

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 November 17, 2017 at 2:00 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 M. Scudder, New Jersey State Treasurer)
- Gregory Lalevee, 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
- Joseph Bertoni, Deputy Commissioner, NJDOT
- Brian E. McGarry, Deputy Attorney General, NJDOL
- Jeet M. Gulati, Deputy Attorney General, NJDOL
- Samuel Braun, NJTTFA Comptroller, Division of Accounting & Auditing, NJDOT
- Nick Hansen, Administrative Analyst I, NJDOT
- Thomas Huth, Governor's Authorities Unit
- Linda Davino, Secretary to the Authority, NJDOT
- Jackie Brown, Assistant Secretary to the Authority, NJDOT

Chairperson Richard Hammer presided at the meeting and Linda Davino, Authority Secretary, kept the minutes.

Chairperson Richard Hammer convened the meeting at 2:00 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."

Secretary Linda Davino called the roll. The following acknowledged their presence: Richard Hammer, Gregory Lalevee, Robert A. Briant, Jr., Nelson Ferreira, and Anthony Longo.

After acknowledging that a quorum was present, Chairperson Richard Hammer called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting held on August 29, 2017.

Mr. Briant moved the following resolution approving the Authority's August 29, 2017 meeting:

WHEREAS, Article II, Section 8 of the By-laws 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 August 29, 2017 of the New Jersey Transportation Trust Fund Authority are hereby approved.

Chairperson 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:

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

For the next order of business, Chairperson Richard Hammer called upon Executive Director Gary Brune to lead a discussion pertaining to the Fiscal Year 2017 audited financial statements that were recently completed by Mercadien.

Mr. Brune stated that the TTFA Audit Committee had recommended approval of the Fiscal Year 2017 TTFA audit. The Audited Financial Statements were issued with a clean opinion by our auditor Mercadieu. The Department of Treasury is awaiting delivery of the audit to complete the State's Financial Statements for Fiscal Year 2017. A couple of main points to emphasize appear on pages 5 through 7 of the audit. "Net Position" is often described as the measure of the financial condition of an Authority or entity. Basically, it represents the difference between assets and liabilities. Broadly speaking, an increase in "Net Position" indicates that its financial position is improving and a decrease indicates that it is deteriorating. As shown at the bottom of page 5, the Authority's net position changed from a negative \$492 million at the end of Fiscal Year 2016 to a positive \$1.8 billion in Fiscal Year 2017, mainly due to the issuance of Federal Indirect GARVEE bonds. The cash and equivalents increased from \$200 million in Fiscal Year 2016 to \$2.6 billion in Fiscal Year 2017 and that cash is restricted for the "Payment of State Transportation System Costs". The basic point of this chart is that the sale of the \$3.2 billion Federal Indirect GARVEE bonds positively impacted the bottom line of the Authority. If you look back to the audits of Fiscal Years 2014, 2015 and 2016 there were negative numbers of \$265 million, \$390 million and \$492 million, so we've fundamentally gone from a negative position to a very positive position because of the issuance of those bonds. Two other points to make. On page 6, the line for "State Transportation Costs" appears to be increasing from \$844 million at the end of Fiscal Year 2016 to \$942 million in Fiscal Year 2017. Since Fiscal Year 2017 was the year that we had the TTF shutdown, that wouldn't make sense. The reason that it's a little misleading is that in Fiscal Year 2016 the Authority received a loan repayment of \$241 million from New Jersey Transit. When New Jersey Transit takes a cash loan from the TTF to help pay bills within their operating budget and they don't repay it in the same

fiscal year, that actually has the effect of reducing the expenditures in the year when they do repay it. When you add the \$241 million loan repayment to the \$844 million that is listed as expenditures for Fiscal Year 2016, the real total was more like \$1.1 billion. Although the audit doesn't quite show that, the Authority went from \$1.1 billion of expenditures in Fiscal Year 2016 down to \$942 million in Fiscal Year 2017. That is the real story of what happened. Lastly, on page 7 the "Bonds Payable" chart at the end of Fiscal Year 2016 shows bonds payable of \$16.7 billion at the end of Fiscal Year 2017 rising to \$19.6 billion in Fiscal Year 2017. Again, that increase of 17% reflects the issuance of the Federal Indirect GARVEE bonds. Those are the three points that I think are vital to know from the audit.

Chairperson Richard Hammer then asked if there were any further discussion. Hearing none, he requested a motion to adopt the resolution accepting the Authority's Fiscal Year 2017 audited financial statements.

Mr. Ferreira moved the following Resolution:

**RESOLUTION AUTHORIZING THE ACCEPTANCE OF THE AUDIT REPORT
FOR THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**

WHEREAS, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act 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 required to conduct an annual audit of its affairs and deliver a written report with respect to such audit of its affairs and deliver a written report with respect to such audit to the Governor and the Legislature; and

WHEREAS, the Authority requires the services of a professional accounting firm with respect to the preparation of such audit; and

WHEREAS, the Authority selected the firm of The Mercadieu Group ("Mercadieu") to perform the audit of the Authority for Fiscal Year 2017; and

WHEREAS, Mercadien has prepared the audit for Fiscal Year 2017, a copy of which is attached to this Resolution as Exhibit "A"; and

WHEREAS, the Authority's Audit Committee has reviewed the audit report for Fiscal Year 2017 and recommended its adoption by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that

1. The Authority hereby accepts the audit report of Mercadien attached hereto as Exhibit "A".
2. This Resolution shall take effect upon adoption in accordance with the Act.

The above resolution was seconded by Mr. Longo and adopted on a call of roll as follows:

AYE: 5

NAY:

ABSTAIN:

ABSENT:

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

There being no further business coming from the Authority, Chairperson Richard Hammer requested a motion to adjourn the meeting. Mr. Briant moved that the November 17, 2017 meeting of the New Jersey Transportation Trust Fund Authority be adjourned. Mr. Ferreira seconded the motion, which was carried by unanimous vote.

The November 17, 2017 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 2:09 PM.

Respectfully Submitted,



Linda M. Davino

Secretary of the Authority