

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority ("Authority") held at the Office of the Commissioner in the Main Office Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on June 21, 2017 at 4:00 PM (EDT).

The following Authority members were present:

- Richard Hammer, NJTTFA Chairman (Commissioner, New Jersey Department of Transportation)
- Anthony Longo, NJTTFA Treasurer (Manager, Office of Public Finance, New Jersey Department of the Treasury / Designee for the Honorable Ford Scudder, New Jersey State Treasurer) -- [Via Teleconference]
- Gregory Lalevce, NJTTFA Vice Chairman -- [Via Teleconference]
- Robert A. Briant Jr., NJTTFA Public Member -- [Via Teleconference]
- Nelson Ferreira, NJTTFA Public Member -- [Via Teleconference]

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJTTFA Executive Director; CFO, NJDOT
- Thomas Huth, Associate Counsel, Governor's Authorities Unit
- Joseph Bertoni, Deputy Commissioner, NJDOT
- John Case, Chief of Staff, NJDOT
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL -- [Via Teleconference]
- Brian E. McGarry, Deputy Attorney General, NJDOL
- Samuel Braun, NJTTFA Comptroller; Division of Accounting & Auditing, NJDOT
- Nicholas Hansen, Administrative Analyst, Division of Budget, NJDOT
- Linda Davino, Secretary to the Authority, NJDOT
- Jackie Brown, Assistant Secretary to the Authority, NJDOT

Chairman Richard Hammer presided at the meeting and Jackie Brown, Assistant Secretary, kept the minutes.

Chairman Richard Hammer convened the meeting at 4:00 PM. He introduced himself and made the following statement:

"I wish to announce that adequate notice of today's meeting of the New Jersey Transportation Trust Fund Authority has been provided in accordance with the Open Public Meetings Act. Notice was filed with the Secretary of State. This notice was also e-mailed to five [5] newspapers of general distribution (The Trentonian, Trenton Times, Courier Post, Star Ledger, and the Atlantic City Press); posted on the Authority's website, and posted in the main entrance of the New Jersey Department of Transportation's Headquarters."

Assistant Secretary Jackie Brown called the roll. The following acknowledged their presence: Richard Hammer, Gregory Lavee, Robert A. Briant, Jr., Nelson Ferreira, and Anthony Longo.

After acknowledging that a quorum was present, Chairman Richard Hammer called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting held on December 12, 2016.

Mr. Ferreira moved the following resolution approving the Authority's December 12, 2016 meeting:

WHEREAS, Article II, Section 8 of the Bylaws of the New Jersey Transportation Trust Fund Authority provides that the minutes of actions taken at the meetings of the Authority be approved by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the minutes taken at the meeting of December 12, 2016 of the New Jersey Transportation Trust Fund Authority are hereby approved.

Chairman Richard Hammer asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The above resolution was seconded by Mr. Lalevee and adopted on a call of roll as follows:

AYE: 4

NAY:

ABSTAIN: 1

ABSENT:

Chairman Richard Hammer declared said motion carried and said resolution adopted.

For the next order of business, Chairman Richard Hammer called upon Executive Director Gary Brune to lead a discussion of the TTFA's proposed Fiscal Year 2018 Financial Plan, which by law must be submitted to the Governor, the Senate, the General Assembly and the Financial

Policy Review Board. This plan outlines the financing strategy that will apply to the State highway and transit projects that are proposed for Fiscal Year 2018.

Mr. Brune stated there are three main points to stress about the Fiscal Year 2018 Financial Plan. The first point on page 3 is how the Fiscal Year 2018 Financial Plan portrays the “tail” of the program, which is defined as the inception-to-date difference between all of the resources that have been provided to the Authority versus the sum of all the annual spending plan authorizations that have been provided. Last year’s Fiscal Year 2017 Financial Plan showed a negative net balance of \$2.5 billion through Fiscal Year 2016, representing the “tail” at that time. The current Fiscal Year 2018 Financial Plan shows a “tail” totaling a negative \$1.2 billion projected through the end of Fiscal Year 2017, or about half of the figure from a year ago, and that decline is largely due to the issuance of \$3.2 billion in Federal Reimbursement Revenue Notes (“Federal Indirect GARVEEs”) in the Fall of 2016. So, the “tail” has declined significantly by virtue of what occurred last Fall.

Mr. Brune further explained that the second main point regarding the Fiscal Year 2018 Financial Plan is exhibited on the chart on page 6 called the “FY18: Statement of Anticipated Changes in Cash Position,” which depicts the Authority’s fiscal position from a cash perspective. The chart shows that the Authority expects to start the new Fiscal Year with an estimated \$2.5 billion in cash, and much of that is attributable to the issuance of the Federal Indirect GARVEEs. This chart also projects State Transportation Project Costs to be \$1.8 billion for Fiscal Year 2018. Due in part to the TTF shut down, the Authority’s spending in Fiscal Year 2017 is expected to be about \$1 billion. However, the program spending authority in Fiscal Year 2018 will increase to \$2 billion. Mr. Brune noted that, conservatively, cash expenses are expected to rise to \$1.8 billion

and, with that assumption, the Authority is expected to end Fiscal Year 2018 with \$750 million in cash balances. He also noted that it is likely that the Authority will not need to sell bonds in Fiscal Year 2018 but will still end the year with a sizable amount of cash on hand.

Mr. Brune stated that the third main point is reflected in the footnote on the top of page 7 of the Fiscal Year 2018 Financial Plan. That footnote, which relates to the Pay-As-You-Go line in the FY 18: Statement of Anticipated Changes in Cash Position, chart on page 6 explains that excess dedicated revenues deposited into "Subaccount for Capital Reserves" are expected to total \$1.3 billion between Fiscal Year 2017 (\$334.6 million) and Fiscal Year 2018 (\$940.2 million). Those funds have not been appropriated to the Authority, but will be available to pay for future cash expenses. The Governor and Legislature ultimately will decide when that appropriation is made, but it does not appear that those resources will be required during Fiscal Year 2018.

Chairman Richard Hammer asked if there were any further discussion. Mr. Briant stated that the revenues deposited into the Subaccount for Capital Reserves in Fiscal Year 2018 totaling \$940.2 million were not being appropriated but rather were being accumulated in the Subaccount, and Executive Director Brune concurred. Mr. Briant then asked if those revenues could be utilized for projects. Mr. Brune responded that those revenues were available to pay cash expenses if and when they are required and appropriated. He noted that currently the Authority did not anticipate a need for these funds. Mr. Briant understood and stated that "it's not extra money to be programmed, rather it's to pay for projects we already have underway." Executive Director Brune concurred.

Executive Director Brune also stated an administrative correction regarding the Fiscal Year 2018 Financial Plan Resolution, which was emailed to the members prior to the Board meeting,

which reordered the sequence of the reference of the Submission of the Financial Plan, to the Governor, the Senate, the General Assembly and the Financial Policy Review Board.

Chairman Richard Hammer asked if there were any further discussion and hearing none, then requested a motion to approve the resolution authorizing the submission of the Fiscal Year 2018 Financial Plan to the Commissioner of the Department of Transportation for submission to the Governor, the Senate, the General Assembly, and the Financial Policy Review Board.

Mr. Lalevee moved the following Resolution:

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY
APPROVING THE FISCAL YEAR 2018 FINANCIAL PLAN AND AUTHORIZING THE
SUBMISSION OF THE FISCAL YEAR 2018 FINANCIAL PLAN TO THE COMMISSIONER OF
THE DEPARTMENT OF TRANSPORTATION FOR SUBMISSION TO THE GOVERNOR, THE
SENATE, THE GENERAL ASSEMBLY, AND THE FINANCIAL POLICY REVIEW BOARD**

WHEREAS, by virtue of the provisions of Chapter 73 of the Laws of New Jersey of 1984, as amended (the "Act"), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the "Authority") is authorized to issue its bonds, notes, and other obligations (collectively, the "Obligations") from time to time and to sell such Obligations at public or private sale at a price or prices and in a manner as the Authority shall determine; and

WHEREAS, pursuant to the Act, the Commissioner of the Department of Transportation is required to submit a report to the Governor, the Senate, the General Assembly, and the Financial Policy Review Board, which report shall contain, among other things, a description of the projects to be financed in the ensuing fiscal year and a financial plan designed to implement the financing of the proposed projects; and

WHEREAS, on June 21, 2017, the Authority discussed the proposed financing plan for transportation projects for Fiscal Year 2018, attached hereto as Exhibit A (the "Fiscal Year 2018 Financial Plan"); and

WHEREAS, the Authority has determined that it is desirable and in the best interest of the Authority to adopt the Fiscal Year 2018 Financial Plan.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority hereby approves the Fiscal Year 2018 Financial Plan.
2. The Authority hereby authorizes the Executive Director to forward on behalf of the Authority a copy of this Resolution, including Exhibit A, which contains the Fiscal Year 2018 Financial Plan, to the Commissioner of the Department of Transportation for submission to the Governor, the Senate, the General Assembly, and the Financial Policy Review Board.
3. This Resolution shall take effect upon adoption in accordance with the Act.

Chairman Richard Hammer asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The above resolution was seconded by Mr. Ferreira and adopted on a call of roll as follows:

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairman Richard Hammer declared said motion carried and said resolution adopted.

Chairman Richard Hammer asked if anyone had any questions or further discussion.

Executive Director Gary Brune noted that while the public notice indicated that the Board

intended to take action on the Authority's audit contract, no such action would occur at this meeting. Instead, Executive Director Gary Brune made an informational announcement on that topic. The current auditing contract, which expired with the recent issuance of the Fiscal Year 2016 audit, had a one year term with a one year extension option. It is the Authority's intention to issue a request for proposals (RFP) for a new contract based on a three-year term with a one year extension option. In keeping with past practice, that solicitation will be addressed to the auditing firms that are on the statewide contract for auditing services issued by the Department of Treasury. The longer term is considered to be a more efficient approach since under the current, shorter term contract, the auditor spends a significant amount of time learning the nuances of the TTFA's operation. The results of the RFP process will be presented to the Authority.

There being no further business coming from the Authority, Chairman Richard Hammer requested a motion to adjourn the meeting. Mr. Ferreira moved that the June 21, 2017 meeting of the New Jersey Transportation Trust Fund Authority be adjourned and was seconded by Mr. Longo.

The June 21, 2017 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 4:11 PM.

Respectfully Submitted,



Jackie Brown,

Assistant Secretary of the Authority