

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the special meeting of the New Jersey Transportation Trust Fund Authority (the "Authority") held at the Office of the Executive Director on the first floor of the Finance and Administration Building of the New Jersey Department of Transportation, 1035 Parkway Avenue, Trenton, New Jersey on June 30, 2005 at 10:35 a.m. (E.D.T.)

The following Authority members were present:

James Snyder, Deputy Commissioner, Department of Transportation, Designee for Chairman Jack Lettiere, Commissioner, Department of Transportation
James Petrino, Deputy Director, Office of Public Finance, Designee for Treasurer John E. McCormac, CPA, via Telephone
Philip K. Beachem, Public Member, via Telephone
Joseph Ripa, Public Member, via Telephone
Robert Ferris, Public Member, via Telephone

Constituting a quorum of the Members of the Authority.

Public Member Anthony R. Cinaglia was absent.

There were also present:

Steven Hanson, Executive Director
Sandra S. Deon, Secretary of the Authority
Mina Tsintzas, Assistant Secretary
Kavin Mistry, Deputy Attorney General
Keith Barrack, Esq., Governor's Authorities Unit, via telephone
Joseph Licari, DOT Director, Division of Accounting & Auditing
Mike MacFeeters, Office of the Executive Director

Deputy Commissioner James Snyder presided at the meeting, and Sandra Deon, Secretary, kept the minutes.

Deputy Commissioner Snyder convened the meeting at 10:35 a.m. and acknowledged that a quorum of the members were present 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 mailed to five newspapers of general distribution (The Trentonian, Trenton Times, Camden Courier Post, Star Ledger, and Atlantic City Press) and posted in the main entrance of the New Jersey Department of Transportation headquarters.

Executive Director Hanson called the roll.

Mr. Ferris moved the following resolution approving the minutes of the Authority's March 7, 2005 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 meetings of the Authority be approved by the Authority;

NOW, THEREFORE, BE IT RESOLVED, that minutes taken at the meeting on March 7, 2005 of the New Jersey Transportation Trust Fund Authority are hereby approved.

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

Yeas: 5

Nays: 0

Mr. Beachem moved the following resolution approving the minutes of the Authority's May 26, 2005 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 meetings of the Authority be approved by the Authority;

NOW, THEREFORE, BE IT RESOLVED, that minutes taken at the meeting on May 26, 2005 of the New Jersey Transportation Trust Fund Authority are hereby approved.

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

Yeas: 5

Nays: 0

Deputy Commissioner Snyder then asked Mr. Hanson to advise the Board on the evaluation of the bid proposals received from firms desiring to be the Authority's auditor.

Executive Director Hanson stated that Executive Order No. 122 (McGreevey 2004) which directed the Authority to establish two committees, the RFP Evaluation Committee and an Audit Committee. The RFP Evaluation Committee consisting of Public Member Joe Ripa, Treasurer's designee Steve Petrecca, Office of Management and Budget, and Commissioner Lettiere's designee Alemnesh Tessema, Department of Transportation, met on May 18, 2005. On May 19, 2005, a Request for Proposals (RFP) was mailed to fifty-four (54) firms with a deadline date of June 3, 2005 for submission of proposals in response to the RFP. Only one firm responded. The RFP Evaluation Committee met on June 10, 2005 to review and evaluate the bid. On June 13, 2005, the RFP Evaluation Committee forwarded their recommendation to the Audit Committee consisting of Public Member Robert Ferris, Treasurer's designee Steve Petrecca, and Commissioner Lettiere's designee Assistant Commissioner Madelyn Rumowicz, Department of Transportation. The Audit Committee met on June 20, 2005 and agreed with the RFP Evaluation Committee's recommendation and the Audit Committee is recommending to the Board the firm of Mercadien, P.C. to perform auditing services for Fiscal Year 2005. Mercadien has performed the Authority's audit for the past five years and Messrs. Hanson and Licari were very pleased with Mercadien's work. Mercadien's bid was \$13,500.

Mr. Ferris stated that he had some concerns about the fact that we only had one response and he wanted to be sure that adequate notice had been made and the procedure was full enough to request more than one response to the RFP. He was satisfied that it was. Mr. Ferris concluded that the reason that only one firm responded was budgetary. He thought the response was full

and appropriate and that is why he is recommending Mercadien to the Board to perform the Fiscal Year 2005 audit.

Mr. Snyder had the same questions and was given the same assurances. He questioned how Mercadien had been performing as the Authority's auditor in years past and was given a very positive response here as well.

Messrs. Beachem and Ripa had no comments.

Mr. Ripa moved the following resolution authorizing the engagement of Mercadien, P.C. to serve as auditor for the Authority for a one-year period, commencing with Fiscal Year 2005, renewable for one (1) one-year period for Fiscal Year 2006.

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 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, in accordance with Executive Order No. 122 (McGreevey 2004) and the Bylaws of the Authority, the Audit Committee assists the Board in retaining an independent auditor to conduct the annual audit; and

WHEREAS, pursuant to the auditor selection process set forth in Executive Order No. 122 (McGreevey 2004) and the Bylaws, the Evaluation Committee conducts a solicitation and evaluation of eligible auditors and provides a written report to the Audit Committee, which then evaluates the report and makes a recommendation to the Board; and

WHEREAS, on May 19, 2005, the Evaluation Committee distributed the request for proposal for an auditor ("RFP"), a copy of which is attached hereto as Exhibit "A," to various firms, which RFP provided for the selection of a firm to serve as auditor for the Authority for the one-year term of Fiscal Year 2005, and to perform the annual audit for the Authority for Fiscal Year 2005, which engagement shall be renewable for the one (1) one-year term of Fiscal Year 2006, including the performance of the annual audit for Fiscal Year 2006; and

WHEREAS, the Evaluation Committee received one response to the RFP from Mercadien, P.C. ("Mercadien"), reviewed and evaluated the response from Mercadien and made a written recommendation to the Audit Committee to accept Mercadien's proposal, a copy of which is attached hereto as Exhibit "B"; and

WHEREAS, the Audit Committee met on June 20, 2005, considered the Evaluation Committee's report and determined to recommend to the Authority that it award the contract for auditor to Mercadien; and

NOW THEREFORE, BE IT RESOLVED, that

1. The Authority hereby acknowledges receipt of the recommendation of the Audit Committee, which recommends that the Authority award the contract for auditor to Mercadien.
2. The Authority hereby authorizes the engagement of the firm of Mercadien to serve as auditor for the Authority for the one-year term of Fiscal Year 2005, and to perform the annual audit for the Authority for Fiscal Year 2005, which engagement shall be renewable for the one-year term of Fiscal Year 2006, including the performance of the annual audit for Fiscal Year 2006, at the rates set forth in Mercadien's proposal.
3. The Authority hereby authorizes the Executive Director to take and do any and all acts and things as may be necessary or desirable in connection with such selection.
4. This Resolution shall take effect upon adoption in accordance with the Act.

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

Yeas: 5

Nays: 0

Deputy Commissioner Snyder then opened the floor to questions, comments, recommendations, etc. pertaining to the draft letter to Acting Governor Codey, which expressed the Board's concerns of the Authority's current debt position. Mr. Snyder profusely apologized for the tardiness in getting the letter out. He stated it was an issue of great debate at the Department of Transportation as to how the letter should be structured to adequately express the Board's concerns and hopefully we have put it together in a way that hits upon the points the Board wanted to make to the Governor.

Mr. Ferris stated that he thought the letter was very well done and responded to what he considered to be the Board's concern for the situation. He had faxed his two minor suggestions to Mr. Hanson this morning for incorporation into the letter. Mr. Ferris wanted the letter to be a little more direct in suggesting what was needed in terms of a truly defined plan of revenue generation. Again, he thought the letter was very well thought out and well written and certainly expressed his concerns.

Mr. Beachem wanted the record to reflect that he was very disappointed in the whole process. The March 7, 2005 meeting minutes indicated that all Board members, including the State representatives who were at that meeting, voted to send this letter. The letter was designed to be attached to the Fiscal Year 2006 Financial Plan and transmitted under the signature of the Chairman, Jack Lettiere, prior to FY 2006 budget deliberations. The Board was now being asked to approve the letter the day before the State budget must be legally adopted and therefore has lost the whole purpose of having it become part of the FY 2006 budget process. Mr. Beachem also indicated that since all Board members voted to include the letter, including the State representatives, the letter should have reflected full Board support and not just from the public members. He also asked that the last paragraph of the letter be edited to reflect the fact he did not vote for the Fiscal Year 2006 Financial Plan and suggested it be rephrased to indicate the majority of the Board agreed to support it.

Mr. Snyder expressed his regret of the circumstances that evolved that took us to the point where we are today. Unfortunately, there is nothing we can do to change those but your point is well made and received. I am going to discuss it with Jack Lettiere as the Department moves forward with the whole discussion of the Trust Fund. Mr. Snyder stated that Mr. Lettiere is well

aware of the Board's concerns and he can convey that message verbally just as well as words on a piece of paper.

Executive Director Hanson stated that in the past the Trust Fund reauthorizations have not normally occurred as a part of the regular appropriations process. Typically, they have occurred at other times of the year through special Legislation.

Mr. Beachem stated this was not meant to be just a letter regarding Trust Fund renewal. It's a letter regarding the Board's concern over Capital Plan of \$1.2 billion and the fact that the Authority is not getting the proper revenues that should be received in the budget process.

Mr. Ferris queried if there was anyway that the Board could expedite the delivery of this letter to the Governor's office? He agreed with the discussion. Under the circumstances Mr. Ferris did not believe that the letter would have the intended impact.

A discussion ensued regarding obtaining signatures on the letter. It was agreed to finalize the letter, remove the draft notation, make the changes that have been suggested, and fax the letter to the Board members today. After receiving Board's verbal approval, their signatures would be affixed to the letter, and have it hand-carried downtown.

There being no further business coming before the Authority, Deputy Commissioner Snyder requested a motion to adjourn the meeting. Mr. Beachem moved that the June 30, 2005 meeting of the Transportation Trust Fund Authority be adjourned, and Mr. Ferris seconded the motion, which was unanimously adopted.

The New Jersey Transportation Trust Fund Authority Meeting ended at approximately 10:55 a.m.

Respectfully submitted,

Sandra S. Deon,
Secretary of the Authority

