U.S. Department
of Transportation
**Federal Transit
Administration**

REGION II
New Jersey,
New York

One Bowling Green
Room 429
New York, NY 10004-1415
212-668-2170
212-668-2136 (fax)

November 8, 2010

Mr. James Weinstein
Executive Director
New Jersey Transit
1 Penn Plaza East
Newark, NJ 07105

Dear Mr. ~~Weinstein~~ Jim:

Re: Repayment of Federal Funding Associated with Termination of the Access to the Region's Core (ARC) Project

Based on Governor Christie's statements during his announcement on October 27, 2010, and your agency's issuance of termination notices to third-party contractors the following day, the Federal Transit Administration (FTA) has determined that New Jersey Transit (NJT) has terminated the Access to the Region's Core (ARC) project. As such, FTA is initiating action to deobligate and recover all Federal funding for the ARC project including funds provided pursuant to the Early Systems Work Agreement (ESWA) governing the project. Under the ESWA, which was issued in August 2009 and amended in April 2010, more than $350 Million in Federal funds were obligated for ARC.

In accordance with 49 U.S.C. § 5309(g)(3)(B)(iv), NJT must immediately repay all the Federal financial assistance expended for ARC under the ESWA which is currently estimated to be $271.091 million, plus reasonable interest and penalty charges that will be determined by FTA. Moreover, FTA is immediately deobligating the Federal financial assistance under any grant for the ARC project that was obligated but has not yet been expended; an amount that is currently estimated to be at least $78.909 million under the ESWA. The final amount of funds obligated but not yet expended will be determined through a complete audit of the project. FTA expects immediate reimbursement of the amounts listed above even while this audit is ongoing.

FTA will advise you shortly of the appropriate procedures for transmitting monies associated with the full repayment of all requested Federal funding.

Please call me at (212) 668-2174 if you have any questions about the above matter.

Sincerely,

Brigid Hynes-Cherin
Regional Administrator

cc: Peter Rogoff, FTA Administrator