

Jon S. Corzine
Governor

Kris Kolluri, Esq.
Board Chairman

George D. Warrington
Executive Director



May 11, 2006

Dear Governor Corzine:

Pursuant to Chapter 150, Laws of 1979, I herein transmit the minutes of actions taken at the open session of the regularly scheduled meetings of the New Jersey Transit Corporation, NJ Transit Rail Operations, Inc., NJ Transit Bus Operations, Inc., and NJ Transit Mercer, Inc. Board of Directors held on Tuesday, May 9, 2006.

Sincerely,

A handwritten signature in black ink, appearing to read "Gwen A. Watson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Gwen A. Watson
Board Secretary

Enclosures

Honorable Jon Corzine
Governor, State of New Jersey
State House
Trenton, NJ 08625

(NJT BOARD -05/09/2006)

Minutes of the actions taken at the Open Session of the re-scheduled Board of Directors' meetings of the New Jersey Transit Corporation, NJ TRANSIT Rail Operations, Inc., NJ TRANSIT Bus Operations, Inc. and NJ TRANSIT Mercer, Inc. held at NJ TRANSIT Headquarters, One Penn Plaza East, Newark, New Jersey on Tuesday, May 9, 2006.

Present:

Kris Kolluri, Esq., Chairman
Myron P. Shevell
Patrick W. Parkinson
Kenneth E. Pringle
A. Matthew Boxer, Governor's Representative
Michael Lihvarcik, Treasurer's Representative

George D. Warrington, Executive Director
Lynn Bowersox, Assistant Executive Director, Corporate Commun. & External Affairs
James Gigantino, Acting Vice President & General Manager, Bus Operations
William Duggan, Vice President & General Manager, Rail Operations
Kenneth Worton, Deputy Attorney General
Vincent Soleo, Assistant Executive Director, Procurement & Support Services
James Redeker, Assistant Executive Director, Policy, Technology & Customer Services
Richard Sarles, Assistant Executive Director, Capital Planning and Programs
H. Charles Wedel, Chief Financial Officer & Treasurer
Alma Scott-Buczak, Assistant Executive Director, Human Resources
Gwen A. Watson, Board Secretary
Robert Guarnieri, Auditor General

Chairman Kris Kolluri convened the Open Session at 9:25 am in accordance with the Open Public Meetings Act and asked for a motion to enter Executive Session to discuss litigation matters and contract negotiations. A motion was made by Myron P. Shevell, seconded by Patrick Parkinson and unanimously adopted.

Chairman Kris Kolluri reconvened the Open Session at 9:40 am and asked for a motion to adopt the minutes of the April 12, 2006 meeting. A motion was made by Patrick W. Parkinson, seconded by Myron P. Shevell and unanimously adopted.

Executive Director George Warrington highlighted the following from his monthly business report.

Executive Director Warrington said less than three months ago, NJ TRANSIT opened two new light rail stations in northern Hudson County, Tonnelle Avenue Station in North Bergen and Bergenline Avenue Station in Union City

Executive Director Warrington said ridership on the system has grown significantly since opening day, from 23,000 weekday trips in early February to 29,000 weekday trips in March, to more than 34,000 trips today.

(NJT Board-5/9/06)

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NJ TRANSIT
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Maplewood, NJ 07040-2494
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TO: BOARD OF DIRECTORS
FROM: GEORGE D. WARRINGTON
DATE: MAY 9, 2006
SUBJECT: EXECUTIVE DIRECTOR'S REPORT – MAY 2006

Less than three months ago, we opened two new light rail stations in northern Hudson County—Tonnel Avenue Station in North Bergen and Bergenline Avenue Station in Union City. Ridership on the system has grown significantly since opening day—from 23,000 weekday trips in early February to more than 34,000 trips today, with the majority of this ridership attributable to the new stations.

In two weeks we will take another major step toward improving mobility and convenience in Hudson County and the region as we celebrate the opening of the new Port Imperial Ferry Terminal. The new terminal will give NY Waterway customers an improved commuting experience, with more capacity, a larger waiting area and vending options. Work is currently underway on the pedestrian bridge that will connect the terminal with the Port Imperial light rail station. The light rail system provides a quick and easy connection to the terminal, and we continue to work with NY Waterway to promote this very attractive commuting option.

On the southern end of the line, on Saturday we announced our commitment to extend light rail service to 8th Street in Bayonne, an improvement made possible thanks to the leadership of both the Commissioner and Governor on the Transportation Trust Fund.

With respect to funding, last month I appeared with our chairman at Assembly and Senate budget committee hearings to brief the legislature on our FY07 budget picture. We will continue to refine cost assumptions over the next several months—as well as our ridership and revenue projects—and will return to the Board this summer with an operating budget that more fully details our FY07 budget, business plan and revenue/cost assumptions.

On the capital side, with the replenishment of the Transportation Trust Fund, we will ensure that the existing system is maintained in a state of good repair, and that basic safety and reliability work remains our top priority. The Transportation Trust Fund program for Transit will increase by \$145 million annually over the next several years for a total of \$675 million—the largest state funded capital program in Transit's history. These additional funds will help ensure reliability and enable us to upgrade rolling stock, including the complete overhaul of 76 longer distance cruiser buses and the replacement of every transit style bus in our fleet. In addition, the budget will allow for the purchase of 42 new diesel locomotives, as well as replacing or overhauling 230 of the 1970's vintage Arrow III rail cars and 148 Comet IIIs and IVs. We will also invest in 14 railroad stations and create more than 4,000 new parking spaces for commuters.

The Governor's transportation budget also allows us to move forward with critically needed capacity expansion projects such as THE Tunnel, Northern Branch service, Passaic-Bergen rail service, MOM and the Lackawanna Cutoff, among others.

Two weeks ago, we put in place a number of initiatives at the Governor's direction to help counter rising gas prices. To encourage use of our buses, trains and light rail lines and make using the system easier for new customers, we created a new section of our website specifically designed as a one-stop trip planning and schedule resource for new customers who want to try the system. The new section includes a "parking capacity tracker" to provide a daily update on where parking spaces are available on the system.

At the end of next week, we will send free round trip tickets to the 26,000 customers who receive their monthly tickets through the mail. We are encouraging these customers to give the tickets to friends or family members to try transit instead of driving to work, school, and other activities. The free tickets will arrive in mailboxes throughout the state beginning May 22.

EXECUTIVE DIRECTOR'S MONTHLY REPORT MAY 2006

- 1. HIGHLIGHTS**
- 2. CUSTOMER AND COMMUNITY INITIATIVES**
- 3. EMPLOYEE RECOGNITION**
- 4. DBE/MBE PROGRAM**
- 5. PERFORMANCE MEASURES**

OzonePass program gives environment, customers some relief

The Corporation's OzonePass program gives New Jersey-based employers the opportunity to offer their employees a \$2.50-round-trip commute within New Jersey on any NJ TRANSIT bus, train or light rail line on designated "Ozone Alert" days. NJ TRANSIT was the first commuter system to introduce the OzonePass concept in 1999. Since the program's inception, NJ TRANSIT has sold more than 50,000 OzonePasses to New Jersey employers.

Smoke free policy takes effect

On Saturday, April 15, New Jersey's Smoke Free Air Act took effect. In compliance with the Act, NJ TRANSIT has modified its policies and procedures, as follows:

Smoking is prohibited in enclosed indoor places owned or controlled by NJ TRANSIT in New Jersey. This includes customer waiting rooms, trains, buses, light rail vehicles, and structurally enclosed parking garages and facilities. Smoking is also prohibited on train, bus and light rail platforms at stations and terminals owned or controlled by NJ TRANSIT in New Jersey.

For employees, this means that many areas previously used for smoking have become off-limits with the new policy. Smoking is no longer permitted on the premises of NJ TRANSIT's headquarters facilities at Penn Plaza and the Maplewood GOB, with the new prohibition including courtyards, loading docks and any other indoor areas or partially enclosed areas of the buildings. Also, to send a consistent message to customers, employees are not permitted to smoke on the sidewalks in front of the buildings.

In addition to "no smoking" rules in all NJ TRANSIT indoor workplaces, smoking is prohibited in all enclosed parking garages that NJ TRANSIT controls—including those used for employee and company vehicle parking.

For both employees and customers, smoking is prohibited on rail and light rail platforms, whether open or enclosed; at major bus terminal boarding areas controlled by NJ TRANSIT, whether open or enclosed; and of course, on board trains, buses and light rail vehicles.

While the law only affects stations and terminals in New Jersey, NJ TRANSIT employee facilities in all locations are covered by the policy prohibiting smoking in NJ TRANSIT workplaces.