

## 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 October 14, 2016 at 10:00 AM (EDT).

The following Authority members were present:

- Honorable Richard T. Hammer, Commissioner, NJDOT
- Anthony Longo, NJ TTFA Treasurer (Manager, Office of Public Finance, New Jersey Department of the Treasury / (Designee for the Honorable Ford M. Scudder, New Jersey State Treasurer)
- Robert A. Briant, Jr., NJ TTFA Public Member (Via Telephone)
- Nelson Ferreira, NJ TTFA Public Member (Via Telephone; joined at 10:10 am)
- Gregory Lalevee, NJ TTFA Vice Chairman (Via Telephone)

Constituting a quorum of the Members of the Authority.

There were also present:

- Steven Petrecca, Associate Deputy State Treasurer, NJ Department of the Treasury
- Gary Brune, Executive Director, TTFA
- Samuel Braun, NJ TTFA Comptroller; Division of Accounting & Auditing, NJDOT
- M. Jeremy Ostow, Esq.
- George T. Magnatta, Esq., Saul Ewing LLP
- Ralph Saggiomo, Bank of America Merrill Lynch
- David J. McCarthy, Bank of America Merrill Lynch
- Evan Sokolov, Bank of America Merrill Lynch
- Mary Maples, Governor’s Authorities Unit
- Kavin K. Mistry, Assistant Attorney General, NJDOL
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL
- Linda M. Davino, Assistant Secretary to the Authority
- Nick Hansen, NJDOT
- Kevin Monaco
- John JiRiggi
- Tariz Shabazz
- Gina Gaynor

NJ TTFA Chairperson Richard T. Hammer presided at the meeting and Linda M. Davino, Assistant Secretary kept the minutes.

Chairperson Hammer convened the meeting at 10:00 AM. 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 Linda M. Davino called the roll. The following acknowledged their presence: Richard T. Hammer, Anthony Longo, Robert A. Briant, Jr., Gregory Lalevee, and Nelson Ferreira, joined 10:10 a.m.

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 December 30, 2015.

Mr. Briant moved the following resolution approving the Authority's December 30, 2015 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 30, 2015 of the New Jersey Transportation Trust Fund Authority are hereby approved.

## 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 December 30, 2015 at 10:00 AM (EDT).

The following Authority members were present:

- Joseph Bertoni, Deputy Commissioner, New Jersey Department of Transportation (Designee for Acting Commissioner Richard T. Hammer, NJ TTFA Chairman)
- Anthony Longo, NJ TTFA Treasurer (Manager, Office of Public Finance, New Jersey Department of the Treasury / Designee for the Honorable Andrew P. Sidamon-Eristoff, New Jersey State Treasurer) – [Via Teleconference]
- Gregory Lalevee, NJ TTFA Vice Chairman – [Via Teleconference]
- Robert A. Briant Jr., NJ TTFA Public Member – [Via Teleconference]
- Nelson Ferreira, NJ TTFA Public Member – [Via Teleconference]
- Michael I. Hanley, NJ TTFA Public Member

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJ TTFA Executive Director; CFO, NJDOT
- Aimee Manocchio Nason, Deputy Attorney General, NJDOL
- Samuel Braun, NJ TTFA Comptroller; Division of Accounting & Auditing, NJDOT
- Amy Herbold, Governor's Authorities Unit
- Albert Weierman, Auditor 3, Division of Accounting & Auditing, NJDOT
- Linda Davino, Assistant Secretary to the Authority
- Jackie Brown, Administrative Assistant Secretary, NJDOT
- John Riggi, Environmental Specialist, NJDOT

Deputy Commissioner Joseph Bertoni, the Chairman's designee, presided at the meeting and Linda Davino, Assistant Secretary, kept the minutes.

Deputy Commissioner Joseph Bertoni convened the meeting at 10:00 AM. 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 Linda Davino called the roll. The following acknowledged their presence: Joseph Bertoni, Gregory Lalevee, Robert Briant, Jr., Nelson Ferreira, Michael Hanley, and Anthony Longo.

After acknowledging that a quorum was present, Deputy Commissioner Joseph Bertoni called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting held on November 23, 2015.

Mr. Hanley moved the following resolution approving the Authority's November 23, 2015 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 November 23, 2015 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Mr. Laivee. Deputy Commissioner Joseph Bertoni asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The members were polled with all members being in favor, and no members were in opposition; therefore the motion was carried.

Next, Deputy Commissioner Joseph Bertoni requested a motion to adopt the resolution approving the minutes of the executive session of the TTFA Board meeting on November 23, 2015. Joseph Bertoni reminded the board that the executive session minutes are to remain confidential until such time that the board determines that they are no longer confidential. Mr. Hanley moved the following resolution approving the Authority's November 23, 2015 Executive Session Meeting Minutes:

WHEREAS, Article II, Section 8 of the By-Laws of the New Jersey Transportation Trust Fund Authority provides that the minutes of meetings of the Authority be approved by the Authority.

NOW, THEREFORE, BE IT RESOLVED, that the minutes of the November 23, 2015 executive session meeting of the New Jersey Transportation Trust Fund Authority are hereby approved.

Deputy Commissioner Joseph Bertoni 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: 6

NAY:

ABSTAIN:

ABSENT:

Next, Deputy Commissioner Bertoni asked Gary Brune, Executive Director of the Transportation Trust Fund Authority, to lead a discussion pertaining to the fiscal year 2015 audited financial statements that were recently completed by Mercadien.

Executive Director Gary Brune asked the board to reference pages 7-9 of the audit and commented that on page 7, which shows the assets and liabilities of the Authority, the line item labeled "Net Position (deficit)" has been worsening over time, resulting in a negative \$390 million as of June 2015. At \$390 million as of the end of fiscal year 2015, the net position is

about \$125 million worse than the previous fiscal year. Mr. Brune noted that a negative adjustment of approximately \$188 million in fiscal year 2014 related to a GASB accounting standard that prohibited the amortization of the cost of issuance charges. After taking into account that \$188 million adjustment, the remaining deficit is approximately \$200 million. He further noted that the absence of pay-as-you-go appropriations during this time frame is beginning to affect the bottom line in terms of the assets and liabilities of the Authority.

Gary Brune pointed out that the line item on page 8 labeled "State Transportation Costs" fluctuated from \$1.4 billion in 2013 to \$1.2 in 2014 to \$1.3 billion in 2015. On page 9, the total line item labeled "Bonds Payable" of the Authority is \$16.4 billion, an increase of about 5% or \$700 million dollars from the prior fiscal year. He noted that the Authority is retiring about a half a billion dollars a year in principal of the Authority's bonds.

Gary Brune asked if Robert Briant would like to comment on the TTFA's Audit Committee's meeting with Mercadien. Robert Briant stated that they had a good discussion about the audit, and the Authority seems to be on track, despite its declining net position. Robert Briant further stated that the Audit Committee approved the audit.

Deputy Commissioner Bertoni asked if there were any further discussion. Hearing none, he requested a motion to adopt the resolution entitled "Resolution Authorizing The Acceptance of The Audit Report For The New Jersey Transportation Trust Fund Authority."

Mr. Robert Briant, Jr. 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 Legislature and the Governor; 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 Mercadien Group ("Mercadien") to perform the audit of the Authority for Fiscal Year 2015; and

WHEREAS, Mercadien has prepared the audit for Fiscal Year 2015, 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 2015 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.

EXHIBIT "A"

NEW JERSEY TRANSPORTATION TRUST  
FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

Financial Statements and  
Supplementary Information

June 30, 2015

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

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June 30, 2015

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## INDEPENDENT AUDITORS' REPORT

To the Honorable Chairperson and Members of  
New Jersey Transportation Trust Fund Authority  
A Component Unit of the State of New Jersey

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each fund of the New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as, evaluating the overall presentation of the financial statements.

- AN INDEPENDENTLY OWNED MEMBER,  
MCGRAHNEY ALLIANCE
- AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS
- NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS
- NEW YORK SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS
- PENNSYLVANIA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS
- REGISTERED WITH THE PCAOB

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Auditors' Responsibility

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund, of the Authority as of June 30, 2015, and the respective changes in the financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages six through ten be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of cash receipts and disbursements on page twenty-three is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of cash receipts and disbursements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We have applied certain limited procedures to the accompanying supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 11, 2015 on our consideration of the New Jersey Transportation Trust Fund Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Mercedien, P.C.*  
*Certified Public Accountants*

December 11, 2015

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Chairperson and Members of  
New Jersey Transportation Trust Fund Authority  
A Component Unit of the State of New Jersey

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each fund of the New Jersey Transportation Trust Fund Authority (the "Authority"), a component unit of the State of New Jersey, as of and for the year ended June 30, 2015, and the related notes to financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 11, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected or corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mercadion, P.C.*  
*Certified Public Accountants*

December 11, 2015

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

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**Management's Discussion and Analysis**

As financial management of the New Jersey Transportation Trust Fund Authority (the "Authority"), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Authority as of and for the year ended June 30, 2015. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

**Financial Highlights**

The Authority disbursed \$1,276,650,000 and had total obligations of \$1,302,172,343 to the Special Transportation Fund of the State of New Jersey to fund statewide transportation system improvements during the fiscal year, as compared to \$1,284,900,000 disbursed and total obligations of \$1,178,025,991 in the prior year. The term "net position" refers to the difference between assets and liabilities. At the close of fiscal year 2015, the Authority had a net deficit of \$390,393,642, as compared to a net deficit of \$265,095,285 at June 30, 2014. This decrease in net position was mainly due to increases in statewide transportation system improvement costs and debt service obligations, partially offset by Build America Bond tax credits, and savings realized from a bond remarketing during the prior fiscal year.

In fiscal year 2015, the State of New Jersey lapsed \$83,722,000 of TTFA appropriated revenues and re-appropriated this amount to fiscal year 2016, to be used for its fiscal year 2016 debt service obligations.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements, which are comprised of the basic financial statements and the notes to the financial statements. The Authority is a single program government that combines government-wide and governmental fund financial statements. This report also contains required supplementary information concerning the Authority's cash flow for the fiscal year.

**Basic Financial Statements**

The basic financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to that which would be used by a private-sector business.

The statement of net position and governmental funds balance sheet presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as useful indicators of whether the financial position of the Authority is improving or deteriorating. Net position decreases when expenses exceed revenues. Increases to liabilities without corresponding increases to assets result in decreased net position, which indicate a worsened financial position. The Authority's net position decreased by \$125,298,357 after current year bond activity in the year ended June 30, 2015.

The statement of activities and governmental funds revenues, expenditures and changes in fund balance/net position presents information showing how a government's net position changed during the fiscal year. All changes in net position deficit are reported as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Authority's flow of cash for the fiscal year.

Financial Analysis

Net position (deficit) may serve, over time, as a useful indicator of the Authority's financial position. In the case of the Authority, liabilities and deferred inflows of resources exceeded assets by \$390,393,642 at the close of the most recent fiscal year.

The largest portion of the Authority's net position (deficit) reflects its investments in current assets (e.g., accounts receivable, cash and cash equivalents and investments) less any related bonds outstanding and accounts payable. The Authority's current assets are restricted in use for payment of state transportation costs and bond issues outstanding.

	Years Ended			Percentage Change 2015-2014
	June 30, 2015	June 30, 2014	June 30, 2013	
Accounts receivable	\$16,420,831,527	\$ 15,724,707,102	\$15,247,304,728	5
Cash and equivalents	412,516,342	445,123,043	609,322,103	(7)
Unamortized bond discount	9,556,639	9,975,764	19,154,585	(4)
Unamortized bond issuance cost	-	-	103,797,214	-
Total assets	<u>16,842,904,508</u>	<u>16,179,805,909</u>	<u>15,979,578,630</u>	5
Accrued interest payable	28,938,341	27,401,569	26,838,665	6
Accounts payable - State of New Jersey	174,041,714	148,519,371	197,273,096	17
Accounts payable - other	-	616,260	1,021,654	(100)
Bonds payable:				
Due within one year	488,065,000	464,750,000	408,045,000	5
Due after one year	15,932,766,527	15,209,466,513	14,683,234,264	5
Unamortized bond premium	<u>599,537,680</u>	<u>579,101,480</u>	<u>538,700,479</u>	4
Total liabilities	<u>17,223,349,262</u>	<u>16,429,855,193</u>	<u>15,855,113,158</u>	5
Deferred inflows of resources	9,948,888	15,046,001	8,169,613	(34)
Net Position (deficit) restricted for:				
Debt service	604,082	15,645	126,741	3,761
Deferred charges	(628,868,270)	(611,573,285)	(450,756,958)	(3)
Payment of state transportation system cost	<u>237,870,546</u>	<u>346,462,356</u>	<u>566,926,076</u>	(7)
Net position (deficit)	<u>\$ (390,393,642)</u>	<u>\$ (265,095,285)</u>	<u>\$ 116,295,859</u>	(47)

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)

	Years Ended			Percentage Change 2015-2014
	June 30, 2015	June 30, 2014	June 30, 2013	
<b>Revenues</b>				
State appropriations				
Motor fuel taxes	\$ 516,000,000	\$ 531,000,000	\$ 520,000,000	(3)
Commercial vehicle fees and taxes	648,359,251	581,617,549	438,856,920	11
Toll road authority	12,000,000	12,000,000	12,000,000	-
Interest income and investment return	279,229	305,351	542,751	(9)
Amortization of bond premium and discount	41,890,428	40,209,999	28,973,856	(7)
Total revenues	<u>1,218,528,908</u>	<u>1,165,132,899</u>	<u>1,000,373,527</u>	5
<b>Expenses</b>				
Operating expenses and financial costs	1,136,128	2,094,787	2,627,950	(46)
State transportation costs	1,302,172,343	1,178,025,991	1,393,245,940	15
<b>Debt Service</b>				
Bond interest expense, including amortization of bond issuance costs	675,885,075	667,709,131	626,581,697	1
Bond interest expense, capital appreciation bonds	149,810,014	141,782,268	134,203,649	6
Total operating expenses	<u>2,129,003,560</u>	<u>1,989,612,177</u>	<u>2,156,659,236</u>	9
Deficiencies of revenues over expenses	(910,474,652)	(824,479,278)	(1,156,285,709)	10
<b>Other financing sources (uses)</b>				
Garvee bond debt service reimbursement	2,622,149	3,216,750	3,771,250	(18)
Build America bond credits	35,896,516	35,934,451	37,038,041	-
Bond issue costs	(6,424,710)	(2,895,065)	-	122
Total other financing sources	<u>32,093,955</u>	<u>36,256,136</u>	<u>40,809,291</u>	(11)
Change in net position	(878,380,697)	(788,223,142)	(1,115,476,418)	(11)
<b>Net position (deficit)</b>				
Beginning of year	(265,095,285)	116,295,859	152,653,628	(328)
Prior period adjustment	-	(187,750,270)	-	100
Beginning of year - as restated	(265,095,285)	(71,454,411)	152,653,628	(271)
Current year bond activity, net	753,082,340	594,582,268	1,079,118,649	27
Net position (deficit), end of year	<u>\$ (390,393,642)</u>	<u>\$ (265,095,265)</u>	<u>\$ 116,295,859</u>	(16)

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

**Significant and Subsequent Events**

As of June 30, 2015, the Authority had \$16,420,831,527 in bonds outstanding, net of unamortized bond accretions, as compared to \$15,674,216,513 in the prior fiscal year, an increase of 4.8%. During Fiscal Year 2015 the Authority incurred new debt in a combination of transportation program bonds and transportation program notes in the amount of \$1,061,555,000, including \$735,300,000 authorized for fiscal year 2015 and \$326,255,000 in bond cap carried forward from prior fiscal years. In addition, the Authority remarketed two variable rate transportation system bonds in the amount of \$297,500,000 into fixed rate transportation system bonds and did not renew the two existing line of credit agreements on the old variable rate bonds, resulting in \$47 million of debt service savings. A total of \$464,750,000 in bond principal was retired by the annual debt service payments during the fiscal year, including \$12,225,000 of Garvee Bond principal paid by the State Treasury.

There were no new Swap Agreements entered into during the fiscal year. See Footnote D "Subsequent Events" of the accompanying Notes to the Financial Statements for information on a statement of claim filed by the State of New Jersey regarding the interest rate swap on the Authority's 2003 Series B Bonds.

The Authority has issued no bonds nor entered into any credit agreements subsequent to the close of fiscal year June 30, 2015.

The following information summarizes the changes in debt between the fiscal year 2015, 2014 and 2013:

	Years Ended			Percentage
	June 30, 2015	June 30, 2014	June 30, 2013	Change 2015-2014
Bonds Payable	<u>\$16,420,831,527</u>	<u>\$15,674,216,513</u>	<u>\$15,091,279,264</u>	<u>4.8</u>

More detailed information about the Authority's bonds payable is presented in Note D of the financial statements.

The prior re-authorization of the Authority expired on June 30, 2011. Assembly Bill A-3205 granted legislative approval to support the State's Capital Transportation Program for Fiscal Years 2013 through 2016, authorizing the Authority to bond a total of \$3,458.3 million for fiscal years 2013 to 2016. During fiscal year 2015, the Authority utilized its remaining \$326.3 million authorization from the previous act. The NJTTFA expects to issue \$626.8 million of new money Transportation Program Bonds provided under the 2012 Amendments in FY 2016.

While the authorization for the existing TTF program expires in FY16, discussions regarding program renewal are ongoing between the Legislature and the Administration, with the full expectation that a solution will be in place prior to FY17. Under any circumstance, the Authority will continue to receive state appropriated revenues to satisfy outstanding debt service obligations.

The Authority's two variable rate bond Letters of Credit expired in December 2014 and were not renewed or replaced.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (CONTINUED)**

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**Significant other Events**

The Government Accounting Standards Board (GASB) issued Pronouncement No. 65 in Fiscal year 2014 related to Items Previously Reported as Assets and Liabilities, including the treatment of Bond Issuance Costs. GASB-65 states these costs can no longer be established as assets and amortized over the term of the bond issue, but are to be expensed when incurred. In the prior year all remaining balances of prior year bond issuance costs and its accumulated amortization were zeroed out.

**Contacting the Authority's Financial Management**

This financial report is designed to provide the New Jersey citizens, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability to the State of New Jersey and bondholders. If you have questions about this report or need additional financial information, you can contact the New Jersey Transportation Trust Fund Authority at 1035 Parkway Avenue, P.O. Box 600, Trenton, NJ 08625-0600 or visit its website at [www.state.nj.us/tfa](http://www.state.nj.us/tfa).

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET  
June 30, 2015

	Special Revenue Fund	Other Funds (DSF)	Total Governmental Funds	Adjustments (Note G)	Statement of Net Assets
<b>ASSETS</b>					
Accounts receivable - State of New Jersey	\$ -	\$ -	\$ -	\$ 16,420,831,527	\$ 16,420,831,527
Cash and equivalents	411,912,260	604,082	412,516,342	-	412,516,342
Unamortized bond discount	-	-	-	9,556,639	9,556,639
Total assets	<u>\$ 411,912,260</u>	<u>\$ 604,082</u>	<u>\$ 412,516,342</u>	<u>\$ 16,430,388,166</u>	<u>\$ 16,842,904,508</u>
<b>LIABILITIES</b>					
Accrued interest payable	\$ -	\$ -	\$ -	\$ 28,938,341	\$ 28,938,341
Accounts payable - State of New Jersey	174,041,714	-	174,041,714	-	174,041,714
Transportation system bonds and notes payable	-	-	-	488,065,000	488,065,000
Due within one year	-	-	-	15,932,766,527	15,932,766,527
Due after one year	-	-	-	599,537,680	599,537,680
Unamortized bond premium	-	-	-	17,049,307,548	17,223,349,262
Total Liabilities	<u>174,041,714</u>	<u>-</u>	<u>174,041,714</u>	<u>17,049,307,548</u>	<u>17,223,349,262</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred gains on advanced refunding	-	-	-	9,948,888	9,948,888
<b>FUND BALANCES/NET POSITION (DEFICIT)</b>					
Restricted for					
Debt service	-	604,082	604,082	-	604,082
Deferred charges	-	-	-	(628,868,270)	(628,868,270)
Payment of state transportation system cost	237,870,546	-	237,870,546	-	237,870,546
Total fund balances/net position (deficit)	<u>237,870,546</u>	<u>604,082</u>	<u>238,474,628</u>	<u>(628,868,270)</u>	<u>(390,393,642)</u>
Total liabilities, deferred inflows of resources, and fund balances/net position (deficit)	<u>\$ 411,912,260</u>	<u>\$ 604,082</u>	<u>\$ 412,516,342</u>	<u>\$ 16,430,388,166</u>	<u>\$ 16,842,904,508</u>

See notes to financial statements.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES AND CHANGES IN NET POSITION/FUND BALANCE  
June 30, 2015

	Special Revenue Fund	Other Funds (DSF)	Governmental Funds	Adjustments (Note G)	Statement of Activities
<b>REVENUES</b>					
State appropriations equivalent to:					
Motor fuel taxes	\$ 516,000,000	\$ -	\$ 516,000,000	\$ -	\$ 516,000,000
Commercial vehicle fees and taxes	648,359,251	-	648,359,251	-	648,359,251
Toll Road Authority	12,000,000	-	12,000,000	-	12,000,000
Interest income and investment return	279,229	-	279,229	-	279,229
Amortization of bond premium and discount	-	-	-	41,890,428	41,890,428
Total revenues	<u>1,176,638,480</u>	<u>-</u>	<u>1,176,638,480</u>	<u>41,890,428</u>	<u>1,218,528,908</u>
<b>EXPENDITURES</b>					
Operating expenses and financial costs	25,880	1,110,248	1,136,128	-	1,136,128
State transportation costs	1,302,172,343	-	1,302,172,343	-	1,302,172,343
Debt Service					
Principal	-	464,750,000	464,750,000	(464,750,000)	-
Bond interest expense, including amortization of deferred gain on advanced refunding	-	685,203,170	685,203,170	(9,318,095)	675,885,075
Bond interest expense, capital appreciation bonds	-	-	-	149,810,014	149,810,014
Total expenditures	<u>1,302,198,223</u>	<u>1,151,063,418</u>	<u>2,453,261,641</u>	<u>(324,258,081)</u>	<u>2,129,003,560</u>
Deficiency of revenues over expenses	<u>(125,559,743)</u>	<u>(1,151,063,418)</u>	<u>(1,276,623,161)</u>	<u>368,148,509</u>	<u>(910,474,652)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Bonds and notes issued	1,359,055,000	-	1,359,055,000	(1,359,055,000)	-
Bond premium	62,745,833	-	62,745,833	(62,745,833)	-
Garvee bond debt service reimbursement	-	14,847,149	14,847,149	(12,225,000)	2,622,149
Transfers - internal activities	(1,100,908,190)	1,100,908,190	-	-	-
Build America Bond Credits	-	35,896,516	35,896,516	-	35,896,516
Escrow Fund deposit	(297,500,000)	-	(297,500,000)	297,500,000	-
Cost of issuance	(6,424,710)	-	(6,424,710)	-	(6,424,710)
Total other financing sources (uses)	<u>16,967,933</u>	<u>1,151,651,855</u>	<u>1,168,619,788</u>	<u>(1,136,525,833)</u>	<u>32,093,955</u>
Change in fund balance/net position	<u>(108,591,810)</u>	<u>588,437</u>	<u>(108,003,373)</u>	<u>(770,377,324)</u>	<u>(878,380,697)</u>
Fund balance/net deficit					
Beginning of year	346,462,356	15,645	346,478,001	(611,573,286)	(265,095,285)
Current year bond activity, net	-	-	-	753,082,340	753,082,340
End of year	<u>\$ 237,870,546</u>	<u>\$ 604,082</u>	<u>\$ 238,474,628</u>	<u>\$ (628,868,270)</u>	<u>\$ (390,393,642)</u>

See notes to financial statements.



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Authority**

New Jersey Transportation Trust Fund Authority (the "Authority"), located in Ewing, New Jersey, was created by the State of New Jersey (the "State") in 1984 pursuant to the New Jersey Transportation Trust Fund Authority Act in order to provide a stable, predictable funding mechanism for transportation system improvements undertaken by the New Jersey Department of Transportation. The Authority also provides State aid to counties and municipalities for transportation system improvements.

**Basis of Accounting**

The Authority is a component unit of the State and is included in the general purpose financial statements of the State.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

In its accounting and financial reporting, the Authority follows the pronouncements of the Governmental Accounting Standards Board ("GASB") and other entities that promulgate accounting principles. GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. Per the Statement, the sources of authoritative generally accepted accounting principles ("GAAP") are categorized in descending order of authority as follows: GASB Statements and Interpretations, GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants ("AICPA") cleared by the GASB. Authoritative GAAP is incorporated periodically into the *Codification of Governmental Accounting and Financial Reporting Standards* (Codification), and when presented in the Codification, it retains its authoritative status. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described above, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described above and then may consider nonauthoritative accounting literature from other sources. These include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board ("FASB"), Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

The basic financial statements consist of government-wide and governmental fund financial statements.

The Authority, as a single program government, combines government-wide and governmental fund financial statements, which are linked together by the reconciliation.

The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred. The primary sources of revenues are appropriations received from the State from motor fuel and petroleum gross receipts taxes, motor vehicle sales and use taxes, and from toll road authorities.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
 (A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basis of Accounting (Continued)**

The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America for governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Fund Accounts**

In accordance with the 1995 Bond Resolution, the Authority has established the following fund accounts maintained by the Authority:

<u>Fund Accounts</u>	<u>Amount</u>	<u>Use for Which Restricted</u>
Special Revenue Fund Transportation Improvement	Deposit of all revenues received by the Authority. Also used to account for the accumulation of resources for payment of state transportation costs.	Expenditures for specific purposes.
Debt Service Fund (DSF)	Amounts needed to pay matured principal and interest on bonds.	Interest and principal on bonds.

The Authority reserve, which accounts for the Authority's operating expenses, is included in the special revenue fund.

**Income Taxes**

As a public body, under existing statute, the Authority is exempt from both federal and state taxes.

**Bond Premium**

In the government-wide financial statements, bond premiums are reported as deferred revenues (liabilities) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums are recognized as revenue when received.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

---

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Bond Discount**

In the government-wide financial statements, bond discounts are recognized as deferred charges (assets) and are amortized over the term of the related debt.

In the governmental fund financial statements, bond discounts are recognized as expense when received.

**Restricted Net Position**

In accordance with the terms of the various bond resolutions, cash and equivalents and investments of all funds required under such bond resolutions are classified as restricted assets. The amounts by which the restricted assets exceed the corresponding liabilities they will liquidate are not available for the payment of current operating expenses.

**Accounts Receivable**

The following is a summary of receivables due from the State primarily to fund future bonds payable.

Due within one year	\$ 488,065,000
Due after one year	<u>15,932,766,527</u>
	<u>\$16,420,831,527</u>

B. CASH AND EQUIVALENTS

Cash and equivalents consist primarily of State of New Jersey cash management fund deposits. New Jersey statutes permit the deposit of public funds in the State of New Jersey Cash Management Fund ("NJCMF") or in institutions located in New Jersey which are insured by the Federal Deposit Insurance Corporation or by any other agencies of the United States that insure deposits.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed insurance limits as follows:

- (a) The market value of the collateral must equal 5% of the average daily balance of public funds;
- or
- (b) If the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank, the Federal Home Loan Bank Board or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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**B. CASH AND EQUIVALENTS (CONTINUED)**

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its cash and investments that are in the possession of an outside party. Cash and equivalents and investments are substantially restricted under the terms of the Authority's bond resolutions for the payment of bond principal and interest expense and the extension of project loans. The bond resolutions limit investments to obligations of the U.S. government or its agencies, investments in certain certificates of deposit of commercial banks that are members of the Federal Reserve System, investments in cash management pools that restrict investments to U.S. government securities, money market funds that invest in high-grade AAA-rated securities, and direct and general obligations of any state that meets the minimum requirements of the resolution.

Cash and equivalents at June 30, 2015, were as follows:

NJCMF	\$ 411,787,906
US Bank	<u>728,436</u>
Total	<u>\$ 412,516,342</u>

Since the Authority's cash and equivalents are all government securities, or an external investment pool, they are not subject to credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Because the Authority maintains investments in government securities, or an external investment pool, it is not subject to interest rate risk if interest rates fluctuate.

**C. ACCOUNTS PAYABLE - STATE OF NEW JERSEY**

The balance due of \$174,041,714 consists of amounts due the State of New Jersey Special Transportation Fund for reimbursement of State, local and New Jersey Transit transportation costs.

**D. TRANSPORTATION SYSTEM BONDS PAYABLE**

Transportation bonds payable consist of Transportation System and Transportation Program Bonds Payable. Bond resolutions have been adopted by the Authority for the purpose of making improvements to the transportation system and programs in the State of New Jersey.

Transportation System Bonds refer to bonds issued pursuant to authorizations previously provided in P.L. 1995, c. 108 and P.L. 2006, c.3, as well as any bonds issued to refund those prior bonds. Transportation Program Bonds refer to bonds issued pursuant to the most recent authorization enacted in June, 2012 (P.L. 2012, c. 13) and any bonds subsequently issued to refund those particular bonds.

In fiscal year 2015, the Authority issued \$1,061,555,000 of new money Transportation Program Bonds and Transportation Program Notes, including \$735,300,000 authorized under the June 2012 Act and \$326,255,000 in bonding authority carry forward from prior years. The proceeds of each issuance will be used to support transportation projects within the State of New Jersey.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

The Transportation Program Bonds will be issued as "state contract" debt backed by a new contract between the State Treasurer and the Authority. This contract pledges that constitutionally-dedicated revenues appropriated by the Legislature will be made available to the Authority for debt service payments on its Transportation Program Bonds.

The Transportation System Bonds continue to be secured by the existing contract between the State Treasurer and the Authority which pledges that any dedicated New Jersey Transportation Trust Fund Authority revenues appropriated by the Legislature to the payment of such bonds will be made available to the Authority for debt service payments. In fiscal year 2015, the Authority remarketed and converted \$297,500,000 in Variable Rate Transportation System Bonds into fixed rate Transportation System Bonds and did not renew the expired Letter of Credit agreements on the Variable Rate bonds.

The following is a summary of revenue bonds and notes outstanding:

Series	Interest Rate Range	Bonds Outstanding (in Thousands) June 30, 2014	Additions (in Thousands)	Reductions (in Thousands)	Bonds Outstanding (in Thousands) June 30, 2015	Amounts Due within One Year (in Thousands)
1999 Series A	5.75%	\$ 158,795	\$ -	\$ -	\$ 158,795	\$ 27,630
2001 Series C	5.50%-5.75%	164,055	-	23,030	141,025	32,405
2003 Series A	5.50%	233,020	-	50,950	182,070	125,570
2003 Series B	5.00%-5.25%	345,000	-	-	345,000	-
2004 Series A	5.75%	107,495	-	-	107,495	-
2004 Series B	5.25%-5.50%	428,115	-	160,285	267,830	103,600
2005 Series A	5.25%	90,790	-	90,790	-	-
2005 Series B	3.70%-5.50%	838,125	-	49,490	788,635	105,095
2005 Series A	4.25%-5.50%	1,576,785	-	-	1,576,785	-
2006 Series C	4.93%-5.05%	3,708,585	-	-	3,708,585	-
2006 A Garvee	5.00%	52,690	-	12,225	40,465	12,835
2007 Series A	4.75%-5.00%	871,055	-	-	871,055	-
2008 Series A	5.63%-5.75%	2,173,735	-	-	2,173,735	-
2009 Series A	6.23%-6.40%	869,075	-	-	869,075	-
2009 Series B	6.88%	273,500	-	-	273,500	-
2009 Series C Note	5.250%	150,000	150,000	150,000	150,000	-
2009 Series D Note	5.000%	147,500	147,500	147,500	147,500	-
2010 Series A	5.85%-6.25%	1,273,180	-	-	1,273,180	-
2010 Series B	6.56%	500,000	-	-	500,000	-
2010 Series C	5.75%-6.10%	1,000,000	-	-	1,000,000	-
2010 Series D	3.00%-5.25%	485,875	-	-	485,875	-
2010 Series E	3.60%	14,100	-	-	14,100	-
2011 Series A	3.00%-6.00%	580,165	-	10,515	569,650	10,980
2011 Series B	5.00%-5.50%	1,274,660	-	21,495	1,253,165	22,565
2012 Series A	5.00%	326,255	-	-	326,255	-
2012 Series AA	2.00%-5.00%	899,500	-	22,095	877,405	22,780
2013 Series A	1.00%-5.00%	532,885	-	10,575	522,310	11,040
2013 Series B	1.09%-1.75%	338,220	-	-	338,220	-
2013 Series AA	2.00%-2.50%	849,200	-	13,300	835,900	13,565
2014 Series AA	4.25%-5.00%	-	764,055	-	764,055	-
2014 Series BB	4.25%-5.00%	-	297,500	-	297,500	-
		20,262,360	1,359,055	762,250	20,859,165	488,065
Less bond accretion		(4,588,143)	-	149,810	(4,438,334)	-
Total		\$ 15,674,217	\$ 1,359,055	\$ 912,060	\$ 16,420,831	\$ 488,065

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)

Total maturities of transportation system and transportation program bonds and notes are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 488,065,000	\$ 693,643,781	\$ 1,181,708,781
2017	536,895,000	669,275,212	1,206,170,212
2018	558,325,000	645,415,274	1,203,740,274
2019	584,475,000	618,832,136	1,203,307,136
2020	667,650,000	594,731,837	1,262,381,837
2021-2025	3,900,875,000	2,383,586,225	6,284,461,225
2026-2030	4,273,310,000	1,635,378,049	5,908,688,049
2031-2035	3,863,840,000	1,162,729,717	5,026,569,717
2036-2040	4,540,430,000	677,291,538	5,217,721,538
2041-2045	1,445,300,000	94,886,925	1,540,186,925
Total	20,859,165,000	\$ 9,175,770,694	\$30,034,935,694
Less unamortized bond accretion	4,438,333,473		
Total Bonds Payable	\$16,420,831,527		

The bonds are secured primarily by revenues received by the Authority from the State. The payment of all such revenues to the Authority is subject to and dependent upon appropriations being made from time to time by the State Legislature. The State Legislature has no legal obligation to make such appropriations.

2003 Series B

The Authority remarketed the 2003 Series B (Periodic Auction Reset Securities) as fixed rate bonds on various dates between September 2, 2008 and September 8, 2008. The Remarketed Bonds were converted pursuant to the terms of the Resolution to bear interest in the Fixed Rate mode. Principal repayments were to begin December 15, 2016, and were to end December 15, 2019. Interest payments began December 15, 2008. Existing Swap Agreements could be amended, terminated or offset with additional interest rate swaps when market conditions permitted. The Authority applied a portion of the then existing Swap Agreements as hedges related to the 2009 Series C Bonds and the 2009 Series D Bonds. Amid favorable market conditions, those swap agreements were terminated in December 2011, in accordance with the bond agreement.

The State filed a statement of claim in 2014 with respect to the matter of the Treasurer of the State of New Jersey and the New Jersey Transportation Trust Fund Authority vs. Goldman, Sachs & Co. and UBS Financial Services, Inc. regarding the interest rate swap on the NJTTFA's 2003 Series B Bond. Although a proposed settlement is pending, a litigation hold is in place regarding the option rate securities that Goldman Sachs & Co. was involved transacting with the State of New Jersey. Goldman Sachs & Co. and UBS Financial Services Inc. issued municipal auction rate securities by the NJTTFA, including but not limited to the underwriting and/or investment services of Goldman Sachs & Co. and UBS Financial Services, Inc., as well as, their subsidiaries and affiliates in connection with NJTTFA issuance of municipal auction rate securities. Subsequent events were noted by management that required disclosure.

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
(A Component Unit of the State of New Jersey)

**NOTES TO FINANCIAL STATEMENTS**

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**D. TRANSPORTATION SYSTEM BONDS PAYABLE (CONTINUED)**

**2006 A Garvee Bond**

The debt service and interest expense payments on the 2006 A Garvee bond are reimbursed by the Federal Highway Administration, to the State of New Jersey. These amounts are included in the principal and bond interest expense lines, since these payments are made directly by the State of New Jersey. The principal payment and interest payments reimbursed as of June 30, 2015, were \$12,225,000 and \$2,622,149, respectively.

**2009 Series C and D Bonds – Letter of Credit Facilities**

In connection with the issuance of, and to provide additional security to the 2009 Series C and Series D bondholders, the Authority entered into irrevocable, direct-pay letter of credit facilities (the "Credit Facility" or "Credit Facilities") with two separate financial institutions (the "Credit Facility Providers"). The Credit Facilities for the 2009 Series C Bonds and 2009 Series D Bonds in the original stated amount of \$152,367,124 and \$149,827,672, respectively, represented the sum of: a) the aggregate principal amount of the 2009 Series C and D Bonds, and, b) 48 days' interest on the 2009 Series C and D Bonds (computed at a rate of 12% per annum) originally scheduled to expire on December 15, 2011, unless extended in accordance with its terms. These two Credit Facilities were renewed with two new financial institutions on December 9, 2011, and expired on December 9, 2014. The two expired Credit Facilities were not renewed in accordance with the terms and the 2009 Series C and Series D Bonds were remarketed and converted from variable rate Transportation System Bonds to fixed rate Transportation System Bonds on November 24, 2014.

The bond trustee for each of the 2009 Series C and Series D Bonds had been directed to draw on the Credit Facilities to pay when due the principal of and interest on the bonds. The Authority was to pay a letter of credit fee to the Credit Facility Providers and had entered into agreements to reimburse the Credit Facility Providers for any amounts drawn upon the Credit Facilities by the bond trustee. For the year ended June 30, 2015, the Authority paid \$1,585,213 in fees related to the Credit Facilities.

**E. ADVANCE REFUNDINGS**

When conditions warrant, the Authority sells various issues of bonds to provide for the refunding of previously issued obligations in order to achieve interest cost savings.

The proceeds received from the sales of the bond issues are used to currently refund the outstanding bond issues or to deposit in an irrevocable escrow fund held by an escrow agent an amount that, when combined with interest earnings thereon, will be at least equal to the sum of the first optional redemption date thereof and the premium required to redeem the bonds outstanding on such date. Accordingly, the Authority's assets and the liabilities for defeased bonds are not included in the Authority's financial statements. These transactions defeased the outstanding bond issues with a resultant reduction in annual debt service during the term of the issues.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

E. ADVANCE REFUNDINGS (CONTINUED)

There were no new refundings in fiscal year ended June 30, 2015. The Authority converted the 2009 Series C and Series D variable rate Transportation System bonds totaling \$297,500,000 into fixed rate Transportation System Bonds in November 2014.

Refunded bonds outstanding at June 30, 2015, are comprised of the following:

<u>Issue</u>	<u>Principal Amount Outstanding June 30, 2015</u>
1999 Series A	\$ 158,795,000
2005 Series B	788,635,000
2007 Series A	871,055,000
2011 Series A	569,650,000
2011 Series B	1,253,165,000
	<u>\$ 3,641,300,000</u>

F. CONCENTRATION OF RISK AND UNCERTAINTIES

Cash and Equivalents

The Authority maintains cash and short-term investment balances which may exceed federally insured limits. It historically has not experienced any credit-related losses.

G. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS

- (1) Unamortized bond discount is recorded as an asset (deferred charge) in the statement of net position and is amortized over the life of the debt. Amortization expense is recorded in the statement of activities. In governmental funds financial statements, bond discounts are expensed when incurred. Balances as of June 30, 2015, were:

Bond discount	\$ 11,730,085
Accumulated amortization	<u>(2,173,446)</u>
Total unamortized bond discount	<u>\$ 9,556,639</u>
Amortization expense	<u>\$ 419,125</u>

- (2) Long-term liabilities (bonds payable, notes payable and accrued interest payable) applicable to the Authority's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position. Balances as of June 30, 2015, were:

Bonds payable (June 30, 2014)	\$ 15,674,216,513
Add issuance of bonds and notes	1,061,555,000
Less principal payments and reduction of Garvee	(464,750,000)
Add accretion	<u>149,810,014</u>
Total	<u>\$ 16,420,831,527</u>
Accrued interest payable	<u>\$ 28,938,341</u>



NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

G. ADJUSTMENTS - RECONCILIATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUNDS AND GOVERNMENT-WIDE FINANCIAL STATEMENTS (CONTINUED)

(3) Bond and note proceeds contribute to the change in fund balance in governmental funds. In the government-wide statements, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statements of activities.

Proceeds were received from:

2014 Series AA Bonds	\$ 754,055,000
2014 Series BB Notes	<u>297,500,000</u>
Total Proceeds	<u>\$ 1,051,555,000</u>

(4) Repayment of bond principal is reported as an expenditure in governmental funds and thus reduces the net position/fund balance. For the Authority as a whole, the principal payments reduce the liabilities in the statement of net assets and do not result in an expense in the statement of activities. Principal payments, including amounts required for refunding bond issues, were made as follows:

Scheduled principal payments including Garvee	<u>\$ 464,750,000</u>
---	-----------------------

(5) Unamortized bond premium is recorded as deferred revenue (other liabilities) in the statement of net assets and is amortized over the life of the debt. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, bond premiums are recognized as revenue when received. Balances as of June 30, 2015, were:

Bond premium	\$ 843,242,419
Accumulated amortization	<u>(243,704,739)</u>
Total unamortized bond premium	<u>\$ 599,537,680</u>
Amortization revenue	<u>\$ 42,309,553</u>

(6) Deferred gain on advanced refunding is recorded as deferred inflows of resources in the statement of net position and is amortized over the remaining life of the old debt or the life of new debt, whichever is shorter. Amortization revenue is recorded in the statement of activities. In governmental funds financial statements, deferred gain on advanced refunding is not applicable. Balances as of June 30, 2015, were:

Gain on advanced refunding	\$ 103,503,245
Accumulated amortization	<u>(93,554,357)</u>
Deferred gain on advanced refunding	<u>\$ 9,948,888</u>
Amortization revenue as component of interest expense	<u>\$ 5,097,192</u>

(7) The adjustment related to current year bond activity, net, is comprised of the following:

Bond principal payment	\$ (464,750,000)
Garvee bond principal reimbursement	12,225,000
Bond premium	<u>(62,745,832)</u>
Net bonds and notes proceeds	1,416,043,158
Escrow Fund Deposit	<u>(297,500,000)</u>
Capital appreciation bonds	<u>149,810,014</u>
Current year bond activity, net	<u>\$ 753,082,340</u>

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
(A Component Unit of the State of New Jersey)

NOTES TO FINANCIAL STATEMENTS

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H. SUBSEQUENT EVENTS

Management has evaluated subsequent events that occurred after the balance sheet date but before December 11, 2015, the date the financial statements were available to be issued. Based on this evaluation, the Authority has determined the following disclosures to be reported in the financial statements.

- The authorization for the existing TTF program expires in FY16. However, discussions regarding program renewal are ongoing between the Legislature and the Administration, with the full expectation that a solution will be in place prior to FY17. Under any circumstance, the Authority will continue to receive state appropriated revenues to satisfy outstanding debt service obligations.
- In November 2015, the Authority issued \$626,800,000 2015 Series AA bonds maturing through 2046 at interest rates ranging between 3-5.25%.

## SUPPLEMENTARY INFORMATION

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
 (A Component Unit of the State of New Jersey)

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

June 30, 2015

	Transportation Improvement	Debt Service	Total
Cash Balances, June 30, 2014	\$ 93,011	\$ 15,645	\$ 108,656
Receipts:			
Motor fuel taxes	-	516,000,000	516,000,000
Commercial vehicle fees and taxes	-	215,000,000	215,000,000
Sales taxes	-	402,290,579	402,290,579
Build America Bond Credits	35,896,516	-	35,896,516
Bond premium	26,757,532	-	26,757,532
Garvee bond debt service reimbursement	13,253,375	-	13,253,375
Operating transfers in	2,450,944	2,403,880	4,854,824
Total Receipts	78,358,367	1,135,694,459	1,214,052,826
Disbursements:			
Operating expenses and financial costs	1,630,489	-	1,630,489
Bond interest expense	-	682,581,022	682,581,022
Principal retirement of bonds payable	-	452,525,000	452,525,000
Cost of issuance	788,990	-	788,990
Operating transfers out	75,907,546	-	75,907,546
Total Disbursements	78,327,025	1,135,106,022	1,213,433,047
Cash Balances, June 30, 2015	\$ 124,353	\$ 604,082	\$ 728,435

Note: Cash balances consist of checking account activity only.

See independent auditors' report and notes to financial statements.

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

AYE: 6

NAY:

ABSTAIN:

ABSENT:

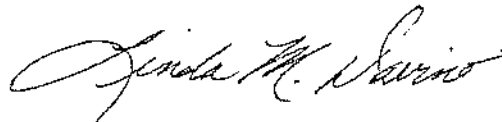
Deputy Commissioner Bertoni declared said motion carried and said resolution adopted.

Mr. Briant asked about the other items on the agenda and Gary Brune pointed out that Agenda Items E – H, which concern the establishment of back up signatories for the Authority to ensure business continuity, were being tabled until a later meeting.

There being no further business coming from the Authority, Deputy Commissioner Joseph Bertoni requested a motion to adjourn the meeting. Public Member Ferreira moved that the December 30, 2015 meeting of the New Jersey Transportation Trust Fund Authority be adjourned and was seconded by Mr. Lalevee.

The December 30, 2015 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 10:10 AM.

Respectfully Submitted,



Linda M. Davino,

Assistant Secretary of the Authority

The motion was seconded by Mr. Lalevee. 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 members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

For the next order of business, Chairperson Richard Hammer requested the consideration of officers to serve the Authority effective through Fiscal Year 2017. Chairperson Hammer requested a nomination for the position of Vice Chairperson to the Board. Chairman Hammer recommended that Mr. Gregory Lalevee serve as Vice Chairperson. Mr. Briant moved the following resolution electing Mr. Gregory Lalevee as Vice Chairperson of the Authority through Fiscal Year 2017:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of Vice Chairperson and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Vice Chairperson;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Mr. Gregory Lalevee to serve in the capacity of Vice Chairperson through Fiscal Year 2017.

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

AYE: 4

NAY:

ABSTAIN:

ABSENT: 1

Chairperson Hammer declared said motion carried and said resolution adopted.

At this time, Mr.Nelson Ferreira joined the meeting.

Next, Chairperson Richard Hammer requested a nomination for the position of Treasurer to the Board and Chairperson Hammer recommended that Anthony Longo, Manager, Office of Public Finance, NJ Department of the Treasury (Designee for the Honorable Ford M. Scudder) serve in the capacity of Treasurer of the Authority through Fiscal Year 2017. Mr.Lalevee moved the following resolution:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of a Treasurer and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Treasurer;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Anthony Longo, Manager, Office of Public Finance, NJ Department of the Treasury, Designee for the Honorable Ford M. Scudder, to serve in the capacity of Treasurer through Fiscal Year 2017.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT: 0

Chairperson Hammer declared said motion carried and said resolution adopted.



At this time, Mr.Nelson Ferreira joined the meeting.

Next, Chairperson Richard Hammer requested a nomination for the position of Treasurer to the Board and Chairperson Hammer recommended that Anthony Longo, Manager, Office of Public Finance, NJ Department of the Treasury (Designee for the Honorable Ford M. Scudder) serve in the capacity of Treasurer of the Authority through Fiscal Year 2017. Mr.Lalevee moved the following resolution:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of a Treasurer and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Treasurer;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Anthony Longo, Manager, Office of Public Finance, NJ Department of the Treasury, Designee for the Honorable Ford M. Scudder, to serve in the capacity of Treasurer through Fiscal Year 2017.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT: 0

Chairperson Hammer declared said motion carried and said resolution adopted.

Next, Chairperson Richard Hammer requested a nomination for the position of Comptroller to the Board and Chairperson Hammer recommended that Samuel Braun, Division of Accounting and Auditing, NJ Department of Transportation, serve in the capacity of Comptroller through Fiscal Year 2017. Mr. Longo moved the following resolution:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of a Comptroller and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Comptroller;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Samuel Braun to serve in the position of Comptroller of the Authority through Fiscal Year 2017.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared said motion carried and said resolution adopted.

Next, Chairperson Richard Hammer requested a nomination for the position of Secretary to the Board and Chairperson Hammer recommended that Linda M. Davino be nominated to serve

as Secretary of the Authority through Fiscal Year 2017. Mr. Briant moved the following resolution:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of a Secretary and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Secretary;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Linda M. Davino to serve in the capacity of Secretary through Fiscal Year 2017.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared said motion carried and said resolution adopted.

Next, Chairperson Richard Hammer requested a nomination for the position of Assistant Secretary to the Board and Chairperson Hammer recommended that Jackie Brown be nominated to serve as Assistant Secretary of the Authority through Fiscal Year 2017. Mr. Longo moved the following resolution:

**WHEREAS**, the Bylaws of the Authority provide for the annual election by the Authority of a Assistant Secretary and such other offices as it shall deem necessary; and

**WHEREAS**, the Authority desires to fill the position of Assistant Secretary;

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority elects Jackie Brown to serve in the capacity of Assistant Secretary through Fiscal Year 2017.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared said motion carried and said resolution adopted.

For the next order of business, Chairperson Richard Hammer asked Gary Brune, TTFA Executive Director, to lead the discussion of a resolution authorizing concurrence with the Financial Policy Review Board's "State of Condition of Transportation Financing Certification for Fiscal Year 2015," a measure which is required by the TTFA statute.

Executive Director Gary Brune stated that the Financial Policy Review Board (FPRB) assessed the three statutorily required elements of the TTFA's financial condition for Fiscal Year 2015 and certified the Authority's adherence to those requirements. The first element concerns whether the TTFA is in compliance with its annual bonding cap. Mr. Brune indicated that the Authority issued a total of \$1.061 billion in bonds in Fiscal Year 2015, including the statutorily-authorized amount of approximately \$735 million as well as \$326 million in bond cap authority

that carried forward from prior fiscal years. The use of the latter exhausted all of the remaining bond cap that was authorized but not used in prior years. Therefore, the TTFA's bond limitation was adhered to in Fiscal Year 2015.

Mr. Brune then noted that the second element the FRPB must assess was whether the amount expended by NJDOT and NJ Transit for "permitted maintenance" in Fiscal Year 2015 exceeded the amount expended in the base period of Fiscal Year 2007, which was \$120,700,000. He stated that the amount programmed and appropriated for permitted maintenance in the Fiscal Year 2015 Transportation Trust Fund Capital Program was just short of \$28 million, and that NJ Transit and the NJDOT expended amounts within the allotment. Thus, the permitted maintenance test was met in Fiscal Year 2015.

Finally, Executive Director Brune indicated that the third element of the FPRB's assessment was whether the combined Transportation Trust Fund Capital Program for NJDOT and NJ Transit exceeded \$1.6 billion. He stated that the program authorization for the Transportation Trust Fund in Fiscal Year 2015 totaled \$1.225 billion. An additional \$375 million was provided by the Port Authority of New York and New Jersey for projects related to the Lincoln Tunnel Access Program, rounding out the State's \$1.6 billion Transportation Capital Plan. Executive Director Brune indicated that the TTFA had not exceeded the required total program size of \$1.6 billion for Fiscal Year 2015.

Mr. Brune concluded by stating that the FPRB found and certified that the TTFA was in compliance with all three statutory requirements.

Chairperson Hammer asked if there were any further discussion and hearing none, then requested a motion to adopt the resolution entitled: "Resolution Authorizing The Authority's

Concurrence With The Financial Policy Review Board's 'State of Condition of Transportation Financing Certification for Fiscal Year 2015.'”

Mr. Briant moved the following Resolution:

**RESOLUTION AUTHORIZING THE AUTHORITY'S CONCURRENCE WITH THE  
FINANCIAL POLICY REVIEW BOARD'S "STATE OF CONDITION OF  
TRANSPORTATION FINANCING CERTIFICATION FOR FISCAL YEAR 2015" IN  
ACCORDANCE WITH SECTION 6 OF L. 2006, C. 3 (C.27:1B-22.2).**

**WHEREAS**, by virtue of the provisions 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 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**, the Financial Policy Review Board (the "FPRB") was created pursuant to Section 6 of L. 2006, c. 3 (C.27:1B-22.2) to assure fiscal discipline through evaluating the financing of transportation and preparing an annual State of Condition of Transportation Financing certification (the "Certification"); and

**WHEREAS**, the FPRB is required to certify that the Authority has complied with the following standards: (a) the bonding limitation as provided in subsection i. of Section 9 of L. 1984, c. 73, as amended (C.27:1B-9); (b) for the fiscal year commencing July 1, 2014, the amount expended from the revenues and other funds of the Authority for permitted maintenance did not exceed the amount expended for permitted maintenance in the fiscal year commencing July 1, 2007; and (c) the total amount authorized to be appropriated from the revenues and other funds of the Authority for project costs did not exceed \$1,600,000,000; and

**WHEREAS**, at its January 28, 2016, meeting the FPRB approved the form of its Statement of Condition of Transportation Financing certification required by Section 6 of L. 2006, c. 3 (C.27:1B-22.2) for Fiscal Year 2015 (the "Certification"), a copy of which is attached to this Resolution as Exhibit A; and

**WHEREAS**, the FPRB further approved the submission of the Certification to the Governor of the State, the State Legislature and the Commissioner of the Department of Transportation as required by Section 6 of L. 2006, c. 3 (C.27:1B-22.2), subject to the Authority's concurrence to the Certification; and

**WHEREAS**, at its October 14, 2016 meeting, the Authority discussed the Certification, and has determined that it is desirable and in the Authority's best interests to concur with the Certification in accordance with Section 6 of L. 2006, c. 3 (C.27:1B-22.2).

**NOW, THEREFORE, BE IT RESOLVED, that**

1. The Authority hereby concurs with the Certification attached hereto as Exhibit A.
2. The Authority hereby authorizes the Executive Director to forward on behalf of the Authority a copy of this Resolution, including Exhibit A, to the FPRB.
3. This Resolution shall take effect upon adoption in accordance with the Act.



**EXHIBIT "A"**

FINANCIAL POLICY REVIEW BOARD

STATE OF CONDITION OF TRANSPORTATION FINANCING CERTIFICATION

REQUIRED BY N.J.S.A. 27:1B-22.2

FOR FISCAL YEAR 2015

I, the Chair of the Financial Policy Review Board (the "Board") hereby certify, on behalf of the Board, as required by N.J.S.A. 27:1B-22.2, that the financing and expenditures of the New Jersey Transportation Trust Fund Authority (the "Authority") adhered to the following standards:

1. The Authority complied with the bonding limitation as provided in subsection i. of Section 9 of L. 1984, c. 73, as amended (C.27:1B-9);
2. For the fiscal year commencing July 1, 2014, the amount budgeted and the amount expended from the revenues and other funds of the Authority for permitted maintenance did not exceed the amount expended for permitted maintenance in the fiscal year commencing July 1, 2007; and
3. The total amount authorized to be appropriated from the revenues and other funds of the Authority for project costs did not exceed \$1,600,000,000.

IN WITNESS WHEREOF, I have hereunto set my hand this 28<sup>th</sup> day of Jan., 2016.

FINANCIAL POLICY REVIEW BOARD

By: 

Name: James A. Crawford

Title: Chair

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

For the next order of business, Chairperson Richard Hammer called upon Steven Petrecca, Associate Deputy Treasurer to lead a discussion of the TTFA's proposed Fiscal Year 2017 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 2017.

Mr. Petrecca stated that the Financial Plan presented to the Board provides both a snapshot of the Trust Fund's past performance and a starting point for Fiscal Year 2017. He noted that historically when the Trust Fund's sources are compared to its uses, the Trust Fund's financial plan shows a \$2.5 billion unfunded "tail." The unfunded tail exists for two reasons: the Trust Fund only funds projects on a cash-needed basis, and the Trust Fund's projects are usually constructed over a period of multiple fiscal years. The \$2.5 billion figure shows that if the Trust Fund were terminated as of June 30, 2016 the Trust Fund would have to come up with \$2.5 billion of funds to cover all projects that have been authorized but not yet been completed. Mr. Petrecca stated the Financial Plan provides for the funding of a portion of the unfunded tail and a portion of the current

fiscal year program. He noted that this was not unusual and was historically done. Mr. Petrecca further noted that the Financial Plan presented to the board assumes the issuance of Grant Anticipation Vehicles, commonly known as Garvees. The proposed Garvees will be issued in an amount to cover the cash needs of the Trust Fund through Fiscal Year 2018. As shown in the Financial Plan, the Garvees would not count against the statutory bonding cap. Finally, Mr. Petrecca stated that the Financial Plan shows the proposed operating budget for the Trust Fund for Fiscal Year 2017.

Chairperson 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 2017 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 2017 FINANCIAL PLAN AND  
AUTHORIZING THE SUBMISSION OF THE FISCAL YEAR 2017 FINANCIAL PLAN  
TO THE COMMISSIONER OF THE DEPARTMENT OF TRANSPORTATION FOR  
SUBMISSION TO THE SENATE, THE GENERAL ASSEMBLY, THE GOVERNOR  
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 Senate and General Assembly, the Governor's Office 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 October 14, 2016, the Authority discussed the proposed financing plan for transportation projects for Fiscal Year 2017 (the "2017 Financial Plan"), attached hereto as Exhibit A (the "Fiscal Year 2017 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 2017 Financial Plan;

**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Authority hereby approves the Fiscal Year 2017 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 2017 Financial Plan, to the Commissioner of the Department of Transportation for submission to the Senate and General Assembly, the Governor and the Financial Policy Review Board.
3. This Resolution shall take effect upon adoption in accordance with the Act.

**EXHIBIT "A"**

**New Jersey Transportation Trust Fund Authority  
Fiscal Year 2017 Financial Plan**

**Plan for Financing NJDOT/NJ TRANSIT  
Capital Program Outlays for Fiscal Year 2017**



**NEW JERSEY  
TRANSPORTATION  
TRUST FUND**

*Prepared by the  
New Jersey Transportation Trust Fund Authority*

*Adopted October, 2016*

Chris Christie, Governor  
Kim Guadagno, Lt. Governor

Richard T. Hammer, Commissioner

## I. Introduction

### New Jersey Transportation Trust Fund Authority's 2017 Financial Plan

The New Jersey Transportation Trust Fund Authority ("NJTTFA" or "Authority") finances the State portion of the capital programs of the New Jersey Department of Transportation ("NJDOT") and New Jersey Transit Corporation ("NJ Transit") as well as the State's Local Aid transportation program. The New Jersey Transportation Trust Fund Authority Act, as amended, N.J.S.A. 27:1B-1 et seq. (the "TTFA Act"), requires the NJTTFA to adopt a Financial Plan which must meet the following requirements:

"The financial plan shall contain an enumeration of the bonds, notes or other obligations of the authority which the authority intends to issue, including the amounts thereof and the conditions therefor. The financial plan shall set forth a complete operating and financial statement covering the authority's proposed operations during the ensuing fiscal year, including amounts of income from all sources, including but not limited to the proceeds of bonds, notes or other obligations to be issued, as well as interest earned. In addition, the plan shall contain proposed amounts to be appropriated and expended, as well as amounts for which the department anticipates to obligate during the ensuing fiscal year for any future expenditures." [N.J.S.A. 27:1B-22d]

In the recent past, the NJTTFA has funded its programs through annual State appropriations of revenues received from the Motor Fuels Tax, Petroleum Gross Receipts Tax and Sales and Use Tax, toll road contributions, investment earnings, and the incurrence of debt. The current legislative reauthorization of the TTFA Act for the issuance of Program Bonds (as defined in the TTFA Act) expired on June 30, 2016. The Fiscal Year 2017 Appropriations Act reflects a continuation of the annual Statewide Transportation Capital Program at \$1.6 billion.

The Fiscal Year 2017 funding mechanism required to support this proposed annual program includes the issuance of Federal Highway Reimbursement Revenue Notes, commonly known as Indirect Garvees. A Garvee is a bond or note issued by a state or through a conduit issuer that is secured by a pledge of Federal Highway Administration Reimbursements. For Indirect Garvees, the issuer submits eligible project expenses to the Federal Highway Administration for reimbursement and a portion of such reimbursements is used to pay debt service on the Indirect Garvees. The TTFA's Fiscal Year 2017 Financial Plan proposes an annual program that mirrors the one set forth in the Fiscal Year 2017 Appropriations Act and can accommodate the anticipated increase in the Statewide Transportation Capital Program for Fiscal Year 2017 resulting from the enactment of the newly-revised TTFA Act.

On Friday October 7, 2016, a revised TTFA Act was passed by the State Legislature, which has not yet been acted upon by the Governor. It provides for an 8-year, \$16.0 billion program, funded by a combination of current revenues (also referred to as pay-as-you-go or "PAYGO") and a \$12.0 billion bonding authorization, both supported by the enactment of an increase in the motor fuels tax and in the petroleum gross receipts tax. The increase in bond authorization is predicated on the passage of a proposed constitutional amendment by the voters at the November 8, 2016 general election. If passed, amounts equivalent to the total collection of motor fuels tax revenues and petroleum gross receipts revenues will be constitutionally dedicated for transportation purposes. If the pending revisions to the TTFA Act are enacted into law, an amendment to the Statewide Transportation Capital Program would need to be adopted by the Legislature to increase the size of the program for Fiscal Year 2017 from \$1.6 billion to \$2 billion.



Fiscal Year 2017 Financial Plan

**II. Prior Years' Results**

The following table summarizes the results of the NJTTFA's operations for Fiscal Years 1985 through 2015 as well as the unaudited results for Fiscal Year 2016:

<b>SUMMARY OF OPERATIONS ( FY 1985 - 2016)</b>			
<b>(DOLLAR AMOUNT IN THOUSANDS)</b>			
<b>DESCRIPTION</b>	<b>1985-2015 ACTUAL</b>	<b>2016 UNAUDITED</b>	<b>THRU 2016 ACTUAL &amp; EST.</b>
<b>Authority Sources:</b>			
Revenue Appropriations	\$ 17,625,895	\$ 1,195,928	\$ 18,821,823
NJ Turnpike (New Contract)	66,000	-	66,000
Prior Year Carryforward	-	83,722	83,722
Build America Bond Tax Credits	190,699	36,089	226,788
Interest Earnings	522,689	1,265	523,954
Net Bond Proceeds	20,388,329	636,233	21,024,562
<b>Total Authority Sources</b>	<b>\$ 38,793,612</b>	<b>\$ 1,953,237</b>	<b>\$ 40,746,849</b>
<b>Authority Uses:</b>			
Program Appropriations	\$ 28,566,100	\$ 1,247,000	\$ 29,813,100
Debt Service (TTF)*	12,239,381	1,176,964	13,416,345
Authority Expenses	25,466	151	25,617
<b>Total Authority Uses</b>	<b>\$ 40,830,947</b>	<b>\$ 2,424,115</b>	<b>\$ 43,255,062</b>
<b>Net Balance</b>	<b>\$ (2,037,335)</b>	<b>\$ (470,878)</b>	<b>\$ (2,508,213)</b>
* 1985 - 2015 actual data includes payments related to NJTTFA financial swaps, all of which were terminated in December, 2011.			

As a measure of the NJTTFA's total operation, the negative \$2.5 billion "net balance" calculation for Fiscal Years 1985 through 2016 in the chart above recognizes that the NJTTFA only issues bonds or notes to meet cash flow obligations, not the full value of capital program appropriations. The "Program Appropriations" calculation reflects the obligation authority that the State Legislature provided to NJDOT/NJ Transit for NJTTFA projects since Fiscal Year 1985. However, the costs of most transportation capital projects are paid out in cash to vendors over a number of years. This is particularly true of large road and bridge construction projects. The NJTTFA only issues bonds for cash outlays that are anticipated in the current year. As a summary of operations, the net calculation of negative \$2.5 billion reflects all spending authority

## Fiscal Year 2017 Financial Plan

(i.e., inception to date) less the total resources that have been provided or generated by the NJTTFA through June 30, 2016.

### **III. New Jersey Transportation Capital Plan**

In early January 2011, Governor Christie released a five-year New Jersey Transportation Capital Plan (the "Plan") to improve the State's transportation infrastructure. The Plan provided annual NJTTFA project authorizations ranging from \$1.224 billion to \$1.247 billion from Fiscal Year 2012 through Fiscal Year 2016 (i.e., \$6.2 billion in total). When combined with \$1.8 billion of funding authorization from the Port Authority of New York and New Jersey ("PANYNJ" or "Port Authority") for the Pulaski Skyway, Route 7/Wittpenn Bridge, and New Road/Portway projects in the Port District, the total Plan authorized approximately \$8 billion of work over the five-year period. The last installment of the total of \$1.8 billion in funding provided by the Port Authority for New York and New Jersey was received in Fiscal Year 2016. Starting in Fiscal Year 2017, the State-funded portion of New Jersey's Transportation Capital Plan will be completely funded by the NJTTFA.

The bonding authorization in the TTFA Act for Program Bonds (as defined in the TTFA Act) was exhausted in Fiscal Year 2016. The Fiscal Year 2017 Appropriations Act reflected a continuation of the annual New Jersey Transportation Capital Program at \$1.6 billion.

As noted above, the pending revisions to the TTFA Act would provide for \$12 billion in total bonding authorization to finance transportation projects beginning in Fiscal Year 2017 through Fiscal Year 2024. If the revised TTFA Act is enacted into law, an amendment to the Statewide Transportation Capital Program would need to be adopted by the Legislature to increase the size of the program for Fiscal Year 2017 from \$1.6 billion to \$2 billion. This Financial Plan is sized and structured to accommodate such an amendment to the Statewide Transportation Capital Program.

The Fiscal Year 2017 funding mechanism required to support this proposed annual plan includes the issuance of Indirect Garvees. The TTFA's Fiscal Year 2017 Financial Plan proposes an annual plan that mirrors the one set forth in the Fiscal Year 2017 Appropriations Act and can accommodate the anticipated increase in the Statewide Transportation Capital Program for Fiscal Year 2017 resulting from the enactment of the newly-revised TTFA Act.

<b>New Jersey Capital Transportation Plan (\$ Millions)</b>	
<b>SOURCES:</b>	<b>FY 17</b>
<b>Total NJTTFA</b>	<b>\$ 2,000.0</b>
<b>Uses:</b>	<b>FY 17</b>
DOT/NJ Transit	\$ 1,600.0
Local Aid	400.0
<b>Total Uses</b>	<b>\$ 2,000.0</b>

As summarized in the chart below, the Fiscal Year 2017 Appropriations Act recommended an appropriation to the NJTTFA of \$1,296.8 million, which represented an increase of \$100.9 million (8.4%) from the amount appropriated in the Fiscal Year 2016 Appropriations Act (\$1,195.9 million). The adjustment column in the table below shows the increased funding that could be accommodated by this Financial Plan in the event the pending revisions to the TTFA

Fiscal Year 2017 Financial Plan

Act are enacted into law and the Legislature amends the Statewide Transportation Capital Program to authorize additional funding up to \$2 billion; total TTF appropriations would increase by \$477.1 million as compared to the Fiscal Year 2017 Appropriations Act, resulting in a total increase of \$578.0 million from Fiscal Year 2016, as shown below.

FY 17 TTF APPROPRIATION					
(\$ MILLIONS)					
	FY 16		FY 17		Change
	Approp.	Approp.	Adjustment	Total	
Motor Fuels Tax	\$ 516.0	\$ 515.0	\$ 828.8	\$ 1,343.8	\$ 827.8
Petroleum Gross Receipts Tax	\$ 215.0	\$ 218.1	\$ -	\$ 218.1	\$ 3.1
Sales & Use Tax	\$ 452.9	\$ 551.7	\$ (351.7)	\$ 200.0	\$ (252.9)
Toll Road Authorities	\$ 12.0	\$ 12.0	\$ -	\$ 12.0	\$ -
<b>TOTAL TTF APPROP.</b>	<b>\$ 1,195.9</b>	<b>\$ 1,296.8</b>	<b>\$ 477.1</b>	<b>\$ 1,773.9</b>	<b>\$ 578.0</b>

#### **IV. Debt Issuances**

##### **A. Debt Issuances - Fiscal Year 2017's Capital Program**

The newly revised TTFA Act allows for the issuance of \$12 billion of Program Bonds between Fiscal Years 2017 and 2024. The NJTTFA plans to issue approximately \$3.27 billion of Federal Highway Reimbursement Revenue Notes, 2016 Series A & B (the "Notes") in October or November of 2016 which will be sufficient to cover both Fiscal Year 2017 and Fiscal Year 2018 project costs. The chart below summarizes the NJTTFA's projected Fiscal Year 2017 cash flows:

Fiscal Year 2017 Financial Plan

<b>FISCAL YEAR 17: STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION</b>		
(\$ Whole)		
Description	<u>Sub-Total</u>	<u>Total</u>
Estimated July 1, 2016 Cash Balance		\$190,000,000
<b>Receipts:</b>		
State Appropriations:		
Motor Fuels Tax	1,343,800,000	
Petroleum Products Tax	218,100,000	
Sales and Use Tax	200,000,000	
Toll Road Authorities Contributions	<u>12,000,000</u>	
<b>Total Appropriations</b>		<b>\$1,773,900,000</b>
Pay-As-You-Go		477,000,000
Interest Income		1,265,000
Bond Proceeds		3,160,000,000
Build America Bonds Tax Credit		<u>36,089,000</u>
<b>Total Receipts</b>		<b>\$3,674,354,000</b>
<b>Disbursements:</b>		
State Transportation Project Costs		1,360,000,000
NJTTFDA Debt Service		1,225,779,000
NJT Certificates of Participation Debt Service		71,051,405
Authority Operating Expenses		<u>925,400</u>
<b>Total Disbursements</b>		<b>\$2,657,755,805</b>
Estimated July 1, 2017 Cash Balance (estimated)		<b>\$2,980,498,195</b>

**B. Constitutional Dedication**

Pursuant to Article VIII, Section II, Paragraph 4 of the New Jersey State Constitution, certain revenues are dedicated to the purposes of paying or financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the transportation system in the State. The State Legislature may not borrow, appropriate or use these amounts or any portion thereof for any other purpose. These constitutionally dedicated revenues include (a) for each State fiscal year commencing on and after July 1, 2007, an amount equivalent to the revenue derived from \$0.105 per gallon from the tax imposed on the sale of motor fuels

## Fiscal Year 2017 Financial Plan

pursuant to Chapter 39 of Title 54 of the Revised Statutes; (b) for the State fiscal year, commencing on July 1, 2000, an amount not less than \$100,000,000 derived from the State revenues collected from the tax imposed on the sale of petroleum products pursuant to P.L. 1990, c. 42 (C. 54:15B-1 et seq.) as amended and supplemented or any other subsequent law of similar effect, and for each State fiscal year thereafter not less than \$200,000,000 from those revenues; and (c) for the State fiscal year commencing July 1, 2001, an amount not less than \$80,000,000 from the State revenue collected from the State tax imposed under the "Sales and Use Tax Act," pursuant to P.L. 1966, c. 30 (C. 54:32B-1 et seq.), as amended and supplemented, or any other subsequent law of similar effect, for the State fiscal year commencing July 1, 2002, an amount not less than \$140,000,000, and in each State fiscal year thereafter an amount not less than \$200,000,000 from those revenues. (Note: Article VIII, Section II, paragraph 4 added effective December 6, 1984; amended effective December 7, 1995, amended effective December 7, 2000, and amended effective December 7, 2006.)

A proposed amendment to Article VIII, Section II, paragraph 4 is before the voters at the general election on November 8, 2016. If passed by the voters, the proposed amendment would dedicate an amount equal to: (1) all revenues derived from the per gallon tax imposed on the sale of motor fuels pursuant to Chapter 39 of Title 54 of the Revised Statutes and (2) all revenues derived from the tax imposed on the sale of petroleum products pursuant to P.L. 1990, c. 42 (C. 54:15B-1 et seq.) as amended and supplemented or any other subsequent law of similar effect.

### C. Credit Ratings

The NJTTFA Federal Highway Reimbursement Revenue Notes, 2016 Series A are expected to be rated "A-" by Fitch Investors Service, "A3" by Moody's Investors Service, and "A+" by Standard & Poor's Corporation. The NJTTFA Federal Highway Reimbursement Revenue Notes, 2016 Series B will not be rated by the rating agencies.

### D. Fiscal Year 2017 Statutory Debt Limit

The planned issuance of Notes does not count against this statutory bonding cap. The TTFA's Fiscal Year 2017 Financial Plan is in compliance with the TTFA Act. If the revised TTFA Act is enacted into law, the Authority's unused statutory debt limit equals \$12.0 billion.

<b>New Jersey Transportation Trust Fund Authority Statutory Debt Limit (\$ Whole)</b>		
<b>Fiscal Year Bonding Credits:</b>		
FY 1996 – 2016		\$ 19,058,300,000
FY 2017		12,000,000,000
<b>Total</b>		<b>\$ 31,058,300,000</b>
<b>Less Authority Bond Issuances:</b>		
FY 1996 – 2016		\$ 19,058,295,715
<b>FY 2017 Unused Debt Limit</b>		<b>\$ 12,000,004,285</b>

## Fiscal Year 2017 Financial Plan

For Fiscal Year 2017, the TTFA's Fiscal Year 2017 Financial Plan assumes that the TTFA will issue a total of approximately \$3.27 billion in new Notes to pay for State transportation projects in Fiscal Year 2017 and Fiscal Year 2018, pay costs of issuance of the Notes, and pay a portion of the interest associated with the Notes.

### E. Official Intent for Federal Income Tax Purposes

For the purpose of permitting the proceeds of NJTTFA bonds to be used to reimburse expenditures paid after the date that this Financial Plan is adopted by the Authority (or within 60 days prior to such date), in accordance with the applicable regulations of the U.S. Treasury Department, this capital plan, upon its adoption by the NJTTFA in accordance with law, shall constitute a declaration of the intent of the Authority to issue obligations, as more fully described in Section IV(A) above, in the expected maximum principal amount of \$3.90 billion, to pay or reimburse expenditures made prior to the date of issuance of such bonds for the costs of the capital program of NJDOT and NJ Transit for Fiscal Year 2017, Fiscal Year 2018, and prior fiscal years.

### V. Fiscal Year 2017 Operating Budget

The NJTTFA estimates the following operating expenses will be required during Fiscal Year 2017. The operating budget, which does not include costs of issuance relating to bond issuances, is funded from the legislative appropriations to the Authority:

<b>Anticipated Operating Expenses (\$ Whole)</b>	
<b>Description</b>	<b>Estimate</b>
Legal Notices	\$ 1,000
Professional Services	75,000
Trustee Service Fees	25,000
Cashflow Model Financial Advisory Services	500,000
Cashflow Model Project Management	274,400
Contingency	50,000
<b>Total</b>	<b>\$ 925,400</b>

### Fiscal Year 2017 Anticipated Bond Issuance Costs

The NJTTFA plans to issue new money bonds to support both Fiscal Year 2017 and Fiscal Year 2018 project expenditures. At the planned \$3.27 billion bonding level, the anticipated bond issuance costs for new money bonds are estimated to be \$12.5 million for underwriting expenses and \$1,000,000 for other costs of issuance such as rating fees, printing fees, financial advisor fees, trustee's fees, bond counsel fees, and trustee's counsel fees.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

For the next item of business, Chairperson Hammer called upon George T. Magnatta, Esq., of Saul Ewing LLP, co-bond counsel to the Authority, to provide an overview regarding the resolution declaring the Authority's intent to issue obligations to pay or reimburse expenditures the costs of State transportation improvements made from sources other than bond proceeds.

Mr. Magnatta stated that under the federal tax law, an issuer who intends to use all or a portion of bond or note proceeds from a tax-exempt issuance to reimburse itself for certain qualifying expenditures paid before the bond or note issuance date must adopt a timely so-called reimbursement resolution. He further stated that the Official Intent Resolution presented to the board would allow certain transportation improvements in an amount not to exceed \$3.9 billion to qualify as reimbursable expenditures under the federal tax laws.

Chairperson Hammer asked if there was any discussion and hearing none, then requested a motion to adopt this resolution of official intent with respect to capital expenditures.

Mr. Briant moved the following Resolution:

## NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

RESOLUTION AND DECLARATION OF OFFICIAL INTENT WITH RESPECT TO CERTAIN TRANSPORTATION IMPROVEMENTS OF THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY FOR THE PURPOSE OF PERMITTING THE PROCEEDS OF OBLIGATIONS WHICH MAY BE ISSUED BY THE AUTHORITY TO BE USED IN CONFORMITY WITH APPLICABLE REGULATIONS OF THE U.S. TREASURY DEPARTMENT TO REIMBURSE EXPENDITURES PAID HEREAFTER (OR WITHIN 60 DAYS PRIOR TO THE DATE HEREOF).

WHEREAS, the New Jersey Transportation Trust Fund Authority (the "Authority") intends to undertake certain transportation improvements, consisting of the planning, acquisition, engineering, construction, reconstruction, repair, resurfacing and rehabilitation of the State of New Jersey's (the "State") transportation system, including, without limitation, the State's share (which may include State advances with respect to any Federal share) under Federal aid highway laws, of the costs of the planning, acquisition, engineering, construction, reconstruction, repair, resurfacing and rehabilitation of transportation system projects in the State (collectively, the "Transportation Improvements") to be located in the State; and

WHEREAS, financing for all or a portion of the costs of the Transportation Improvements is expected to be obtained through the issuance by the Authority of bonds, notes or other obligations in a maximum expected principal amount not exceeding \$3,900,000,000 (the "Obligations"); and

WHEREAS, the Authority has made and may hereafter make expenditures to pay costs of the Transportation Improvements (the "Expenditures"), which Expenditures the Authority intends to reimburse with proceeds of the Obligations; and

WHEREAS, the applicable regulations of the U.S. Treasury Department provide that expenditures paid from sources other than proceeds of obligations may be reimbursed with proceeds of obligations, provided that prior to the expenditures (or not later than 60 days following the expenditures), the issuer of the obligations takes official action declaring its intent to issue obligations to finance the expenditures (including preliminary, pre-construction expenditures which may be financed with up to 20% of the bond proceeds even though paid more than 60 days prior to the date of the declaration of official intent); and

WHEREAS, the Obligations, if and when issued, shall not, in any way, be a debt or liability of the State or of any political subdivision thereof (other than the Authority to the limited extent as may be set forth in a subsequent resolution of the Authority authorizing the



Obligations) and shall not create or constitute an indebtedness, liability or obligation of the State or of any political subdivision thereof (other than the Authority to the limited extent as may be set forth in a subsequent resolution of the Authority authorizing the Obligations) or be or constitute a pledge of the faith and credit of the State or any political subdivision thereof (other than the Authority to the limited extent as may be set forth in a subsequent resolution of the Authority authorizing the Obligations). The Authority has no taxing power.

NOW, THEREFORE, BE IT RESOLVED by the members of the New Jersey Transportation Trust Fund Authority as follows:

1. As used in this Resolution, the terms defined in the recitals shall have the meanings therein set forth.

2. Pursuant to and in accordance with Treasury Regulations Section 1.150-2, the Authority hereby declares the intent of the Authority to issue the Obligations in the expected maximum principal amount not exceeding Three Billion Nine Hundred Million Dollars (\$3,900,000,000) and to use the proceeds of the Obligations to pay or reimburse the Authority for Expenditures for costs of the Transportation Improvements.

3. This Resolution is a declaration of intent only. This Resolution does not authorize the Authority to issue the Obligations, which issuance may only be authorized by subsequent resolution of the Authority adopted in accordance with law.

4. This Resolution shall take effect upon its adoption in accordance with law.

Adopted: October 14, 2016.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

The next item of business was consideration of a resolution authorizing the sale of new money, fixed-rate Federal Highway Reimbursement Revenue Notes, 2016 Series A & B to finance state transportation costs in Fiscal Year 2017 and Fiscal Year 2018. Chairperson Richard Hammer called upon M. Jeremy Ostow, Esq., Co-Bond Counsel, to lead a discussion pertaining to the proposed sale of these notes in accordance with the Federal Highway Reimbursement Note Resolution.

Mr. Ostow stated that the Note Resolution authorizes the issuance of the Authority's Federal Highway Reimbursement Revenue Notes, 2016 Series A and B for the purpose of paying State Transportation System Costs, including capitalized interest on the 2016 Series Notes, and paying costs associated with the issuance of the 2016 Series Notes. He noted that the Resolution authorizes the fixed rate 2016 Series A Notes to be publicly offered and appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated as Senior Managing Underwriter for the 2016 Series A Notes. He further noted that it authorizes the fixed rate 2016 Series B Notes to be sold by direct purchase to Bank of America, N.A. pursuant to a loan agreement. In addition, Mr. Ostow explained that the Resolution authorizes the Authority to execute and deliver a Master Trust Indenture, a First

Supplemental Indenture, a Funding Agreement, a Note Purchase Agreement, a Loan Agreement and a Continuing Disclosure Agreement. Finally, the Resolution authorizes the distribution of the Preliminary Official Statement and the delivery of a final Official Statement for the 2016 Series A Notes.

Chairperson Hammer asked if there was any discussion and hearing none, then requested a motion to adopt the Federal Highway Reimbursement Note Resolution.

Mr. Lalevee moved the following Resolution:

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NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

FEDERAL HIGHWAY REIMBURSEMENT REVENUE NOTE RESOLUTION

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Adopted October 14, 2016

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**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY**  
**FEDERAL HIGHWAY REIMBURSEMENT REVENUE NOTE RESOLUTION**

Adopted October 14, 2016

**W I T N E S S E T H**

**WHEREAS**, the Authority (as hereinafter defined) was established and exists pursuant to the Act (as hereinafter defined); and

**WHEREAS**, the Act provides that there exists an urgent need for a stable and assured method of financing the planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of New Jersey's transportation system and that unless additional State funding is provided immediately for New Jersey's transportation system, the cost of repair and reconstruction will increase geometrically and the economic well-being and safety of users of the State's transportation system will be endangered; and

**WHEREAS**, pursuant to the Act, the Authority has the power, among others, to issue notes in anticipation of the receipt of appropriations, grants, reimbursements or other funds, including without limitation grants from the federal government for federal aid highways or public transportation systems, the principal of or interest on which, or both, shall be payable out of the proceeds of appropriations, grants, reimbursements or other funds, including without limitation grants from the federal government for federal aid highways or public transportation systems, which notes shall not be subject to the bonding limitations as provided in Section 9(i) of the Act; and

**WHEREAS**, in order to provide funds to finance State Transportation System Costs (as hereinafter defined), the Authority expects to issue notes from time to time including, without limitation, Federal Highway Reimbursement Revenue Notes payable from and secured by certain federal highway reimbursement funds received by NJDOT (as defined herein) pursuant to Title 23 of the United States Code (as more specifically described herein, the "Federal Highway Reimbursement Revenues"); and

**WHEREAS**, in order to provide funds to finance eligible projects under Title 23 of the United States Code ("Federal Projects"), the Authority may also issue Federal Highway Grant Anticipation Revenue Notes, payable from and secured by certain federal highway transportation funds received by NJDOT pursuant to Title 23 of the United States Code (as more specifically described herein, the "Federal Highway Grant Revenues"); and

**WHEREAS**, pursuant to the authority granted to the Authority under the Act, the Authority now wishes to authorize the issuance of Federal Highway Reimbursement Revenue Notes in one or more Series (as more particularly described herein, the "2016 Series Notes") in order to pay State Transportation System Costs, including capitalized interest on the 2016 Series Notes as hereinafter provided, and to pay costs associated with the issuance of the 2016 Series Notes, and to authorize other actions in connection therewith, all as hereinafter set forth.

**NOW, THEREFORE, BE IT RESOLVED** by the Members of the New Jersey Transportation Trust Fund Authority as follows:

ARTICLE I  
AUTHORITY AND DEFINITIONS

1.1. Authority for this Note Resolution.

This Federal Highway Reimbursement Revenue Note Resolution (the "Note Resolution") is adopted pursuant to the provisions of the Act.

1.2. Definitions.

All capitalized terms used herein and not otherwise defined shall have the same meanings, respectively, in this Note Resolution as such terms are given in the Master Trust Indenture authorized to be executed and delivered by the Authority pursuant to Section 2.1.

In addition, in this Note Resolution, the following terms shall have the meanings set forth below:

"Act" means the New Jersey Transportation Trust Fund Authority Act of 1984, constituting Chapter 73, Laws of New Jersey of 1984, as heretofore or hereafter from time to time amended and supplemented.

"Authority" means the New Jersey Transportation Trust Fund Authority, a public body corporate and politic created and existing under and by virtue of the Act, and any board, body, authority, agency, political subdivision or other instrumentality of the State which shall hereafter succeed to the powers, duties and functions thereof.

"Authorized Authority Representative" means the Chairperson of the Authority, the Vice Chairperson of the Authority, the Executive Director of the Authority or the Treasurer of the Authority.

"Bank" means Bank of America, N.A. and/or any affiliate of Bank of America, N.A., and their respective successors and permitted assigns.

"Bank Loan" means the loan to be made by the Bank to the Authority pursuant to the terms of the Bank Loan Agreement.

"Bank Loan Agreement" shall have the meaning given to such term in Section 3.7(b).

"Bond Counsel" means M. Jeremy Ostow, Esq. and Saul Ewing LLP, acting as co-bond counsel to the Authority, or any other attorney or firm of attorneys selected from time to time by the Authority having recognized standing and expertise in the field of law relating to municipal finance and whose legal opinions are generally accepted by purchasers of municipal obligations.

"DTC" means The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, in its capacity as securities depository for the 2016 Series Notes.

"First Supplemental Indenture" means the First Supplemental Trust Indenture(s) to be executed and delivered by the Authority and the Trustee as authorized pursuant to Section 2.2.

**“Funding Agreement”** means the Funding Agreement to be executed by the Authority and the Commissioner as authorized pursuant to Section 2.3.

**“Indenture”** means the Master Trust Indenture, as amended and supplemented, including by the First Supplemental Indenture.

**“Master Trust Indenture”** means the Master Trust Indenture to be executed and delivered by the Authority and the Trustee as authorized pursuant to Section 2.1.

**“Maximum Rate”** means, with respect to the 2016 Series B Notes, twelve percent (12%) per annum; provided, however, that in no event shall the Maximum Rate exceed the maximum rate permitted by any applicable usury or similar law.

**“NJDOT”** means the New Jersey Department of Transportation.

**“Note Purchase Contract”** means the Note Purchase Contract to be executed and delivered by the Authority and the Senior Managing Underwriter, as representative of the Underwriters, as authorized pursuant to Section 3.6(b).

**“Redemption Price”** means, with respect to any 2016 Series Note, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to such Note or the Indenture.

**“Rule 15c2-12”** means Rule 15c2-12 promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented.

**“Senior Managing Underwriter”** means Merrill Lynch, Pierce, Fenner & Smith Incorporated in its capacity as the senior managing underwriter for the 2016 Series A Notes.

**“2016 Series Notes”** means, collectively, the 2016 Series A Notes and the 2016 Series B Notes.

**“2016 Series A Notes”** means New Jersey Transportation Trust Fund Authority Federal Highway Reimbursement Revenue Notes, 2016 Series A, authorized pursuant to Section 3.2, in an aggregate principal amount which, together with the aggregate principal amount of the 2016 Series B Notes, shall not exceed \$3,900,000,000. In the event that an Authorized Authority Representative shall determine to issue the 2016 Series A Notes in more than one Series as provided in Section 3.4, the term “2016 Series A Notes” shall be deemed to refer to each such additional Series.

**“2016 Series B Notes”** means New Jersey Transportation Trust Fund Authority Federal Highway Reimbursement Revenue Notes, 2016 Series B, authorized pursuant to Section 3.3, in an aggregate principal amount which, together with the aggregate principal amount of the 2016 Series A Notes, shall not exceed \$3,900,000,000. In the event that an Authorized Authority Representative shall determine to issue the 2016 Series B Notes in more than one Series as provided in Section 3.4, the term “2016 Series B Notes” shall be deemed to refer to each such additional Series.

**“State”** means the State of New Jersey.



**“State Attorney General”** means the Attorney General of the State.

**“State Transportation System Costs”** means any and all purposes for which the Authority is authorized to issue Notes and Subordinate Debt pursuant to the Act.

**“Tax-Exempt Notes”** means any Notes the interest on which is, in an unqualified opinion of Bond Counsel rendered simultaneously with the issuance and delivery of such Notes, to be excludable from the gross income of the owners thereof for federal income tax purposes.

**“Trustee”** means U.S. Bank National Association, a national banking association, and its successors and permitted assigns, or any other entity appointed pursuant to Section 4.1, as Trustee under the Indenture.

**“Underwriters”** means, with respect to the 2016 Series A Notes, the underwriters named in the Note Purchase Contract for the Series 2016 Series A Notes pursuant to Section 3.6.

Unless expressly provided to the contrary, all Article and section references are to the Articles and sections of this Note Resolution.

## ARTICLE II

### AUTHORIZATION OF MASTER TRUST INDENTURE

#### 2.1. Authorization of Master Trust Indenture.

In order to provide for the issuance of Federal Highway Reimbursement Revenue Notes, including the 2016 Series Notes, and for the issuance in the future of Federal Highway Grant Anticipation Notes, if the Authority elects to issue such Notes, the Master Trust Indenture, in substantially the form presented to this meeting, is hereby approved for execution by the Authority, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate. An Authorized Authority Representative, with the advice of Bond Counsel and the State Attorney General, is hereby authorized and directed to execute and deliver the Master Trust Indenture on or prior to the date of issuance of the first Series of 2016 Series Notes.

#### 2.2. Authorization of Form of First Supplemental Indenture.

The form of the First Supplemental Indenture presented to this meeting, is hereby approved for execution by the Authority, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate. In order to make certain determinations and other actions relating to the issuance of each Series of the 2016 Series Notes as hereinafter provided, an Authorized Authority Representative, with the advice of Bond Counsel and the State Attorney General, is hereby authorized and directed to execute and deliver the First Supplemental Indenture to be dated not later than the date of issuance of the first Series of 2016 Series Notes. If an Authorized Authority Representative, in consultation with Bond Counsel and the State Attorney General's Office, so determines, separate Supplemental Indentures may be executed and delivered in respect of different Series of 2016 Series Notes. In such event, the term “First

Supplemental Indenture" as used in this Note Resolution shall be deemed to refer to each such separate Supplemental Indenture with respect to the Series to which such Supplemental Indenture relates.

### **2.3. Authorization of Funding Agreement.**

In order to secure and provide a source of payment for the 2016 Series Notes, the Funding Agreement, in substantially the form presented to this meeting, is hereby approved for execution by the Authority, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate. An Authorized Authority Representative, with the advice of Bond Counsel and the State Attorney General, is hereby authorized and directed to execute and deliver the Funding Agreement to be dated not later than the date of issuance of the first Series of 2016 Series Notes.

## **ARTICLE III AUTHORIZATION OF 2016 SERIES NOTES**

### **3.1. Maximum Principal Amount, Designation, Series and Other Details.**

Pursuant to the provisions of the Act and the Indenture, one or more Series of Federal Highway Reimbursement Revenue Notes entitled to the benefit, protection and security of such provisions are hereby authorized to be issued in an aggregate principal amount not exceeding \$3,900,000,000. The 2016 Series Notes of each Series shall be designated as "Federal Highway Reimbursement Revenue Notes, 2016 Series \_\_\_." The 2016 Series Notes of each Series may also be issued and sold in one or more sub-Series as may be provided in the Series 2016 Supplemental Indenture.

### **3.2. 2016 Series A Notes.**

The 2016 Series A Notes shall be publicly offered as hereinafter provided. The 2016 Series A Notes shall be issued as Tax-Exempt Notes, shall be dated as of such date, shall mature on such dates and in such principal amounts, shall bear interest from their date at such fixed rate or rates payable on such dates, and shall be subject to redemption prior to maturity on such terms and conditions, as shall be determined by an Authorized Authority Representative in the First Supplemental Indenture; provided, however, that in no event shall (i) the final maturity of any Series of the 2016 Series A Notes be later than twenty (20) years after the date of the original issuance and delivery of such Series of the 2016 Series Notes, and (ii) the maximum true interest cost on the 2016 Series A Notes shall not exceed seven and one-half percent (7.50%) per annum; and (iii) the Redemption Price for any 2016 Series A Note shall not exceed one hundred three percent (103%) of the principal amount of such 2016 Series A Note.

### **3.3. 2016 Series B Notes.**

The 2016 Series B Notes shall be sold in a negotiated direct sale to the Bank as hereinafter provided. The 2016 Series B Notes shall be issued as Tax-Exempt Notes, shall be dated as of such date, shall mature on such dates and in such principal amounts, shall bear interest from their date at such fixed rate or rates, subject to adjustment as provided in the Bank Loan Agreement, payable on such dates, and shall be subject to redemption prior to maturity on such terms and conditions, as shall be determined by an Authorized Authority Representative in

the First Supplemental Indenture; provided, however, that in no event shall (i) the final maturity of any Series of the 2016 Series Notes be later than twenty (20) years after the date of the original issuance and delivery of such Series of the 2016 Series Notes, and (ii) the initial true interest cost on the 2016 Series B Notes shall not exceed seven and one-half percent (7.50%) per annum, subject to adjustment as provided in the Bank Loan Agreement, provided, however, that the maximum rate or default rate payable on such 2016 Series B Notes pursuant to the terms of the Bank Loan Agreement shall not exceed the Maximum Rate; and (iii) the Redemption Price for any 2016 Series B Note shall not exceed one hundred three percent (103%) of the principal amount of such 2016 Series B Note; provided further that the Redemption Price of any 2016 Series B Note subject to optional redemption by the Authority pursuant to a "make-whole" provision may exceed one hundred three percent (103%) of the principal amount of such 2016 Series B Note if so determined by an Authorized Authority Representative in the First Supplemental Indenture.

#### **3.4. Additional Series of 2016 Series Notes.**

If an Authorized Authority Representative, in consultation with Bond Counsel and the State Attorney General, so determines, each of the 2016 Series A Notes and the 2016 Series B Notes may be issued in more than one Series, and each such Series may be sold and issued on separate dates, provided that the maximum aggregate principal amount of all 2016 Series Notes issued under this Note Resolution shall not exceed amount set forth in Section 3.1, and the final maturity, the stated interest rate per annum and Redemption Prices of any such additional Series shall be in compliance with the requirements of Sections 3.2 or 3.3, as applicable. For all purposes of this Note Resolution, the terms "2016 Series A Notes" and "2016 Series B Notes" shall be deemed to apply to any such additional Series issued pursuant to this Section 3.4. Any such Series issued after December 31, 2016 shall be designated as "Federal Highway Reimbursement Revenue Notes, 2017 Series \_\_\_."

#### **3.5. Purpose.**

The 2016 Series Notes shall be issued pursuant to the Indenture for the purposes of (a) paying State Transportation System Costs, including capitalized interest on the 2016 Series Notes for a period not exceeding thirty (30) months from the date of issuance and delivery thereof, and (b) paying costs associated with the issuance of the 2016 Series Notes.

#### **3.6. Authorization of Negotiated Sale of 2016 Series A Notes; Appointment of Parties; Approval of Purchase Contract; Selection of Manager and Underwriters.**

(a) In accordance with Executive Order No. 26 (Whitman 1994) ("Executive Order No. 26"), the Authority hereby determines to sell the 2016 Series A Notes pursuant to a negotiated public offering and sale and finds that a negotiated sale is permissible as a result of the complex financing structure, large issue size and volatile interest rate conditions. Upon recommendation of the Treasurer based upon the Department of the Treasury's ("Treasury") competitive RFP process and in accordance with Executive Order No. 26, the Authority hereby appoints Merrill Lynch, Pierce, Fenner & Smith Incorporated as Senior Managing Underwriter in connection with the 2016 Series A Notes herein authorized and, upon recommendation of the Treasurer based upon Treasury's competitive RFP process and in accordance with Executive Order No. 26, an Authorized Authority Representative is hereby authorized to select additional co-senior managers and co-managers for the 2016 Series A Notes. All such appointment(s) shall be evidenced by the execution of the Note Purchase Contract.

(b) The purchase of the 2016 Series A Notes by the Underwriters and the sale of the 2016 Series A Notes by the Authority to the Underwriters shall be subject to the execution by the Authority and the Senior Managing Underwriter, as representative of the Underwriters, of a Note Purchase Contract for the 2016 Series A Notes in substantially the form presented to this meeting. The Note Purchase Contract, in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from such form as may be necessary or appropriate. The Authorized Authority Representatives are each hereby authorized and directed, in consultation with Bond Counsel and the State Attorney General, to negotiate the terms of the Note Purchase Contract, to be dated the date of sale of the 2016 Series A Notes; provided, however, that (i) the amount of the compensation to be paid to the Underwriters shall not exceed \$7.00 per \$1,000.00 of the 2016 Series A Notes, and (ii) the aggregate principal amount, the final maturity date or dates, the stated interest rate or rates and the redemption price of the 2016 Series A Notes shall not exceed the limitations set forth in Sections 3.1 and 3.2.

**3.7. Authorization of Direct Sale of 2016 Series B Bonds; Selection of Bank; Determinations under Executive Order No. 26; Approval of Bank Loan Agreement.**

(a) In accordance with Executive Order No. 26, the Authority hereby determines to sell the 2016 Series B Notes pursuant to a negotiated direct sale and finds that a negotiated sale is permissible as a result of the complex financing structure, large issue size and volatile interest rate conditions. Upon recommendation of the Treasurer based upon Treasury's competitive RFP process and in accordance with Executive Order No. 26, the Authority hereby approves the selection of the Bank, as the provider of the Bank Loan in connection with the 2016 Series B Notes.

(b) The selection of the Bank as provider of the Bank Loan, the making of the Bank Loan and the issuance and delivery of the 2016 Series B Notes by the Authority to the Bank to evidence such Bank Loan shall be subject to the execution by the Authority and the Bank of a Bank Loan Agreement (the "Bank Loan Agreement") in substantially the form presented to this meeting. The Bank Loan Agreement, in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from such forms as may be necessary or appropriate. The Authorized Authority Representatives are each hereby authorized and directed, in consultation with Bond Counsel and the State Attorney General, to negotiate the terms of the Bank Loan Agreement. The Authorized Authority Representatives are, and each such Authorized Authority Representative is, hereby authorized and directed to approve the terms of the Bank Loan Agreement relating to the issuance of such 2016 Series B Notes and to execute and deliver such Bank Loan Agreement to the Bank, provided that the provisions of such Bank Loan Agreement are acceptable to counsel to the Authority (including Bond Counsel and the State Attorney General) and the aggregate principal amount, interest rate and final maturity date of such 2016 Series B Notes shall not exceed the limitations set forth in Sections 3.1 and 3.3.

**3.8. Approval of the Preliminary Official Statement.**

A Preliminary Official Statement (the "Preliminary Official Statement") relating to the sale of the 2016 Series A Notes, in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Representative is hereby authorized, with the

advice of Bond Counsel and the State Attorney General, to make such changes, insertions or deletions to and omissions from the form of the Preliminary Official Statement, as may be necessary or appropriate with respect to the 2016 Series A Notes. An Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to execute and deliver a certificate, or to include a provision in the Note Purchase Contract, that "deems final" the Preliminary Official Statement relating to the 2016 Series A Notes pursuant to the provisions of Rule 15c2-12, and such certificate or provision relating thereto shall be in a form acceptable to Bond Counsel and the State Attorney General.

### **3.9. Authorization of the Printing and Distribution of the Preliminary Official Statement.**

The printing and distribution, via electronic medium, in addition to or in lieu of physical, printed medium, of the Preliminary Official Statement by an Authorized Authority Representative in connection with the sale of the 2016 Series A Notes, with such changes, insertions, deletions and omissions in such Preliminary Official Statement as the Authorized Authority Representative printing and distributing the same shall approve, with the advice of Bond Counsel and the State Attorney General, is hereby authorized. Any Authorized Authority Representative is further authorized and directed to take all such other actions as such Authorized Authority Representative shall deem necessary or desirable to effect the issuance and sale of the 2016 Series A Notes.

### **3.10. Approval of Continuing Disclosure Agreement.**

A Continuing Disclosure Agreement (the "Continuing Disclosure Agreement") relating to the sale of the 2016 Series A Notes in substantially the form presented to this meeting, is hereby approved, provided that an Authorized Authority Representative is hereby authorized, with the advice of Bond Counsel and the State Attorney General, to make such changes, insertions and deletions to and omissions from the form of the Continuing Disclosure Agreement as may be necessary or appropriate with respect to the 2016 Series A Notes. The Authorized Authority Representatives are hereby authorized and directed, with the advice of the Bond Counsel and State Attorney General, to enter into and execute the Continuing Disclosure Agreement with the Trustee, as dissemination agent, relating to the 2016 Series A Notes and to execute such documents and instruments relating to continuing disclosure as may be necessary or desirable to enable brokers, dealers and municipal securities dealers to comply with Rule 15c2-12.

### **3.11. Additional Proceedings.**

As additional proceedings of the Authority in connection with the sale, issuance and delivery of each Series of the 2016 Series Notes hereby authorized, there is hereby delegated to the Authorized Authority Representatives the power to take the following actions and make the following determinations as to each Series of the 2016 Series Notes by executing and delivering the First Supplemental Indenture(s):

(a) To determine, subject to the provisions of this Note Resolution, the appropriate Series designations, respective principal amounts, the interest rate or rates, the dated dates, the interest and principal payment and maturity dates, the denomination or denominations and the redemption provisions of each Series of the 2016 Series Notes, and any other provisions necessary to comply with the Master Trust Indenture or deemed necessary or advisable by such Authorized Authority Representative and which provisions are not in conflict with or in

substitution for the provisions of the Master Trust Indenture, this Note Resolution or the Act; provided that the aggregate principal amount, the final maturity date or dates, the maximum true interest cost, in the case of the 2016 Series A Notes, or maximum initial true interest cost, in the case of the 2016 Series B Notes, and the Redemption Price of such Series of the 2016 Series Notes do not exceed the limitations set forth in Sections 3.1, 3.2 and 3.3.

(b) To acknowledge receipt of prior approval letters of the Governor of the State (the "Governor") and the Treasurer as required by Section 9(a) of the Act approving the adoption by the Authority of this Note Resolution and the issuance of the 2016 Series Notes.

(c) To file with the Trustee copies of this Note Resolution, the Master Trust Indenture, the First Supplemental Indenture and the Funding Agreement, each certified by an Authorized Authority Representative, along with an opinion of Bond Counsel, which filing is required by Section 206 of the Master Trust Indenture.

(d) With respect to the 2016 Series A Notes, to execute a final Official Statement of the Authority, dated the date of sale of the 2016 Series A Notes, substantially in the form of the Preliminary Official Statement, with such insertions, revisions, deletions and omissions as may be authorized by the Authorized Authority Representative executing the same, with the advice of Bond Counsel and the State Attorney General, and to deliver such final Official Statement to the Underwriters, in hard copy and/or electronic format, and to authorize the use of such final Official Statement and the information contained therein in connection with the offering and sale of the 2016 Series A Notes.

(e) To determine the application of the proceeds of each Series of the 2016 Series Notes in accordance with the provisions of Section 3.5.

(f) To purchase one or more policies of municipal bond insurance with respect to any or all of the 2016 Series Notes of either Series if an Authorized Authority Representative determines that such policy or policies of municipal bond insurance are necessary or desirable to achieve the economic objectives of the Authority, to include in the First Supplemental Indenture such provisions relating to the municipal bond insurance policy or policies as such Authorized Authority Representative, with the advice of Bond Counsel and the State Attorney General, deems appropriate and to include on the form of any 2016 Series Note which is insured by a municipal bond insurance policy a statement of insurance in the form requested by the issuer of such municipal bond insurance policy. The cost of any such policy or policies of municipal bond insurance may be paid from the proceeds of the 2016 Series Notes.

(g) To select and appoint a firm, through a competitive RFP process, to serve as bidding agent to solicit bids to enter into or purchase Investment Securities with the proceeds from each Series of the 2016 Series Notes in the event that such Authorized Authority Representative determines that it is advantageous to the Authority to invest any proceeds of such Series of the 2016 Series Notes in such Investment Securities.

(h) In connection with any of the transactions authorized by this Note Resolution, to make such amendments, modifications and revisions to this Note Resolution prior to or simultaneously with the issuance of any Series of the 2016 Series Notes as (i) may be requested by any Rating Agency in connection with obtaining a rating on any Series of the 2016 Series Notes from such Rating Agency, (ii) may be requested by the issuer of any municipal bond insurance policy in connection with obtaining a municipal bond insurance policy for any of the 2016 Series Notes or (iii) such Authorized Authority Representative may determine, in

consultation with the the State Attorney General and Bond Counsel, are necessary or advisable in order to (1) reflect the actual provisions of the Master Trust Indenture that shall be applicable to any Series of the 2016 Series Notes or (2) facilitate the issuance and sale of any Series of the 2016 Series Notes; provided, however, that (A) the provisions of Sections 3.1, 3.2 and 3.3 relating to the maximum aggregate principal amount, maximum true interest cost, in the case of the 2016 Series A Notes, or maximum initial true interest cost, in the case of the 2016 Series B Notes, final maturity date or dates and Redemption Price of the 2016 Series Notes shall not be so amended, modified or revised, and (B) no such amendments, modifications or revisions shall be inconsistent with the provisions of the Master Trust Indenture.

(i) To authorize the electronic posting of the Official Statement on the State's website, upon the request of the Treasurer or his designee.

(j) To make such other determinations, to execute such other documents, instruments and papers and to do or refrain from doing such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, each Series of the 2016 Series Notes and which are not inconsistent with the provisions of this Note Resolution, the Master Trust Indenture or the Act.

(k) To prepare, execute and submit an application for one or more ratings by the Rating Agencies for any Series of the 2016 Series Notes, and to include in the First Supplemental Indenture such provisions relating to the rating(s) as an Authorized Authority Representative, with the advice of Bond Counsel and the State Attorney General, deems appropriate. The cost of any such rating(s) may be paid from the proceeds of the 2016 Series Notes.

(l) To submit an excerpt of the minutes of the meeting of the Authority at which this Note Resolution was adopted to the Governor as required pursuant to Section 4(g) of the Act, and to receive, on behalf of the Authority, an approval letter from the Governor, if delivered to the Authority, of said excerpt as it relates to all actions taken by the Authority in connection with the issuance and sale of the 2016 Series Notes.

(m) To sell and/or issue the 2016 Series Notes on one or more dates,

(n) To negotiate, execute, deliver and perform the Purchase Contract(s) in connection with the negotiated sale of the related 2016 Series A Notes and to negotiate, executed, deliver and perform the Bank Loan Agreement(s) in connection with the negotiated direct sale of the related 2016 Series B Notes.

Any and all actions heretofore taken by the Authorized Authority Representatives in connection with the issuance of the 2016 Series Notes are hereby ratified. All matters determined by an Authorized Authority Representative under the authority of this Note Resolution shall constitute and be deemed matters incorporated into this Note Resolution and approved by the Authority, and whenever an Authorized Authority Representative is authorized, directed or delegated the power to take or refrain from taking any action pursuant to this Note Resolution with or upon the advice, consent or consultation with or by any other person, agency, office or official, a certificate of such Authorized Authority Representative may be relied upon as being determinative that such advice, consultation or consent has in fact occurred and that such actions or omissions of the Authorized Authority Representative are valid and binding.

### 3.12. Denomination, Numbers and Letters.

Each Series of the 2016 Series Notes shall be issued in fully registered form in the denominations as set forth in the First Supplemental Indenture. Unless the Authority shall otherwise direct, each Series of the 2016 Series Notes shall be lettered and numbered from one upward preceded by the letter "R" prefixed to the number. Subject to the provisions of the Indenture, the form of the 2016 Series Notes and the Trustee's Certificate of Authentication thereon shall be substantially in the form set forth in Exhibit A-1 of the Master Trust Indenture.

### 3.13. Book-Entry Only System.

1. Except as provided in subparagraph (3) of this Section 3.13, the registered Holder of all of the 2016 Series Notes shall be, and the 2016 Series Notes shall be registered in the name of, Cede & Co., as nominee of DTC. With respect to the 2016 Series Notes for which Cede & Co. shall be the registered Holder, payment of interest on such 2016 Series Notes shall be made by wire transfer of same day funds to the account of Cede & Co. on the Interest Payment Dates for the 2016 Series Notes at the address indicated for Cede & Co. in the registration books of the Authority kept by the Trustee, as Bond Registrar.

2. The 2016 Series Notes of each Series shall be initially issued in the form of a separate fully registered note in the amount of each separate maturity. Upon initial issuance, the ownership of each such 2016 Series Note shall be registered on the registration books of the Authority kept by the Trustee in the name of Cede & Co. With respect to 2016 Series Notes so registered in the name of Cede & Co., the Authority and the Trustee shall have no responsibility or obligation to any DTC participant, indirect DTC participant, or any beneficial owner of a 2016 Series Note. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC participant or indirect DTC participant with respect to any beneficial ownership interest in a 2016 Series Note, (ii) the delivery to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any notice with respect to a 2016 Series Note, or (iii) the payment to any DTC participant, indirect DTC participant, beneficial owner or any other person, other than DTC or Cede & Co., of any amount with respect to the principal of, redemption premium, if any, or interest on a 2016 Series Note. The Authority and the Trustee may treat DTC as, and deem DTC to be, the absolute registered Holder of each 2016 Series Note for the purpose of (i) payment of the principal of, redemption premium, if any, and interest on each such 2016 Series Note, (ii) giving notices with respect to the 2016 Series Note, (iii) registering transfers with respect to a 2016 Series Note and (iv) for all other purposes whatsoever. The Trustee shall pay the principal of, redemption premium, if any, and interest on each 2016 Series Note only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to such principal and interest to the extent of the sum or sums so paid. No person other than DTC shall receive a 2016 Series Note evidencing the obligation of the Authority to make payments of principal and interest thereon pursuant to this Note Resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions hereof, the words "Cede & Co." in this Note Resolution shall refer to such new nominee of DTC.

3. (a) DTC may determine to discontinue providing its services with respect to a particular Series of the 2016 Series Notes at any time by giving written notice to the



Authority and discharging its responsibilities with respect thereto under applicable law. Upon receipt of such notice, the Authority shall promptly deliver a copy of same to the Trustee.

(b) The Authority, (i) in its sole discretion and without the consent of any other person, may discontinue the use of book-entry-only transfer through DTC (or a successor securities depository) with respect to a particular Series of the 2016 Series Notes, in which event certificates for such 2016 Series Notes shall be printed and delivered to DTC, and (ii) shall terminate the services of DTC with respect to a particular Series of the 2016 Series Notes upon receipt by the Authority and the Trustee of written notice from DTC to the effect that DTC has received written notice from DTC participants or indirect DTC participants having interests, as shown in the records of DTC, in an aggregate principal amount of not less than fifty percent (50%) of the aggregate principal amount of the then Outstanding 2016 Series Notes of such Series to the effect, that (A) DTC is unable to discharge its responsibilities with respect to such 2016 Series Notes or (B) a continuation of the requirement that all of the Outstanding 2016 Series Notes of such Series be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the 2016 Series Notes of such Series.

(c) Upon the termination of the services of DTC with respect to the 2016 Series Notes of a Series pursuant to subsection 3.13(3)(b)(ii)(A) hereof, or upon the discontinuance or termination of the services of DTC with respect to the 2016 Series Notes of such Series pursuant to subsection 3.13(3)(a) or 3.13(3)(b)(ii)(B) hereof, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Authority, is willing and able to undertake such functions upon reasonable and customary terms, such 2016 Series Notes shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names the Holders of such 2016 Series Notes transferring or exchanging such 2016 Series Notes shall designate, in accordance with the provisions of the Indenture. Upon the determination by any party authorized herein that the 2016 Series Notes of such Series shall no longer be limited to book-entry only form, the Authority shall immediately advise the Trustee in writing of the procedures for transfer of such 2016 Series Notes from such book-entry only form to a fully registered form.

4. Notwithstanding any other provision of this Note Resolution to the contrary, so long as any 2016 Series Note is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of, redemption premium, if any, and interest on, and all notices with respect to, such 2016 Series Note shall be made and given, respectively, to DTC as provided in the Letter of Representations of the Authority and the Trustee, addressed to DTC, with respect to the applicable Series of 2016 Series Notes.

5. In connection with any notice or other communication to be provided to Holders of the 2016 Series Notes of any Series pursuant to the Indenture by the Authority or the Trustee with respect to any consent or other action to be taken by such Holders, the Authority or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than fifteen (15) calendar days in advance of such record date to the extent possible.

6. The Authority hereby authorizes the Treasurer, by and on behalf of the Authority, and in consultation with an Authorized Authority Representative, to determine from time to time, subject to confirmation and ratification by the Authority, whether or not it is

advisable for the Authority to continue the book-entry system or to replace DTC with another qualified securities depository as successor to DTC.

### **3.14. Application of Proceeds of the 2016 Series Notes.**

The proceeds of each Series of the 2016 Series Notes shall be applied as set forth in the First Supplemental Indenture, subject to the following provisions:

(a) In the event an Authorized Authority Representative determines to purchase one or more policies of municipal bond insurance and/or commitments for municipal bond insurance as authorized pursuant to Section 3.11(f), there shall be sent by wire transfer directly from the Senior Managing Underwriter to the provider of such policy or policies of municipal bond insurance, an amount as shall be specified in the First Supplemental Indenture constituting the premium for such policy or policies;

(b) There shall be established pursuant to the First Supplemental Indenture, a Cost of Issuance Account within the Costs of Issuance Fund established under the Master Trust Indenture for each Series of the 2016 Series Notes, provided that a single Costs of Issuance Account may be established for one or more Series that are issued on the same date. There shall be deposited into each such Series 2016 Cost of Issuance Account such amount as shall be set forth in the First Supplemental Indenture to be applied to the payment of costs of issuance of the 2016 Series Notes;

(c) There shall be established pursuant to the First Supplemental Indenture, a 2016 Series A Debt Service Account, a 2016 Series A Capitalized Interest Account, a 2016 Series B Debt Service Account and a 2016 Series B Capitalized Interest Account within the Indirect GARVEE Debt Service Fund established under the Master Trust Indenture. There shall be deposited in the 2016 Series A Capitalized Interest Account and the 2016 Series B Capitalized Interest Account such amounts, if any, as shall be set forth in the First Supplemental Indenture, to be applied to pay capitalized interest on such Series of the 2016 Series Notes through and including the date set forth in the First Supplemental Indenture, subject to the limitation set forth in Section 3.5; and

(d) There shall be established pursuant to the First Supplemental Indenture, a special subaccount to be known as the "2016 Series Note Proceeds Subaccount" in the Indirect GARVEE Construction Account of the Construction Fund established under the Master Trust Indenture. There shall be deposited into such subaccount within the Indirect GARVEE Construction Account such amount as set forth in the First Supplemental Indenture to be applied to the payment of State Transportation System Costs.

## **ARTICLE IV MISCELLANEOUS**

### **4.1. Appointment of Fiduciaries.**

U.S. Bank National Association, a national banking association, having a corporate trust office in Morristown, New Jersey, is hereby appointed as Trustee and Paying Agent under the Indenture. In the event that U.S. Bank National Association shall fail to accept its appointment as such Trustee and Paying Agent for any reason, and Authorized Authority Representative is hereby authorized to appoint another entity meeting the requirements set forth in the Master Trust Indenture.

**4.2. Registration or Qualification of Bonds Under Blue Sky Laws of Various Jurisdictions.**

The Authorized Authority Representatives are authorized and directed on behalf of the Authority to take any and all action which they deem necessary or advisable in order to effect the registration or qualification (or exemption therefrom) of each Series of the 2016 Series Notes for issue, offer, sale or trade under the blue sky or securities laws of any of the states of the United States of America and in connection therewith to execute, acknowledge, verify, deliver, file or cause to be published any applications, reports (except consents to service of process in any jurisdiction outside the State) and other papers and instruments which may be required under such laws, and to take any and all further action which they may deem necessary or advisable in order to maintain any such registration or qualification for as long as they deem necessary or as required by law or by the Underwriters for such securities.

**ARTICLE V  
EFFECTIVE DATE**

**5.1. Effective Date.**

This Note Resolution shall take effect upon its adoption in accordance with the Act.



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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

Next Chairperson Richard Hammer asked Anthony Longo of the Office of Public Finance to lead a discussion on the need to appoint a project manager for the Authority's cash flow forecasting project.

Mr. Longo stated that the project manager will collaborate with Acacia Financial Group, the financial advisor for the project, NJ's Office of Information Technology, NJDOT, NJ Transit and the TTFA on the cash flow forecasting project to ensure that the project is completed on time and within budget. The contract that is proposed was procured by a request for proposals issued by the Office of Information Technology to six bidders qualified to provide project manager services under State Contract T-2599. Two bidders responded to the RFP. The evaluation committee for the RFP reviewed the proposals and interviewed both bidders. The Committee found that Mathtech, Inc. was more experienced and proposed lower fees and therefore recommended the selection of Mathtech, Inc. as project manager. Mr. Longo further stated that the resolution presented to the Board authorized the Authority to appoint Mathtech as project manager as stated in its proposal and to enter into and execute an agreement with Mathtech, NJDOT, and NJ Transit if necessary.

Chairperson Hammer asked if there was any discussion and hearing none, then requested a motion to adopt the Resolution of the New Jersey Transportation Trust Fund Authority to Appoint a Project Manager for the Authority's Cash Flow Forecasting Project.

Mr. Briant moved the following Resolution:

## Resolution of the New Jersey Transportation Trust Fund Authority to Appoint a Project Manager for the Authority's Cash Flow Forecasting Project

WHEREAS, pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, L. 1984, c. 73 (N.J.S.A. 27:1B-1, et seq.), as amended and supplemented (the "Act"), the Transportation Trust Fund Authority (the "Authority") is established and allocated within the New Jersey Department of Transportation ("NJDOT"); and

WHEREAS, the Authority is constituted as an instrumentality of the State of New Jersey (the "State") exercising public and essential governmental functions; and

WHEREAS, on behalf of the Authority and the Office of Public Finance ("OPF"), the Office of Information Technology ("OIT") solicited proposals from qualified firms interested in providing project manager services for the Authority's Cash Flow Forecasting System; and

WHEREAS, the Authority's Cash Flow Forecasting System is to be primarily used to track cash flows for different types of road and mass transit projects, create standard cash flow templates based on historical spending within respective project categories, and accommodate projections for unique projects based on schedules provided by the NJDOT or the New Jersey Transit Corporation ("NJ Transit"). The Cash Flow Forecasting System will also be used to accommodate similar cash flow forecasting for federal funds provided by the Federal Highway Administration; and

WHEREAS, on May 2, 2016, OIT delivered a Project Request and Scope of Work for the Transportation Trust Fund Authority – Cash Flow Forecasting Project ("RFP") attached hereto as Exhibit "A" to six firms which have been qualified to provide project manager services under the State's Quality Assurance/Project Management Services for IT Projects Contract (State Contract T-2599), which State Contract was procured by an RFP and competitive bidding process in accordance with applicable law; and

WHEREAS, the Authority desires to select a firm to serve as project manager for its Cash Flow Forecasting Project for a two (2) year term, commencing as of May 16, 2016 and ending on or about May 31, 2018 (the "Contract Term"); and

WHEREAS, the project manager will be responsible for managing project activities that require close coordination with OIT's design and development of the Cash Flow Forecasting System as well as coordinating the activities and direction of any technical professionals, contractors or other participants; and

WHEREAS, among other technical duties, the project manager will be responsible for (1) creating and maintaining the overall project plan; (2) assisting in the identification of appropriate data elements, definitions of data elements, and business rules for individual data elements included in the Cash Flow Forecasting System; (3)

negotiating, managing and administering any product or services contracts associated with the Cash Flow Forecasting System; (4) working to resolve or escalate to the appropriate parties risks and issues as necessary to avoid negative project impacts; (5) creating and maintaining project budgets; and (6) identifying project risks and carrying out risk mitigation actions as agreed to by the NJDOT's Division of Information Technology and OIT; and

WHEREAS, the project manager will be responsible for providing weekly high level project status reports and updates; bi-weekly detailed project status reports; and monthly project expenditure and staffing reports; and

WHEREAS, as outlined in the RFP and as aforementioned in this Resolution, the services to be performed by the project manager for the TTFA's Cash Flow Forecasting Project are similar to the technical and professional services that would qualify for a waiver of advertising under N.J.S.A. 52:34-9(a); and

WHEREAS, a total of two (2) proposals were received in response to the RFP for a project manager; and

WHEREAS, the proposals were reviewed by OIT and by an Evaluation Committee composed of individuals from the Office of Public Finance, the Authority and NJDOT which was established to assess the responses to the RFP; and

WHEREAS, the Evaluation Committee determined that Mathtech, Inc. ("Mathtech") possessed sufficient qualifications, experience and technical skills to successfully serve as project manager for the Authority's Cash Flow Forecasting Project; and

WHEREAS, after reviewing the proposals, the Evaluation Committee recommended that the Authority select Mathtech to serve as the project manager for the Authority's Cash Flow Forecasting Project for the Contract Term; and

WHEREAS, Mathtech's proposal is attached to this Resolution as Exhibit "B" and incorporated herein by reference.

WHEREAS, the Authority, NJDOT and NJ Transit desire to memorialize the terms of the Mathtech's engagement as project manager and enter into a written agreement with Mathtech, as necessary.

NOW, THEREFORE, BE IT RESOLVED BY THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY, THAT,

1. The Authority hereby determines that the Authority's Cash Flow Forecasting Project requires professional and technical services as those terms are used in N.J.S.A. 52:34-9(a), and more particularly, technical services, such that a limited



competition procurement process, whereby six firms were solicited for proposals was appropriate.

2. The Authority hereby selects Mathtech to serve as project manager (the "Project Manager") for the Authority's Cash Flow Forecasting Project and to perform the services as described above and as specified in Sections 2 and 3 of the RFP attached hereto as Exhibit "A" for the Contract Term, and in accordance with Mathtech's proposal attached hereto as Exhibit "B".
3. The Authority hereby agrees to pay Mathtech the fees stated in its proposal attached hereto as Exhibit "B" upon its satisfactory performance of obligations under the terms of the contract.
4. The Authority is hereby authorized to enter into and execute an agreement with Mathtech, NJDOT and NJ Transit pursuant to which Mathtech will serve as Project Manager for the Authority's Cash Flow Forecasting Project, if necessary. Such agreement shall be in customary form and subject to the review and approval of the terms of the contract by the Attorney General's Office. The agreement shall consist of the State Contract No. T-2599, the RFP, including its attachments, and Mathtech's proposal. In the event of a conflict between the terms of the State Contract No. T-2599 and the RFP, and the terms of Mathtech's proposal, the terms of the State Contract No. T-2599 the order of precedence in resolving the conflict shall be:
  - a. the RFP, including its attachments;
  - b. State Contract No. T-2599; and
  - c. Mathtech's Proposal.
5. The Executive Director of the Authority is further authorized to execute any other documents and to take any other actions necessary or incidental to the appointment of Mathtech as Project Manager and the execution of the agreement with Mathtech.
6. This Resolution shall take effect upon adoption in accordance with the Act.

EXHIBIT A  
REQUEST FOR PROPOSALS



New Jersey Office of Information Technology

Quality Assurance/Project Management Contract  
Project Request Form

Project: Cash Flow Forecasting Advisor  
Department: Transportation Trust Fund Authority  
Client Contact: Anthony Longo

OIT Project Request No.: FY 2016 - 1  
Division: Transportation  
Phone: 609-984-0910

---

<u>Type of Project Request:</u>	<u>Estimated Resources</u>
<input type="checkbox"/> Approach I: Quality Assurance/Project Management Coaching	_____
<input type="checkbox"/> Approach II: Project Monitoring	_____
<input checked="" type="checkbox"/> Approach III: Project Management (General PM)	<u>  1  </u>

---

1. Background:

The New Jersey Transportation Trust Fund Authority (“TTFA” or the “Authority”) is an independent agency of New Jersey state government whose stated mission is to finance the cost of planning, acquisition, engineering, construction, reconstruction, repair, resurfacing, and rehabilitation of the state’s transportation system. To pay for these transportation costs, the Authority issues bonds. The TTFA has procured under separate contract a Financial Advisor, hereby known as “contractor” to develop a cash flow forecasting model which will be used by the Authority to forecast its anticipated cash expenditures.

The Authority presently has no systematic way to forecast its cash needs to pay expenses related to the highway and mass transit projects funded in the State’s Transportation Capital Plan. Heretofore, such analysis has largely been predicated on historical information, with little or no projection capability. The establishment of a cash flow forecasting system would improve the timing of the Authority bond issuances, provide key information for the financial models that drive the periodic reauthorization of the Authority’s program, and enhance ongoing analysis of Authority operations.

Primarily, the proposed system would compare the Authority’s known and expected resources (e.g., bond proceeds, interest earnings) to current and projected expenses associated with authorized capital projects from prior, current, and future fiscal years. In spending plan fashion, it should track these factors in a “plan, actual, variance” format, taking into account the best known information (e.g., engineer’s cost estimates, bid results, change orders, cost underruns) and highlighting areas of potential concern.

More specifically, the system will need to track cash flows for different types of road and mass transit projects, create standard cash flow templates based on historical spending within respective project categories, and accommodate projections for unique projects based on schedules provided by the New Jersey Department of Transportation ("NJDOT") or the New Jersey Transit Corporation ("NJTransit"). From a monitoring standpoint, the system will draw cost and project scheduling information from the existing financial and engineering support systems.

Though the Authority is the primary focus of this system, it should be designed to also accommodate similar cash flow forecasting for federal funds provided by the Federal Highway Administration, which comprise a large percentage of the State's Transportation Capital Plan, as well as cost sharing agreements with third parties such as the New Jersey Turnpike Authority.

## 2. Detailed Scope of Work Describing the IT Project:

The TTFA seeks a Project Manager (PM) for its Cash Flow Forecasting Project to ensure the day-to-day activities involved in the implementation of the aforementioned Cash Flow Forecasting model. To ensure the success of the TTFA Cash Flow Forecasting system, The NJDOT wishes to retain a full-time Project Manager (PM) with experience in managing the implementation of a medium scale, multi-participant forecasting system including business processing.

The PM will be required to track progress from inception to successful launch and use of the integrated system. He/She will manage all progressions and file weekly update reports on status.

The PM shall be required to schedule internal meetings (NJDOT) and external meetings (with contractor, NJDOT staff and Office of Information Technology (OIT) staff), file progress reports, manage successful testing of interfaces and ensure all contractual events of the contractor occur on-time or are communicated as at risk well in advance.

## 3. Project Activities:

The Project Manager (PM) will be responsible for managing project activities that require close coordination with the systems design and development by the OIT as well as coordinating the activities and direction of the contractor and other participants. These project activities will include but not be limited to:

- Creating and maintaining the overall project plan
- Assisting in the identification of appropriate data elements, definition of data elements, and business rules for individual data elements included in the TTFA Cash Flow Forecasting system
- Assisting in negotiating, managing and administering any product or services contracts

associated with the effort if/where needed

- Conducting regular project status meetings and distribution meeting minutes
- Creating and maintaining a project risks and issues log. Working to resolve or escalate risks and issues as necessary to avoid negative project impacts
- Creating and maintaining project budgets and related budget materials
- Identifying project risks and carrying out risk mitigation actions as agreed to by the NJDOT's Division of Information Technology (DIT), OIT and the TTFA Cash Flow Forecasting Executive Director

Project management of a system implementation like the TTFA Cash Flow Forecasting model requires a full-time Project Manager who focuses his/her efforts on managing the planning, design and implementation of the initiative. The project will include communication regarding any implementation issues between any currently utilized systems or processes. The Project Manager, in close collaboration with NJDOT's Executive Director, OIT's Data Services, DIT's staff, and any other project team members will track and report the project team's progress in the areas described above. The Project Manager will take personal responsibility for the following deliverables:

- High level project status reports and updates/dashboard – Weekly
- Detailed project status reports (incl. activities past/ahead, risks and issues, progress indicator/stop light for scope, schedule and cost) – Bi-Weekly
- Project expenditure and staffing report - Monthly

4. The Site at Which the Work Will Be Performed: Department of Transportation

- New Jersey Department of Transportation Main Headquarters, 1035 Parkway Avenue, Trenton, New Jersey 08625

and/or

- New Jersey Transit Corporation Offices, One Penn Plaza East, Newark, New Jersey 07105

5. Required Start Date: May 16, 2016

6. Estimated Completion Date: May 31, 2018

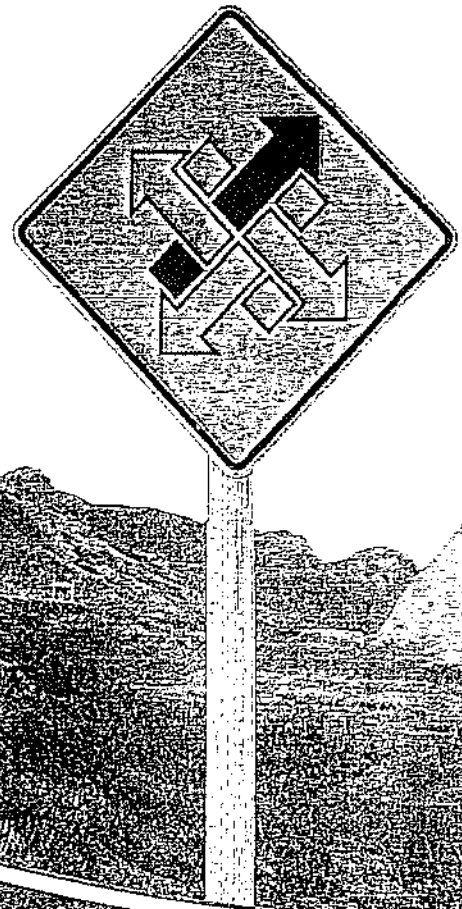
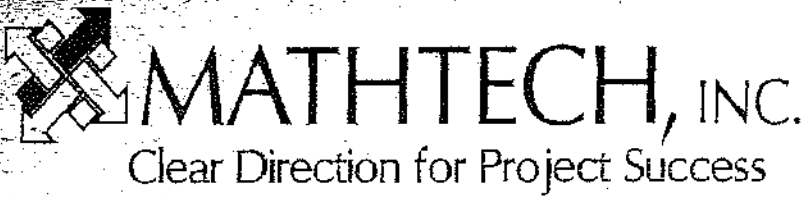
7. Additional Comments:

The estimated duration of the project is two years. Below is a breakdown of the estimated duration for each phase of the project:

- Planning and requirements: 3-6 months
- Execution 6-12 months
- Closeout 3-6 months

EXHIBIT B

MATHTECH, INC.'S. RESPONSE TO RFP – PROJECT MANAGER SERVICES



## TECHNICAL PROPOSAL

QA/PM Contract T-2599

OIT Project Request Number FY 2016-1

Project Management Services – New Jersey Transportation Trust Fund Authority

Cash Flow Forecasting Advisor

May 13, 2016

MathTech, Inc.  
2465 Kuser Road, Suite 200  
Hamilton, NJ 08690  
[www.mathtechinc.com](http://www.mathtechinc.com)



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# 1. Introduction

Mathtech, Inc. is pleased to present this proposal to the State of New Jersey, Office of Information Technology (OIT) to supply project management services for the implementation of a cash flow forecasting system for the New Jersey Transportation Trust Fund Authority (TTFA).

Mathtech has deep experience managing successful projects including project management oversight and quality control, business process and requirements definition, RFP development, and procurement support. Mathtech brings specific, critical experience and tools necessary to make the state's project successful.

- **Project Management Oversight Experience** – As a company, Mathtech's heritage of project management is exemplified by the experience of our PMI-certified consultants that routinely assist agencies with project management, and plan and manage large scale public and private sector projects. We have a proven track record of successful project management and our extensive experience with PMI-based methodologies as well New Jersey Office of Information Technology (OIT) project standards ensures that our team will add value immediately.
- **Vendor Contract Management Experience** – Mathtech has deep experience working with vendor contracts on behalf of state agencies, particularly in New Jersey. We routinely help agencies as they implement mission-critical systems, working with their vendors to ensure completion and quality. We also have experience working with agencies to ensure they meet their responsibilities within vendor contracts.
- **Transportation Subject Matter Expertise** – Mathtech's record supporting state governments spans many jurisdictions from every region of the United States, with a focus on Departments of Transportation and Motor Vehicles. Our experience includes the New Jersey Motor Vehicle Commission (MVC), Maryland Department of Transportation (MDOT), Pennsylvania Department of Transportation (PennDOT) as well as other state transportation agencies. Our experience enables us to understand the challenges faced by transportation agencies because we understand their operations.
- **Enterprise System Modernization Experience** – As agencies move into the 21st century, processes are expected to be fully modernized, not just automated. Mathtech has extensive experience working with state agencies from strategy through implementation for modernization of legacy systems. We understand critical success factors at every phase and leverage that understanding to help our clients avoid common pitfalls and issues.

## 1.1 About Mathtech

Mathtech is a strategy and consulting services firm with offices in New Jersey, Virginia, and Arizona. With over 50 years of experience serving federal, state, and local government agencies, nonprofit and commercial organizations, Mathtech has built a solid reputation for successfully completing projects and working collaboratively with our clients. Mathtech Inc. evolved as the strategy and consulting arm of Mathematica, Inc., a professional services firm located in Princeton, NJ. The company has been employee-owned since 1986. Mathtech leverages industry leading methodologies, staff expertise, and a wealth of best practices and tools to deliver consistently clear approaches and solutions for our clients' projects.

Mathtech has successfully serviced projects across the country, from Washington State to Florida, providing a full range of consulting services:

- **Management Consulting:** Mathtech provides a wide variety of services such as Business Process Reengineering, Strategic Planning, and Organizational Change Management.

- **IV&V/Project Management, PMOs, and Governance:** Mathtech can provide project management support to any size project. Mathtech can develop a governance model to properly guide a project, handle strategic decisions, and connect a project or operations to the organization.
- **Project Assessments and Turnarounds:** Mathtech performs detailed analyses of projects, SDLCs, and project management operations as part of managing a project, establishing or improving a PMO, or turning around a struggling project.
- **Assessments and Planning:** Mathtech provides all levels of assessments and consultation to Boards, Executive Management, and Project teams for diagnosing and improving the effectiveness of projects and daily operations.
- **IT Strategy and Architecture:** Mathtech helps agencies develop a flexible strategy to meet technology objectives by leveraging existing technology and new technology as needed.
- **Requirements Analysis and RFPs:** Mathtech can develop detailed requirements, write RFPs, and assist in the bidding and evaluation process. We design our RFPs to create manageable, well-defined projects.
- **System Development:** Mathtech provides a full range of implementation services that allow agencies to provide more services quickly using industry standard methods and technologies.
- **IT Staff Augmentation:** Mathtech has extensive experience in managing IT Staffing contracts for government agencies and providing solid teams to support existing projects. We have successfully performed over 200 requests representing nearly \$50 million of procured services to date.

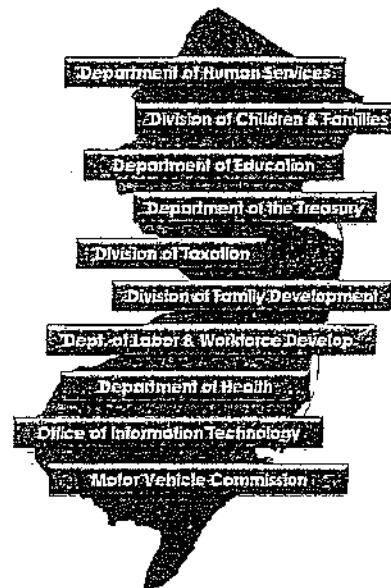
## 1.2 Mathtech Commitment to Client Satisfaction & Results

Mathtech's primary commitment is client satisfaction. Because our reputation is "on the line" with every project, Mathtech will always do what is necessary to work with our clients and complete our projects with the highest quality results and client satisfaction.

## 1.3 Mathtech's New Jersey Commitment & Long Term Presence

Mathtech has a distinguished, long-term relationship with the State of New Jersey and consistently delivers successfully on its projects. With our solid reputation for uncompromising objectivity and quality, and our demonstrated integrity in our interactions with clients and employees, we are able to attract the best and brightest talent to join our team and continue to grow.

*Proprietary Information – This proposal contains proprietary information and Mathtech would appreciate notice and the opportunity to redact some information before public disclosure.*



## 1.4 Proposed Resource

Mathtech understands TTFA's request for a Project Manager to support the cash flow forecasting implementation project. It will be essential that the Project Manager be an expert at mission critical system implementations, with experience in financial systems and technical interface design and testing.

Mathtech is pleased to present Brian F. Martinez as Project Manager. Mr. Martinez has an excellent set of skills to meet TTFA's needs with a proven track record as a successful Implementation/Development Project Manager with deep financial systems and interface experience. His career, spanning nearly thirty (30) years, includes full lifecycle system implementation, technical architecture, vendor management and systems testing. He is an expert in all areas of the Project Management Lifecycle and the SDLC utilizing PMBOK, Waterfall and Agile/ SCRUM techniques and methodologies. Mr. Martinez is also a Six Sigma Green Belt.

In addition, it is important to note that Mathtech's standard approach to all of our projects contains two additions, both provided at no additional cost:

- **Mathtech Consulting Team Support** – The Mathtech Project Manager is not on his own. Mathtech's larger consulting practice, which oversees many such projects, is prepared and engaged to support the project as needs may arise. We have resources from prior Mathtech efforts within the State who are available to collaborate with our Project Manager as necessary.
- **Mathtech Executive Support and Leadership** – Participation and collaboration by Mathtech's State & Local Practice consulting leaders, Steven Young, Senior Vice President, and Frank Nestore, Director, is part of our proposed solution. Mr. Young is a senior leader with 25+ years of experience managing complex projects including many within the State. He has experience at the Motor Vehicle Commission, Office of Information Technology and Department of Education. Mr. Nestore is a senior Project Manager with over 17 years of experience including recent work at the Motor Vehicle Commission and Department of Labor and Workforce Development.

These additional resources are local to New Jersey and very familiar with the state's operations. They are proposed to provide collaboration on project strategy, organization, and other project issues as may arise. We currently operate under this model, citing as examples our efforts at the New Jersey Division of Taxation and the New Jersey Department of Education where our "on the ground" Project Managers are supported by the full knowledge, capability and experience of our full firm. Mr. Martinez's full resume can be found in Section 4. Below we provide a summary of his skills:

## 2. Our Understanding of the Project

The New Jersey Transportation Trust Fund Authority (TTFA) is embarking on a new initiative to establish a cash flow forecasting system to plan its cash needs to pay expenses related to the highway and mass transit projects funded through the New Jersey Transportation Capital Plan. Under a separate contract, TTFA has brought on board a Financial Advisor to develop a cash flow forecasting model. This request is to engage an experienced Project Manager to implement a system that uses the forecasting model to track current and anticipated revenues and compare those with current and projected capital expenses in future fiscal years for road and mass transit projects.

Mathtech understands how important this project is to the state's transportation infrastructure – and we are pleased to offer what we believe is the best solution for TTFA in terms of Project Management experience, organizational experience, and proven methodology.

The Mathtech Project Manager will work in close collaboration and coordination with OIT and TTFA staff. He will be responsible for the following tasks and deliverables:

- Creating and maintaining the overall project plan
- Assisting in the identification of appropriate data elements, definition of data elements, and business rules for individual data elements included in the TTFA Cash Flow Forecasting system
- Assisting in negotiating, managing and administering any product or services contracts associated with the effort if/where needed
- Conducting regular project status meetings and distribution meeting minutes
- Creating and maintaining a project risks and issues log. Working to resolve or escalate risks and issues as necessary to avoid negative project impacts
- Creating and maintaining project budgets and related budget materials
- Identifying project risks and carrying out risk mitigation actions as agreed to by the NJDOT's Division of Information Technology (DIT), OIT and the TTFA Cash Flow Forecasting Executive Director
- Providing the following deliverables:
  - High level project status reports and updates/dashboard – Weekly
  - Detailed project status reports (incl. activities past/ahead, risks and issues, progress indicator/stop light for scope, schedule and cost) – Bi-Weekly
  - Project expenditure and staffing report – Monthly

## 2.1 A Foundation for Success

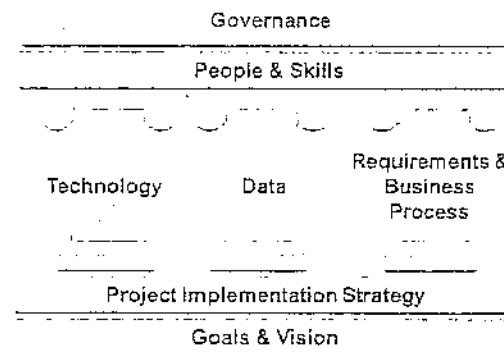
Mathtech understands that transformational projects can actually take many forms; but all successful projects build on a comprehensive approach that is the foundation for success. Mathtech has developed a model for successful projects that is both a reflection of our understanding of the required work and an element of our approach.

We believe that project success is built into the project from the beginning and propose to design a project that is **Well-Defined and Designed for Manageability**.

Our approach will address each of the areas in the diagram as we work with the State to initiate their implementation efforts and develop plans for moving forward.

*We will customize our approach to address the scope of this project and adapt our procedures to most effectively work with the TTFA implementation management team.*

- **Goals & Vision** – The basis and foundation for any successful project is an understanding of where you want to go. The vision must address the needs of the agency and its stakeholders, and we must determine how the related system will support that vision of future operations.



- **Project Implementation Strategy** – The project strategy identifies phases, resources, and cost estimates that will be realistic and address project risk. It serves as the starting point for planning and scheduling of the effort.
- **Technology** – Agencies must understand the technology aspects of the project to develop an approach that is consistent with the State’s current investment and future direction for infrastructure, standards, software, hardware, and maintainability.
- **Data** – Data outlives any particular software system and requires planning from the beginning of the project. Many agencies have different data models and degrees of clean data issues.
- **Requirements and Business Processes** – It is critical to understand how business processes will change. This is essential for design, development and testing to ensure that the overall vision of the future is attained by the system.
- **People & Skills** – Staffing and skill sets are a critical aspect of any modernization effort. Projects can become overwhelming on the staff and operations if not thoroughly planned – and if expectations are not set.
- **Governance** – A project must have a plan for governing critical decisions to allow the project to move forward. It must also articulate how governance for the project will evolve into an ongoing governance structure after implementation.

## 3. Our Approach

### 3.1 Project Management (Mathtech Strategic PMO)

#### General Approach

Project management is about providing guidance, vision, and support to a critical project. The Mathtech Project Manager will work with TTFA to implement the cash flow forecasting model that has been developed by the Financial Advisor and manage the planning, design, and implementation of the model. Our Project Manager will implement the elements of the Mathtech Strategic PMO that are deemed relevant to the project. We will also work to incorporate applicable requirements of the OIT PMO.

#### Project Management Philosophy

##### Practical & Simple

Our Project Manager will work with TTFA to use Project Management procedures that are practical and simple and are consistent with successful practices already working on the project. Procedures must match the needs of TTFA and measure real project progress. To be successful, we will tailor methodologies and templates from our Mathtech Strategic PMO to the needs of the organization.

##### Align with Industry Standards

The Project Management Institute's *Project Management Body of Knowledge* (PMBOK) serves as the basis for the Mathtech Strategic PMO. Our PMO tool kit includes:

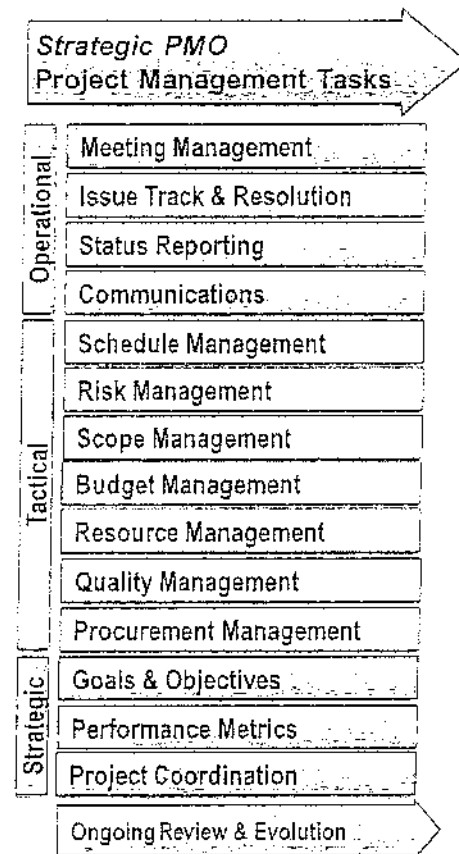
- Project Management Processes: Risk Management, Change Management, Deliverable Acceptance, etc.
- Project Management Tracking Tools: Risks, Issues, Decisions, etc.
- Project Management Document Templates: Project Status, Meeting Agendas, Meeting Minutes
- Document Repository: Using a Microsoft SharePoint site

##### Knowledge Sharing with TTFA Staff

The Project Manager will function much more successfully if TTFA staff has a basic working knowledge of project management objectives and processes, especially as they will apply to this project. While it is beyond the scope of the project request to provide a complete project management training program to TTFA staff, it is appropriate to incorporate an amount of knowledge transfer that will enhance the skills of the key participants so that they can more productively participate in and contribute to the project management effort.

##### Value Added Process Instead Of Endless Tracking and Documentation

The difference between a good schedule and a bad one is that a good schedule is an invaluable tool for moving forward, while a bad schedule is not seem helpful or easy to use. Mathtech Strategic PMO processes add value by increasing communication, clarifying responsibilities, measuring progress, and reducing risk.



## Project Management Goals

The Project Manager will manage the project's PM processes after working with TTFA management to evaluate the remaining project tasks and goals. Some of the Project Management goals that we typically achieve include:

- **Clear Definition of Roles and Responsibilities** – All participants need to understand their roles and responsibilities.
- **Clear Definition of Work Products and Assignments** – Many deliverables will require support from TTFA staff. The project management process must ensure that all are aware of and capable of delivering on their assignments.
- **Effective Issue Tracking, Escalation and Resolution Process** – Ideas and issues are lost without proper tracking and management. The process will define which issues need resolution and approach for resolution.
- **Effective Risk Management** – The team must plan for a variety of events that could adversely affect the project. Our team will work with TTFA to track and mitigate risks and prevent these from becoming issues.
- **Thorough Communication Process** – TTFA will benefit significantly from effective dissemination of information. Our goal will be to provide just the right amount of information so that participants are aware of ongoing activities and the impact on their own efforts. In addition, we will work with TTFA's management to provide regular updates to project staff, TTFA staff and management so that their expectations are properly set.

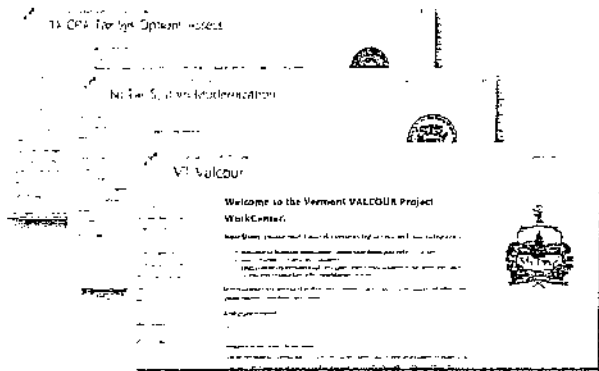
## Project Management Tools & Templates

In order to manage project documentation, we typically establish a Microsoft SharePoint site as a central hub of project activity. Discussion groups, issue logs, document repositories and other features can all be established easily by the oversight team and, as desired, by state staff. Over time, if very specific needs arise, the system is capable of supporting significant customizations.

We can be flexible and it can be implemented on a state supplied server or alternatively, we can host a site on a Mathtech server at no additional cost. Our approach is to implement a document repository that initially serves the needs of the project but that can grow into a long-term document management and collaboration tool for state staff.

The site comes preloaded with the management processes and templates (e.g., Communication Management) used for the Mathtech Strategic PMO including tools to capture Issues, Risks, and Scope Change Requests. In addition, the Repository has tools to track potential changes to the business side of the operations (Operational Decision Requests) and potential changes to the existing IT systems (Requests for Service).

*Mathtech will work with the State to determine if such a site is desired or required, or if an existing site should be used.*

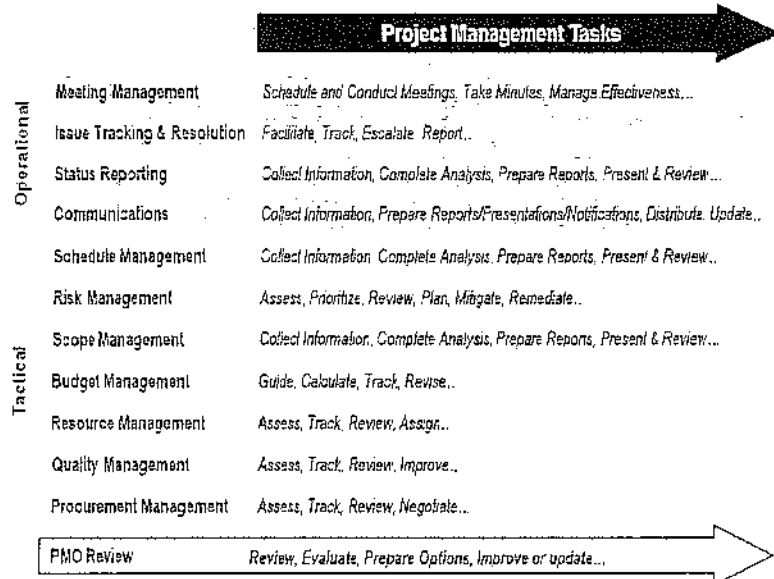


## 3.2 Project Control

The Project Manager's primary responsibility is to execute control tasks over the course of the remainder of the project that the system is implemented on time, on budget and of the appropriate quality. Mathtech divides control tasks into two categories:

**Operational Control Tasks** – These tasks focus on daily execution and management activities. The purpose of these tasks is to execute the project according to plan.

**Tactical Control Tasks** – These tasks are part of the ongoing planning and assessment process. The purpose of these tasks is to assess, manage, and possibly alter the direction of the project.



### Operational Control Tasks

#### Meeting Management

The Mathtech Project Manager will coordinate and facilitate all major project meetings including status meetings, review meetings, and major presentations. Activities will include:

- Scheduling
- Agenda Management
- Attendance Tracking
- Time Management
- Minutes Preparation and Distribution
- Coordination and publishing of all artifacts on the document repository.

#### Issue Tracking & Resolution

Identifying and managing project issues are critical to the project's success. Our team will work with TTEA to execute an Issue Tracking System that meets the requirements of the project in its level of detail and scope of participation.

The Mathtech Project Manager will facilitate the Issues Tracking and management process through data collection, interpretation of issues and regular reviews with project leadership.

Activities will include:

- Formal and informal reviews with staff to identify and resolve issues
- Data collection and analysis to further document and categorize issues. Use of prioritization, assignment, and escalation processes ensure that we handle issues in the appropriate manner and that we resolve these issues.
- General reporting and individual follow-up to make all parties aware of open issues and determine that resolution is possible or that escalation/change in approach is required.



- Maintenance of an online Issue Log and reporting tool that is linked to the project's document repository and available to authorized participants to access.
- Maintenance of historical documentation and decisions for all issues over the course of the project.
- Preparation of sign-off documents for decisions, as appropriate.
- Mentoring of TTFA staff

#### Status Reporting

Status reports need to be practical tools that focus on helping TTFA quickly understand the state of the project from multiple perspectives such as: time, budget, work progress, coordination, and quality. An effective status report will collect and interpret the information available on other published reports such as schedules, Quality Assurance (QA) reports, task completion documents, and budgets, so the TTFA can make tactical decisions about the project.

The Mathtech Project Manager will work with TTFA to implement the project management tools (such as templates, formats, and dashboards) that fit the needs of the project and give TTFA management a consistent, accurate assessment of the project.

The status reporting process includes regular review meetings for the oversight team to present the status of the project and review important items and issues.

Activities will include:

- Distributing Templates
- Establishing Data Collection and report submission schedules
- Collecting and analyzing data from individual status reports
- Preparing and distributing master status report with supporting reports.
- Preparing and facilitating status review meetings that focus management attention on critical items and issues.
- Tracking compliance with the reporting process.

#### Communications

Projects rely on coordination of many stakeholders. It is a best practice to keep all project participants and stakeholders informed so that they can stay coordinated. All forms of communication play a role providing a timely, balanced, and digestible amount of information to various teams, management, partners, and eventual end users of the system.

Communication examples include:

**Performance Reports** – Status reports are modular. TTFA may opt to distribute subsets of information to specific participants or groups, while others receive all information. The team will decide, adjust and monitor the receipt of information.

**Stakeholder Management** – Stakeholders including upper management and end users have significant interest in the project's progress. The Communications Plan addresses these needs by determining what information is appropriate for these parties. Stakeholders have an opportunity to express their desired project information reporting requirements.

**Information Collection and Dissemination Guidelines** – The frequency, format, style, level of detail and other factors must all be determined and agreed upon so that all parties can participate productively and have a reference to guide them.

Activities will include:

- Developing and distributing various reports
- Developing and distributing email updates
- Developing and maintaining a project personnel contact directory
- Presenting and reviewing selected information

## Tactical Control Tasks

### Schedule Management

The project schedule is one of the most important control tools for the team. The schedule allows both management and team members to understand the work tasks planned, when deliverables are due, and the dependencies among the tasks and deliverables. The schedule and associated tools also allow the team to assess the impact of project task slippage on the rest of the project, and understand resource requirements over time.

Activities will include:

- **Activity Planning** – Defining the activities and collecting the information that comprises the overall schedule.
  - Activity Definition – identifying the specific activities that need to be performed to produce the project deliverables
  - Activity Sequencing – identifying and documenting the dependencies among the scheduled activities
  - Activity Resource Estimating – estimating the type and quantity of resources required to perform each activity
  - Activity Duration Estimating – estimating the time period that will be needed to complete the activity
- **Schedule Development** – Analyzing dependencies, durations, resource requirements and other schedule constraints to develop and maintain the overall project schedule
- **Schedule Maintenance** – Collecting information such as progress, slippages, and changes in strategy and updating the schedule as appropriate. Changes in the schedule may require approval from different levels of the TTFA management team and will likely be dependent upon an analysis of the impact of any changes.
- **Schedule Publishing** – We share and publish schedule information on a regular basis so that each team and overall project leaders are aware of the current schedule.
- **Schedule Updates and Analysis** – We note and describe changes in the schedule so that individual recipients can read the update and refer to the new version of the schedule. We will not simply publish a new schedule and depend on the reader to compare the versions to determine the differences.
- **Schedule Mentoring** – We will work with and support all TTFA teams in the development and maintenance of their project plans.

### Scheduling Tools

Our project team will use MS Project to develop, consolidate and maintain project plans. If the State wishes to use another product or provide an MS Project Server environment, our team will work with the State to support the desired product.

### Risk Management

Without solid risk management and mitigation, the project is always in the perilous position of not meeting the expected results. Unanticipated risks can cause major problems with time, cost, scope or quality. With careful risk planning, resolving and avoiding issues becomes easier.

The Mathtech team will work with TTFA to establish processes and procedures to anticipate problems and put plans in place to avoid them, and then to alleviate them, if they occur.

Activities will include:

- Identification of risks with staff through formal and informal reviews.
- Data collection and analysis to further document and categorize risks both qualitatively and quantitatively. Risk prioritization, assignment, and escalation processes ensure that the team handles and resolves risks in an appropriate manner.
- Risk Mitigation Planning – How can we reduce the likelihood of the unwanted event happening? We will incorporate the results of this planning into the project plan.
- Risk Remediation Planning – The team will identify necessary actions and resources should an unwanted event threaten the project objectives.
- General reporting and individual follow-up to make all parties aware of open responsibilities and determine that resolution is possible, or that an escalation/change in approach is required.
- Maintenance of a Risk Mitigation Plan that is linked to the project's document repository and available to authorized participants to access.
- Maintenance of historical documentation and decisions for all risks over the course of the project.
- Preparation of sign-off documents for decisions as appropriate.
- Mentoring of State staff.

### Scope Management

Few things can cause project failure quicker than poor scope management. The project cost, schedule and resources are calculated, defined, and based on a given set of requirements and scope. When those requirements change, it can completely invalidate the project's costing, schedule and resourcing. Scope control provides the mechanism to ensure the introduction of appropriate changes to the project, and that project team understands the cost, time, and resource ramifications of these changes. The Mathtech team will work with the State to identify and approve appropriate changes.

Activities will include:

- Develop and maintain the Work Breakdown Structure (WBS) for the project. This is the master checklist of all deliverables that are due by all parties. It is invaluable in understanding and organizing the project.
- Establish a change control processes to review each change, its impact on the project functionality, schedule, cost and resourcing.
- Preparation of sign-off documents for decisions as appropriate.
- Update and maintain the WBS and schedule with the approval of project changes.

### Budget Management

Mathtech helps agencies manage their project budget in conjunction with managing the schedule and managing scope changes. Schedule and scope change have the biggest impact on the budget and as part of project management, we will help the State understand the implications of changes

and schedule slippage prior to the State committing to a change. As part of our Project Management activities, we can develop a cash flow report for TTFA. Using the vendor's deliverable schedule, this report identifies likely cash flows by quarter.

#### Resource Management

Mathtech tracks when the development vendor's staff comes on to the project or leaves the project. This is particularly important for the vendor's key staff as the absence of these staff or delays in substituting staff can have significant negative impacts on the project schedule and product quality. We also help the agency determine that the vendor implements an "on-boarding" set of activities. These activities define the steps needed to ensure that leaving staff provide replacement staff with timely and sufficient knowledge transfer. In some situations, we have developed and implemented testing that determines if the new staff have had enough knowledge transfer to handle their job responsibilities.

Using the project schedule, Mathtech works with the agency to identify activities that require state staff, the timing of those activities, and the skills needed by state staff to succeed in the assignment.

#### Quality Management

Quality Management is a critical element of overall project and deliverable management. The objective is to ensure that not only are team members and vendors delivering "something" on time, but that they are following the prescribed steps and methods needed to deliver a quality product and that the product meets the agreed requirements or specifications.

The Mathtech Project Manager will work with the State to determine an appropriate quality review process, and appropriate resources for providing review, feedback and approval.

#### Procurement Management

If so desired by the State, Mathtech can maintain coordination for procurements required for the project. Additional hardware and software licensing may be required to facilitate the implementation of the core RIMS system.

#### PMO Review

A hallmark of a Mathtech engagement is our ongoing commitment to improvement. One of the ways we do this is through our continuous PMO Review. Separate from any project concerns, Mathtech senior management and the State will meet on a regular basis to evaluate the project oversight and management process. While this will continually happen on an informal basis, the formal approach allows for the following:

*A hallmark of a Mathtech project is our ongoing commitment to improvement.*

- Formal feedback to the team
- Opportunity to review and propose modifications to existing processes
- Opportunity to evaluate the need for alternate process and approaches
- Evaluate how processes are working, how processes are impacting other areas
- Evaluate what areas are having difficulty in fulfilling process work

## 4. Project Resource

The key to the success of this project is establishing the right team to work with the state. Mathtech will provide successful leadership through our specific and collective experience and our strong record with the key project disciplines. These include:

- Project Management
- Financial Systems Implementation Experience
- Technical Interface Testing Experience

In addition, it is important to note that Mathtech's standard approach to all of our projects contains two additions, both provided at no additional cost:

- **Mathtech Consulting Team Support** – The Mathtech Project Manager is not on their own. Mathtech's larger consulting practice, which oversees many such projects, is prepared and engaged to support the project as needs may arise. We have resources from prior Mathtech efforts within the State who are available to collaborate with our Project Manager as necessary.
- **Mathtech Executive Support and Leadership** – Participation and collaboration by Mathtech's State & Local Practice consulting leaders, Steven Young, Senior Vice President, and Frank Nestore, Director, is part of our proposed solution. Mr. Young is a senior leader with 25+ years of experience managing complex projects including many within the State. He has experience at the Motor Vehicle Commission, Office of Information Technology and Department of Education. Mr. Nestore is a senior Project Manager with over 17 years of experience including recent work at the Motor Vehicle Commission and Department of Labor and Workforce Development.

These additional resources are local to New Jersey and very familiar with the state's operations. They are proposed to provide collaboration on project strategy, organization, and other project issues as may arise. We currently operate under this model, citing as examples our efforts at the New Jersey Division of Taxation and the New Jersey Department of Education where our "on the ground" Project Managers are supported by the full knowledge, capability and experience of our full firm.

### 4.1 Brian F. Martinez, Project Manager

Mr. Martinez is a successful Application Development Project Manager who leads top performing teams focused on developing complex enterprise software solutions and production support systems. Deeply experienced in mission-critical systems implementation, he is well-versed in vendor oversight. He is an expert in all areas of the PMLC and the SDLC utilizing PMBOK, Waterfall and Agile/ SCRUM techniques and methodologies and is a Six Sigma Green Belt.



- Financial Systems Implementation
- Project Management (Waterfall, Agile / SCRUM)
- Interface Design & Testing

### Representative Accomplishments

- Mr. Martinez was a Senior Application Development Project Manager under contract to TIAA-CREF where he turned around an \$11 million Client Communications/Marketing Platform development project whose status was in deep red – the project was 60% over budget, all significant milestones were missed, the story carryover from sprint to sprint was over 40%, and the defects generated on a per sprint basis were 35%. Additionally, all agile/scrum metrics were not properly maintained and visibility into the project was nonexistent. Mr.

Martinez managed 3 Scrum Masters on 8 different work streams to implement processes improvement. Mr. Martinez successfully turned the project around and it was deployed on time. Other details about the project, and Mr. Martinez's accomplishments include:

- **Project Management Life Cycle Methodologies** – Waterfall and Agile Scrum.
- **Project Visibility** – Formalized the requirement that all project metrics are to be maintained on a daily basis in IBM Rational Team Concert (RTC) and ALM by each assigned BA, developer and QA resource. Visibility into the project improved immeasurably.
- **Business Intelligence/ Data Warehousing** – Establish and enforce a standard format for the delivery of the platform data to the Enterprise Data Warehouse (EDW). Implemented a robust QA methodology to ensure optimal verification and validation is performed at each stage of the ETL process. Capture and manage source to target mappings. Facilitated discussions with data owners and business partners to get conformance around reference data and hierarchies. Technologies included Informatica, Oracle, Siebel, Cognos, OBIEE and Tableau.
- **Project Forecasting/Budgeting** – Improved forecasting by 67%. Implemented processes to manage scope, sprints and deliverables that significantly improved the budget overages by 43%.
- **Sprint Management** – Implemented processes that improved management of sprint backlogs, scope and commitments. Sprint backlog story carry over from sprint to sprint improved from 40% to 5%.
- **Defect Resolution** – Improved per sprint defects from 35% to 6% by refining requirements details and better management of the dev teams and QA teams workflow.
- **401(k)/CRM** – Core development project transitioned a legacy 401(k) client communications and management system to a SaaS/PaaS system. UI/UX technologies included HTML5, CSS3, Javascript, JQuery. Web Services middleware technologies included RESTFUL/Json and SOAP/XML. Backend included Oracle, DB2 and Siebel. OBIEE and Tableau used for reporting and client dashboard development.
- **BYOD/MDM** – Bring Your Own Device/Mobile Data Management implementation for the Marketing and Brokerage teams. Included encryption of corporate data, remote locking and wiping of lost or stolen devices, auditing, tracking, hardware/software management and containerization to separate corporate and personal profiles. Implemented with Goodwill Technologies. Infrastructure implementation using Linux servers and Cisco switches.  
*August 2014 – November 2015*
- Mr. Martinez was under contract to United Healthcare as a Senior Application Development Project Manager where his duties were to manage complex software development and infrastructure migration projects for the B2B, B2C, Smartphone, United Front End and Claims Highway Application Groups. Project Portfolio included: Affordable Care Act (ACA) projects implemented both Federal and State requirements; ICD10 projects implemented field expansion to hold ICD diagnosis and procedure codes. Smartphone projects enable policy holders to initiate and track policy information and claims processing. All projects were delivered on time and on or under budget. Other details about the project, and Mr. Martinez's accomplishments include:
  - **Project Management Life Cycle Methodologies** – Waterfall and Agile Scrum.
  - **Scope Management** - Define and manage the parameters within which a project will operate. Develop and manage project plan, including WBS and resource utilization.

Identify and resolve issues between project scope, resources and timing of milestone deliverables. Partner with functional area leaders and SMEs to determine scope and solutions.

- **Scrum Master** - Manage, organize and facilitate project planning, daily stand-ups, design reviews, retrospectives, sprint/release planning, demos and other Scrum-related activities. Includes backlog grooming, story writing, story estimating, and constant integration. Develop, manage and convert business user stories into technical requirements. Manage teams work initiatives through all sprints/iterations and phases of the project. (Inception, Elaboration, Construction and Delivery.) Track and communicate team velocity and sprint/release progress.
- **Schedule Management** - Create integrated project schedules including tasks, milestones, resource assignments and task dependencies resulting in clear understanding of critical path activities.
- **Risk/ Issue Management** - Facilitate identification of Risk and Issues that may affect project deliverables and implement mitigation strategies and corrective actions to ensure minimal impacts to projects.
- **Communication Management**: Effectively communicate project health to Team, Sr. Management, & Stakeholders. Provide regular status reports for each project, including changes in scope or timeline, progress and milestones reached. Maintain all project related artifacts.
- **Reporting** - Provide consistent and comprehensive status reports, project updates, and significant issue management and resolution. Provide project status at each required stage gate.
- **Quality Assurance** – Manage quality, defect management and project health metrics. Manage business reviews, approvals and final signoffs.
- **Business Intelligence/Data Warehousing** - Due to the acquisition of Pacific Healthcare and Oxford Healthcare I directed data mining and Business Intelligence projects to gain customer behavior insight, cost efficiency and profitability of these organizations. Increased effectiveness of executive KPI deck by incorporating graphic representation of data and trends. Significantly improved system usability and availability of executive-level decision sensitive information by managing the transition of daily business intelligence OLTP updates to an on-demand OLAP web based format. Manage and enhance OLAP / OLTP databases and ETL processes. Technologies included IBM MDM Infosearch, Oracle, SQL Server, Cognos, OBIEE and Business Objects.
- **Member/Employee Benefits** - Webservices/SOA based employee benefit processing via B2B claims processing. Claims were submitted to a Cloud based PaaS/SaaS system and processed in either batch or realtime. RESTFUL/JASON, SOAP XML.
- **Mobile/MDM** – IBM End Point Manager Tivoli used to implement mobile policy controls and management for the executive team. Project included Unix/Linux infrastructure implementation using Cisco switches and Virtual Data segmentation.
- **ACA** – Participated in JAD sessions with the IBM Healthcare Solutions Group to develop a high level scope assessment for the enactment of the Affordable Care Act requirements. Impact Assessment and Solution Summary documentation were created to guide the implementation of the ACA requirements for both State and Federal deliverables.
- *February 2012 – August 2014*

- For CNA Financial Insurance, Mr. Martinez served as the Senior Application Development Project Manager/Scrum Master (2001 – 2012) and as the Director of Systems & Application Development (1996 – 2001). His Project Deliver/Accomplishments include:
  - **Project Management Life Cycle Methodologies** – Waterfall and Agile Scrum.
  - **Premium Accounting System** – Coordinated the migration of several business-unit specific custom software packages to a consolidated centralized accounting system. Improved the monthly report consolidation process and reporting of key management data within 3 days of the close of a month, representing a 33% improvement over previous methods. Achieved annualized savings of \$1,450,000.
  - **Business Intelligence/Data Warehousing** – Planned, directed and drove a BICC team to implement a Data Warehousing initiative from requirements gathering, design, identification and analysis of the source systems, data quality, ETL, and end user data access. Utilized the iterative phased approach to create data marts. Key management successfully gained insight into churn prediction combined with customer valuation and segmentation resulting in 23% higher retention rate. Technologies included Informatica, Oracle, Cognos and Business Objects.
  - **e-Commerce** – Managed the successful implementation of a global project which provided Brokers and Agents access to web services via web-enabled mobile phones and wireless computing platforms. Engineered enhancements to web-based B2B application delivering brokerage and portfolio management functionality. Project was delivered 14% under budget.
  - **Credit2B.com** – Partnered with IBM Business Innovation Services and Global Services, to provide optimized trade credit insurance solutions to facilitate on-line internet sales by B2B suppliers. Programmatically assessed risk on global B2B exchanges.
  - **Corporate Claims Processing Portal** – Implemented an internet based application that segmented the claims organization to handle smaller claims programmatically, while redirecting complex claims to the most experienced adjusters. Increased claims processing by 34%.
  - **Premium Entry System (PES)** – Streamlined all CNA Lines of Business daily premium processing by standardizing feeds into a centralized corporate PeopleSoft application. Achieved an annualized cost savings of \$6.8 million.
  - **Underwriting System** – Implemented automatic underwriting of small coverage's and improved processing by 32%; reduced overall underwriting expenses by 42%. Improved reporting by 30%.
  - **Additional Responsibilities at CNA:**
    - Managed multi-phased small to large critical application development projects.
    - Managed P&C projects on both the Commercial and Personal lines of insurance
    - Identified project requirements and developed project scope documents.
    - Executive and high-level Stake Holder reporting of project status and progress.
    - Report project risks as identified.
    - Managed a global team of 20-35 developers, system engineers, business analysts, and quality assurance analysts.
    - Managed several projects with the Risk Management teams to assess and manage risk for P&C exposures



- Heavily involved in monitoring application source code written in VB, Java, and C#. 1996 – 2012
- Mr. Martinez's additional employment history includes:
  - Novartis – Project Manager (1993 – 1996)
    - High volume document imaging and database retrieval system.
  - AT&T – Project Manager (1990 – 1993)
    - Manage Project to Automate the Environmental Technology Department
  - BASF Corporation – Systems Analyst/Project Manager (1988 – 1990)
    - Implemented application to improve Risk Managers efficiency and costs associated with managing organizations Insurance processes.
  - Glaxo SmithKline – Systems Analyst/Tech Support (1984 – 1988)
    - Automated the General Counsel's office by implementing applications to manage outside counsel; trademark prosecution; and Risk Management.

## Education

- Economics, American University, University of Copenhagen, Copenhagen, Denmark
- Rutgers Business School, Executive Education Program, 2016

## Skills, Knowledge and Abilities

### Core Competencies:

- Requirements Gathering
- Business Process Improvement
- Technical Design & Architecture
- Functional/Technical Specifications Development
- Scope Management
- Change Management
- Schedule Management
- Communication Management
- Risk Management
- Quality Management
- Budget/Forecasting/Cost Control
- QA Testing
- Vendor Management

### Technologies:

- Development Tools - Eclipse, Microsoft Visual Studio.NET 2003-2010, Apple Project Builder/Interface Builder, Dreamweaver, MS Expression, WordPress, Drupal, Salesforce.
- Languages – Java, Spring, Hibernate, C#, Visual Basic, PHP, Objective-C, SQL, XML, XAML, JavaScript, Ajax, HTML, CSS, LINQ, Silverlight, SOA, Web Services, SOAP, IBM Messaging, MQSeries, UDDI.
- Databases – Oracle 6-11g, PL/SQL, MS SQL Server 2000-2008, MySQL, MS Access, ADO.NET, T-SQL, JDBC, SQLite, Salesforce.

- **Business Intelligence/Data Warehousing** – Informatica, Oracle, SQL Server, Hadoop, Teradata, OLAP, ETL, MDM, IBM Infosearch, JBOSS, Web Logic, Cognos, OBIEE, Business Objects, Tableau.
- **Operating/Networking Systems** - Microsoft Windows (2000/XP/Vista/7), Linux (Red Hat, Ubuntu, CentOS), MS Server 2000 – 2008, Sun Solaris, NetWare IPX/SPX, TCP/IP, Unix, MS SharePoint Services 2003 – 2010, IIS, Apache, Weblogic, WebSphere, VPN, MS Small Business Server 2003-2008, Citrix Access Gateway.
- **Modeling** – UML, ERWin, Visio, Visual Studio Class Designer, Visual Paradigm.
- **Reporting** – Crystal Reports 4.5 – XI, MS Reporting Services, Business Objects, Oracle Reports.
- **SOA** - SaaS, ESB, Webservices.
- **Web 2.0** - Facebook API, Twitter API, Wikis, Mashups, GeoCoding.
- **Mobile** – iPhone iUI, Interface Builder, Eclipse, Android Java Framework, Blackberry Java API, Windows Phone 8 Visual Studio 2010, Java Mobile.
- **Project Management** – Clarity, IBM Rational Team Concert (RTC), JIRA, Planview, Microsoft Project Server, Microsoft Project, HP Quality Center, ALM, RUP, ITIL.
- **Cloud** - Azure, Salesforce.
- **Document Imaging Workflow** - Documentum, Filenet, Kofax.

## 5. References and Qualifications

Mathtech is currently or has recently delivered several project management services for NJ State agencies. We provided a full breath of project management activities as described in our Approach section above.

### 5.1 Project Experience Table

This table represents some recent/current projects where Mathtech is providing project management services similar to the TTFA request.

Client	Transportation/ Motor Vehicle Operations	Financial Operations	Project Management	System Testing/ Test Management	Vendor Management/Oversight
Maryland DOT, Motor Vehicle Admin. <i>Enterprise System Modernization Project Management – PMO Setup and Management, Vision, Strategy, IT Architecture, Requirements, RFP, Vendor Oversight</i>	✓	✓	✓		✓
New Jersey Motor Vehicle Commission <i>Driver License &amp; Motor Vehicle System Modernization Project Management and Technical Oversight – Vision, Strategy, Requirements, RFP, Vendor Oversight, Security Assessments</i>	✓	✓	✓	✓	✓
New Jersey Motor Vehicle Commission <i>Enhanced Digital Driver License System Planning, RFP and Procurement Support and Rollout PM Oversight</i>	✓		✓		
New Jersey Motor Vehicle Commission <i>Inspection System Planning, Requirements, RFP/Procurement and Rollout Oversight</i>		✓	✓		

## 6. Fees

Per the schedule in the RFP, Mathtech anticipates a schedule of two (2) years beginning in May 2016 and running through May 2018. The following table identifies the total estimated cost for the project:

Resource	Role	Total Estimated Hours (1,960 hrs per year)	Hourly Rate	Total Estimated Cost
Brian J. Martinez	Project Manager	3,920	\$140.00	\$548,800.00

In addition, Mathtech will provide consultative assistance from other Mathtech team members as necessary at no additional cost to the state.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

The next order of business, Chairman Richard Hammer requested the consideration of a resolution authorizing the Authority to move into executive session to receive legal advice regarding the proposed settlement of claims against Goldman Sachs & Co. in the matter of the Arbitration between the Andrew P. Sidamon-Eristoff, Treasurer of the State of New Jersey and the New Jersey Transportation Trust Fund Authority vs. Goldman Sachs & Co. (Crd #361) in accordance with Section 7(b)(7) and Section 8 of the Open Public Meetings Act.

Mr. Lalevee moved the following Resolution:

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND  
AUTHORITY TO ENTER INTO EXECUTIVE SESSION TO RECEIVE LEGAL  
ADVICE RELATING TO THE PROPOSED SETTLEMENT OF CLAIMS AGAINST  
GOLDMAN SACHS & CO.**

WHEREAS, pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, L. 1984, c. 73 (N.J.S.A. 27:1B-1, et seq.), as amended and supplemented (the "Act"), the Transportation Trust Fund Authority (the "Authority") is established and allocated within the Department of Transportation; and

WHEREAS, pursuant to the Open Public Meetings Act, L. 1975, c. 231, as amended, N.J.S.A. 10:4-6 et seq. (the "OPMA"), members of the public are permitted to be excluded from a meeting of the Authority to discuss certain matters as set forth in Section 7 of the OPMA (N.J.S.A. 10:4-12) in an executive session; and

WHEREAS, the Members of the Authority wish to enter into executive session to receive legal advice relating to the proposed settlement of claims against Goldman Sachs & Co., in the Matter of the Arbitration between the Andrew P. Sidamon-Eristoff, Treasurer of the State of New Jersey and the New Jersey Transportation Trust Fund Authority vs. Goldman Sachs & Co. (CRD #361), and to discuss such matter in executive session under Section 7(b)(7) of the OPMA (N.J.S.A. 10:4-12(b)(7)); and

WHEREAS, in order to enter executive session, the Authority is required to adopt a resolution in compliance with the requirements of the provisions of Section 8 of the OPMA (N.J.S.A. 10:4-13); and

WHEREAS, the minutes of the executive session shall be released to the public after the need for confidentiality no longer exists.

**NOW, THEREFORE, BE IT RESOLVED BY THE MEMBERS OF THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY AS FOLLOWS:**

1. The Members of the Authority hereby authorize the entry into executive session pursuant to the provisions of Section 7(b)(7) of the OPMA (N.J.S.A. 10:4-12(b)(7)) and Section 8 of the OPMA (N.J.S.A. 10:4-13) to receive legal advice regarding the proposed settlement of claims against Goldman Sachs & Co.
2. The minutes of the executive session shall be released to the public after the need for confidentiality no longer exists.
3. This resolution shall take effect immediately in accordance with the Act.

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

AYE: 5

NAY:

ABSTAIN:

ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was adopted.

The Authority Board entered into executive session at approximately 10:20 A.M. At the end of all business, the Authority Board re-entered public session at approximately 10:25 A.M.

The next order of business was consideration of a resolution authorizing the settlement of claims against Goldman Sachs & Co. in the Matter of the Arbitration between the Andrew P. Sidamon-Eristoff, Treasurer of the State of New Jersey and the New Jersey Transportation Trust Fund Authority vs. Goldman Sachs & Co. (Crd #361). The Chairman requested a motion to approve the resolution authorizing the acceptance of the proposed settlement with Goldman Sachs & Co. in accordance with the terms and conditions discussed in Executive Session.

Mr. Lalevee moved the following Resolution:

RESOLUTION AUTHORIZING SETTLEMENT OF CLAIMS AGAINST GOLDMAN SACHS & CO. IN THE MATTER OF THE ARBITRATION BETWEEN ANDREW P. SIDAMON-ERISTOFF, TREASURER OF THE STATE OF NEW JERSEY AND THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY VS. GOLDMAN SACHS & CO. (CRD #361)

WHEREAS, the New Jersey Transportation Trust Fund Authority (the "Authority") issued auction rate securities in 2003 to finance State Transportation System Costs (the "TTFA ARS"); and

WHEREAS, the TTFA ARS were secured by a State Contract between the Authority and the Treasurer of the State of New Jersey (the "Treasurer"), whereby the Treasurer agreed to make payments to the Authority equal to the amount of principal and interest on the TTFA ARS, subject to annual appropriation by the New Jersey Legislature; and

WHEREAS, Goldman Sachs & Co. ("Goldman Sachs") was an underwriter on a portion of the TTFA ARS; and

WHEREAS, during late 2007-2008, the market for auction rate securities collapsed and auctions failed due to major financial institutions withdrawing support for the auction rate securities market, thereby causing the interest rate on auction rate securities, including the TTFA ARS, to reset at punitive default interest rates; and

WHEREAS, as a result of the failure of the auction rate securities market, the Authority was forced to remarket the TTFA ARS in 2008 to variable rate demand bonds with liquidity support provided by a bank letter of credit, at rates which were higher than if the Authority had issued such bonds at the time of original issuance of the TTFA ARS or during 2007, once the underwriters were aware of the problems in the auction rate securities market; and

WHEREAS, in connection with the original issuance of the TTFA ARS, the Authority entered into interest rate swap agreements (the "Swaps") for the purpose of hedging the variable rate exposure and synthetically fixing the interest rate on the TTFA ARS (the "ARS Financing Structure"); and

WHEREAS, the Authority has also terminated all of the Swaps entered into in connection with the TTFA ARS; and

WHEREAS, underwriters of municipal bonds, including Goldman Sachs, have been the target of various lawsuits and investigations concerning prior knowledge of such underwriters as to the true nature of the auction rate securities market; and

WHEREAS, on February 10, 2014, the Authority and the Treasurer filed a statement of claim with the Financial Industry Regulatory Authority ("FINRA") in a FINRA arbitration (#14-00406) against a number of major financial institutions, including Goldman Sachs, alleging



violations of FINRA and Municipal Securities Rulemaking Board ("MSRB") rules, negligent misrepresentation, breach of fiduciary duty, fraud, negligence, breach duty of good faith and fair dealing and unjust enrichment (the "FINRA Arbitration"); and

WHEREAS, Shepherd Smith Edwards & Kantas LTD LLP and Fishman Haygood LLP, special counsel to the Authority and the Treasurer ("Special Counsel") represent the Authority and the Treasurer in the FINRA Arbitration and participated in a settlement mediation session and subsequent settlement negotiations with Goldman Sachs; and

WHEREAS, as a result of such settlement negotiations, the Treasurer approves settlement of the FINRA Arbitration with Goldman Sachs and the Authority wishes to authorize and approve settlement of the FINRA Arbitration with Goldman Sachs; and

NOW THEREFORE BE IT RESOLVED BY THE NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY AS FOLLOWS:

**Section 1. Approval of Settlement.**

The Authority hereby approves settlement of the FINRA Arbitration with Goldman Sachs in accordance with the terms and conditions as discussed in executive session.

**Section 2. Delegation of Authority.**

The Executive Director of the Authority is hereby authorized and directed to execute and deliver any and all documents necessary to effectuate a settlement of the FINRA Arbitration with Goldman Sachs in substantial accordance with the terms and conditions set forth in executive session, including but not limited to, execution and delivery of a settlement agreement, upon the advice of Special Counsel and the Attorney General's Office.

**Section 3. Effective Date.**

This resolution shall take effect in accordance with the provisions of the New Jersey Transportation Trust Fund Authority Act, N.J.S.A. 27:1B-1 et seq., as from time to time amended and supplemented.

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

AYE: 5

NAY:

ABSTAIN:

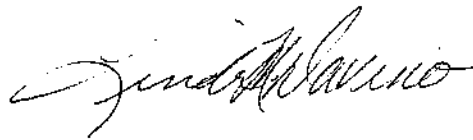
ABSENT:

Chairperson Hammer declared that the motion carried and the resolution was 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 October 14, 2016 meeting of the New Jersey Transportation Trust Fund Authority be adjourned. Mr. Longo seconded the motion, which was carried by unanimous vote.

The October 14, 2016 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 10:30 A.M.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Linda M. Davino". The signature is fluid and cursive, written over a white background.

Linda M. Davino

Assistant Secretary of the Authority