with approximately $182 million redeemed in 2001 and 2002. Due to delayed receipt of Administrative Fees and Fiber Revenues, as discussed below, and increased operating costs a smaller amount of debt is projected to be redeemed and the repayment is slower than assumed in November 2000. The Trust Indenture requires the Consortium to retain a balance in the Project Fund during the first four years from the Closing Date of at least the Remaining Construction Cost plus 25% of the aggregate unpaid principal and accrued interest on the Bonds and 20% of those amounts during the remainder of the period before redemption is permitted. With these Trust Indenture restrictions and the cash flow produced from operations, $116.5 of principal can be prepaid.

Other factors affecting the True Up include the purchase of $21.3 million of additional Mark IV transponders and higher operating expenses for the Customer Service Center ("CSC") due to the increased popularity of the E-ZPass System, increased credit card and bank fees due to the popularity of E-ZPass and higher toll rates on several of the roads resulting in higher credit card fees that are calculated as a percentage of the total transaction amount, increased construction costs due to Project additions, higher operating costs of the Violations Processing Center ("VPC"), reduced mailing revenue, parking revenue, and "National Service Center" revenue and the elimination of Smart Card revenue. Offsetting the True-Up are assumed additional revenues from the use of a collection agency to pursue past-due Administrative Fees, the prosecution of violators through the municipal courts and higher Administrative Fees. Other offsetting factors to the True Up include higher interest earnings on customer prepayments and on the Project Fund, and no Make Whole Payments.

Total Administrative Fees collected are projected to be approximately $10.9 million higher overall than the November 2000 Recalculation, but the timing of the receipt of the fees is delayed. The November 2000 Recalculation assumed that early in 2001 technical issues associated with toll violations processing would be resolved and efforts to improve the collection of Administrative Fees, including contracting with a collection agency and prosecution of toll violators through the court system, would be implemented. Sufficient improvements in the overall collections of Administrative Fees to meet expectations did not occur in the projected timeframe; thus, the estimate for 2001 of total Administrative Fee collections is $10.3 million, versus $101.8 million estimated in the November 2000 Recalculation. The November 2001 Recalculation assumes that the VPC performance begins improving in July 2002 and achieves contract performance levels by September 2002, aided by the expected replacement of Adesta Transportation, Inc. ("Adesta") with WorldCom, Inc. ("WorldCom") as the Service Provider for the Regional Consortium Project. WorldCom brings greater financial, technical and managerial resources to the Regional Consortium Project than Adesta was able to provide. It is assumed that WorldCom has the resources capable of implementing improvements that will lead to the reliable detection of an increased number of actual toll violators and timely notification to violators, with implementation of more effective management in the operation of the VPC. In addition, the installation of front end cameras in lanes to provide for better images of license plates of toll violators' vehicles and the greater use of mixed mode lanes will help increase the detection of violators. The assumed changes discussed above are anticipated to result in projected Administrative Fee revenue in 2002 of $41.4 million, versus $94.4 million projected for 2002 in the November 2000 Recalculation. In subsequent years, the November 2001 Recalculation assumes that the decline in the toll violation rates is more gradual than assumed in the November 2000 Recalculation and Administrative Fees in total are approximately $10.9 million higher than the amount projected in the November 2000 Recalculation.

In developing the November 2001 Recalculation, we relied upon projections provided by the Consortium members of roadway volume, the component of roadway volume that constitutes electronic toll transactions, toll violations and Administrative Fee collections. In particular, the November 2001 Recalculation assumes a material increase in the Consortium's ability to achieve violation revenues versus actual performance. Forecasts are subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. The financial forecasts of the November 2001 Recalculation are very sensitive to assumptions about the future volume of electronic toll transactions, the future volume of toll violations, toll violations processing and the collection of Administrative Fees. Therefore, there are likely to be differences between the forecasts of the November 2001 Recalculation and actual results, and those differences may be material. Subject to our agreement with the NJTA with respect to our role, as defined in the Indenture, we have no responsibility to update this report for events and circumstances occurring after the date of this report, other than to the extent provided in Section 6.01 (g) of the True-Up Agreement in connection with the annual recalculation of the Base Case.

Introduction

Based on our review of the November 2000 Recalculation and the current status of the Project, the November 2001 Recalculation estimates that there will be a True Up Amount of approximately $161.7 million on March 7, 2008 versus the $64.8 million True Up Amount estimated in the November 2000 Recalculation at such date.[1]

The significant factors affecting the November 2001 Recalculation True-Up Amount are:

- Increased interest expense of $44.6 million because fewer EDA Bonds are expected to be redeemed by March 7, 2008 under the November 2001 Recalculation.
- The purchase of approximately $21.3 million of additional Mark IV transponders, due to the increased popularity of the E-ZPass System.
- Increased banking fees of $36.4 due to the popularity of E-ZPass, toll increases by NJTA, PANYNJ and SJTA resulting in higher credit card charges at a fixed percentage of the total toll revenue collected by E-ZPass and additional operating experience enabling more accurate estimates to be obtained.
- Increased VPC expenses of approximately $14.7 million, resulting from overall higher incremental processing costs associated with a greater number of violations, offset partially by lower transaction costs in 2001 and 2002, and the assumption that the Deferred Payment will not be made to the Service Provider.
- Later receipt of Administrative Fees, resulting from the projected inability of the VPC to achieve contract performance levels until September 2002.
- Increased CSC expenses of $2.4 million due to popularity of E-ZPass.
- Lower total revenues of $15.0 million from mailing revenue, parking revenue, and the National Service Center and the elimination of the assumption of earnings from Smart Card.
- Increased Project construction costs of approximately $5.5 million for Project additions.

Factors offsetting the True-Up Amount, including:

- Approximately $13.2 million of additional revenue from the use of a collection agency to pursue past-due Administrative Fees.
- Approximately $13.9 million of additional revenue expected from the prosecution of violators through the municipal courts.
- Approximately $10.9 million additional Administrative Fees due to a slower assumed decline in violation rates.
- Higher interest earnings of approximately $1.9 million on the Project Fund and $2.1 million on customer prepayments and tag deposits.

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[1] The estimate of the November 2001 Recalculation True-Up Amount does not include additional net operating income of $54.9 million expected to be earned after the March 8, 2008 True-Up date, based on $39.8 million to be earned from existing and new fiber contracts through 2024 and $15.1 million from the contract for the CSC/VPC which is now expected to expire in June 2010.

- Savings of approximately $2.0 million from the expectation that no Make Whole Payments will be made, as no fixed-rate EDA Bonds are expected to be redeemed prior to March 2008.

While the November 2001 Recalculation takes into account the limited operating history of the Project, it is primarily based on certain assumptions about future events as set forth in this report. We are of the opinion, on the basis of our review of the November 2000 Recalculation, the current status of the Project and the action steps that are committed to be taken, that the assumptions underlying the financial forecasts for the November 2001 Recalculation, taken as a whole, form a reasonable basis for those forecasts. The financial forecasts of the November 2001 Recalculation are very sensitive to assumptions about the future volume of electronic toll transactions, the future volume of toll violations, toll violations processing and the collection of Administrative Fees. In developing the November 2001 Recalculation, we relied upon projections of roadway volume, electronic toll transactions, toll violations and Administrative Fee collections provided by the Consortium members. In particular, the November 2001 Recalculation assumes a material improvement in the Consortium's ability to collect violation revenues versus actual performance to date. Any forecast is subject to uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between the forecasts of the November 2001 Recalculation and actual results, and those differences may be material. Subject to our agreement with the NJTA with respect to our role, as defined in the Indenture, we have no responsibility to update this report for events and circumstances occurring after the date of this report, other than to the extent provided in Section 6.01 (g) of the True Up Agreement in connection with the annual recalculation of the Base Case

The tables presented on the following pages present the November 2000 Recalculation, the November 2001 Recalculation and the cash flow variance between those two cases. Additional schedules are presented in Section II.

November 2001 Recalculation

Amounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
Operating Income															
Fiber Revenue	$0.0	$16,296.6	$34,977.9	$30,232.9	$5,995.6	$24,745.6	$24,745.6	$4,323.8	$4,323.8	$4,323.8	$720.6	$150,686.3	$9,778.9	$55,660.4	$216,125.6
Fiber User Maintenance Fees	$0.0	$100.1	$397.6	$540.5	$565.5	$890.5	$924.6	$924.6	$924.6	$924.6	$154.1	$6,346.9	$2,157.5	$10,189.3	$18,693.7
Administrative Fees	$0.0	$329.9	$3,559.4	$10,300.0	$41,423.8	$99,700.0	$87,180.1	$73,533.7	$60,696.3	$38,947.2	$6,426.7	$422,097.0	$91,088.8		$513,185.8
Collection Agency	$0.0	$0.0	$0.0	$0.0	$1,160.3	$3,159.0	$3,500.3	$2,340.0	$1,443.0	$1,345.5	$224.3	$13,172.3	$3,139.5		$16,311.8
Liquidated Damages	$0.0	$4,772.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$4,772.8	$0.0		$4,772.8
Court Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$1,368.5	$3,726.0	$4,128.5	$2,760.0	$1,702.0	$264.5	$13,949.5	$3,703.0		$17,652.5
Interest on Customer Prepayment	$0.0	$54.8	$639.2	$1,550.0	$1,085.6	$1,605.3	$2,291.1	$2,965.4	$3,040.1	$3,091.9	$523.2	$16,846.5	$7,386.1		$24,232.5
Mailing Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$100.0	$200.0	$300.0	$300.0	$300.0	$50.0	$1,250.0	$700.0		$1,950.0
Parking Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$666.7	$1,333.3	$2,000.0	$2,000.0	$2,000.0	$333.0	$8,333.0	$4,662.0		$12,995.0
Smart Card	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
National Service Center	$0.0	$0.0	$0.0	$0.0	$0.0	$192.3	$384.7	$577.0	$577.0	$577.0	$96.0	$2,404.0	$1,346.5		$3,750.5
Total Operating Income	$0.0	$21,554.1	$39,574.0	$42,623.4	$50,230.7	$132,427.9	$124,285.7	$91,093.0	$76,064.9	$53,212.1	$8,792.4	$639,858.2	$123,962.3	$65,849.7	$829,670.2
Operating Expenses															
CSC Operating Expense	$15,262.0	$13,183.0	$12,662.0	$17,187.4	$14,771.9	$17,938.4	$18,799.5	$19,605.5	$20,379.8	$20,846.6	$4,357.5	$174,993.7	$52,336.1		$227,329.7
VPC Operating Expense	$2,086.4	$0.0	$5,561.8	$18,595.0	$19,238.6	$22,428.5	$19,986.5	$17,645.0	$15,271.5	$11,021.5	$1,850.6	$133,685.4	$19,830.0		$153,515.5
Credit Card & Banking Fees	$0.0	$231.9	$2,356.6	$7,226.3	$7,398.3	$15,921.7	$16,887.5	$17,340.4	$17,782.8	$18,069.2	$3,054.3	$106,269.1	$27,369.8		$133,638.9
Mark IV Transponders	$0.0	$0.0	$0.0	$11,000.0	$0.0	$583.8	$2,335.0	$2,335.0	$2,335.0	$2,335.0	$389.2	$21,312.9	$5,448.3		$26,761.3
Fiber Operation and Maintenance	$0.0	$0.0	$0.0	$600.0	$1,627.5	$1,380.5	$1,449.5	$1,519.5	$1,595.5	$1,672.5	$315.3	$10,160.1	$4,029.7	$26,002.5	$40,192.3
Total Operating Expenses	$17,348.4	$13,414.9	$20,580.5	$54,608.7	$43,036.3	$58,252.9	$59,458.0	$58,445.4	$57,364.6	$53,944.8	$9,966.9	$446,421.3	$109,013.9	$26,002.5	$581,437.7
Trustee and Other Expenses	$15.0	$37.4	$75.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$8.3	$485.7	$116.7		$602.4
Cash Flow Before Financing Costs	($17,363.4)	$8,101.8	$18,918.6	($12,035.3)	$7,144.4	$74,125.0	$64,777.7	$32,597.7	$18,650.3	($782.7)	($1,182.8)	$192,951.2	$14,831.7	$39,847.2	$247,630.1
Net Interest Expense															
Interest Expense	($13,370.8)	($21,466.8)	($21,974.8)	($18,618.8)	($15,885.0)	($17,031.4)	($15,987.8)	($14,117.2)	($12,949.2)	($12,598.5)	($2,029.8)	($166,030.1)	$0.0	$0.0	($166,030.1)
Interest Income	$12,561.0	$12,757.9	$7,896.2	$4,017.0	$926.3	$1,027.1	$1,888.9	$1,947.1	$1,781.9	$1,455.2	$187.2	$46,445.8	$292.3	$0.0	$46,738.1
Net Interest Expense	($809.7)	($8,708.9)	($14,078.7)	($14,601.7)	($14,958.7)	($16,004.3)	($14,098.9)	($12,170.2)	($11,167.4)	($11,143.3)	($1,842.5)	($119,584.3)	$292.3	$0.0	($119,292.0)
Make-Whole Payments	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Cash Flow Before Proj. Con. Cost	($18,173.1)	($607.1)	$4,839.9	($26,637.0)	($7,814.3)	$58,120.7	$50,678.8	$20,427.5	$7,482.9	($11,926.0)	($3,025.3)	$73,366.9	$15,124.0	$39,847.2	$128,338.2
Capital Costs	($16,623.0)	($61,212.7)	($96,663.0)	($17,506.0)	($38,424.2)	($250.0)	$0.0	$0.0	$0.0	$0.0	$0.0	($230,678.9)	$0.0		($230,678.9)
Loan Origination Costs	($4,419.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($4,419.1)	$0.0		($4,419.1)
Net Cash Flow	($39,215.2)	($61,819.8)	($91,823.1)	($44,143.0)	($46,238.5)	$57,870.7	$50,678.8	$20,427.5	$7,482.9	($11,926.0)	($3,025.3)	($161,731.1)	$15,124.0	$39,847.2	($106,759.8)

1) Amounts are rounded and totals may not equal the sum of their respective components.

2) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

3) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

4) Additional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

November 2000 Recalculation
Amounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
Operating Income															
Fiber Revenue	$0.0	$11,031.5	$63,961.2	$36,619.0	$13,079.7	$5,079.7	$5,079.7	$5,079.7	$5,079.7	$5,079.7	$846.6	$150,936.4	$9,312.7	$55,876.4	$216,125.6
Fiber User Maintenance Fees	$0.0	$100.1	$464.6	$624.6	$924.6	$924.6	$924.6	$924.6	$924.6	$924.6	$154.1	$6,891.3	$1,695.2	$10,171.0	$18,757.5
Administrative Fees	$0.0	$329.9	$3,559.4	$101,841.6	$94,446.5	$59,152.1	$39,846.2	$35,570.1	$35,010.1	$35,456.6	$5,982.1	$411,194.6	$63,761.1		$474,955.7
Collection Agency	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Liquidated Damages	$0.0	$4,772.8	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$4,772.8	$0.0		$4,772.8
Court Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Interest on Customer Prepayment	$0.0	$54.8	$639.2	$1,539.7	$1,798.0	$1,902.0	$2,005.4	$2,077.5	$2,151.1	$2,189.5	$371.8	$14,728.9	$4,090.0		$18,818.9
Mailing Revenue	$0.0	$0.0	$0.0	$150.0	$300.0	$300.0	$300.0	$300.0	$300.0	$300.0	$50.0	$2,000.0	$550.0		$2,550.0
Parking Revenue	$0.0	$0.0	$0.0	$1,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$2,000.0	$333.0	$13,333.0	$3,663.0		$16,996.0
Smart Card	$0.0	$0.0	$0.0	$0.0	$1,111.1	$1,333.3	$1,333.3	$1,333.3	$1,333.3	$1,333.3	$222.2	$8,000.0	$2,444.4		$10,444.4
National Service Center	$0.0	$0.0	$0.0	$96.0	$577.0	$577.0	$577.0	$577.0	$577.0	$577.0	$96.0	$3,654.0	$1,056.0		$4,710.0
Total Operating Income	$0.0	$16,289.1	$68,624.4	$141,871.0	$114,236.9	$71,268.8	$52,066.2	$47,862.2	$47,375.9	$47,860.8	$8,055.8	$615,511.0	$86,572.4	$66,047.5	$768,130.9
Operating Expenses															
CSC Operating Expense	$15,262.0	$13,183.0	$12,662.0	$17,312.0	$16,571.9	$16,904.5	$17,782.0	$18,738.0	$19,718.3	$20,189.2	$4,260.5	$172,583.4	$38,060.8		$210,644.2
VPC Operating Expense	$2,086.4	$0.0	$10,394.1	$25,713.8	$21,774.2	$14,699.9	$11,035.6	$10,291.9	$10,317.5	$10,579.8	$2,059.2	$118,952.5	$14,212.5		$133,165.0
Credit Card & Banking Fees	$0.0	$231.9	$2,356.6	$7,171.8	$8,461.0	$9,041.9	$9,629.6	$10,075.7	$10,432.9	$10,619.2	$1,803.3	$69,824.0	$19,921.3		$89,745.3
Mark IV Transponders	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		
Fiber Operation and Maintenance	$0.0	$0.0	$0.0	$911.0	$1,289.0	$1,353.0	$1,422.0	$1,492.0	$1,568.0	$1,645.0	$287.8	$9,967.8	$3,166.2	$26,866.0	$40,000.0
Total Operating Expenses	$17,348.4	$13,414.9	$25,412.7	$51,108.7	$48,096.2	$41,999.3	$39,869.2	$40,597.6	$42,036.7	$43,033.2	$8,410.8	$371,327.8	$75,360.8	$26,866.0	$473,554.6
Trustee and Other Expenses	$15.0	$37.4	$75.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$50.0	$8.3	$485.7	$91.7		$577.4
Cash Flow Before Financing Costs	($17,363.4)	$2,836.8	$43,136.6	$90,712.3	$66,090.7	$29,219.5	$12,147.0	$7,214.6	$5,289.2	$4,777.6	($363.4)	$243,697.6	$11,119.9	$39,181.5	$293,999.0
Net Interest Expense															
Interest Expense	($13,370.8)	($21,466.8)	($21,974.8)	($19,418.4)	($12,265.6)	($7,811.0)	($6,392.5)	($5,960.1)	($5,832.0)	($5,813.4)	($1,114.2)	($121,419.6)	$0.0		($121,419.6)
Interest Income	$12,561.0	$12,757.9	$7,896.2	$3,745.2	$2,246.0	$1,249.3	$1,042.9	$979.7	$961.8	$954.6	$155.6	$44,550.3	$254.8		$44,805.1
Net Interest Expense	($809.7)	($8,708.9)	($14,078.7)	($15,673.2)	($10,019.6)	($6,561.7)	($5,349.5)	($4,980.4)	($4,870.2)	($4,858.8)	($958.6)	($76,869.3)	$254.8	$0.0	($76,614.5)
Make-Whole Payments	$0.0	$0.0	$0.0	$0.0	($1,024.8)	($811.0)	($160.2)	($38.7)	($4.0)	$0.0	$0.0	($2,038.6)	$0.0		($2,038.6)
Cash Flow Before Proj. Con. Cost	($18,173.1)	($5,872.1)	$29,058.0	$75,039.1	$55,046.4	$21,846.8	$6,637.3	$2,195.5	$415.0	($81.2)	($1,322.0)	$164,789.7	$11,374.7	$39,181.5	$215,345.9
Capital Costs	($16,623.0)	($61,212.7)	($105,810.0)	($39,175.0)	($2,391.0)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($225,211.8)	$0.0		($225,211.8)
Loan Origination Costs	($4,419.1)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	($4,419.1)	$0.0		($4,419.1)
Net Cash Flow	($39,215.2)	($67,084.8)	($76,752.0)	$35,864.1	$52,655.4	$21,846.8	$6,637.3	$2,195.5	$415.0	($81.2)	($1,322.0)	($64,841.2)	$11,374.7	$39,181.5	($14,284.9)

1) Amounts are rounded and totals may not equal the sum of their respective components.
2) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
3) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.
4) Additional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

Project Cash Flow Variance
Amounts in Thousands (1)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (2)	Total (2)	Mar-08 to Jun-10 (3)	Jul-10 to 2024 (4)	Overall Total
Operating Income															
Fiber Revenue	$0.0	$5,265.0	($28,983.3)	($6,386.2)	($7,084.1)	$19,665.9	$19,665.9	($755.9)	($755.9)	($755.9)	($126.0)	($250.2)	$466.2	($216.0)	$0.0
Fiber User Maintenance Fees	$0.0	$0.0	($67.1)	($84.1)	($359.1)	($34.1)	$0.0	$0.0	$0.0	$0.0	$0.0	($544.4)	$462.3	$18.3	($63.8)
Administrative Fees	$0.0	$0.0	$0.0	($91,541.6)	($53,022.8)	$40,547.8	$47,333.9	$37,963.6	$25,686.2	$3,490.6	$444.6	$10,902.4	$27,327.7		$38,230.1
Collection Agency	$0.0	$0.0	$0.0	$0.0	$1,160.3	$3,159.0	$3,500.3	$2,340.0	$1,443.0	$1,345.5	$224.3	$13,172.3	$3,139.5		$16,311.8
Liquidated Damages	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Court Revenue	$0.0	$0.0	$0.0	$0.0	$0.0	$1,368.5	$3,726.0	$4,128.5	$2,760.0	$1,702.0	$264.5	$13,949.5	$3,703.0		$17,652.5
Interest on Customer Prepayment	$0.0	$0.0	$0.0	$10.3	($712.4)	($296.7)	$285.7	$887.9	$889.0	$902.4	$151.4	$2,117.6	$3,296.1		$5,413.7
Mailing Revenue	$0.0	$0.0	$0.0	($150.0)	($300.0)	($200.0)	($100.0)	$0.0	$0.0	$0.0	$0.0	($750.0)	$150.0		($600.0)
Parking Revenue	$0.0	$0.0	$0.0	($1,000.0)	($2,000.0)	($1,333.3)	($666.7)	$0.0	$0.0	$0.0	$0.0	($5,000.0)	$999.0		($4,001.0)
Smart Card	$0.0	$0.0	$0.0	$0.0	($1,111.1)	($1,333.3)	($1,333.3)	($1,333.3)	($1,333.3)	($1,333.3)	($222.2)	($8,000.0)	($2,444.4)		($10,444.4)
National Service Center	$0.0	$0.0	$0.0	($96.0)	($577.0)	($384.7)	($192.3)	$0.0	$0.0	$0.0	$0.0	($1,250.0)	$290.5		($959.5)
Total Operating Income	$0.0	$5,265.0	($29,050.4)	($99,247.5)	($64,006.2)	$61,159.1	$72,219.4	$43,230.8	$28,689.0	$5,351.3	$736.6	$24,347.2	$37,389.9	($197.8)	$61,539.3
Operating Expenses															
CSC Operating Expense	$0.0	$0.0	$0.0	($124.7)	($1,800.1)	$1,033.9	$1,017.6	$867.5	$661.5	$657.4	$97.1	$2,410.3	$14,275.2		$16,685.5
VPC Operating Expense	$0.0	$0.0	($4,832.3)	($7,118.8)	($2,535.6)	$7,728.7	$8,950.8	$7,353.1	$4,954.0	$441.7	($208.7)	$14,732.9	$5,617.5		$20,350.4
Credit Card & Banking Fees	$0.0	$0.0	$0.0	$54.6	($1,062.7)	$6,879.8	$7,257.9	$7,264.7	$7,349.9	$7,450.0	$1,251.0	$36,445.1	$7,448.5		$43,893.6
Mark IV Transponders	$0.0	$0.0	$0.0	$11,000.0	$0.0	$583.8	$2,335.0	$2,335.0	$2,335.0	$2,335.0	$389.2	$21,312.9	$5,448.3		$26,761.3
Fiber Operation and Maintenance	$0.0	$0.0	$0.0	($311.0)	$338.5	$27.5	$27.5	$27.5	$27.5	$27.5	$27.5	$192.3	$863.5	($863.5)	$192.3
Total Operating Expenses	$0.0	$0.0	($4,832.3)	$3,500.0	($5,059.8)	$16,253.6	$19,588.8	$17,847.7	$15,327.9	$10,911.6	$1,556.0	$75,093.5	$33,653.1	($863.5)	$107,883.1
Trustee and Other Expenses	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Cash Flow Before Financing Costs	$0.0	$5,265.0	($24,218.1)	($102,747.6)	($58,946.3)	$44,905.5	$52,630.6	$25,383.1	$13,361.2	($5,560.3)	($819.4)	($50,746.4)	($817.6)	$665.7	($46,343.8)
Net Interest Expense															
Interest Expense Paid from Income	$0.0	$0.0	$0.0	$799.6	($3,619.4)	($9,220.4)	($9,595.3)	($8,157.1)	($7,117.2)	($6,785.1)	($915.5)	($44,610.5)	$0.0		($44,610.5)
Interest Income	$0.0	$0.0	$0.0	$271.8	($1,319.7)	($222.3)	$846.0	$967.4	$820.1	$500.6	$31.6	$1,895.5	($17.5)		$1,878.1
Net Interest Expense	$0.0	$0.0	$0.0	$1,071.4	($4,939.2)	($9,442.6)	($8,749.3)	($7,189.8)	($6,297.2)	($6,284.5)	($883.9)	($42,715.0)	($17.5)	$0.0	($42,732.4)
Make-Whole Payments	$0.0	$0.0	$0.0	$0.0	$1,024.8	$811.0	$160.2	$38.7	$4.0	$0.0	$0.0	$2,038.6	$0.0		$2,038.6
Cash Flow Before Proj. Con. Cost	$0.0	$5,265.0	($24,218.1)	($101,676.1)	($62,860.7)	$36,273.8	$44,041.5	$18,232.0	$7,068.0	($11,844.8)	($1,703.3)	($91,422.7)	($835.1)	$665.7	($87,037.7)
Capital Costs	$0.0	$0.0	$9,147.0	$21,669.0	($36,033.2)	($250.0)	$0.0	$0.0	$0.0	$0.0	$0.0	($5,467.2)	$0.0		($5,467.2)
Loan Origination Costs	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0		$0.0
Net Cash Flow	$0.0	$5,265.0	($15,071.1)	($80,007.1)	($98,893.9)	$36,023.8	$44,041.5	$18,232.0	$7,068.0	($11,844.8)	($1,703.3)	($96,889.9)	$3,749.3	$665.7	($92,474.9)

(1) Amounts are rounded and totals may not equal the sum of their respective components.
(2) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
(3) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.
(4) Additional fiber revenue and expenses from end of revised projected 8-year operating term for the CSC and VPC through end of current and projected fiber lease agreements.

Summary of Changes from the November 2000 Recalculation

1. Migration of the PANYNJ Customer Base

The November 2000 Recalculation assumed the PANYNJ-related transactions would be a part of the ETC System as early as July 1, 2001. Due to the inability of the Service Provider to meet certain of its obligations under the Project Agreement, the migration has not occurred. The November 2001 Recalculation assumes that the PANYNJ migration will occur by January 1, 2003. This estimate assumes that the CSC and the VPC can successfully handle the increased transaction volume associated with PANYNJ's E-ZPass customer base, and can successfully meet the functional and operational requirements of the PANYNJ and that the conditions established in a memorandum of understanding among the Consortium members for migration prerequisites detailed in the "PANYNJ Migration Requirements" are met. This estimate may be modified as more information is obtained about CSC and VPC operations. The estimated migration date affects many of the Project's estimated revenue and expense items.

2. Project Construction Cost

The November 2000 Recalculation estimated the Project Construction Cost at $225.2 million. In the November 2001 Recalculation, the Project Construction Cost is estimated at $230.7 million, an increase of $5.5 million for Project additions. Most of the difference, approximately $5.09 million, is the net result of changes contained in the Second Amendment, including: (1) a $9.30 million Change Order for Project additions, (2) a reduction of approximately $1.17 million for costs to be paid by the Consortium members, (3) a reduction of $1.14 million for spare equipment, and (4) the payment of approximately $1.9 million of the increased costs as an operating expense. The remaining changes to the Project Construction Cost are the result of adjustments for other change orders in 2000 that were not reflected in the November 2000 Recalculation.

In 2001, it is assumed that approximately $17.5 million of Project Construction Cost disbursements will be made, including the release of approximately $750,000 to the Service Provider under the Second Amendment. Approximately $24.3 million of Project Construction Cost disbursements are assumed to be paid in 2002 and approximately $14.1 million of retained funds are assumed to be released in 2002. Approximately $250,000 of Project Construction Cost disbursements are also assumed to be made in 2003 for maintenance and warranty work. The timing and amount of Project Construction Cost disbursements are summarized in the following table.

Project Construction Cost [1]

Year	Nov. 2000 Recalculation *(Thousands)*	Nov. 2001 Recalculation *(Thousands)*	Difference *(Thousands)*
1998	$16.623	$16.623	$0
1999	61,213	61,213	0
2000	105,810	96,663	(9,147)
2001	39,175	17,506	(21,669)
2002	2,391	38,424	36,033
2003	0	250	250
Total	$225,212	$230,679	$5,467

[1] 1998 expenditures do not include closing costs of approximately $4.4 million. The year 2000 includes the release of $0.7 million of retainage to the Service Provider and the year 2002 includes the release of $14.1 million.

3. *Administrative Fees*

Total Administrative Fees collected are projected to be approximately $10.9 million greater than the November 2000 Recalculation, but the timing of the receipt of the fees is delayed. The November 2000 Recalculation assumed that early in 2001 technical issues associated with toll violations processing would be resolved and efforts to improve the collection of Administrative Fees, including contracting with a collection agency and prosecution of toll violators through the court system, would be implemented. Sufficient improvements in the overall collections of Administrative Fees to meet expectations did not occur in the projected timeframe and the estimate for 2001 of total Administrative Fee collections is $10.3 million, versus $101.8 million estimated in the November 2000 Recalculation. The November 2001 Recalculation assumes that the VPC performance begins to improve in July 2002 and achieves contract performance levels by September 2002, aided by the expected replacement of Adesta with WorldCom as the Service Provider for the Regional Consortium Project. WorldCom brings greater financial, technical and managerial resources to the Regional Consortium Project than Adesta was able to provide. It is assumed that WorldCom has the resources capable of implementing improvements that will lead to the reliable detection of an increased number of actual toll violators and timely notification to violators, with implementation of more effective management in the operation of the VPC. In addition, the installation of front end cameras in lanes to provide for better images of license plates of toll violators' vehicles and the greater use of mixed mode lanes will help increase the detection of violators. The assumed changes discussed above are anticipated to result in projected Administrative Fee revenue in 2002 of $41.4 million, versus $94.4 million projected for 2002 in the November 2000 Recalculation. In subsequent years, the November 2001 Recalculation assumes that the decline in the toll violation rates is more gradual than assumed in the November 2000 Recalculation based on current experience and consequently, Administrative Fees in total are approximately $10.9 million higher than the amount projected in the November 2000 Recalculation.

In addition to working to improve the technical operation of the VPC, the Consortium reports that it is finalizing a contract with a collection agency, which is expected to begin pursuing past-due accounts in early 2002. The Consortium also reports that in 2002, along with the Service Provider, it will select cases on a manual basis for referral to the municipal courts. While the longer-term objective is for the Service Provider to automate the selection and referral of cases for municipal court action, the manual process should help bring increased awareness of the Consortium's efforts to improve enforcement and result in increased collection. Although municipal court action did not occur in 2001, significant progress toward filing complaints in municipal court was achieved in 2001. For example, an expert with sufficient experience in electronic data operations and with an understanding of this system was engaged for testimony in court. In addition, an evidence package was developed for the proceedings. The NJTA believes complaints in municipal court will be filed during the first quarter of 2002. The November 2001 Recalculation assumes the above changes will result in improved VPC performance and the VPC will begin improving in July 2002 and operating at the level assumed in the November 2000 Recalculation by September 2002.

Adjustments were made to the November 2001 Recalculation violation rates to reflect modifications in the implementation schedule for the ETC System, anticipated changes in the System's ability to detect a greater number of actual violators and improved enforcement and actual history to date. The violation rates are generally higher than the November 2000 Recalculation based on current experience and the view of the Agencies that since the performance of the VPC and enforcement have not yet reached the levels anticipated in the November 2000 Recalculation, the decline in the violation rates in subsequent years is assumed to be slower than the change in violation rates assumed in the November 2000 Recalculation. The assumed violation rates for the November 2000 Recalculation and the November 2001 Recalculation for 2002 through 2008 are presented in the table below, which is followed by a summary of the revised estimates for Administrative Fees. [1]

November 2000 Recalculation Assumed Violation Rates for 2002 to 2008

	Regional Consortium Member				
Year	**NJTA**	**NJHA**	**SJTA**	**PANYNJ**	**DELDOT**
2002	1.48%	1.85%	0.67%	0.50%	0.50%
2003	1.02%	1.02%	0.50%	0.50%	0.50%
2004	0.71%	0.56%	0.50%	0.50%	0.50%
2005	0.56%	0.50%	0.50%	0.50%	0.50%
2006	0.50%	0.50%	0.50%	0.50%	0.50%
2007	0.50%	0.50%	0.50%	0.50%	0.50%
2008	0.50%	0.50%	0.50%	0.50%	0.50%

[1] If the assumptions regarding the VPC, violation rates, improved enforcement and other assumptions presented herein are not realized, the True Up amount could be significantly higher than the level estimated in the November 2001 Recalculation. In addition, the Agencies comprising the Consortium could be required to make payments to the Project Fund at any time during the forecast period to cover current operating costs and to either pay current interest on the bonds issued for the Regional Consortium Project or capitalize interest due on those bonds at a rate equal to 1-month LIBOR plus 3.75%.

November 2001 Recalculation Assumed Violation Rates for 2002 to 2008

	Regional Consortium Member				
Year	NJTA	NJHA	SJTA	PANYNJ (1)	DELDOT
2002	1.50%	2.20%	0.80%	NA	1.50%
2003	1.25%	1.80%	0.80%	0.90%	1.00%
2004	1.10%	1.50%	0.80%	0.80%	0.80%
2005	0.85%	1.25%	0.50%	0.80%	0.80%
2006	0.65%	1.00%	0.50%	0.70%	0.80%
2007	0.50%	0.50%	0.50%	0.60%	0.80%
2008	0.50%	0.50%	0.50%	0.50%	0.80%

(1) For purposes of the November 2001 Recalculation, the PANYNJ is assumed to migrate to the CSC/VPC by January 1, 2003. The violation rate for 2002 is therefore not relevant to the model.

Administrative Fees

	Administrative Fees		
Year	**Nov. 2000 Recalculation** *(Thousands)*	**Nov. 2001 Recalculation** *(Thousands)*	**Difference** *(Thousands)*
1998	$0	$0	$0
1999	330	330	0
2000	3,559	3,559	0
2001	101,842	10,300	(91,542)
2002	94,447	41,424	(53,023)
2003	59,152	99,700	40,548
2004	39,846	87,180	47,334
2005	35,570	73,534	37,964
2006	35,010	60,696	25,686
2007	35,457	38,947	3,491
2008 [1]	5,982	6,427	445
Subtotal[1]	$411,195	$422,097	$10,902
2010 [2]	63,761	91,089	27,328
Total	$474,956	$513,186	$38,230

[1] Amounts through February 2008 (the original CSC and VPC operating term).
[2] Amounts through June 2010 (the extended CSC and VPC operating term).
In the November 2000 Recalculation, the extended operating term was projected to be December 2009.

In total, Administrative Fees are approximately $10.9 million greater than in the November 2001 Recalculation, as compared to the November 2000 Recalculation. As previously discussed, Administrative Fees are expected to be approximately $91.5 million lower in 2001 than projected in the November 2000 Recalculation. While a less steep decline in violation rates is assumed, Administrative Fees in 2002 are projected to be approximately $53.0 million lower in 2002 because the performance of the VPC will not begin improving until July 2002 and will not operate at the level assumed in the November 2000 Recalculation until September 2002. The generally slower reduction in violation rates assumed in 2003 through 2006 results in significantly greater levels of Administrative Fees as compared to the November 2000 Recalculation for those years. The adjustments to traffic projections also increase projected Administrative Fees. If the current operational problems experienced by the VPC or actual violation rates are lower than the projected levels, violation revenue could be significantly lower than the amounts projected in the November 2001 Recalculation.

4. *Collection Agency*

The November 2001 Recalculation assumes the collection agency responsible for pursuing past due Administrative Fees is in place by April 2002. This results in additional assumed revenues of approximately $13.2 million through February 2008. It is assumed that the collection agency will collect 8% of the prior year's past due Administrative Fees. The collection rate is based on PANYNJ's experience. The November 2001 Recalculation also assumes that 30% of the violations pursued by the collection agency will be on a "per case" basis, where a flat fee of $2.25 per case is paid to the collection agency regardless of the outcome of the collection effort. It is assumed that the other 70% of the violations pursued by the collection agency will be on a "contingent" basis, where the collection agency is permitted to retain 25% of any Administrative Fees collected. It is further assumed that there are no capacity constraints on the number of violations the collection agency is capable of pursuing in a year. This is an additional source of potential revenue and, since the assumptions upon which the projections are based have yet to be tested, there is no assurance that actual results will be at the levels estimated by the November 2001 Recalculation.

5. *Fiber Revenue*

In the November 2000 Recalculation, fiber revenue for 2000 and 2001 was estimated at $64 million and $36.6 million, respectively. Based on actual experience, fiber lease revenues for 2000 are reduced to $35.0 million and fiber lease revenues are projected at $30.2 million for 2001. In the November 2000 Recalculation, it was assumed that approximately $216 million of fiber revenue would be received over the 20-year term of the lease agreements, with approximately $151 million of that amount being received through February 2008. The November 2001 Recalculation assumes that the Consortium still will receive $216 million in total fiber revenues but the timing of when those revenues are received is modified to reflect assumed weakness in the telecommunications industry over the next year.

Fiber lease revenues for 2002 are assumed to be approximately $6 million. In 2003, it is assumed that the fiber market begins to improve, aided by additional marketing opportunities created by an agreement with the Delaware River Bay Authority to lease ducts to connect the Consortium fiber network to the Delaware/Maryland line. Fiber revenues of $24.7 million are assumed for 2003 and 2004 and revenues of $4.3 million a year are assumed to be received in 2005 through the end of the True Up period. New lease agreements entered into by the Consortium in 2002, 2003 and 2004 are assumed to be 20-year agreements. Overall, fiber revenue is expected to total approximately $151 million through February 2008, the end of the original CSC and VPC operating term, which is approximately the same amount as projected in the November 2000 Recalculation. From February 2008 through the expiration of the fiber lease agreements in 2024, an additional $65 million of revenue is expected, which is approximately the same amount as in the November 2000 Recalculation.

Fiber Revenue

Year	Nov. 2000 Recalculation *(Thousands)*	Nov. 2001 Recalculation *(Thousands)*	Difference *(Thousands)*
1998	$0	$0	$0
1999	11,031	16,297	5,266
2000	63,961	34,978	(28,983)
2001	36,619	30,233	(6,386)
2002	13,080	5,996	(7,084)
2003	5,080	24,745	19,665
2004	5,080	24,746	19,666
2005	5,080	4,324	(756)
2006	5,080	4,324	(756)
2007	5,080	4,324	(756)
2008 [1]	846	721	(125)
Subtotal[1]	$150,937	$150,687	($250)
2024 [2]	65,189	65,439	250
Total	$216,126	$216,126	$0

[1] Revenue through February 2008 (the original CSC and VPC operating term).
[2] Revenue through expiration of fiber leases (December 2019 in November 2000 Base Case and December 2024 in November 2001 Recalculation).

6. *CSC Expense*

The November 2001 Recalculation estimates that CSC Expenses will be approximately $2.4 million higher than the November 2000 Recalculation projection. Because of increased popularity of the E-ZPass System, revisions were made by Consortium members to their electronic toll utilization rates. In addition, toll volume is projected to be higher overall. This results in higher CSC expenses because the $0.04 per transaction variable cost adjustment is applied to an increased number of electronic toll transactions. Offsetting the increase, however, is a reduction in the cost per transaction for a portion of the NJHA's increased utilization that is attributed to a recent policy change implementing discount pricing for E-ZPass and the elimination of the sale of tokens, which are expected to increase utilization of E-ZPass. Under Section 6.04(b)(v) of the contract with the Service Provider, a lower cost per transaction of $0.015 plus 0.12% of the average toll, rather than the current incremental cost of $0.04 per transaction, is applied to the increased transactions resulting from a change in policy to significantly promote E-ZPass usage. Prior to the policy change, the utilization rate for the NJHA was approximately 46%. Based on a cost per transaction of approximately $0.0154 for those NJHA transactions above the 46% utilization level, total CSC variable costs are expected to be reduced by approximately $5.3 million. The assumed electronic toll transaction utilization rates for 2002 to 2008 in the November 2000 Recalculation and in the November 2001 Recalculation are presented in the following tables. The changes in CSC expenses are summarized in a table following the assumed utilization rates. (All additional expenses related to the purchase of additional Mark IV transponders have been and will continue to be paid as part of the Consortium's operating payments to the CSC. For purposes of the November 2001 Recalculation, these purchases are shown as a separate ETC System operating expense. The next section addresses the acquisition of additional Mark IV transponders.)

November 2000 Recalculation Electronic Toll Transaction Utilization Rates

	Regional Consortium Member				
Year	**NJTA**	**NJHA**	**SJTA**	**PANYNJ**	**DELDOT**
2002	50%	45%	35%	62%	35%
2003	52%	47%	37%	63%	40%
2004	53%	48%	39%	64%	41%
2005	54%	49%	41%	65%	42%
2006	55%	50%	43%	66%	43%
2007	55%	50%	45%	67%	44%
2008	55%	50%	48%	68%	45%

November 2001 Recalculation Electronic Toll Transaction Utilization Rates

	Regional Consortium Member				
Year	**NJTA**	**NJHA**	**SJTA**	**PANYNJ**	**DELDOT**
2002	56%	50%	36%	67%	33%
2003	57%	51%	37%	68%	36%
2004	58%	52%	39%	69%	40%
2005	59%	52%	40%	70%	43%
2006	60%	52%	40%	71%	45%
2007	60%	52%	40%	72%	46%
2008	60%	52%	40%	72%	48%

CSC Expenses

Year	Nov. 2000 Recalculation *(Thousands)*	Nov. 2001 Recalculation[1] *(Thousands)*	Difference *(Thousands)*
1998	$15.262	$15.262	$0
1999	13,183	13,183	0
2000	12,662	12,662	0
2001	17,312	17,187	(125)
2002	16,572	14,772	(1,800)
2003	16,904	17,938	1,034
2004	17,782	18,800	1,018
2005	18,738	19,605	867
2006	19,718	20,380	662
2007	20,189	20,847	657
2008 [2]	4,260	4,357	97
Subtotal[2]	$172,583	$174,994	$2,410
2010 [3]	38,061	52,336	14,275
Total	$210,644	$227,330	$16,686

[1] Additional Mark IV transponder expenses are shown separately.
[2] Revenue through February 2008 (the original CSC and VPC operating term).
[3] Amounts through June 2010 (the extended CSC and VPC operating term).
In the November 2000 Recalculation, the extended operating term was projected to be December 2009.

7. *Mark IV Transponders*

The November 2001 Recalculation provides for the Consortium's acquisition of $11 million of additional Mark IV transponders in 2001 paid as a CSC operating expense, reflecting the increase popularity of the E-ZPass System. It also assumes that it will be necessary for the Consortium to purchase additional Mark IV transponders in future years, given the expected growth in the number of E-ZPass customers. It is assumed that the current inventory level of Mark IV transponders will be sufficient to meet the additional demand through 2002 and most of 2003. In 2003, the November 2001 Recalculation assumes approximately 25,000 additional transponders are purchased at a unit cost of $23.35 per transponder. The additional annual operating expense from the purchase of the transponders is approximately $580,000 in 2003. In 2004 and thereafter, the November 2001 Recalculation assumes the Consortium purchases approximately 100,000 transponders per year, at a unit cost of $23.35, to meet the additional growth in E-ZPass customers and to provide replacement transponders as needed. This results in annual expenses of approximately $2.3 million. A program to replace transponders at the end of their life expectancy has yet to be developed and it is yet to be determined whether replacement transponders will be distributed free of charge. Accordingly, no expenditure is projected for such eventuality.

8. *Credit Card and Banking Fees*

As a result of higher projected E-ZPass utilization and changes in certain assumptions to more accurately reflect the effects of toll increases implemented by the NJTA, PANYNJ and SJTA and higher transaction fees charged by credit card companies, the November 2001 Recalculation estimates significantly higher credit card and banking fees of approximately $36.4 million. Credit card and banking fees are determined by the amount of toll revenue that is derived from E-ZPass transactions and the fees charged by credit card companies and banks when E-ZPass customers replenish their accounts. In the November 2001 Recalculation, a higher average toll of approximately $1.35 is assumed, which more accurately reflects current toll levels and toll increases by NJTA, PANYNJ and SJTA. A higher average credit card fee of 2.23% is assumed based on recent experience, and the percentage of customers paying by credit card and by check were revised slightly. The percentage for credit card payment is assumed to be 91.25% and the percentage for check payment is assumed to be 8.75%.

The following table summarizes the changes in credit card and banking fees. With assumed migration of the PANYNJ by January 2003, a greater number E-ZPass toll transactions are included in the computation of credit card and banking fees. In addition, the average toll for the PANYNJ is significantly higher than that for the other Agencies, which also increases the dollar volume of toll revenue that is subject to credit card and banking fees.

Credit Card and Banking Fees

Year	Nov. 2000 Recalculation *(Thousands)*	Nov. 2001 Recalculation *(Thousands)*	Difference *(Thousands)*
1998	$0	$0	$0
1999	232	232	0
2000	2,357	2,357	0
2001	7,172	7,226	56
2002	8,461	7,398	(1,063)
2003	9,042	15,922	6,880
2004	9,630	16,888	7,258
2005	10,076	17,340	7,265
2006	10,433	17,783	7,350
2007	10,619	18,069	7,450
2008 [1]	1,803	3,054	1,251
Subtotal[1]	$69,824	$106,269	$36,445
2010 [2]	19,921	27,370	7,449
Total	$89,745	$133,639	$43,984

[1] Revenue through February 2008 (the original CSC and VPC operating term).
[2] Amounts through June 2010 (the extended CSC and VPC operating term). In the November 2000 Base Case, the extended operating term was projected to be December 2009.

9. *VPC Expenses*

The November 2001 Recalculation projects that VPC expenses will be approximately $14.7 million higher than the level projected in the November 2000 Recalculation. The change is the net result of increased incremental costs associated with higher projected violations in some years offset by lower transaction costs in 2001 and 2002, and the assumption that the Deferred Payment as defined in the Amendment to the Contract will not be made to the Service Provider (discussed below). The November 2001 Recalculation also makes adjustments to VPC base payments and incremental cost components to reflect the provisions of the Second Amendment. Lower levels of actual payments processed in 2001 contributed to a reduction in incremental VPC costs in that year and a reduced level of processing is assumed in 2002. While VPC operations are assumed to meet contract performance standards by September 2002, the NJTA has indicated that the Service Provider has failed to meet certain performance milestones and the opportunity for the Service Provider to receive the $4 million Deferred Payment has passed. In the November 2000 Recalculation, the Deferred Payment was expected to be paid in 2000, which accounts for most of the change in VPC expense that year. Based on information from the NJTA, the November 2001 Recalculation assumes the Deferred Payment will not be made to the Service Provider. The following table summarizes VPC expenses for the November 2000 Recalculation and the November 2001 Recalculation.

VPC Expenses

Year	Nov. 2000 Recalculation *(Thousands)*	Nov. 2001 Recalculation *(Thousands)*	Difference *(Thousands)*
1998	$2.086	$2.086	$0
1999	0	0	0
2000	10,394	5,562	(4,832)
2001	25,714	18,595	(7,119)
2002	21,774	19,238	(2,536)
2003	14,700	22,429	7,729
2004	11,035	19,987	8,951
2005	10,292	17,645	7,353
2006	10,318	15,272	4,954
2007	10,580	11,022	442
2008 [1]	2,059	1,851	(209)
Subtotal[1]	$118,952	$133,685	$14,733
2010 [2]	14,213	19,830	5,618
Total	$133,165	$153,516	$20,350

[1] Revenue through February 2008 (the original CSC and VPC operating term).
[2] Amounts through June 2010 (the extended CSC and VPC operating term). In the November 2000 Recalculation, the extended operating term was projected to be December 2009.

10. *Principal Redemption and Interest Expense*

In the November 2001 Recalculation, approximately $116.5 million of the EDA Bonds are expected to be redeemed prior to March 2008 which is approximately $103.5 million less than the amount in the November 2000 Recalculation because of more limited net operating cash flow as compared to the November 2000 Recalculation and the requirements of Section 3.06(b) of the Indenture of Trust pertaining to minimum required balances in the Project Fund. All of the redeemed debt is expected to be floating-rate debt and, since no fixed-rate debt is expected to be redeemed prior to March 7, 2008, no Make-Whole Payments are expected to be made. In the November 2000 Recalculation, it was estimated that approximately $220 million of the EDA Bonds would be redeemed prior to March 2008, with approximately $182 million redeemed in 2001 and 2002. The inability to redeem as much of the EDA Bonds as previously projected causes interest expense in the November 2001 Recalculation to be higher than the levels projected in the November 2000 Recalculation, even though interest rates on the floating-rate portion of the EDA Bonds have been, and are assumed to continue to be, lower than what was expected in the November 2000 Recalculation. The current floating rate is approximately 3.53% and, going forward, interest rates are assumed to remain at that level through 2002, increasing to 4.50% in 2003, 5.00% in 2004 and then to 6.00% in 2005 and thereafter. In total, interest expense is estimated to be approximately $44.6 million higher in the November 2001 Recalculation.

11. *Other Changes*

Customer Prepayments (including Tag Deposits): The November 2001 Recalculation estimates higher revenues of approximately $2.1 million from interest on customer prepayments, because of increased roadway volume and increased electronic toll transactions. Based on CSC operating results, the November 2001 Recalculation assumes a higher average balance of $55 as opposed to $40; it also assumes an interest earnings rate on the prepayment pool of 2.35% in 2002, 2.85% in 2003, 3.85% in 2004 and 4.85% in 2005 and thereafter; the November 2000 Recalculation assumed a 5.00% earnings rate. The assumptions pertaining to the average number of transactions per customer were unchanged and, as in the November 2000 Recalculation, no adjustments were made for amounts attributable to the PANYNJ's All Bridges Discount Plan and Staten Island Bridges Discount Plan.

Project Fund Interest Income: Higher interest earnings of approximately $1.9 million are estimated in the November 2001 Recalculation due to modifications to the Project schedule and larger estimated Project Fund balances in later years because of the Trust Indenture's requirements for minimum fund balances. Offsetting the potential for increased earnings, however, is the assumption for lower interest rates.

Mailing Revenue: No mailing revenue was received in 2001 and the November 2001 Recalculation assumes no mailing revenue in 2002. In 2003, $100,000 of mailing revenue is assumed, increasing to $200,000 in 2004 and to $300,000 in 2005 and thereafter.

Parking Revenue: No parking revenue was received in 2001 and no parking revenue is assumed in the November 2001 Recalculation in 2002. In 2003, approximately $670,000 of parking revenue is assumed, increasing to approximately $1.3 million in 2004 and to $2 million in 2005 and thereafter.

Court Revenue: The Consortium reports that progress has been made in developing an evidence package and the selection of an expert to testify on the reliability of the system for prosecution in the municipal courts. By 2002, the Consortium expects to select and refer, on a manual basis, cases to the municipal courts. The longer-term objective is for the Service Provider to automate the selection and referral of cases for municipal court action, thereby increasing the potential for revenue to be collected through the courts. The manual process assumed to be initiated in 2002, however, should help bring increased awareness of the Consortium's efforts to improve enforcement.

The November 2001 Recalculation assumes the Service Provider implements the automated process by the beginning of 2003 and revenue begins to be generated from municipal court action in that year. It is assumed that 5% of the past-due Administrative Fees that are not collected by the collection agency are collected through the municipal courts. It is further assumed that there are no capacity constraints on the number of violations the court system is capable of pursuing in a year. This results in additional revenues of approximately $13.9 million from 2003 through February 2008. This is an additional source of potential revenue and, since the assumptions upon which the projections are based have yet to be tested, there is no assurance that actual results will be at the levels estimated by the November 2001 Recalculation.

Smart Card: No Smart Card revenue was received in 2001 and the November 2001 Recalculation assumes no revenue will be collected from this source in 2002 or thereafter. This results in a reduction of revenue of $8.0 million as compared to the November 2000 Recalculation.

National Service Center: No National Service Center revenue was received in 2001 and no revenue is assumed in the November 2001 Recalculation in 2002. In 2003, approximately $192,000 of National Service Center revenue is assumed, increasing to approximately $385,000 in 2004 and to $577,000 in 2005 and thereafter.

12. Extended Operating Period

Under the Project Agreement, the Service Provider has agreed to operate the CSC and the VPC for a term of 8 years from Final System Acceptance. Final System Acceptance is not expected until June 2002 and the operating term is expected to extend to June 2010. If ETC system operating results are extended through this operative period, it is estimated that the Project Fund would receive approximately $15.1 million of net cash flow, resulting in a net cash deficit of $146.6 million after consideration of the True-Up amount of $161.73 million. Between 2010 and 2024, an additional $39.8 million of net fiber revenue is estimated, reducing the estimated Project deficit to approximately $106.8 million.

Net Cash Flow Through Extended CSC and VPC Operating Term and Expiration of Fiber Lease Agreements

(Amounts are in Thousands)

	Original Operating Term	July 2008 to June 2010 (1)	Fiber Revenue Through 2024 (2)
Operating Income	$639,858	$123,962	$65,850
Less: Operating Expenses	446,421	109,014	26,003
Less: Non-Operating Inc. & Exp.	120,070	(176)	0.0
Net Income/(Loss)	$73,367	$15,124	$39,847
Beginning Project Fund Balance	$300,000		
Plus: Net Income/(Loss)	73,367		
Less: Capital & Orig. Costs	235,098		
Less: Principal Repayment	116,525		
Ending Project Fund Balance	$21,744		
Less: Outstanding Principal	$183,475		
Project Surplus/(Deficit)	($161,731)	($146,607)	($106,760)

(1) Shows the effect of operating income through Extended CSC and VPC Operating Term on the projected deficit.

(2) Shows the effect of operating income through the expiration of the Fiber Lease Agreements on the projected deficit.

November 2001 Project Fund
Amounts in Thousands

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08
Beginning Balance (1)	$300,000.0	$260,784.8	$198,965.0	$107,141.9	$62,998.9	$16,760.4	$56,342.2	$43,672.5	$38,565.7	$36,694.9	$24,768.9
Cash Flow Before Project Construction Costs	($18,173.1)	($607.1)	$4,839.9	($26,637.0)	($7,814.3)	$58,120.7	$50,678.8	$20,427.5	$7,482.9	($11,926.0)	($3,025.3)
Origination Costs	$4,419.1										
Floating Rate Bond Repayments	$0.0	$0.0	$0.0	$0.0	$0.0	$18,288.8	$63,348.5	$25,534.4	$9,353.7	$0.0	$0.0
Fixed Rate Bond Repayments	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Bond Repayments	$0.0	$0.0	$0.0	$0.0	$0.0	$18,288.8	$63,348.5	$25,534.4	$9,353.6	$0.0	$0.0
Project Construction Disbursements	$16,623.0	$61,212.7	$95,963.0	$16,750.0	$24,314.8	$250.0	$0.0	$0.0	$0.0	$0.0	$0.0
Retainage Release	$0.0	$0.0	$700.0	$756.0	$14,109.4	$0.0					
Total Project Construction Disbursements	$16,623.0	$61,212.7	$96,663.0	$17,506.0	$38,424.2	$250.0	$0.0	$0.0	$0.0	$0.0	$0.0
Ending Balance (1)	$260,784.8	$198,965.0	$107,141.9	$62,998.9	$16,760.4	$56,342.2	$43,672.5	$38,565.7	$36,694.9	$24,768.9	$0.0
Outstanding Principal Balance	$300,000.0	$300,000.0	$300,000.0	$300,000.0	$300,000.0	$281,711.2	$218,362.7	$192,828.3	$183,474.7	$183,474.7	$161,731.1
Surplus/(True Up Amount)											($161,731.1)

(1) Balance includes funds held in a segregated account comprising retained payments to the Service Provider. All retained amounts are assumed to be released by the end of 2002.

November 30, 2001

November 2001 Recalculation Project Construction Costs
Amounts in Thousands

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals
Estimated ETC System Cost	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	$234,419.9	
Construction Cost	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	$202,109.4	
Additional Mark IV Transponders			$11,000.0									
Change Orders		$13,863.0	($1,380.6)	$5,087.1								
Revised Construction Cost	$202,109.4	$215,972.4	$225,591.8	$230,678.9	$230,678.9	$230,678.9	$230,678.9	$230,678.9	$230,678.9	$230,678.9	$230,678.9	
Contingency Funds												
Additional Mark IV Transponders	$11,000.0	$11,000.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	
Construction	$21,310.5	$7,447.5	$8,828.1	$3,741.0	$3,741.0	$3,741.0	$3,741.0	$3,741.0	$3,741.0	$3,741.0	$3,741.0	
Retained Funds												
Retainage	$2,503.9	$6,725.4	$2,136.0	$2,700.0								$14,065.4
Other Amounts Withheld			$2,000.0									$2,000.0
Total	$2,503.9	$6,725.4	$4,136.0	$2,700.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$16,065.4
Disbursements												
Project Construction Costs Paid	$16,623.0	$61,212.7	$95,963.0	$16,750.0	$24,314.8	$250.0						$215,113.5
Release of Retained Funds			$700.0	$756.0	$14,109.4							$15,565.4
Total	$16,623.0	$61,212.7	$96,663.0	$17,506.0	$38,424.2	$250.0	$0.0	$0.0	$0.0	$0.0	$0.0	$230,678.9
Nov. 2000 Base Case Disbursements	$16,623.0	$61,212.7	$105,810.0	$39,175.0	$2,391.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$225,211.8
Variance from Nov. 2000 Recalculation	$0.0	$0.0	($9,147.0)	($21,669.0)	$36,033.2	$250.0	$0.0	$0.0	$0.0	$0.0	$0.0	$5,467.2

November 2000 Recalculation Toll Violations (1)

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	4,257	3,536	2,483	1,873	1,508	1,376	1,397	236	16,665	2,611	19,276
NJHA	19,589	11,212	6,201	3,445	3,091	3,122	3,153	531	50,344	5,839	56,183
SJTA	2,385	361	306	319	331	343	355	61	4,462	598	5,060
PANYNJ (5)	323	649	653	657	659	662	666	112	4,381	1,043	5,424
DELDOT	932	260	265	271	278	284	290	50	2,630	475	3,105
Totals	27,487	16,018	9,907	6,566	5,867	5,788	5,862	989	78,483	10,566	89,049

November 2001 Recalculation Toll Violations

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	5,351	3,584	3,042	2,902	2,288	1,789	1,397	236	20,589	4,064	24,653
NJHA	16,606	13,723	11,327	9,533	8,027	6,489	3,270	552	69,526	9,515	79,041
SJTA	2,677	450	469	488	315	326	336	58	5,119	1,016	6,135
PANYNJ (5)	0	0	1,147	1,030	1,040	921	797	112	5,046	1,921	6,967
DELDOT	1,468	791	544	451	463	474	484	82	4,758	1,426	6,184
Totals	26,102	18,547	16,529	14,402	12,133	9,999	6,285	1,040	105,037	17,943	122,980

Toll Violations Variance -- November 2000 Recalculation/November 2001 Recalculation

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	1,093.8	47.8	559.8	1,028.7	780.8	412.9	0.0	0.0	3,923.8	1,453	5,377
NJHA	(2,983.8)	2,510.1	5,126.6	6,087.9	4,936.0	3,366.5	116.7	21.3	19,181.4	3,676	22,857
SJTA	291.9	88.6	163.7	168.7	(16.5)	(17.6)	(19.0)	(3.3)	656.5	418	1,075
PANYNJ (5)	(323.0)	(649.3)	494.2	372.0	380.7	258.3	131.3	(0.0)	664.3	878	1,543
DELDOT	535.9	531.8	278.3	179.3	185.7	190.4	193.9	32.7	2,128.0	951	3,079
Totals	(1,385.2)	2,529.0	6,622.6	7,836.6	6,266.7	4,210.6	422.9	50.7	26,554.0	7,377	33,931

(1) Amounts in thousands.

(2) Reflects limited violations during implementation of the the ETC System.

(3) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(4) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(5) No PANYNJ transactions until after January 1, 2003 migration date. June 30, 2001 was the expected migration date in the November 2000 Reclaculation.

Toll Violation Rates

	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (1)	Mar-08 to Jun-10 (2)
November 2000 Recalculation								
NJTA	1.48%	1.02%	0.71%	0.56%	0.50%	0.50%	0.50%	0.50%
NJHA	1.85%	1.02%	0.56%	0.50%	0.50%	0.50%	0.50%	0.50%
SJTA	0.67%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
PANYNJ	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
DELDOT	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Totals	1.48%	0.90%	0.58%	0.51%	0.50%	0.50%	0.50%	0.50%
November 2001 Recalculation								
NJTA	1.50%	1.25%	1.10%	0.85%	0.65%	0.50%	0.50%	0.50%
NJHA	2.20%	1.80%	1.50%	1.25%	1.00%	0.50%	0.50%	0.50%
SJTA	0.80%	0.80%	0.80%	0.50%	0.50%	0.50%	0.50%	0.50%
PANYNJ (3)	NA	0.90%	0.80%	0.80%	0.70%	0.60%	0.50%	0.50%
DELDOT	1.50%	1.00%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Totals	1.69%	1.48%	1.26%	1.04%	0.85%	0.53%	0.52%	0.80%

(1) End of Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(2) End of revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(3) No PANYNJ transactions until after January 1, 2003 migration date. The violation rate in 2002 is not relevant to the November 2001 Reclaculation.

ovember 2001 Recalculation Administrative Fees
nounts in Thousands

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Total (1)	Mar-08 to Jun-10 (2)	Overall Total
ıages Reviewed		11,586.9	13,616.5	11,928.0	10,073.7	8,316.3	5,394.0	888.9		12,598.5	
?Rs Issued		6,892.8	7,764.0	6,794.7	5,730.5	4,731.0	3,048.4	503.0		7,129.4	
ıyments Received		1,657.0	3,988.0	3,487.2	2,941.3	2,427.9	1,557.9	257.1		3,643.6	
nount of Administrative Fee		$25	$25	$25	$25	$25	$25	$25		$25	
lministrative Fees (3)	$14,189.3	$41,423.8	$99,700.0	$87,180.1	$73,533.7	$60,696.3	$38,947.2	$6,426.7	$422,097.0	$91,088.8	$513,185.8
ıv. 2000 Base Case Administrative Fees (3)	$105,730.9	$94,446.5	$59,152.1	$39,846.2	$35,570.1	$35,010.1	$35,456.6	$5,982.1	$411,194.6	$63,761.1	$474,955.7
ıriance from Nov. 2000 Recalculation	($91,541.6)	($53,022.8)	$40,547.8	$47,333.9	$37,963.6	$25,686.2	$3,490.6	$444.6	$10,902.4	$27,327.7	$38,230.1

Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

1998 to 2001 based on actual data.

vember 2001 Recalculation VPC Expenses
:ounts in Thousands

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (1)	Mar-08 to Jun-10 (2)	Overall Total
nimum VPC Cost	$14,847.2	$9,780.8	$8,001.6	$5,728.6	$5,040.5	$5,087.2	$5,214.7	$891.1	$54,591.7	$6,159.5	$60,751.2
ages Adjustment											
ıse Line Images		4,682.4	3,662.1	2,194.0	1,644.2	1,611.4	1,634.8	276.4			
ıages Reviewed		11,586.9	13,616.5	11,928.0	10,073.7	8,316.3	5,394.0	888.9			
crement		6,904.5	9,954.4	9,734.0	8,429.4	6,705.0	3,759.3	612.5			
cremental Cost		$1.331	$1.336	$1.357	$1.389	$1.411	$1.431	$1.452			
ıages Adjustment		$9,189.8	$13,299.1	$13,209.1	$11,708.5	$9,460.7	$5,379.5	$889.4	$63,136.1	$12,676.7	$75,812.7
'ments Adjustment											
ıseline Pmts Processed		866.5	660.9	393.3	298.3	293.2	297.5	50.3			
ıyments Processed		1,657.0	3,988.0	3,487.2	2,941.3	2,427.9	1,557.9	257.1			
crement		790.4	3,327.1	3,093.9	2,643.0	2,134.6	1,260.4	206.8			
cremental Cost		$0.339	$0.339	$0.339	$0.339	$0.339	$0.339	$0.339			
ıyments Adjustment		$268.0	$1,127.9	$1,048.8	$896.0	$723.6	$427.3	$70.1	$4,561.7	$993.9	$5,555.5
al Adjustments	$11,396.0	$9,457.8	$14,427.0	$14,257.9	$12,604.5	$10,184.3	$5,806.8	$959.5	$79,093.7	$10,630.8	$89,724.6
al VPC Cost (3)	$26,243.2	$19,238.6	$22,428.5	$19,986.5	$17,645.0	$15,271.5	$11,021.5	$1,850.6	$133,685.4	$19,830.0	$153,515.5
'. 2000 Base Case VPC Expenses	$38,194.3	$21,774.2	$14,699.9	$11,035.6	$10,291.9	$10,317.5	$10,579.8	$2,059.2	$118,952.5	$14,212.5	$133,165.0
iance from Nov. 2000 Base Case	($11,951.1)	($2,535.6)	$7,728.7	$8,950.8	$7,353.1	$4,954.0	$441.7	($208.7)	$14,732.9	$5,617.5	$20,350.4

ıitial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
evised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Base Case.
}98 to 2001 results based on actual disbursement data.

November 2000 Recalculation Roadway Toll Volume (1)

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (2)	Mar-08 to Jun-10 (3)	Overall Total
NJTA	882,617.0	235,382.0	239,186.0	261,085.0	267,718.0	273,910.0	277,956.0	46,879.7	2,484,733.7	519,607.3	3,004,341.0
NJHA	2,295,971.0	593,500.0	601,200.0	609,000.0	615,100.0	621,300.0	627,500.0	105,633.3	6,069,204.3	1,161,966.7	7,231,171.0
SJTA	204,288.5	60,814.0	63,472.0	65,952.0	68,355.0	70,742.0	73,031.0	12,551.8	619,206.3	140,247.2	759,453.5
PANYNJ	490,972.0	129,215.0	129,857.0	130,839.0	131,166.0	131,822.0	132,481.0	22,251.0	1,298,603.0	245,064.0	1,543,667.0
DELDOT	170,400.0	51,825.5	53,121.2	54,449.2	55,810.4	57,205.7	58,635.8	10,017.0	511,464.8	110,559.9	622,024.7
Totals	4,044,248.5	1,070,736.5	1,086,836.2	1,121,325.2	1,138,149.4	1,154,979.7	1,169,603.8	197,332.8	10,983,212.1	2,177,445.1	13,160,657.2

November 2001 Recalculation Roadway Toll Volume

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (2)	Mar-08 to Jun-10 (3)	Overall Total
NJTA	882,617.0	235,382.0	239,186.0	261,085.0	267,718.0	273,910.0	277,956.0	46,879.7	2,484,733.7	664,204.8	3,148,938.5
NJHA	2,317,725.0	610,028.6	617,959.0	625,992.4	634,130.3	642,374.0	650,724.9	109,864.1	6,208,798.3	1,555,291.2	7,764,089.6
SJTA	204,882.3	55,756.4	58,193.3	60,467.1	62,670.3	64,858.7	66,957.4	11,508.0	585,293.4	165,285.4	750,578.8
PANYNJ	483,166.0	122,594.0	126,272.0	127,661.0	128,937.0	130,614.0	132,050.0	22,250.5	1,273,544.5	314,453.1	1,587,997.6
DELDOT	170,400.0	52,759.0	54,368.0	56,335.0	57,910.0	59,293.0	60,534.0	10,280.7	521,879.7	146,284.2	668,163.8
Totals	4,058,790.3	1,076,520.0	1,095,978.3	1,131,540.5	1,151,365.6	1,171,049.8	1,188,222.3	200,782.8	11,074,249.6	2,845,518.6	13,919,768.2

Toll Volume Variance -- November 2000 Recalculation/November 2001 Recalculation

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (2)	Mar-08 to Jun-10 (3)	Overall Total
NJTA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	144,597.5	144,597.5
NJHA	21,754.0	16,528.6	16,759.0	16,992.4	19,030.3	21,074.0	23,224.9	4,230.7	139,594.0	393,324.6	532,918.6
SJTA	593.7	(5,057.6)	(5,278.7)	(5,484.9)	(5,684.7)	(5,883.3)	(6,073.6)	(1,043.9)	(33,912.9)	25,038.2	(8,874.7)
PANYNJ	(7,806.0)	(6,621.0)	(3,585.0)	(3,178.0)	(2,229.0)	(1,208.0)	(431.0)	(0.5)	(25,058.5)	69,389.1	44,330.6
DELDOT	0.0	933.5	1,246.8	1,885.8	2,099.6	2,087.3	1,898.2	263.7	10,414.9	35,724.2	46,139.2
Totals	14,541.7	5,783.5	9,142.1	10,215.3	13,216.2	16,070.1	18,618.5	3,450.1	91,037.5	668,073.6	759,111.0

(1) Amounts in thousands.

(2) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(3) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

November 2000 Recalculation Electronic Toll Transactions (1)

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	136,006.6	117,691.0	124,376.7	138,375.1	144,567.7	150,650.5	152,875.8	25,783.8	990,327.2	285,784.0	1,276,111.3
NJHA	379,810.6	267,075.0	282,564.0	292,320.0	301,399.0	310,650.0	313,750.0	52,816.7	2,200,385.2	580,983.3	2,781,368.6
SJTA	47,659.7	21,284.9	23,484.6	25,721.3	28,025.6	30,419.1	32,864.0	6,024.9	215,484.0	67,318.6	282,802.6
PANYNJ (5)	36,643.0	80,113.3	81,809.9	83,737.0	85,257.9	87,002.5	88,762.3	15,130.7	558,456.6	167,981.6	726,438.2
DELDOT	29,757.1	18,138.9	21,248.5	22,324.2	23,457.1	24,644.2	25,887.7	4,533.7	169,991.4	50,039.4	220,030.8
Totals	629,877.1	504,303.1	533,483.8	562,477.5	582,707.3	603,366.3	614,139.7	104,289.7	4,134,644.4	1,152,107.0	5,286,751.5

November 2001 Recalculation Electronic Toll Transactions

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	152,101.8	131,813.9	136,336.0	151,429.3	157,953.6	164,346.0	166,773.6	28,127.8	1,088,882.1	398,522.9	1,487,405.0
NJHA	405,718.5	305,014.3	315,159.1	325,516.1	329,747.8	334,034.5	338,376.9	57,129.3	2,410,696.5	808,751.4	3,219,447.9
SJTA	48,943.5	20,072.3	21,531.5	23,582.2	25,068.1	25,943.5	26,782.9	4,603.2	196,527.2	66,114.1	262,641.4
PANYNJ (5)	0.0	0.0	85,738.7	87,958.4	90,127.0	92,605.3	94,811.9	15,975.9	467,217.2	220,087.7	687,304.8
DELDOT	29,757.1	17,410.5	19,572.5	22,534.0	24,901.3	26,681.9	27,845.6	4,934.7	173,637.6	70,216.4	243,854.0
Totals	636,521.0	474,311.0	578,337.8	611,020.0	627,797.8	643,611.2	654,591.0	110,770.9	4,336,960.6	1,563,692.6	5,900,653.1

Electronic Toll Transactions Variance -- November 2000 Recalculation/November 2001 Recalculation

	1998 to 2001 (2)	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (3)	Mar-08 to Jun-10 (4)	Overall Total
NJTA	16,095.2	14,122.9	11,959.3	13,054.3	13,385.9	13,695.5	13,897.8	2,344.0	98,554.8	112,738.8	211,293.7
NJHA	25,908.0	37,939.3	32,595.1	33,196.1	28,348.8	23,384.5	24,626.9	4,312.6	210,311.3	227,768.1	438,079.4
SJTA	1,283.8	(1,212.6)	(1,953.1)	(2,139.1)	(2,957.4)	(4,475.6)	(6,081.0)	(1,421.7)	(18,956.8)	(1,204.5)	(20,161.3)
PANYNJ (5)	(36,643.0)	(80,113.3)	3,928.8	4,221.5	4,869.1	5,602.8	6,049.6	845.2	(91,239.4)	52,106.1	(39,133.3)
DELDOT	0.0	(728.5)	(1,676.0)	209.8	1,444.2	2,037.6	1,957.9	401.0	3,646.2	20,177.0	23,823.2
Totals	6,643.9	(29,992.1)	44,854.1	48,542.5	45,090.5	40,244.9	40,451.3	6,481.2	202,316.1	411,585.5	613,901.6

(1) Amounts in thousands.

(2) Reflects limited utilization during implementation of the ETC System..

(3) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(4) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(5) No PANYNJ transactions until after January 1, 2003 migration date. June 30, 2001 was the expected migration date in the November 2000 Recalculation.

Electronic Toll Utilization Rates

	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08 (1)	Mar-08 to Jun-10 (2)
November 2000 Recalculation								
NJTA	50.0%	52.0%	53.0%	54.0%	55.0%	55.0%	55.0%	55.0%
NJHA	45.0%	47.0%	48.0%	49.0%	50.0%	50.0%	50.0%	50.0%
SJTA	35.0%	37.0%	39.0%	41.0%	43.0%	45.0%	48.0%	48.0%
PANYNJ (3)	62.0%	63.0%	64.0%	65.0%	66.0%	67.0%	68.0%	68.5%
DELDOT	35.0%	40.0%	41.0%	42.0%	43.1%	44.2%	45.3%	45.3%
Totals	47.1%	49.1%	50.2%	51.2%	52.2%	52.5%	52.8%	52.9%
November 2001 Recalculation								
NJTA	56.0%	57.0%	58.0%	59.0%	60.0%	60.0%	60.0%	60.0%
NJHA	50.0%	51.0%	52.0%	52.0%	52.0%	52.0%	52.0%	52.0%
SJTA	36.0%	37.0%	39.0%	40.0%	40.0%	40.0%	40.0%	40.0%
PANYNJ (3)	NA	67.9%	68.9%	69.9%	70.9%	71.8%	71.8%	70.0%
DELDOT	33.0%	36.0%	40.0%	43.0%	45.0%	46.0%	48.0%	48.0%
Totals	44.1%	52.8%	54.0%	54.5%	55.0%	55.1%	55.2%	55.0%

(1) End of initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(2) End of revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(3) No PANYNJ transactions until after January 1, 2003 migration date. The utilization rates for 2002 are not relevant to the model.

November 2001 Recalculation CSC Expenses
Amounts in Thousands

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (1)	Mar-08 to Jun-10 (2)	Overall Total
CSC Base Cost	$56,167.0	$10,720.0	$10,190.0	$10,110.0	$10,460.0	$10,820.0	$11,094.0	$2,705.0	$122,266.0	$25,886.0	$148,152.0
Base Electronic Toll Transactions		358,004.5	365,621.3	370,678.4	375,756.7	380,909.1	386,760.5	65,403.0		902,441.3	
Actual Electronic Toll Transactions		474,311.0	578,337.8	611,020.0	627,797.8	643,611.2	654,591.0	110,770.9		1,563,692.6	
Amount Over/(Under) Base		116,306.5	212,716.5	240,341.6	252,041.1	262,702.1	267,830.5	45,367.9		661,251.3	
Cost Per Transaction		$0.04	$0.04	$0.04	$0.04	$0.04	$0.04	$0.04		$0.04	
CSC Variable Adjustments (3)	$2,127.4	$4,652.3	$8,508.7	$9,613.7	$10,081.6	$10,508.1	$10,713.2	$1,814.7	$58,019.6	$26,450.1	$84,469.7
Policy Adjustment (4)		($600.4)	($760.2)	($924.1)	($936.1)	($948.3)	($960.6)	($162.2)	($5,291.9)	($2,332.9)	($7,624.9)
Total CSC Expenses (5)	$58,294.4	$14,771.9	$17,938.4	$18,799.5	$19,605.5	$20,379.8	$20,846.6	$4,357.5	$174,993.7	$52,336.1	$227,329.7
Nov. 2000 Base Case CSC Expenses	$58,419.0	$16,571.9	$16,904.5	$17,782.0	$18,738.0	$19,718.3	$20,189.2	$4,260.5	$172,583.4	$38,060.8	$210,644.2
Variance from Nov. 2000 Recalculation	($124.7)	($1,800.1)	$1,033.9	$1,017.6	$867.5	$661.5	$657.4	$97.1	$2,410.3	$14,275.2	$16,685.5

(1) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").
(2) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.
(3) CSC Variable Price Adjustment is effective July 1, 2001.
(4) Adjustment to reflect lower cost per transaction for certain NJHA transactions resulting from policy changes.
(5) Actual disbursement information used for 1998 to 2001.

November 2001 Recalculation Banking Fees
Amounts in Thousands

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Total (1)	Mar-08 to Jun-10 (2)	Overall Total
E-ZPass Transactions	636,521	474,311	578,338	611,020	627,798	643,611	654,591	110,771	4,336,961	1,563,693	5,900,653
Dollar Volume Per Transaction		$0.76	$1.341	$1.347	$1.346	$1.346	$1.345	$1.343			
Total Dollar Volume		$360,476.4	$775,769.7	$822,829.1	$844,893.2	$866,449.9	$880,404.9	$148,817.0			
% Transaction Paid Using Credit Cards		91.25%	91.25%	91.25%	91.25%	91.25%	91.25%	91.25%			
Credit Card Transaction Fee		2.23%	2.23%	2.23%	2.23%	2.23%	2.23%	2.23%			
Credit Card Fees		$7,335.2	$15,785.9	$16,743.5	$17,192.5	$17,631.2	$17,915.1	$3,028.2		$27,093.4	
% Transactions Paid Using Checks		8.75%	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%			
Check Transaction Fee		0.20%	0.20%	0.20%	0.20%	0.20%	0.20%	0.20%			
Checking Fees		$63.1	$135.8	$144.0	$147.9	$151.6	$154.1	$26.0		$276.4	
Total Banking Fees (3)	$9,814.9	$7,398.3	$15,921.7	$16,887.5	$17,340.4	$17,782.8	$18,069.2	$3,054.3	$106,269.1	$27,369.8	$133,638.9
Nov. 2000 Base Case Banking Fees	$9,760.3	$8,461.0	$9,041.9	$9,629.6	$10,075.7	$10,432.9	$10,619.2	$1,803.3	$69,824.0	$19,921.3	$89,745.3
Variance from Nov. 2000 Recalculation	$54.6	($1,062.7)	$6,879.8	$7,257.9	$7,264.7	$7,349.9	$7,450.0	$1,251.0	$36,445.1	$7,448.5	$43,893.6

(1) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(2) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(3) 1998 to 2001 results based on actual disbursement data.

November 2001 Recalculation Customer Prepayment Earnings
Amounts in Thousands

	1998 to 2001	2002	2003	2004	2005	2006	2007	Jan-08 to Feb-08	Totals (1)	Mar-08 to Jun-10 (2)	Overall Total
Average Transactions per Customer		575	575	575	575	575	575	575		575	
Number of Customers		824.9	1,005.8	1,062.6	1,091.8	1,119.3	1,138.4	192.6		2,719.5	
Average Balance Per Customer		$55.0	$55.0	$55.0	$55.0	$55.0	$55.0	$55.0		$55.0	
Average Available Balance		$45,368.9	$55,319.3	$58,445.4	$60,050.2	$61,562.8	$62,613.1	$10,595.5		$149,570.6	
% Customers w/ Tag Deposit		10%	10%	10%	10%	10%	10%	10%		10%	
Tag Deposit		$10.0	$10.0	$10.0	$10.0	$10.0	$10.0	$10.0		$10.0	
Tag Deposit Balance		$824.9	$1,005.8	$1,062.6	$1,091.8	$1,119.3	$1,138.4	$192.6		$2,719.5	
Total Balance Available		$46,193.8	$56,325.1	$59,508.0	$61,142.0	$62,682.1	$63,751.5	$10,788.1		$152,290.1	
Assumed Investment Rate		2.35%	2.85%	3.85%	4.85%	4.85%	4.85%	4.85%		4.85%	
Total Interest Earnings (3)	$2,244.0	$1,085.6	$1,605.3	$2,291.1	$2,965.4	$3,040.1	$3,091.9	$523.2	$16,846.5	$7,386.1	$24,232.5
Nov. 2000 Base Case Prepayment Earnings (3)	$2,233.7	$1,798.0	$1,902.0	$2,005.4	$2,077.5	$2,151.1	$2,189.5	$371.8	$14,728.9	$4,090.0	$18,818.9
Variance from Nov. 2000 Recalculation	$10.3	($712.4)	($296.7)	$285.7	$887.9	$889.0	$902.4	$151.4	$2,117.6	$3,296.1	$5,413.7

(1) Initial projected 8-year operating term for the Customer Service Center ("CSC") and Violations Processing Center ("VPC").

(2) Revised projected 8-year operating term for the CSC and VPC. December 2009 was the end of the projected operating term in the November 2000 Recalculation.

(3) 1998 to 2001 results based on actual disbursement data.