

Chris Christie, Governor
Kim Guadagno, Lieutenant Governor
Richard T. Hammer, Commissioner
Steven H. Santoro, Executive Director


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December 13, 2017

John Porcari
Interim Executive Director
Gateway Program Development Corporation
c/o The Port Authority of NY & NJ
4 World Trade Center
150 Greenwich Street, 19th Floor
New York, NY 10007

RE: Hudson River Tunnel Project

Dear Mr. Porcari:

In connection with the submission of a revised financial plan for the Hudson River Tunnel Project and Hudson Yards Concrete Casing (the "Project") to the United States Department of Transportation by the Gateway Program Development Corporation ("GDC"), please be advised that the New Jersey Transit Corporation ("NJ TRANSIT") is committed to fund \$1.9 billion in Project design and capital construction costs.

In accordance with the revised financial plan, NJ TRANSIT's funding will be made available over time to the Gateway Program Development Corporation ("GDC") such that GDC will have sufficient funds to pay principal, interest and customary and reasonable fees and premiums associated with its borrowing of a Railroad Rehabilitation and Improvement Finance ("RRIF") loan, to finance completion of construction of the Project. NJ TRANSIT's contribution will consist of up to \$1.9 billion in funding to pay principal payments on the RRIF loan, plus the amount of such interest, fees and premiums.

Funding to support this commitment will be generated by a new charge on Trans-Hudson rail use. Specifically, NJ TRANSIT intends to generate the revenue to support \$1.9 billion in Project design and capital construction costs through a per passenger trip charge for all NJ TRANSIT rail passenger trips each way across the Hudson River. Based on the updated financial plan, the estimated per trip cost to NJ TRANSIT rail customers using the Trans-Hudson tunnels will be \$.90 beginning in 2020 and increase to \$1.70 in 2028, and \$2.20 in 2038.

NJ TRANSIT's contribution to the Project cost is consistent with the financial framework announced by the Governors of New Jersey and New York in November 2015. Under this framework, the federal and local share for the Gateway Program is allocated

equally, with federal support accounting for 50 percent of the program, and the States of New Jersey and New York (including the Port Authority of New York and New Jersey) sharing the remaining 50 percent. NJ TRANSIT's commitment to the Project as summarized in this letter, together with one-half of the Port Authority of New York and Jersey's contribution, constitutes approximately 25 percent of the Project cost and represents the State of New Jersey's funding commitment to the Project.

As you are aware, the Project is critical as it supports commuter rail, intercity, regional and local mobility, provides economic benefits regionally and nationally, provides a more cost-effective transit system due to lower operating and maintenance costs, reduces commuter and intercity rail delays caused by unanticipated events or routine maintenance and increases on-time performance. Its success depends upon the contributions of the federal government and the States of New Jersey and New York, and we are, therefore, pleased to confirm here the State of New Jersey's contribution to the Project.

We look forward to working with you and your staff to successfully usher this Project into construction. If you have any questions or need further information, please contact me.

Sincerely,


Steven H. Santoro
Executive Director

cc: Richard H. Bagger, Chairman, Gateway Program Development Corporation