

## CHAPTER 162

**AN ACT** concerning reforms of the New Jersey Transit Corporation, amending various parts of the statutory law and supplementing P.L.1979, c.150.

**BE IT ENACTED** by the Senate and General Assembly of the State of New Jersey:

1. Section 4 of P.L.1979, c.150 (C.27:25-4) is amended to read as follows:

C.27:25-4 New Jersey Transit Corporation established; board; powers.

4. a. There is hereby established in the Executive Branch of the State Government the New Jersey Transit Corporation, a body corporate and politic with corporate succession. For the purpose of complying with the provisions of Article V, Section IV, paragraph 1 of the New Jersey Constitution, the corporation is hereby allocated within the Department of Transportation, but, notwithstanding that allocation, the corporation shall be independent of any supervision or control by the department or by any body or officer thereof. The corporation is hereby constituted as an instrumentality of the State exercising public and essential governmental functions, and the exercise by the corporation of the powers conferred by this act shall be deemed and held to be an essential governmental function of the State.

b. The corporation shall be governed by a board which shall consist of 13 members.

11 of the members shall be voting members and shall consist of: the Commissioner of Transportation and the State Treasurer, who shall be members ex officio, another member of the Executive Branch to be selected by the Governor who shall also serve ex officio, and eight public members who shall be appointed by the Governor as follows:

two members, with the advice and consent of the Senate, who shall each have experience as either a regular corporation motorbus regular route service rider or regular corporation rail passenger service or light rail service rider or have a professional background in passenger rail service, freight rail management, transportation capital planning, transportation and public transportation capital construction, federal transportation policy, State transportation policy, real estate investment or development, human resources management, or transportation capital finance, one upon the recommendation of the New Jersey members of the Delaware Valley Regional Planning Commission and one upon the recommendation of the North Jersey Transportation Planning Authority;

two members, with the advice and consent of the Senate, one who shall have experience as a regular corporation motorbus regular route service rider and one who shall have experience as a regular corporation rail passenger service or light rail service rider; and

four members, who shall each have a professional background in passenger rail service, freight rail management, transportation capital planning, transportation and public transportation capital construction, federal transportation policy, State transportation policy, real estate investment or development, human resources management, communication, or transportation capital finance, one appointed by the Governor upon the recommendation of the President of the Senate, one appointed by the Governor upon the recommendation of the Speaker of the General Assembly, and two appointed by the Governor, with the advice and consent of the Senate.

All public members, except for those appointed upon the recommendation of the President of the Senate and the Speaker of the General Assembly, shall be appointed by the Governor with the advice and consent of the Senate, and all public members shall serve for four year staggered terms and until their successors are appointed and qualified. No more than three of the six public members appointed by the Governor with the advice and consent of the Senate shall be members of the same political party. Each public member may be removed from

office by the Governor for cause. A vacancy in the membership of the board occurring other than by expiration of term shall be filled in the same manner as the original appointment, but for the unexpired term only. The board shall annually designate a vice chairperson and secretary. The secretary need not be a member.

There shall be two non-voting members of the board, who shall not be considered in determining a quorum. The non-voting members shall be appointed as follows: one appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of the corporation involved in rail operations and one appointed by the Governor upon the recommendation of the labor organization representing the plurality of the employees of the corporation involved in motorbus operations. Each non-voting member appointed upon recommendation of a labor organization shall be appointed for a term of four years, provided, however, that if at any time during the term of appointment the non-voting member ceases to be affiliated with the labor organization representing the plurality of the relevant segment of employees of the corporation, then such labor organization may, thereupon or at any time thereafter during such term, recommend a new member to the Governor for appointment to serve the remainder of the term. If the local bargaining unit decertifies its existing union affiliation and certifies a new union, the union which represents the plurality of the relevant segment of employees may recommend a new member to the Governor for appointment to serve the remainder of the term. The chairman of the board may, at the chairman's discretion, exclude such non-voting member from attending any portion of a board meeting or any other meeting held for the purpose of discussing negotiations with labor organizations, pending litigation involving the labor organization, the investigation, evaluation, or discipline of an employee of the corporation, or matters concerning private entities engaged in the provision of motorbus regular route service, paratransit service, or motorbus charter service that would otherwise not be considered public information. Each non-voting member appointed upon recommendation of a labor organization may be removed by the Governor for cause.

For the purposes of this subsection:

“experience as a regular corporation motorbus regular route service rider” includes any rider who is a regular corporation motorbus regular route service rider at the time of the member’s appointment or reappointment and any rider who has been a regular corporation motorbus regular route service rider in three of the five years preceding the member’s appointment or reappointment.

“experience as a regular corporation rail passenger service or light rail service rider” includes any rider who is a regular corporation rail passenger service or light rail service rider at the time of the member’s appointment or reappointment and any rider who has been a regular corporation rail passenger service or light rail service rider in three of the five years preceding the member’s appointment or reappointment.

c. Board members other than those serving ex officio shall serve without compensation, but members shall be reimbursed for actual expenses necessarily incurred in the performance of their duties.

d. The Commissioner of Transportation shall serve as chairperson of the board, shall chair board meetings, and shall have responsibility for the scheduling and convening of all meetings of the board. In the absence of the chairperson, the vice chairperson shall chair the board meeting. Each ex officio member of the board may designate two employees of the ex officio member’s department or agency, one of whom may represent the ex officio member at meetings of the board. A designee may lawfully vote and otherwise act on behalf of the member for whom the person constitutes the designee. Any such designation shall be in

writing delivered to the board and shall continue in effect until revoked or amended by writing delivered to the board.

e. The powers of the corporation shall be vested in the voting members of the board thereof and a majority of the appointed members of the board who are authorized to vote shall constitute a quorum at any meeting thereof. Actions may be taken and motions and resolutions adopted by the board at any meeting thereof by the affirmative vote of a majority of the appointed members who are authorized to vote. No vacancy in the membership of the board shall impair the right of a quorum to exercise all the rights and perform all the duties of the board.

f. A true copy of the minutes of every meeting of the board shall be delivered forthwith, by and under the certification of the secretary thereof, to the Governor. No action taken at such meeting by the board shall have force or effect until approved by the Governor or until 10 days after such copy of the minutes shall have been delivered. If, in said 10-day period, the Governor returns such copy of the minutes with veto of any action taken by the board or any member thereof at such meeting, such action shall be null and of no effect. The Governor may approve all or part of the action taken at such meeting prior to the expiration of the said 10-day period.

g. (1) The board meetings shall be subject to the provisions of the "Senator Byron M. Baer Open Public Meetings Act," P.L.1975, c.231 (C.10:4-6 et seq.), except that any agenda related to a meeting of the corporation's board of directors shall be provided to the public at least five calendar days prior to the meeting and except that one-half of the total number of meetings of the board shall be held in the evening after 6:00 p.m. Agendas may be revised up to 48 hours prior to the meeting in the case of emergencies requiring immediate action. Each notice of a board meeting and each agenda for a board meeting shall be published on the corporation's website. Board meetings shall be viewable on the corporation's website in real time and shall be archived and made available to the public for subsequent viewing on the corporation's website. Meeting minutes shall be archived and published on the corporation's website.

(2) The board shall hold a minimum of 10 public board meetings per year. Public hearings held pursuant to subsection d. of section 8 of P.L.1979, c.150 (C.27:25-8) shall not be considered public board meetings for the purposes of this subsection.

#### C.27:25-4.1 Duties of board of directors.

2. a. The board of directors of the corporation shall:

(1) Execute oversight of the corporation's executive director and other management in the effective and ethical management of the corporation, including review and approval of any fare changes and the elimination or substantial curtailment of motorbus regular route service, rail passenger service, or light rail service;

(2) Understand, review, and monitor the implementation of fundamental financial and management controls and operational decisions of the corporation, including review and approval of any fare changes and the elimination or substantial curtailment of motorbus regular route service, rail passenger service, or light rail service;

(3) Establish policies regarding the payment of salary, compensation, and reimbursements to, and establish rules for the time and attendance of, the executive director and management, provided that nothing in P.L.2018, c.162 (C.27:25-4.1 et al.) shall be construed to apply civil service rules and regulations to the corporation;

(4) Adopt a code of ethics, in consultation with the chief ethics officer, applicable to each board member, officer, and employee that, at a minimum, includes the applicable standards established by State law;

(5) Require that the corporation establish written policies and procedures on personnel including policies protecting employees from retaliation for disclosing information concerning acts of wrongdoing, misconduct, malfeasance, or other inappropriate behavior by an employee of the corporation;

(6) Adopt a policy that provides guidelines for when it is appropriate for the chief ethics officer to forward the results and findings of a preliminary investigation conducted by the chief ethics officer to the State Ethics Commission, Office of the Attorney General, county prosecutor's office, or any other appropriate agency for further investigation or action;

(7) Adopt a defense and indemnification policy and disclose such policy to any and all prospective board members; and

(8) Adopt corporate bylaws, which shall be reviewed and updated at least once every five years.

b. (1) The members of the board shall perform each of their duties as board members, including but not limited to those imposed by this section, in good faith and with that degree of diligence, care, and skill which an ordinarily prudent person in like position would use under similar circumstances, and may take into consideration the views and policies of any elected official or body, or other person and ultimately apply independent judgment in the best interest of the corporation, its mission, and the public.

(2) At the time that a board member takes and subscribes the board member's oath of office, or within 60 days after the effective date of P.L.2018, c.162 (C.27:25-4.1 et al.) if the board member has already taken and subscribed the board member's oath of office, the board member shall execute an acknowledgement, in a form developed by the corporation, in which the board member shall, at a minimum:

(a) acknowledge that the board member understands that a board member has an obligation to perform duties and responsibilities to the best of the board member's abilities, in good faith and with proper diligence and care, consistent with the enabling compact, mission, and by-laws of the corporation and the applicable laws of this State; and that the duty to the corporation is derived from and governed by its mission;

(b) acknowledge that the board member understands the board member's duty of loyalty and care to the corporation and commitment to the corporation's mission and the public interest; and the board member's obligation to act in the best interests of the corporation and the people whom the corporation serves;

(c) agree that a board member has an obligation to become knowledgeable about the mission, purpose, functions, responsibilities, and statutory duties of the corporation and, when necessary, to make reasonable inquiry of management and others with knowledge and expertise so as to inform the board member's decisions;

(d) agree to exercise independent judgment on all matters before the board;

(e) agree not to divulge confidential discussions and confidential matters that come before the board for consideration or action;

(f) agree to disclose to the board and the chief ethics officer any conflicts, or the appearance of a conflict, of a personal, financial, ethical, or professional nature that could inhibit the board member from performing the board member's duties in good faith and with due diligence and care; and

(g) certify that the board member does not have any interest in, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur

any obligation of any nature, which is in substantial conflict with the proper discharge of the board member's duties in the public interest.

c. Individuals appointed to the board of directors shall participate in training regarding their legal, financial, and ethical responsibilities as directors of the corporation within six months of appointment to the board. Board members shall participate in continuing training as may be required to remain informed of best practices and regulatory, legal, financial, and ethical responsibilities and standards.

d. No board member, including the chairperson, shall serve as the corporation's executive director, chief financial officer, or hold any senior management position while serving as a member of the board.

e. (1) The board of directors shall establish an audit committee, to be comprised of not less than three members, who shall possess the necessary skills to understand the duties and functions of the committee, including having sufficient knowledge in the areas of finance and accounting. The audit committee shall meet on at least a quarterly basis.

(2) The audit committee shall review and monitor: the reliability of financial statements and the adequacy of financial controls; the results of any audit; and compliance with legal, regulatory, and ethical requirements. The audit committee shall have responsibility for supervising and reviewing the work of the internal audit department, which has responsibility for investigating fraud, waste and abuse within and affecting the agency.

f. (1) The board of directors shall establish an administration committee to be comprised of not less than three independent members, who shall possess the necessary skills to understand the duties and functions of the committee; provided, however, that in the event that a board has less than three independent members, the board may appoint non-independent members to the committee, provided that the independent members shall constitute a majority of the members of the committee. The administration committee shall meet on at least a quarterly basis.

(2) The administration committee shall: advise the board of directors on financial matters, including, but not limited to, proposed budgets including the capital program, major expenditures of the corporation, and all financial policies; receive a bi-monthly report from the head of the Office of Equal Opportunity and Affirmative Action, or any successor office, which shall also be provided to the executive director, regarding the activities of that office, including a summary of the nature and number of the complaints involving discrimination or harassment received by that office and any actions taken by that office in response to those complaints; receive a bi-monthly report from the director of the Human Resources Office, or any successor office, which shall also be provided to the executive director, regarding the activities of that office, including a summary of job vacancies, job postings, new employees, reclassification of job titles, retirements, terminations, disciplinary actions, and any other personnel decisions; and meet at least annually with representatives of the labor organizations representing employees of the corporation. Reports shall not include any personally identifiable information or personnel information protected under state or federal law.

g. (1) The board of directors shall establish an operations and customer service committee, to be comprised of not less than three independent members, who shall possess the necessary skills to understand the duties and functions of the committee. The operations and customer service committee shall meet at least on a quarterly basis.

(2) The operations and customer service committee shall: advise the board of directors on day to day operations and maintenance; review vital statistics including on time performance, cost of service, and service rationalization; review the corporation's service plan and service

standards; oversee fleet management plans, strategic planning, and the corporation's business plan; and oversee the corporation's customer service plan and statistics.

h. (1) The board of directors shall establish a capital planning and privatization committee, to be comprised of not less than three independent members, who shall possess the necessary skills to understand the duties and functions of the committee. The capital planning and privatization committee shall meet on at least a quarterly basis.

(2) The capital planning and privatization committee shall: review and monitor the status of capital projects including the annual element of the corporation's five year capital program; review the rationale for the capital program, its budgets and schedule, and address fast tracking key projects; oversee the development of fare policy and technology; and review real estate transactions and route and service issues that affect private carriers or other properties with which the corporation does business.

i. For the purposes of this section, an "independent member" is one who:

(1) is not, and in the past two years has not been, employed by the corporation or an affiliate in an executive capacity;

(2) is not, and in the past two years has not been, employed by an entity that received remuneration valued at more than \$15,000 for goods and services provided to the corporation or received any other form of financial assistance valued at more than \$15,000 from the corporation;

(3) is not a relative of an executive officer or employee in an executive position of the corporation or an affiliate; and

(4) is not, and in the past two years has not been, a lobbyist registered under a state or local law and paid by a client to influence the management decisions, contract awards, rate determinations, or any other similar actions of the corporation or an affiliate.

j. Notwithstanding the provisions of any other law to the contrary, the board shall not directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any officer, board member, or employee, or equivalent thereof, of the corporation.

#### C.27:25-4.2 Passenger Advisory Committees.

3. a. (1) There is hereby established the North Jersey Passenger Advisory Committee within the New Jersey Transit Corporation for the purpose of providing advice, input, and guidance to the corporation and the corporation's board of directors from customers of the corporation who reside in North Jersey. The committee shall: provide advice, input, and guidance to the New Jersey Transit Corporation and its board of directors on issues affecting the corporation and customers of the corporation, particularly those issues that affect services provided in the northern part of the State; review proposals to be considered before the corporation's board of directors concerning fare increases, curtailment of services, and expansion of services; and review items listed on the agenda for meetings of the corporation's board of directors that would increase fares, curtail services, or expand services and provide written feedback to the board prior to the board meeting concerning those agenda items.

(2) A member of the committee shall be required to: reside in one of the following counties: Bergen, Essex, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union, or Warren; and either be a regular corporation motorbus regular route service rider or a regular corporation rail passenger service or light rail service rider; and primarily use corporation motorbus regular route service, rail passenger service, or

light rail service in the northern part of the State, or have substantial public transportation experience.

(3) The committee shall consist of 15 voting members, who shall serve a term of four years and without compensation, to be appointed as follows:

three members to be appointed by the board of the North Jersey Transportation Planning Authority;

six members to be appointed by the Governor;

one member to be appointed by the Speaker of the General Assembly;

one member to be appointed by the President of the Senate;

one member to be appointed by the Minority Leader of the General Assembly;

one member to be appointed by the Minority Leader of the Senate;

one member to be appointed by a nonprofit entity, which shall be selected jointly by the Speaker of the General Assembly and the President of the Senate, with a history of rider advocacy, encouraging smart growth, and advocating for investment in public transportation and transit-oriented development initiatives; and

one member to be appointed by a nonprofit entity, which shall be selected jointly by the Speaker of the General Assembly and the President of the Senate, that serves as a consumer rail passenger organization in the State.

(4) The powers of the committee shall be vested in the members of the committee and a majority of the appointed members shall constitute a quorum at any meeting thereof. Actions may be taken and motions and resolutions adopted by the committee at any meeting thereof by the affirmative vote of a majority of the appointed members. The seat of any member who fails to maintain the requirements established in paragraph (2) of this subsection shall be deemed vacant. A vacancy in the membership of the committee shall not impair the right of a quorum to exercise all rights and perform all duties of the committee. Any vacancy in the membership of the committee shall be filled in the same manner as the original appointment and for the remainder of the unexpired term.

(5) The committee shall elect from among its members a chairperson and vice chairperson. The chairperson shall preside over meetings of the committee. In the absence of the chairperson, the vice chairperson shall preside over meetings of the committee. The chairperson shall have the responsibility of scheduling and convening all meetings of the committee. The committee shall designate an individual to serve as secretary to the committee who need not be a member of the committee.

b. (1) There is hereby established the South Jersey Passenger Advisory Committee within the New Jersey Transit Corporation for the purpose of providing advice, input, and guidance to the corporation and the corporation's board of directors from customers of the corporation who reside in South Jersey. The committee shall: provide advice, input, and guidance to the New Jersey Transit Corporation and its board of directors on issues affecting the corporation and customers of the corporation, particularly those issues that affect services provided in the southern part of the State; review proposals to be considered before the corporation's board of directors concerning fare increases, curtailment of services, and expansion of services; and review items listed on the agenda for meetings of the corporation's board of directors that would increase fares, curtail services, or expand services and provide written feedback to the board prior to the board meeting concerning those agenda items.

(2) A member of the committee shall be required to: reside in one of the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Mercer, Ocean, or Salem; and either be a regular corporation motorbus regular route service rider or a regular corporation rail passenger service or light rail service rider; and primarily use corporation

motorbus regular route service, rail passenger service, or light rail service in the southern part of the State, or have substantial public transportation experience.

(3) The committee shall consist of 15 voting members, who shall serve a term of four years and without compensation, to be appointed as follows:

two members to be appointed by the board members of the Delaware Valley Regional Planning Commission from New Jersey;

six members to be appointed by the Governor;

one member to be appointed by the Speaker of the General Assembly;

one member to be appointed by the President of the Senate;

one member to be appointed by the Minority Leader of the General Assembly;

one member to be appointed by the Minority Leader of the Senate;

one member to be appointed by the board of the South Jersey Transportation Planning Organization;

one member to be appointed by a nonprofit transportation management association, which shall be selected jointly by the Speaker of the General Assembly and the President of the Senate, that provides transportation-related services in the southern portion of the State; and

one member to be appointed by a nonprofit entity, which shall be selected jointly by the Speaker of the General Assembly and the President of the Senate, that serves as a consumer rail passenger organization in the State.

(4) The powers of the committee shall be vested in the members of the committee and a majority of the appointed members shall constitute a quorum at any meeting thereof. Actions may be taken and motions and resolutions adopted by the committee at any meeting thereof by the affirmative vote of a majority of the appointed members. The seat of any member who fails to maintain the requirements established in paragraph (2) of this subsection shall be deemed vacant. A vacancy in the membership of the committee shall not impair the right of a quorum to exercise all rights and perform all duties of the committee. Any vacancy in the membership of the committee shall be filled in the same manner as the original appointment and for the remainder of the unexpired term.

(5) The committee shall elect from among its members a chairperson and vice chairperson. The chairperson shall preside over meetings of the committee. In the absence of the chairperson, the vice chairperson shall preside over meetings of the committee. The chairperson shall have the responsibility of scheduling and convening all meetings of the committee. The committee shall designate an individual to serve as secretary to the committee who need not be a member of the committee.

c. A person serving as a member of the South Jersey Passenger Advisory Committee shall not be eligible to simultaneously serve as a member of the North Jersey Passenger Advisory Committee. A person serving as a member of the North Jersey Passenger Advisory Committee shall not be eligible to simultaneously serve as a member of the South Jersey Passenger Advisory Committee.

d. One public member from the corporation's board of directors shall serve as a liaison to each advisory committee.

4. Section 5 of P.L.1979, c.150 (C.27:25-5) is amended to read as follows:

C.27:25-5 Powers and duties of corporation.

5. In addition to the powers and duties conferred upon it elsewhere in this act, the corporation may do all acts necessary and reasonably incident to carrying out the objectives of this act, including but not in limitation thereof the following:

- a. Sue and be sued;
- b. Have an official seal and alter the same at pleasure;
- c. Make and alter bylaws for its organization and internal management and for the conduct of its affairs and business;
- d. Maintain an office at such place or places within the State as it may determine;
- e. Adopt, amend and repeal such rules and regulations as it may deem necessary to effectuate the purposes of this act, which shall have the force and effect of law; it shall publish the same and file them in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.) with the Director of the Office of Administrative Law;
- f. Call to its assistance and avail itself of the service of such employees of any federal, State, county or municipal department or agency as it may require and as may be available to it for said purpose;
- g. Apply for, accept and expend money from any federal, State, county or municipal agency or instrumentality and from any private source as gifts, grants, or loans; comply with federal statutes, rules and regulations, and qualify for and receive all forms of financial assistance available under federal law to assure the continuance of, or for the support or improvement of public transportation and as may be necessary for that purpose to enter into agreements, including federally required labor protective agreements;
- h. Plan, design, construct, equip, operate, improve, maintain, and, through the New Jersey Transportation Trust Fund Authority, finance either directly or by contract with any public or private entity, public transportation services, capital equipment and facilities or any parts or functions thereof, and other transportation projects, or any parts or functions thereof, which may be funded under section 3 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or additional federal act having substantially the same or similar purposes or functions; the operation of the facilities of the corporation, by the corporation or any public or private entity, may include appropriate and reasonable limitations on competition in order that maximum service may be provided most efficiently to the public;
- i. Apply for and accept, from appropriate regulatory bodies, authority to operate public transportation services where necessary;
- j. Purchase, lease as lessee, or otherwise acquire, own, hold, improve, use and otherwise deal in and with real or personal property, or any interest therein, from any public or private entity, wherever situated;
- k. Lease as lessor, sell or otherwise dispose of on terms which the corporation may prescribe, real and personal property, including tangible or intangible property and consumable goods, or any interest therein, to any public or private entity, in the exercise of its powers and the performance of its duties under this act. In order to provide or encourage adequate and efficient public transportation service, the corporation may lease or otherwise permit the use or occupancy of property without cost or at a nominal rental;
- l. Restrict the rights of persons to enter upon or construct any works in or upon any property owned or leased by the corporation, except under such terms as the corporation may prescribe; perform or contract for the performance of all acts necessary for the management, maintenance and repair of real or personal property leased or otherwise used or occupied pursuant to this act;
- m. Establish one or more operating divisions as deemed necessary;
- n. Set and collect fares and determine levels of service for service provided by the corporation either directly or by contract including, but not limited to, such reduced fare programs as deemed appropriate by the corporation; revenues derived from such service may

be collected by the corporation and shall be available to the corporation for use in furtherance of any of the purposes of this act;

o. Set and collect rentals, fees, charges or other payments from the lease, use, occupancy or disposition of properties owned or leased by the corporation; such revenues shall be available to the corporation for use in furtherance of any of the purposes of this act;

p. Deposit corporate revenues in interest bearing accounts or in the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4);

q. Delegate to subordinate officers of the corporation such powers and duties as the corporation shall deem necessary and proper to carry out the purposes of this act;

r. (1) Procure and enter into contracts for any type of insurance and indemnify against loss or damage to property from any cause, including loss of use and occupancy, against death or injury of any person, against employees' liability, against any act of any member, officer, employee or servant of the corporation, whether part-time, full-time, compensated or noncompensated, in the performance of the duties of his office or employment or any other insurable risk. In addition, the corporation may carry its own liability insurance and may also establish and utilize a wholly-owned insurance subsidiary or captive provided the subsidiary or captive is domiciled in the United States in a state which is accredited by the National Association of Insurance Commissioners and which licenses and regulates wholly-owned insurance subsidiaries or captives; and

(2) Pursuant to paragraph (1) of this subsection, the corporation's chief of procurement is authorized to reach an agreement to defend and indemnify a person against claims, causes of action, demands, costs or judgments against that person arising as a direct result of that person's contract with the corporation, upon the terms and limitations the chief deems reasonable and appropriate. An agreement to defend and indemnify pursuant to this subsection shall not bar, reduce, limit or affect any remedies which the corporation may have to enforce the corporation's agreement or to assert a claim for damages to which the corporation may be entitled arising out of the person's failure to perform the agreement, or for the recovery of funds expended for the defense of a person if the defense was undertaken in response to a claim or cause of action brought against the person which is proven to have arisen from gross negligence, willful misconduct, fraud, intentional tort, bad faith, or criminal conduct. No one other than the person who is party to the agreement with the corporation may enforce any agreement for defense or indemnification between that person and the corporation;

s. Promote the use of public transportation services, coordinate ticket sales and passenger information and sell, lease or otherwise contract for advertising in or on the equipment or facilities of the corporation;

t. Adopt and maintain employee benefit programs for employees of the corporation including, but not limited to, pension, deferred compensation, medical disability, and death benefits, and which programs may utilize insurance contracts, trust funds, and any other appropriate means of providing the stipulated benefits, and may involve new plans or the continuation of plans previously established by entities acquired by the corporation;

u. Own, control, vote, and exercise any and all other rights incidental to the ownership of any equity, membership interest, or any shares of the capital stock of any incorporated entity acquired, formed, incorporated, or established by law by the corporation pursuant to the powers granted by this act. Any such corporate entity may be utilized in order to enable the corporation to participate with other private or public entities in any transaction, memorandum of understanding, undertaking, or arrangement that the corporation would have

the power to conduct by itself, whether or not such participation involves sharing or delegation of control with or to other public or private entities regarding the ownership, operation, control, and management of services, equipment, or facilities. For purposes of this subsection, "corporate entity" means any business entity, including but not limited to, any corporation, limited liability company, joint venture, limited partnership, general partnership, association of any kind, or collaborative arrangement that may be jointly owned by the corporation and any other public or private entities that provide public transportation services;

v. Enter into any and all agreements or contracts, execute any and all instruments, and do and perform any and all acts or things necessary, convenient or desirable for the purposes of the corporation, or to carry out any power expressly or implicitly given in this act;

w. Notwithstanding the provisions of section 17 of P.L.1979, c.150 (C.27:25-17) or any other law to the contrary, (1) issue operating grant anticipation notes which shall be secured and retired from operating assistance grants authorized under section 9 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or additional federal act having substantially the same or similar purposes or functions and (2) issue capital grant anticipation notes which shall be secured and retired from capital assistance grants authorized under section 3 or section 9 of the federal Urban Mass Transportation Act of 1964, Pub.L.88-365 (49 U.S.C. s.1602), or any successor or additional federal act having substantially the same or similar purposes or functions. As used in this subsection, "operating grant anticipation notes" or "capital grant anticipation notes" (hereinafter referred to as "notes") means credit obligations issued in anticipation of these grants. All grant anticipation notes shall be authorized by a resolution or resolutions of the corporation, and may be issued in one or more series and shall bear the date, or dates, bear interest at the rate or rates of interest per annum, be in the denomination or denominations, be in the form, carry the conversion or registration privileges, have the rank or priority, be executed in such manner as the resolution or resolutions require. The notes may be sold at public or private sale at the price or prices and in the manner that the corporation determines. The notes of the corporation, the sale or transfer thereof, and the income derived therefrom by the purchasers of the notes, shall, at all times, be free from taxation for State or local purposes, under any law of the State or any political subdivision thereof. Notes may be issued under the provisions of P.L.1979, c.150 (C.27:25-1 et seq.) without obtaining the consent of any department, division, commission, board, bureau or agency of the State, and without any other proceedings, conditions, or things which are specifically required by P.L.1979, c.150 (C.27:25-1 et seq.). The notes issued pursuant to P.L.1979, c.150 (C.27:25-1 et seq.) shall not in any way create or constitute any indebtedness, liability or obligation of the State or of any political subdivision thereof or of the corporation, except as provided herein.

The grant anticipation notes shall be payable solely from (1) note proceeds, to the extent not disbursed to the corporation, (2) grant payments if, as, and when received from the federal government, and (3) investment earnings on note proceeds, to the extent not disbursed to the corporation. Each note shall contain on its face a statement to the effect that the corporation is obligated to pay the principal thereof or the interest thereon only from these grants to the corporation and from the proceeds of the notes and investment earnings on the proceeds of the notes, to the extent not disbursed to the corporation, and that neither the faith and credit nor the taxing power of the State or of any political subdivision thereof or of the corporation is pledged to the payment of the principal and interest on these notes. Neither the members of the corporation's board nor any person executing the transactions are

personally liable on those notes nor are they otherwise liable for their actions. Subject to any agreement with the debtholders, the corporation may invest moneys of the corporation not required for immediate use, including proceeds from the sale of any notes, in such obligations, securities and other investments as the corporation shall deem prudent;

x. Enter into agreements with a public or private entity or consortia thereof to provide for the development of demonstration projects through the use of public-private partnerships pursuant to sections 1 through 9 of P.L.1997, c.136 (C.27:1D-1 through C.27:1D-9);

y. Enter into agreements with a public or private entity or consortia thereof to provide for the development of projects through the use of public-private partnerships. All building construction projects under a public-private partnership agreement entered into pursuant to this subsection shall contain a project labor agreement, unless the federal government or a court of competent jurisdiction determines that requiring such an agreement would violate federal law or regulation, or including such an agreement would preclude the corporation from receiving federal funding for the project. Project labor agreements shall be subject to the provisions of P.L.2002, c.44 (C.52:38-1 et seq.); and

z. To employ and retain legal counsel at the corporation's discretion, including choosing representation by the Attorney General.

5. Section 8 of P.L.1979, c.150 (C.27:25-8) is amended to read as follows:

C.27:25-8 Corporation, subsidiary not public utility; authority; jurisdiction; public hearings.

8. a. The corporation or any subsidiary thereof shall not be considered a public utility as defined in R.S.48:2-13, and except with regard to subsection c. of this section, subsection b. of R.S.48:3-38, section 2 of P.L.1989, c.291 (C.27:25-15.1), and R.S.48:12-152, the provisions of Title 48 of the Revised Statutes shall not apply to the corporation or any subsidiary thereof.

b. The authority hereby given to the corporation pursuant to section 6 of P.L.1979, c.150 (C.27:25-6) with respect to fares and service, shall be exercised without regard or reference to the jurisdiction formerly vested in the Department of Transportation regarding rates and rate schedules under R.S.48:2-21; discontinuance, curtailment, or abandonment of service under R.S.48:2-24; and the issuance of a certificate of public convenience and necessity under R.S.48:4-3, and transferred to the New Jersey Motor Vehicle Commission by P.L.2003, c.13 (C.39:2A-1 et al.). The New Jersey Motor Vehicle Commission shall resume jurisdiction over service and fares upon the termination and discontinuance of a contractual relationship between the corporation and a private or public entity relating to the provision of public transportation services operated under the authority of certificates of public convenience and necessity previously issued by the New Jersey Motor Vehicle Commission or its predecessors; provided, however, that a private entity shall not be required to restore any service discontinued or any fare changed during the existence of a contractual relationship with the corporation, unless the New Jersey Motor Vehicle Commission shall determine, after notice and hearing, that the service or fare is required by public convenience and necessity.

c. Notwithstanding any other provisions of P.L.1979, c.150 (C.27:25-1 et seq.), all vehicles used by any public or private entity pursuant to contract authorized by P.L.1979, c.150 (C.27:25-1 et seq.), and all vehicles operated by the corporation directly, shall be subject to the jurisdiction of the department with respect to maintenance, specifications, and safety to the same extent that jurisdiction is conferred upon the department by Title 48 of the Revised Statutes.

(d.) (1) Before implementing the substantial curtailment or abandonment of rail passenger services, the corporation shall hold at least two public hearings in the area affected, as close as possible to the highest trafficked stop on the route. At least one of the two hearings shall take place on a State working day. One hearing shall take place for at least two hours between the hours of 9:00 a.m. and 5:00 p.m., and the other hearing shall take place for at least two hours between the hours of 6:00 p.m. and 10:00 p.m. Before implementing the substantial curtailment or abandonment of motorbus regular route services, the corporation shall hold at least one public hearing in the area affected, as close as possible to the highest trafficked station on the route. Each public hearing required pursuant to this paragraph shall be attended by at least two members of the corporation's board of directors.

(2) Before implementing any fare increase for any motorbus regular route or rail passenger services, at least 10 public hearings shall be held and shall be distributed geographically throughout the State. Not more than one hearing required pursuant to this paragraph shall take place in each county, and each hearing shall be located as close as possible to both a rail passenger service line and a motorbus regular route. At least half of the hearings required pursuant to this paragraph shall take place on State working days. Five of the hearings shall take place for at least two hours between the hours of 9:00 a.m. and 5:00 p.m., and the other five hearings shall take place for at least two hours between the hours of 6:00 p.m. and 10:00 p.m. Each public hearing required pursuant to this paragraph shall be attended by at least two members of the corporation's board of directors.

For the hearings required under paragraphs (1) and (2) of this subsection, notice of the hearing shall be given by the corporation at least 15 days prior to the hearing to the governing body of each county whose residents will be affected and to the clerk of each municipality in the county or counties whose residents will be affected; the notice shall also be posted at least 15 days prior to the hearing in prominent places on the railroad cars and buses serving the routes to be affected. In addition to the public hearing, the corporation shall post, in prominent places on the railroad cars and buses serving the routes to be affected, a postal mailing address and electronic mailing address where members of the public may provide written comments to the corporation regarding the proposed fare increase or substantial curtailment or abandonment of service. The corporation shall prepare and publish a written response concerning any issue or concern raised by a member of the public at any public hearing or in any written comment provided pursuant to this subsection.

e. Public hearings shall be concluded at least seven days prior to final action by the board.

f. For the purposes of this section, "substantial curtailment" and "substantially curtail" shall mean a change in service that: (1) discontinues or abandons all service on an entire bus route, rail line, or light rail line; (2) discontinues or abandons all service on a portion of a bus route, rail line, or light rail line that represents more than 25 percent of the route or line's miles; provided however that "substantial curtailment" or "substantially curtail" shall not mean the discontinuance or abandonment of a portion of a route or line's service if alternate service is available by existing duplicative service that is provided by the corporation or another transit provider or by transfer to another route with a comparable level of service; (3) discontinues all service on a particular day or days of the week for an entire bus route, rail line, or light rail line, or on a portion of a bus route, rail line, or light rail line that represents more than 25 percent of the route or line's miles; (4) reduces service on a regular bus route or light rail line in a way that the headway on the peak service increases by more than 50 percent, or that more than doubles the non-peak headway; (5) reduces service on a rail line in a way that reduces the amount of total service on the line by more than 25 percent or reduces

service on a rail line during peak hours in a way that reduces the total number of daily trips provided during peak hours; (6) completely closes an existing bus terminal, rail station, or light rail station; or (7) reduces service that would change the span of service on a rail line, regular bus route or light rail line by two hours or more during non-peak hours or reduces the span of service during peak hours by more than 20 minutes.

For the purposes of this section, a temporary change in service lasting two weeks or less, and where service returns to the regularly scheduled service within two weeks of the start of the change, shall not constitute “substantial curtailment,” but shall require public notice for all temporary changes and, for temporary changes where the impact to riders is significant, alternate provision of service.

g. Nothing contained herein shall prevent the corporation from taking any action necessary to address emergency or exigent circumstances, provided that if such action constitutes a substantial curtailment under this section, the corporation shall hold public hearings as soon as practicable. The corporation shall explain to the public the reasons for the emergency at the hearing, and shall take public input concerning the impacts of the emergency on riders. The corporation shall take the public testimony into account when determining alternate service measures to mitigate the impact of the substantial curtailment.

#### C.27:25-5.24 Audits of the corporation.

6. a. The State Auditor shall conduct audits of the corporation, which shall:

(1) occur at least once every 72 months in a manner that is consistent with the Government Auditing Standards for audits utilized by the United States Government Accountability Office or its successor, the first of which shall be completed within 12 months of the effective date of P.P.L.2018, c.162 (C.27:25-4.1 et al.);

(2) to the extent practicable, not duplicate the scope of work of the annual audit required to be made of the corporation’s financial statements pursuant to subsection d. of section 20 of P.L.1979, c.150 (C.27:25-20); and

(3) focus on a specific area of the corporation’s operations, as determined by the State Auditor.

b. (1) At least once every five years, the corporation shall hire an independent firm to: conduct a study on the financial management practices and budget reporting practices of mass transit agencies throughout the country; and prepare a report with findings regarding the best practices for financial management and budget reporting by mass transit agencies and a comparison of those best practices with the practices and policies of the corporation.

(2) The first such report shall be issued within 24 months of the effective date of P.L.2018, c.162 (C.27:25-4.1 et al.). Each report shall be submitted to the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), to the Legislature.

(3) The corporation shall adopt any best practices included in the report within six months of the issuance of any report issued pursuant to subsection b. of this section. Upon the affirmative vote of seven members of the board of directors, the corporation may opt not to adopt individual policies or practices that are in line with the best practices of mass transit agencies throughout the country. If the corporation exercises this option, the corporation shall provide a detailed explanation of why adoption of that policy or practice is not in the best interest of the corporation.

#### C.27:25-5.25 Appearances before Legislative committees.

7. a. The corporation, at the request of the chairperson of any standing legislative committee, as approved by the Speaker of the General Assembly or the President of the

Senate, as appropriate, shall be required to appear before that committee to present testimony and provide documents on any topic or subject requested by the committee and to respond to any questions by members of the committee.

b. Unless otherwise agreed to by the chairperson of the committee, the corporation shall, at a minimum, be represented by the chairperson of the board of directors, the executive director, and the chief financial officer to present testimony, provide documents, or respond to questions at any appearance required pursuant to this section.

#### C.27:25-5.26 Chief ethics officer.

8. a. The corporation shall employ a chief ethics officer who shall be provided staff, equipment, and resources, as the board deems appropriate, in order to investigate allegations and suspicions of unethical conduct or illegal activity within the corporation and to determine whether the corporation is in compliance with applicable State law. The chief ethics officer shall operate independently of the executive director and shall report directly to the board of directors. The executive director shall not have any role in hiring, firing, disciplining, or directing the chief ethics officer.

b. The chief ethics officer shall establish a whistleblower access and assistance program which shall include, but not be limited to: establishing toll-free telephone and facsimile lines available to employees; offering advice regarding employee rights under applicable state and federal laws and advice and options available to all persons; and offering an opportunity for employees to identify concerns regarding any issue at the corporation.

9. Section 20 of P.L.1979, c.150 (C.27:25-20) is amended to read as follows:

#### C.27:25-20 Reports by corporation.

20. a. The corporation shall, by October 31 of each year, file with the Commissioner of Transportation a report in such format and detail as the Commissioner may require setting forth the actual, operational, capital and financial results of the previous fiscal year, the operational, capital and financial plan for the current fiscal year and a proposed operational, capital and financial plan for the next ensuing fiscal year.

b. On or before October 31 of each year, the corporation shall make an annual report of its activities for the preceding fiscal year to the Governor, the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees. Each such report shall set forth a complete operating and financial statement covering its operations and capital projects during the year. The report shall also include an account of the on-time performance of rail passenger service, including light rail service, operated by, or under contract to, the corporation, including data for each such passenger line. The report shall provide a detailed discussion of the methodology used by the corporation in measuring on-time performance. The report shall include information from the customer advocate, as required by section 16 of P.L.2018, c.162 (C.27:25-5.27). The report shall include certain personnel information of employees of the corporation, including the average salary, number of employees in management positions, and number of employees that are not in management positions in key demographic groups, which shall include, at minimum, race, ethnicity, and gender. The report shall include certain accident information for reportable accidents that occurred during the previous year which involved a rail passenger vehicle or motorbus operated by, or under contract to, the corporation, including the total number of accidents and any fines, penalties, or judgments levied against the

corporation related to any such accident. The report shall also include information regarding any safety violations for which the corporation received a notice of violation in the previous year, including the total number of safety violations and any fines or penalties levied against the corporation related to any such safety violation. For the purposes of this subsection, “reportable accidents” shall be defined in accordance with applicable federal reporting criteria.

c. All records of minutes, accounts, bills, vouchers, contracts or other papers connected with or used or filed with the corporation or with any officer or employee acting on its behalf are hereby declared to be government records and shall be open to public inspection in accordance with P.L.1963, c.73 (C.47:1A-1 et seq.) and regulations prescribed by the corporation.

d. The corporation shall cause an audit of its books and accounts to be made at least once each year by certified public accountants and the cost thereof may be treated as a cost of operation. The audit shall be filed within four months after the close of the fiscal year of the corporation and a certified duplicate copy thereof shall be filed with the Division of Budget and Accounting in the Department of the Treasury.

e. Notwithstanding the provisions of any law to the contrary, the State Auditor or a legally authorized representative may examine the accounts and books of the corporation.

f. On or before October 1 of each year, the board shall approve and the corporation shall transmit to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees, a report containing: a list of each parcel of real property owned by the corporation; the most recent appraised value of that real property only if the corporation has obtained an appraisal during the three years immediately preceding the report; the purpose for which the corporation holds the real property; any revenue the corporation receives that arises out of the real property; and any real property sold or otherwise disposed of, including the amount of money received by the corporation for that sale or disposition, during the one year period immediately preceding the report and including an accompanying explanation for any real property disposed of for less than market value and any real property acquired for more than market value.

g. On or before April 1 of each year, the board shall approve and the corporation shall transmit to the Commissioner of Transportation and to the President of the Senate, the Speaker of the General Assembly, and the Assembly Transportation and Independent Authorities Committee and the Senate Transportation Committee, or their successor committees, an annual proposed budget recommendation. The budget document shall be a two-year budget which covers the most recent completed fiscal year, estimated results for the fiscal year in progress, a recommendation for the fiscal year to commence, and estimated needs and projections for the following fiscal year. At a minimum, the budget shall provide detailed information in the following areas:

- (1) An executive summary outlining the highlights of the budget document;
- (2) A profile describing the history of the corporation and the services it provides;
- (3) An analysis of regional and agency transportation trends, including a detailed ridership analysis;
- (4) A synopsis of the current corporation business plan;
- (5) A list of key performance indicators;
- (6) A statement of current budget year assumptions regarding funding and ridership;

(7) A summary of the internal corporation budgeting process and its interaction with the Statewide budgeting process;

(8) A description of the current corporation organizational structure;

(9) Detailed operating revenue and expense projections for each division within the corporation, with 10 year revenue and expense trends and five year revenue and expense projections;

(10) A detailed headcount analysis by department or unit, which includes actual employee count, funded headcount, actual salary and fringe expenses, and recent employment trends; and

(11) A summary of the capital program and analysis of current capital projects for which capital funds have already been appropriated, but where the project is not yet complete, which includes the years of appropriation, amounts expended, future appropriations required to complete the project, and a brief analysis of project progress.

10. R.S.52:14-7 is amended to read as follows:

Residency requirements for State officers, employees; exceptions.

52:14-7. a. Every person holding an office, employment, or position

(1) in the Executive, Legislative, or Judicial Branch of this State, or

(2) with an authority, board, body, agency, commission, or instrumentality of the State including any State college, university, or other higher educational institution, and, to the extent consistent with law, any interstate agency to which New Jersey is a party, or

(3) with a county, municipality, or other political subdivision of the State or an authority, board, body, agency, district, commission, or instrumentality of the county, municipality, or subdivision, or

(4) with a school district or an authority, board, body, agency, commission, or instrumentality of the district,

shall have his or her principal residence in this State and shall execute such office, employment, or position.

This residency requirement shall not apply to any person: (a) who is employed on a temporary or per-semester basis as a visiting professor, teacher, lecturer, or researcher by any State college, university, or other higher educational institution, or county or community college, or in a full or part-time position as a member of the faculty, the research staff, or the administrative staff by any State college, university, or other higher educational institution, or county or community college, that the college, university, or institution has included in the report required to be filed pursuant to this subsection; (b) who is employed full-time by the State who serves in an office, employment, or position that requires the person to spend the majority of the person's working hours in a location outside of this State; or (c) an officer of the waterfront commission of New York harbor, employed by the commission on the effective date of P.L.2017, c.324 (C.32:23-229 et al.), who seeks to be transferred to the Division of State Police in the Department of Law and Public Safety pursuant to section 4 of P.L.2017, c.324 (C.53:2-9).

This residency requirement shall not apply to any person who is hired by the New Jersey Transit Corporation as an engineer or mechanic, or any other position certified by the board of directors as a position of critical need.

For the purposes of this subsection, a person may have at most one principal residence, and the state of a person's principal residence means the state (1) where the person spends the majority of the person's nonworking time, and (2) which is most clearly the center of the

person's domestic life, and (3) which is designated as the person's legal address and legal residence for voting. The fact that a person is domiciled in this State shall not by itself satisfy the requirement of principal residency hereunder.

A person, regardless of the office, employment, or position, who holds an office, employment, or position in this State on the effective date of P.L.2011, c.70 but does not have principal residence in this State on that effective date shall not be subject to the residency requirement of this subsection while the person continues to hold office, employment, or position without a break in public service of greater than seven days.

Any person may request an exemption from the provisions of this subsection on the basis of critical need or hardship from a five-member committee hereby established to consider applications for exemptions. The committee shall be composed of three persons appointed by the Governor, a person appointed by the Speaker of the General Assembly, and a person appointed by the President of the Senate, each of whom shall serve at the pleasure of the person making the appointment and shall have a term not to exceed five years. A vacancy on the committee shall be filled in the same manner as the original appointment was made. The Governor shall make provision to provide such clerical, secretarial, and administrative support to the committee as may be necessary for it to conduct its responsibilities pursuant to this subsection.

The decision on whether to approve an application from any person shall be made by a majority vote of the members of the committee, and those voting in the affirmative shall so sign the approved application. If the committee fails to act on an application within 30 days after the receipt thereof, no exemption shall be granted and the residency requirement of this subsection shall be operative. The head of a principal department of the Executive Branch of the State government, a Justice of the Supreme Court, judge of the Superior Court, and judge of any inferior court established under the laws of this State shall not be eligible to request from the committee an exemption from the provisions of this subsection.

The exemption provided in this subsection for certain persons employed by a State college, university, or other higher educational institution, or a county or community college, other than those employed on a temporary or per-semester basis as a visiting professor, teacher, lecturer, or researcher, shall apply only to those persons holding positions that the college, university, or institution has included in a report of those full or part-time positions as a member of the faculty, the research staff, or the administrative staff requiring special expertise or extraordinary qualifications in an academic, scientific, technical, professional, or medical field or in administration, that, if not exempt from the residency requirement, would seriously impede the ability of the college, university, or institution to compete successfully with similar colleges, universities, or institutions in other states. The report shall be compiled annually and shall also contain the reasons why the positions were selected for inclusion in the report. The report shall be compiled and filed within 60 days following the effective date of P.L.2011, c.70. The report shall be reviewed, revised as necessary, and filed by January 1 of each year thereafter. Each report shall be filed with the Governor and, pursuant to section 2 of P.L.1991, c.164 (C.52:14-19.1), with the Legislature, and a report may be revised at any time by filing an amendment to the report with the Governor and Legislature.

As used in this section, "school district" means any local or regional school district established pursuant to chapter 8 or chapter 13 of Title 18A of the New Jersey Statutes and any jointure commission, county vocational school, county special services district, educational services commission, educational research and demonstration center, environmental education center, and educational information and resource center.

b. If any person holding any office, employment, or other position in this State shall attempt to let, farm out, or transfer office, employment, or position or any part thereof to any person, the person shall forfeit the sum of \$1,500, to be recovered with costs by any person who shall sue for the same, one-half to the prosecutor and the other half to the State Treasurer for the use of the State.

c. No person shall be appointed to or hold any position in this State who has not the requisite qualifications for personally performing the duties of such position in cases where scientific engineering skill is necessary to the performance of the duties thereof.

d. Any person holding or attempting to hold an office, employment, or position in violation of this section shall be considered as illegally holding or attempting to hold the same; provided that a person holding an office, employment, or position in this State shall have one year from the time of taking the office, employment, or position to satisfy the requirement of principal residency, and if thereafter the person fails to satisfy the requirement of principal residency as defined herein with respect to any 365-day period, that person shall be deemed unqualified for holding the office, employment, or position. The Superior Court shall, in a civil action in lieu of prerogative writ, give judgment of ouster against the person, upon the complaint of any officer or citizen of the State, provided that any complaint shall be brought within one year of the alleged 365-day period of failure to have the person's principal residence in this State.

11. R.S.52:24-4 is amended to read as follows:

Duties, responsibilities of State Auditor.

52:24-4. It shall be the duty of the State Auditor to conduct post-audits of all transactions and accounts kept by or for all departments, offices and agencies of the State Government, to report to the Legislature or to any committee thereof and to the Governor, and to the Executive Director of the Office of Legislative Services, as provided by this chapter and as shall be required by law, and to perform such other similar or related duties as shall, from time to time, be required by law.

The State Auditor shall personally or by any duly authorized assistants, or by contract with independent public accountant firms, examine and post-audit all the accounts, reports and statements and make independent verifications of all assets, liabilities, revenues and expenditures of the State, its departments, institutions, boards, commissions, officers, and any and all other State agencies, now in existence or hereafter created, hereinafter in this chapter called "accounting agencies."

The State Auditor shall conduct, at the direction of the Legislative Services Commission or of the presiding officer of either house of the Legislature or on the State Auditor's own initiative, a performance review audit of any program of any accounting agency, any independent authority, or any public entity or grantee that receives State funds, in a manner that is consistent with the Government Auditing Standards for performance audits utilized by the United States Government Accountability Office or its successor.

When the State Auditor conducts any audit or performance review audit, the accounting agency, or authority, entity or grantee, shall respond in writing to each item in the State Auditor's report and the State Auditor, at an appropriate time determined by the State Auditor, shall conduct a post-audit review of the accounting agency's, or authority's, entity's, or grantee's, compliance with the State Auditor's recommendations.

The officers and employees of each accounting agency, or authority, entity, or grantee, shall assist the State Auditor, when and as required by the State Auditor, and provide the

State Auditor with prompt access to all records necessary for the State Auditor to perform the duties of the State Auditor, notwithstanding any statutory or regulatory requirements of confidentiality with regard to the records, for the purpose of carrying out the provisions of this chapter. The State Auditor shall report the failure of any accounting agency, or authority, entity, or grantee, to provide prompt access to any relevant record to the presiding officer of each house of the Legislature. The State Auditor shall not disclose a confidential record provided by an accounting agency, or authority, entity, or grantee, except as may be necessary for the State Auditor to fulfill any constitutional or statutory responsibilities. Working papers prepared by the State Auditor shall be confidential and shall not be considered government records under P.L.1963, c.73 (C.47:1A-1 et seq.).

The State Auditor shall conduct audits of the New Jersey Transit Corporation in accordance with the requirements of subsection a. of section 6 of P.L.2018, c.162 (C.27:25-5.24).

Notwithstanding any law to the contrary, post-audits and performance review audits shall be conducted within the limits of the resources and personnel available to the State Auditor. If resources and personnel are insufficient to conduct all such required post-audits and performance review audits, the State Auditor may prioritize certain audits and forgo others upon notice to the Governor and the presiding officer of each house of the Legislature.

12. Section 6 of P.L.1979, c.150 (C.27:25-6) is amended to read as follows:

C.27:25-6 Contracts with public or private entity.

6. a. The corporation may enter into contracts with any public or private entity to operate rail passenger service or portions or functions thereof. Where appropriate, payments by the corporation for services contracted for under this section shall be determined in accordance with the Federal Regional Rail Reorganization Act of 1973 (45 U.S.C. s.701 et seq.), the Federal Rail Passenger Service Act of 1970 (45 U.S.C. s.501 et seq.), any other applicable Federal law, and any and all rules, regulations and standards, promulgated thereunder and decisions issued pursuant thereto. In all other cases, payments shall be by agreement upon such terms and conditions as the corporation shall deem necessary.

b. The corporation may enter into contracts with any public or private entity to operate motorbus regular route, paratransit or motorbus charter services or portions or functions thereof. Payments shall be by agreement upon such terms and conditions as the corporation shall deem necessary.

c. The corporation may enter into contracts with any public or private entity to operate ferries and to provide ferry services or portions or functions thereof. Payments shall be by agreement upon such terms and conditions as the corporation shall deem necessary.

d. The corporation may enter into contracts with any public or private entity to operate light rail passenger service or portions or functions thereof. Payments shall be by agreement upon such terms and conditions as the corporation shall deem necessary.

e. The corporation may enter into contracts with any public utility or related company for services to support public transportation or transit operations. Payments shall be by agreement upon such terms and conditions as the corporation shall deem necessary.

13. Section 11 of P.L.1979, c.150 (C.27:25-11) is amended to read as follows:

C.27:25-11 Purchases, advertising; bids; awarding of contract.

11. a. All purchases, contracts or agreements pursuant to this act shall be made or awarded directly by the corporation, except as otherwise provided in this act, only after public advertisement for bids therefor, in the manner provided in this act, notwithstanding the provisions to the contrary of P.L.1948, c.92 (C.52:18A-1 et seq.) and chapters 25, 32, 33, 34 and 35 of Title 52 of the Revised Statutes.

b. Whenever advertising is required: (1) the solicitation shall permit such full and free competition as is consistent with the procurement of supplies and services necessary to meet the requirements of the corporation; (2) the advertisement shall be in such newspaper or newspapers selected by the corporation as will best give notice thereof to bidders and shall be sufficiently in advance of the purchase or contract to promote competitive bidding; (3) the advertisement shall designate the time and place when and where sealed proposals shall be received and publicly opened and read, the amount of the cash, certified check, cashier's check or bank check, if any, which shall accompany each bid, and such other terms as the corporation may deem proper.

c. The corporation may reject any or all bids or proposals not in accord with the advertisement of specifications, or may reject any or all bids if the price is excessively above the estimate cost or when the corporation shall determine that it is in the public interest to do so. The corporation shall prepare a list of the bids, including any rejected and the cause therefor. The corporation may accept non-conforming bids only if the bid or proposal conforms to all material requirements of the solicitation. Awards shall be made by the corporation with reasonable promptness by written notice to:

(1) the lowest responsible bidder for contracts for the construction or improvement of capital facilities. The provisions of this paragraph shall not limit the corporation's right to extend, add or resume suspended work on any project. Nor shall the provisions of this paragraph apply to the procurement process for design-build projects or design-build, maintain and operate projects. Those projects shall be bid and contracts awarded in accordance with applicable regulations promulgated by the corporation. Nor shall the provisions of this paragraph affect the corporation's disadvantaged business enterprise program, the State's small business enterprise program, or any equal employment opportunity program or affirmative action program; or

(2) for all other advertised contracts, the responsible bidder whose bid or proposal, conforming to the invitation for bids or request for proposals, will be the most advantageous to the corporation, price and other factors considered, or offer the best value to the corporation on federally funded procurements.

d. A bid bond in an amount, not to exceed 50% of the bid, to be determined by the corporation with such sureties as shall be approved by the corporation in favor of the State of New Jersey, or a deposit consisting of a cashier's check, certified check or letter of credit in an amount set forth by the corporation, shall accompany each bid and shall be held as security for the faithful performance of the contractor in that, if awarded the contract, the bidder will deliver the contract within 10 working days after the notice, of award, properly executed and secured by satisfactory bonds in accordance with the provisions of N.J.S.2A:44-143 through N.J.S.2A:44-147 and specifications for the project. The corporation may require in addition to the bid bond or deposit such additional evidence of the ability of a contractor to perform the work required by the contract as it may deem necessary and advisable. All bid bonds or deposits which have been delivered with the bids, except those of the two lowest responsible bidders, shall be returned within 30 working days after such bids are received.

e. If the bidder fails to provide a satisfactory bid bond or deposit as provided in subsection d. of this section, the bid shall be rejected.

f. The corporation shall determine the terms and conditions of the various types of agreements or contracts, including provisions for adequate security, the time and amount or percentage of each payment thereon and the amount to be withheld pending completion of the contract, and it shall issue and publish rules and regulations concerning such terms and conditions, standard contract forms and such other rules and regulations concerning purchasing or procurement, not inconsistent with any applicable law, as it may deem advisable to promote competition and to protect the public interest.

g. Any purchase, contract or agreement pursuant to subsection a. hereof may be made, negotiated or awarded by the corporation without advertising under the following circumstances:

(1) When the aggregate amount involved does not exceed the amount determined pursuant to section 2 of P.L.1954, c.48 (C.52:34-7);

(2) Where State or federal law requires a different process; or

(3) In all other cases when the corporation seeks:

(a) To acquire public or private entities engaged in the provision of public transportation service, used public transportation equipment or existing public transportation facilities or rights of way; or

(b) To acquire subject matter which is that described in section 4 of P.L.1954, c.48 (C.52:34-9); or

(c) To make a purchase or award or make a contract or agreement under the circumstances described in section 5 of P.L.1954, c.48 (C.52:34-10); or

(d) To contract pursuant to section 6 of P.L.1979, c.150 (C.27:25-6); or

(e) To acquire or overhaul motorbuses, light rail vehicles, rail cars, locomotives, ferries, signal systems, fare collection systems, or other major equipment used to provide public transportation or transit operations.

h. The corporation shall require that all persons proposing to submit bids on improvements to capital facilities and equipment shall first be classified by the corporation as to the character or amount or both of the work on which they shall be qualified to submit bids. Bids shall be accepted only from persons qualified in accordance with such classification.

i. In order to provide public transportation and transit operations without disruption, the threshold specified in section 2 of P.L.2005, c.51 (C.19:44A-20.14) shall apply to all purchasing requirements for goods and materials to support those services.

j. Notwithstanding the provisions of any other law to the contrary, and as an alternative to the procedures concerning the awarding of contracts set forth above, the corporation may enter into cooperative purchasing agreements with one or more other states, or political subdivisions thereof, or other transit agencies for the purchase of goods and services to support public transportation or transit operations. A cooperative purchasing agreement shall allow the parties thereto to standardize and combine their requirements for the purchase of a particular good or service into a single contract solicitation which shall be competitively bid and awarded on behalf of the participants to the contract. The corporation may elect to participate in, or purchase goods or services through, a cooperative purchasing agreement that was procured utilizing a competitive bidding process, in which other states, or political subdivisions thereof, or other transit agencies participate, whenever the executive director or the executive director's designee determines it to be the most cost-effective method of procurement or is otherwise more advantageous to the corporation.

k. The corporation may solicit bids or proposals on behalf of itself and other states, or political subdivisions thereof, or transit agencies which are parties to a cooperative purchasing agreement, provided that the agreement specifies that each participant in the cooperative purchasing agreement is solely responsible for the payment of the purchase price and cost of purchases made by it under the terms of any contract awarded pursuant to the agreement.

l. Notwithstanding the provisions of any other law to the contrary, and as an alternative to the procedures concerning the awarding of contracts set forth above, the corporation may purchase goods or services to support public transportation or transit operations from a federal supply schedule, such as those procured by the Federal General Services Administration, whenever the executive director or the executive director's designee determines it to be the most cost-effective method of procurement or is otherwise more advantageous to the corporation. When the corporation purchases goods or services from a federal supply schedule, (1) the prices may be no greater than the price offered to federal agencies and the corporation must receive the benefit of federally mandated price reductions during the term of the contract and (2) the purchase shall be governed by the laws of the State of New Jersey and any contract claim by the vendor shall be brought pursuant to N.J.S.59:13-1 et seq.

14. Section 7 of P.L.1996, c.16 (C.52:34-6.2) is amended to read as follows:

C.52:34-6.2 Cooperative purchasing agreements with other states for purchases of goods, services; rules, regulations.

7. a. Notwithstanding the provisions of any other law to the contrary except the provisions of R.S.30:4-95, and as an alternative to the procedures concerning the awarding of public contracts provided in P.L.1954, c.48 (C.52:34-6 et seq.), the Director of the Division of Purchase and Property in the Department of the Treasury may enter into cooperative purchasing agreements with one or more other states, or political subdivisions thereof, for the purchase of goods and services. A cooperative purchasing agreement shall allow the jurisdictions which are parties thereto to standardize and combine their requirements for the purchase of a particular good or service into a single contract solicitation which shall be competitively bid and awarded by one of the jurisdictions on behalf of jurisdictions participating in the contract.

b. (1) The director may elect to purchase goods or services through a contract awarded pursuant to a cooperative purchasing agreement whenever the director determines this to be the most cost-effective method of procurement. Prior to entering into any contract to be awarded or already awarded through a cooperative purchasing agreement, the director shall review and approve the specifications and proposed terms and conditions of the contract.

(2) The director may also elect to purchase goods or services through a contract awarded pursuant to a nationally-recognized and accepted cooperative purchasing agreement that has been developed utilizing a competitive bidding process, in which other states participate, whenever the director determines this to be the most cost-effective method of procurement. Prior to entering into any contract to be awarded through a nationally-recognized and accepted cooperative purchasing agreement that has been developed utilizing a competitive bidding process, the director shall review and approve the specifications and proposed terms and conditions of the contract.

(3) Notwithstanding any other law to the contrary, any contracting unit authorized to purchase goods, or to contract for services, may make purchases and contract for services

through the use of a nationally-recognized and accepted cooperative purchasing agreement that has been developed utilizing a competitive bidding process by another contracting unit within the State of New Jersey, or within any other state, when available. Prior to making purchases or contracting for services, the contracting unit shall determine that the use of the cooperative purchasing agreement shall result in cost savings after all factors, including charges for service, material, and delivery, have been considered.

For purposes of this paragraph, "contracting unit" means any county, municipality, special district, school district, fire district, State college or university, public research university, county college, or any board, commission, committee, authority or agency, which is not a State board, commission, committee, authority or agency, and which has administrative jurisdiction over any district, included or operating in whole or in part, within the territorial boundaries of any county or municipality which exercises functions which are appropriate for the exercise by one or more units of local government, and which has statutory power to make purchases and enter into contracts awarded by a contracting agent for the provision or performance of goods or services, and the New Jersey Transit Corporation created pursuant to P.L.1979, c.150 (C.27:25-1 et seq.).

c. The director may solicit bids and award contracts on behalf of this State and other jurisdictions which are parties to a cooperative purchasing agreement provided that the agreement specifies that each jurisdiction participating in a contract is solely responsible for the payment of the purchase price and cost of purchases made by it under the terms of any contract awarded pursuant to the agreement.

d. The director may promulgate rules and regulations pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), which are necessary to effectuate the purposes of this section.

15. Section 2 of P.L.1989, c.291 (C.27:25-15.1) is amended to read as follows:

C.27:25-15.1 New Jersey Transit Police Department; duties, appointments, training.

2. a. There is established in the New Jersey Transit Corporation a New Jersey Transit Police Department, which shall be headed by a chief of police. This police department shall have police and security responsibilities over all locations and services owned, operated, or managed by the corporation and its subsidiaries. The executive director of the New Jersey Transit Corporation, through the chief of police of the New Jersey Transit Police Department, shall have the power and authority to appoint and employ such number of transit police officers as he deems necessary to act as transit police officers of the corporation and to administer to the transit police officers an oath or affirmation faithfully to perform the duties of their respective positions or offices. The transit police officers so appointed shall have general authority, without limitation, to exercise police powers and duties, as provided by law for police officers and law enforcement officers, in all criminal and traffic matters at all times throughout the State and, in addition, to enforce such rules and regulations as the corporation shall adopt and deem appropriate. Nothing herein shall confer upon the transit police officers so appointed or upon their collective negotiations representative, exclusive jurisdiction or claim over the exercise of police power or security work on behalf of the corporation or any of its subsidiaries. Nothing herein shall limit the executive director from continuing to call upon local police for police services. The members of the New Jersey Transit Police Department shall comply with all policies established by the Attorney General, including rules and regulations, directives, advisory opinions, and other guidelines, unless those policies are inconsistent with federal laws, regulations, directives, advisory

opinions, or other guidelines relating to drug and alcohol testing, alcohol misuse, or prohibited drug use applicable to the New Jersey Transit Police Department. The executive director, through the chief of police of the New Jersey Transit Police Department, shall, in accordance with procedures established by the Superintendent of State Police, investigate and determine the character, competency, integrity and fitness of any person making application for appointment as a police officer. The New Jersey Transit Police Department is authorized to exchange fingerprint data and receive criminal history record information from the State Bureau of Identification in the Division of State Police and the Federal Bureau of Investigation, Identification Division, for use in making this determination.

b. Rail police officers of the New Jersey Transit Rail Operations Police Department who are employed by the corporation on the effective date of this 1991 amendatory and supplementary act shall continue in employment, and shall be appointed as transit police officers of the corporation. The corporation shall recognize any representative previously chosen by these police officers for the purposes of collective negotiations consistent with the bargaining units already established. The corporation shall also assume and observe any existing labor contracts covering these police officers for their remaining term; provided however, that the terms and conditions of these labor contracts are within the scope of negotiations as defined by the Public Employment Relations Commission under the "New Jersey Employer-Employee Relations Act," P.L.1941, c.100 (C.34:13A-1 et seq.).

c. Transit police officers appointed pursuant to this section shall satisfy the training requirements established by the Police Training Commission as follows:

(1) All officers appointed pursuant to this section after the effective date of this 1989 amendatory and supplementary act shall successfully complete, within one year of the date of their appointment, a training course approved by the Police Training Commission;

(2) All officers appointed and in employment on the effective date of this 1989 amendatory and supplementary act may continue in employment if, within 18 months of the effective date of this 1991 amendatory and supplementary act, they have satisfied the training requirements of the Police Training Commission;

(3) The executive director, through the chief of police of the New Jersey Transit Police Department, may request from the Police Training Commission an exemption from all or part of the training requirements of this subsection on behalf of a current or prospective officer who demonstrates successful completion of a police training course conducted by any federal, state or other public or private agency, the requirements of which are substantially equivalent to the requirements of the Police Training Commission.

d. Transit police officers shall qualify for an exemption from the provisions of N.J.S.2C:39-5 if they satisfactorily complete a firearms training course approved by the Police Training Commission.

C.27:25-5.27 Customer advocate, annual report.

16. The New Jersey Transit Corporation shall employ a customer advocate. The customer advocate shall annually provide a report of his or her activities during the prior fiscal year, which shall be included in the corporation's annual report required by section 20 of P.L.1979, c.150 (C.27:25-20). The customer advocate's annual report shall include: a list of any customer surveys performed and a summary of the results of each; a summary of customer experience enhancements; a list of customer facility improvements; and an account of the on-time performance of rail passenger service, including light rail service, operated by, or under contract to, the corporation, including data for each such passenger line.

17. a. All members of the New Jersey Transit Corporation board of directors appointed pursuant to section 4 of P.L.1979, c.150 (C.27:25-4) shall be appointed within 90 days of the effective date of P.L.2018, c.162 (C.27:25-4.1 et al.), provided that any member serving on the board as of the effective date of P.L.2018, c.162 (C.27:25-4.1 et al.) whose term has not yet expired may continue to serve until the expiration of that member's term; and further provided that any member serving on the board as of the effective date of P.L.2018, c.162 (C.27:25-4.1 et al.) whose term has already expired may continue to serve until that member is replaced or reappointed.

b. The members appointed upon the recommendation of the New Jersey members of the Delaware Valley Regional Planning Commission and the North Jersey Transportation Planning Authority shall serve initial terms of one year.

c. The member appointed upon the recommendation of the President of the Senate shall serve an initial term of four years.

d. The member appointed upon the recommendation of the Speaker of the General Assembly shall serve an initial term of three years.

e. The member appointed by the Governor who is required to have experience as a regular corporation motorbus regular route service rider and the member appointed by the Governor who is required to have experience as a regular corporation rail passenger service or light rail service rider shall serve initial terms of two years. The two members appointed by the Governor who are required to have a professional background in passenger rail service, freight rail management, transportation capital planning, transportation and public transportation capital construction, federal transportation policy, State transportation policy, real estate investment or development, human resources management, communication, or transportation capital finance shall serve initial terms of three and four years.

18. This act shall take effect immediately.

Approved December 20, 2018.