



Chris Christie Governor | Kim Guadagno Lieutenant Governor



NJ TRANSPORTATION TRUST FUND AUTHORITY

Members:

The Honorable Andrew P. Sidamon-Eristoff
The Honorable James S. Simpson, Chairman
Robert A. Briant, Jr., Vice Chairman
Joseph Ripa
Gregory Lalevee
Nelson Ferreira

veto 4-14-14

March 28, 2014

Regina M. Egea
Director of the Governor's Authorities Unit
State of New Jersey, Office of the Governor
State House – 3rd Floor, Room 301-13
125 West State Street
PO Box 001
Trenton, New Jersey 08625-0001

Dear Ms. Egea:

Pursuant to Section 4(g) of the New Jersey Transportation Trust Fund Authority Act, I herein transmit to you for the Governor's approval the minutes of the March 13, 2014 meeting of the New Jersey Transportation Trust Fund Authority.

Sincerely,

Patricia M. Dyer
Secretary

Enclosure

C: Kerstin M. Sundstrom

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 March 13, 2014 at 2:00 PM (EDT).

The following Authority members were present:

- Joseph Dee, Chief of Staff, New Jersey Department of Transportation (Designee for Commissioner James S. Simpson, NJ TTFA Chairperson)
- Anthony Longo, Manager, Office of Public Finance, New Jersey Department of the Treasury (Designee for the Honorable Andrew P. Sidamon-Eristoff, New Jersey State Treasurer)
- Gregory Lalevee, NJ TTFA, Vice Chairperson - (via teleconference)
- Joseph Ripa, NJ TTFA Public Member - (via teleconference)
- Robert A. Briant, Jr., NJ TTFA Public Member - (via teleconference)

Constituting a quorum of the Members of the Authority.

There were also present:

- Gary J. Brune, NJ TTFA Executive Director; CFO, NJDOT
- Kerstin M. Sundstrom, Governor’s Authorities Unit – (via teleconference)
- Lynn Besancon, Deputy Attorney General, NJDOL&PS
- Brian McGarry, Deputy Attorney General, NJDOL&PS
- Samuel Braun, NJ TTFA Comptroller; Division of Accounting and Auditing, NJDOT
- Sonia Rivera-Perez, Manager, Office of Management and Budget, New Jersey Department of the Treasury
- Tariq Shabazz, Budget Analyst, Office of Management and Budget, New Jersey Department of the Treasury
- Albert Weierman, Auditor 3, Division of Accounting and Auditing
- Patricia M. Dyer, Executive Secretarial Assistant, NJDOT
- Mina Tsintzas, NJ TTFA Assistant Secretary to the Authority
- Steven Petrecca, Assistant State Treasurer, New Jersey Office of the Treasurer

NJDOT Chief of Staff/NJ TTFA Chairperson Designee Joseph Dee presided at the meeting and Patricia M. Dyer, kept the minutes.

Chairperson Designee Joseph Dee convened the meeting at 2:05 PM. He introduced himself and made the following statement:

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

Patricia M. Dyer called the roll. The following acknowledged their presence: Joseph Dee, Anthony Longo; and via teleconference: Gregory Lalevee, Joseph Ripa, and Robert A. Briant, Jr.

After acknowledging that a quorum was present, Chairperson Designee Joseph Dee called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting held on November 8, 2013.

Mr. Gregory Lalevee moved for the adoption of the Authority's November 8, 2013 meeting minutes:

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 8, 2013 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Mr. Robert A. Briant, Jr. Chairperson Designee Joseph Dee 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.

Turning to the next item on the agenda, Chairperson Designee Joseph Dee requested the consideration of officers to serve the Authority effective through Fiscal Year 2015. Chairperson Designee Joseph Dee requested a nomination for the position of Vice Chairperson to the Board.

Mr. Gregory Lalevee stated that he would like to recommend Mr. Robert A. Briant, Jr. to serve as Vice Chairperson and Mr. Joseph Ripa seconded that nomination. Mr. Gregory Lalevee moved the following resolution electing Mr. Robert A. Briant, Jr. as Vice Chairperson of the Authority through Fiscal Year 2015:

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of a 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. Robert A. Briant, Jr. to serve in the capacity of Vice Chairperson through Fiscal Year 2015.

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

Next, Chairperson Designee Joseph Dee requested a nomination for the position of Treasurer to the Board and Chairperson Designee Joseph Dee recommended that Anthony Longo, Manager, Office of Public Finance, NJ Department of the Treasury (Designee for the Honorable Andrew P. Sidamon-Eristoff), serve in the capacity of Treasurer of the Authority through Fiscal Year 2015. Mr. Robert A. Briant, Jr. seconded the nomination and then Mr. Briant moved the following resolution:

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of a Treasurer and such other officer 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 Andrew P. Sidamon-Eristoff, to serve in the capacity of Treasurer through Fiscal Year 2015.

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

Next, Chairperson Designee Joseph Dee requested a nomination for the position of Comptroller to the Board and Chairperson Designee Joseph Dee recommended that Samuel Braun, Division of Accounting and Auditing, NJ Department of Transportation, serve in the capacity of Comptroller through Fiscal Year 2015. Mr. Gregory Lalevee seconded the nomination and Chairperson Designee Joseph Dee 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 2015.

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

Next, Chairperson Designee Joseph Dee requested a nomination for the position of Secretary to the Board and then recommended that Linda Davino be nominated to serve as Secretary of the Authority through Fiscal Year 2015. Mr. Robert A. Briant, Jr. seconded the nomination. Mr. Gregory Lalevee 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 Ms. Linda Davino to serve in the capacity of Secretary through Fiscal Year 2015.

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

Next, Chairperson Designee Joseph Dee requested a nomination for the position of Assistant Secretary to the Board and Chairperson Designee Joseph Dee recommended that Mina Tsintzas be nominated to serve as Assistant Secretary of the Authority through Fiscal Year 2015. Mr. Gregory Lalevee seconded the nomination. Mr. Anthony Longo moved the following resolution:

WHEREAS, the Bylaws of the Authority provide for the annual election by the Authority of an 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 Ms. Mina Tsintzas to serve in the capacity of Assistant Secretary through Fiscal Year 2015.

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

Moving on to the next item of business (Agenda Item - Tab E), Chairperson Designee Joseph Dee requested Gary J. Brune to lead a discussion pertaining to the request for concurrence with the Financial Policy Review Board's ("FPRB's") "State of Condition of Transportation Financing Certification for Fiscal Year 2013," which is required by NJ TTFA statute.

Mr. Brune summarized to the members that this is an annual report that goes to the Governor, the Legislature, and to the Commissioner. The FPRB is an independent watchdog over the finances of the TTF and includes public members.

Mr. Brune referenced the meeting's agenda package (Tab E), and stated that the Certification contains three elements as required by statute for FY 2013 expenditures.

- The first element is that the TTFA is in compliance with the annual bonding cap;
- The second element certifies that both the NJ Department of Transportation (NJDOT) and NJ Transit Corporation (NJT) have not programmed more funding for permitted maintenance than the amount programmed by statute in FY 2007; and
- The third element certifies that the annual capital program does not exceed \$1.6 billion.

There are basically three tests within the law, and as mentioned by Chairperson Designee Joseph Dee the certification is based upon FY 2013 expenditures.

- The first test relates to the bonding limitation within the statute. The FPRB essentially needs to verify that the TTFA did not exceed that limitation. Mr. Brune confirmed that the bonding cap had not been exceeded by virtue of the fact that as of the end of FY 2013, the TTFA had a \$326.0 million carryforward in the bond cap that was unused from prior fiscal years.
- The second test relates to the statutory cap on permitted maintenance, which are investments that prolong the life of a transportation asset by at least five years. The TTFA is not allowed to spend any more than what was spent in FY 2007, which is considered the base year. The cap amount (which totals \$120.7 million) is split between NJ Department of Transportation (NJDOT) and NJ Transit Corporation (NJT). The NJDOT's portion is \$17.5 million, and NJDOT has only spent less than \$10 million in FY 2013. NJT spent approximately their allotted amount -- so collectively, TTFA was within the permitted maintenance cap in FY 2013.
- The last test certifies that the total program size of the TTF cannot exceed \$1.6 billion annually. That level has been at \$1.2 billion ever since the Port Authority of New York and New Jersey has been included within the State's transportation capital plan.

The FPRB approved the certification on January 30, 2014. The recommendation is that the Board provides approval as well.

Chairperson Designee Joseph Dec asked if there were any further discussion and then requested a motion to adopt the resolution entitled, "Resolution Approving the Form of State of Condition of Transportation Financing Certification for Fiscal Year 2013."

**RESOLUTION APPROVING THE FORM OF STATE OF CONDITION OF
TRANSPORTATION FINANCING CERTIFICATION FOR FISCAL YEAR 2013**

WHEREAS, the Financial Policy Review Board (the “Board”) was created pursuant to Section 6 of L. 2006, c. 3 (C.27:1B-22.2); and

WHEREAS, pursuant to Section 6 of L. 2006, c.3 (C.27:1B-22.2), the purpose of the Board is 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 Board is required to certify that the New Jersey Transportation Trust Fund Authority (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, 2012, 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, 2006; 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, the Board has reviewed the appropriate information in order to provide the form of Certification attached hereto as “Exhibit A;” and

WHEREAS, the Board wishes to authorize 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 concurrence of the New Jersey Transportation Trust Fund Authority to the Certification.

**NOW, THEREFORE, BE IT RESOLVED BY THE FINANCIAL POLICY
REVIEW BOARD AS FOLLOWS:**

1. The Financial Policy Review Board (the “Board”) hereby approves the form of the Statement of Transportation Financing certification required by Section 6 of L. 2006, c. 3 (C.27:1B-22.2) for Fiscal Year 2013 (the “Certification”).
2. The Board authorizes the Chair of the Board and any other member of the Board to execute the Certification on behalf of the Board.
3. The Board authorizes the submission of the Certification to the Governor of the State, the State Legislature, and the Commissioner of the Department of Transportation. The Board authorizes the Chair of the Board to arrange for such submission of the Certification, including accepting assistance from employees of the Department of Transportation in arranging for and submitting the Certification,

provided that the Certification shall not be so submitted until such time as the New Jersey Transportation Trust Fund Authority concurs with the Certification.

4. This resolution shall take effect immediately.

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 2013

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, 2012, the amount budgeted for expenditure 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, 2006; 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 30th day of January, 2014.

FINANCIAL POLICY REVIEW BOARD

By: _____

Name: James A. Crawford
Title: Chair

FINANCIAL POLICY REVIEW BOARD

STATE OF CONDITION OF TRANSPORTATION FINANCING CERTIFICATION

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

FOR FISCAL YEAR 2013

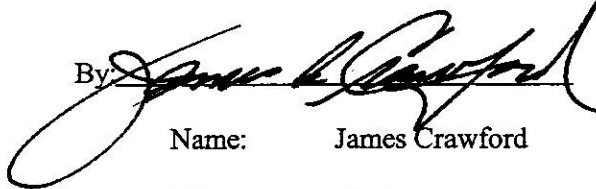
I, the Chair of the Financial Policy Review Board (the "Board") hereby certify, on behalf of the Board, as required by N.J.S.A. 27:1B-22.2, that the financing and expenditures of the New Jersey Transportation Trust Fund Authority (the "Authority") adhered to the following standards:

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, 2012, 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, 2006; 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 30th day of Jan, 2014.

FINANCIAL POLICY REVIEW BOARD

By



Name: James Crawford

Title: Chair

Mr. Joseph Ripa moved that the foregoing resolution be adopted. The motion was seconded by Mr. Robert A. Briant, Jr. The members were polled with all members being in favor, and no members were in opposition.

Chairperson Designee Joseph Dee thereupon declared said motion carried and said resolution adopted.

Moving onto the next item of business, Chairperson Designee Joseph Dee asked Gary J. Brune, Executive Director of the New Jersey Transportation Trust Fund Authority to lead a discussion pertaining to the Authority's proposed Fiscal Year 2015 Financial Plan, which by law must be submitted to the Governor, the Legislature, and Financial Policy Review Board. This plan outlines the financing strategy that will apply to the highway and transit projects that are proposed for Fiscal Year 2015.

Mr. Brune referenced Agenda Item F which contains the Fiscal Year 2015 Financial Plan and several charts. He then referred to the chart on page 3 entitled, "Summary of Operations (FY 1985-2013)." Mr. Brune explained that the chart shows the resources and usage of money for the Authority since its inception. The first column covers from 1985-2013, the middle column provides an estimate for 2014, and the last column puts those two columns together. The Total Authority Sources (\$36.5 billion) since its inception are about \$2.0 billion less than the Authority's Uses at \$38.4 billion. This difference is sometimes described as an approximation of the tail of the program. The Program Appropriation line is where all of the projects are authorized. It will take some time to convert into cash expenditures, but will eventually catch up

with itself. In any snapshot that is taken, there is an imbalance between the two. It basically shows that the current tail was about \$2 billion.

Moving to page 5, Mr. Brune referenced the chart entitled, "FY 15 TTF Appropriation" which compares FY 2014 to FY 2015, and it basically shows the TTF appropriation increasing by nearly \$100 million in FY 2015. He indicated that the first two sources (Motor Fuels Tax and Petroleum Gross Receipts Tax) are declining in FY 2015 compared to what they were in FY 2014; however, the Sales & Use Tax is increasing by one third (\$127.5 million). This results in a net increase of nearly \$100 million all of which will be appropriated to pay for debt service in FY 2015. A "Pay-As-You-Go" appropriation to the TTF is not recommended for the coming year.

Moving to page 6, Mr. Brune referenced the chart entitled, "FY 15: Statement of Anticipated Changes in Cash Position." This chart lays out for FY 2015 how the NJ TTFA will meet its cash needs. The year starts out with a projected carry forward of cash into FY 2015 of about \$318 million. The chart's Total Receipts are about \$2.4 billion and includes \$1.1 billion in projected bond proceeds. The Total Disbursements are about \$2.5 billion and includes State Transportation Project Costs which are the estimated payments to vendors and contractors. The two lines below that represent the sum of the debt service either for the TTFA Bonds or NJ Transit's certificates of participation and another line showing the Authority projected operating expenses. The chart shows that there is still a cash balance projected into FY 2015 of about \$155 million, but that amount is obviously less than what the Authority is projected to start the year with. Mr. Brune pointed out that the NJ TTFA does expect to meet FY 2015 expenses

without increasing the bond cap. Instead, it will basically use the carry forward that is projected to rollover into the year for the expected sale of TTFA bonds.

Moving to page 9, Mr. Brune referenced the chart entitled, "Transportation Trust Fund Authority Statutory Debt Limit," and stated that there was one point that needed to be made. That chart showed the bonding credits that have come to the Authority versus the bond issuances, and points out that by the end of FY 2015, there will be no more unused debt limit from prior years. One of the ways that TTF expenses will be funded in FY 2015, will be to exhaust all of the unused bond cap that was available from prior years.

Mr. Brune suggested to the Board that the report be forwarded to the Governor and the Legislature at this time. Chairperson Designee Joseph Dee asked if there were to be any discussion, comments or questions regarding Mr. Brune's points. Hearing none, Chairperson Designee Joseph Dee requested a motion approving the "Resolution of the New Jersey Transportation Trust Fund Authority Approving the Fiscal Year 2015 Financial Plan and Authorizing the Submission of the Fiscal Year 2015 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. Gregory Lalevee moved that the Resolution be adopted. The motion was seconded by Mr. Anthony Longo. Chairperson Designee Joseph Dee asked the members to signify if they were in favor, and all members were in favor, with no members in opposition; therefore, the motion was carried.

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND
AUTHORITY APPROVING THE FISCAL YEAR 2015 FINANCIAL PLAN AND
AUTHORIZING THE SUBMISSION OF THE FISCAL YEAR 2015 FINANCIAL PLAN
TO THE COMMISSIONER OF THE DEPARTMENT OF TRANSPORTATION FOR
SUBMISSION TO THE SENATE, THE GENERAL ASSEMBLY, THE GOVERNOR'S
OFFICE 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 March 13, 2014, the Authority discussed a proposed financing plan for transportation projects for Fiscal Year 2015 (the "2015 Financial Plan"), attached hereto as Exhibit A (the "Fiscal Year 2015 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 2015 Financial Plan;

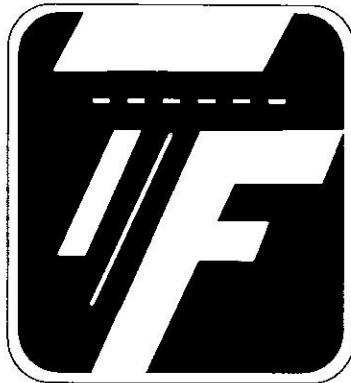
NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority hereby approves the Fiscal Year 2015 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 2015 Financial Plan, to the Commissioner of the Department of Transportation for submission to the Senate and General Assembly, the Governor's Office and the Financial Policy Review Board.
4. This Resolution shall take effect upon adoption in accordance with the Act.

EXHIBIT "A"

New Jersey Transportation Trust Fund Authority Fiscal Year 2015 Financial Plan

Plan for Financing Anticipated NJDOT/NJT Capital Program Outlays for Fiscal Year 2015



**NEW JERSEY
TRANSPORTATION
TRUST FUND**

*Prepared by the
Transportation Trust Fund Authority*

Adopted March, 2014

**Chris Christie, Governor
Kim Guadagno, Lt. Governor**

James S. Simpson, Commissioner

I. Introduction

TTFA 2015 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 Trust Fund Authority Act, 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]

Historically, the NJTTFA has funded its programs through annual State appropriations secured by revenues from the Motor Fuels Tax, Petroleum Gross Receipts Tax, Sales and Use Tax (i.e., new vehicle sales), toll road contributions, heavy truck registrations, good driver surcharges, investment earnings, and the incurrence of debt.

The NJTTFA's Fiscal Year 2015 Financial Plan reflects recommendations contained in the Fiscal Year 2015 Governor's Budget Message as well as changes implemented in the 2012 amendments to the TTFA Act, L. 2012, c.13, effective June 29, 2012 ("2012 Amendments"). The most prominent of the Act's amendments was the authorization of a new type of financing instrument entitled "Transportation Program Bonds", the debt service for which is payable solely from revenues dedicated pursuant to the New Jersey Constitution, Article VIII, Section II, paragraph 4 (hereinafter the "Transportation Program Bonds").

II. Prior Years' Results

The following table summarizes the results of the NJTTFA's operations for fiscal years 1985 through 2013 and the expected results for fiscal year 2014:

SUMMARY OF OPERATIONS (FY 1985-2013)			
(DOLLAR AMOUNT IN THOUSANDS)			
<u>DESCRIPTION</u>	<u>1985-2013 ACTUAL</u>	<u>2014 ESTIMATED</u>	<u>THRU 2014 ACTUAL & EST.</u>
Authority Sources:			
Revenue Appropriations *	\$ 15,324,919	\$ 1,124,566	\$ 16,449,485
NJ Turnpike (New Contract)	66,000	-	66,000
Build America Bond Tax Credits	118,868	35,934	154,802
Interest Earnings	522,105	325	522,430
<u>Net Bond Proceeds</u>	<u>18,406,889</u>	<u>863,323</u>	<u>19,270,212</u>
Total Authority Sources	\$ 34,438,781	\$ 2,024,148	\$ 36,462,929
Authority Uses:			
Program Appropriations	\$ 26,029,450	\$ 1,224,000	\$ 27,253,450
Debt Service (TTF)	10,009,212	1,065,667	11,074,879
<u>Authority Expenses</u>	<u>22,235</u>	<u>3,492</u>	<u>25,727</u>
Total Authority Uses	\$ 36,060,897	\$ 2,293,159	\$ 38,354,056
Net Balance	\$ (1,622,116)	\$ (269,011)	\$ (1,891,127)
* FY 14 column reflects planned lapse of \$35.9m			

As a measure of the NJTTFA's total operation, the estimated negative \$1.9 billion "net balance" calculation for fiscal years 1985 through 2014 in the chart above recognizes that the NJTTFA only issues bonds to meet cash flow obligations, not the full value of capital program appropriations. The "program appropriations" calculation reflects the obligation authority that the Legislature provided to NJDOT/NJ Transit for Transportation Trust Fund ("TTF") 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 \$1.9 billion reflects all spending authority (i.e., inception to date) less the total resources that have been provided or generated by the NJTTFA through June 30, 2014.

III. New Jersey Capital Transportation Plan

In early January, 2011, Governor Christie released a five-year New Jersey Capital Transportation Plan (the "Plan") to improve the State's transportation infrastructure. The Plan provided annual TTF 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.

In fiscal year 2015, the \$1.6 billion Transportation Capital Program is comprised of \$1,225 million from the TTF and \$375 million from the PANYNJ. (See Section IV. - A for details on the funding strategy for fiscal year 2015.)

NEW JERSEY CAPITAL TRANSPORTATION PLAN		
(\$ MILLIONS)		
Sources:		<u>FY 15</u>
Total TTFA	\$	1,225.0
Port Authority Projects		375.0
Total Sources	\$	1,600.0
Uses:		<u>FY 15</u>
DOT	\$	469.9
NJ Transit	\$	470.5
<u>Local Aid</u>	\$	284.6
Total TTFA	\$	1,225.0
Port Authority		375.0
Total Uses	\$	1,600.0

As summarized in the chart below, the FY2015 Governor's Budget Message recommends an appropriation to the TTF of \$1,260 million, which represents an increase of \$99.5 million (8.6%) over the amount appropriated in FY2014 Appropriations Act (\$1,160.5 million). The entire increase is derived from constitutionally-dedicated sources. Specifically, the \$99.5 million reflects the net impact of a \$15 million (2.8%) decline in the amount provided by the Motor Fuels Tax, a \$13 million (5.7%) decline in the Petroleum Products Gross Receipts Tax amount, and a \$127.5 million (33%) increase in appropriation from the State Sales and Use Tax. The \$12 million annual statutory contribution from the toll road authorities is recommended to continue at the same level. (See Section IV. - B for additional background on the constitutional dedications to the TTF.)

The Port Authority portion of the Plan, which specifically supports the Pulaski Skyway, Wittpenn Bridge, and New Road facilities that feed the Lincoln and Holland Tunnels, will be supported by PANYNJ revenues that will not be deposited into the TTF. An interagency agreement between NJDOT and the Port Authority, originally signed in July, 2011, formally recognized that the Port

Authority's commitment is not to exceed \$1.8 billion. It also stipulated that NJDOT would be reimbursed on a quarterly basis and established an auditing and fraud prevention component involving the Office of the Inspector General for both agencies. A revised agreement signed in May, 2012, provided NJDOT with sole responsibility for the design, procurement, acquisition of real property, and construction of the affected projects. It will be the Port Authority's responsibility to provide the required funding.

FY 15 TTF APPROPRIATION			
(\$ MILLIONS)			
	<u>FY 14</u>	<u>FY 15</u>	<u>Change</u>
	<u>Approp.</u>	<u>Approp.</u>	
Motor Fuels Tax	\$ 531.0	\$ 516.0	\$ (15.0)
Petroleum Gross Receipts	228.0	\$ 215.0	\$ (13.0)
Sales & Use Tax	389.5	\$ 517.0	\$ 127.5
<u>Toll Road Authorities</u>	<u>12.0</u>	<u>12.0</u>	<u>-</u>
TOTAL TTF APPROP.	\$ 1,160.5	\$ 1,260.0	\$ 99.5

As to the programmatic allocation of funds, NJDOT will receive a total of \$1,129.5 million, including \$469.9 million for State highways, \$375 million from the PANYNJ, and \$284.6 million for Local Aid. NJ Transit's allotment will total \$470.5 million.

The FY 2015 Governor's Budget Message continues to reflect language items that are required to implement the Governor's Plan, including authorization of the revenue dedications from the General Fund, appropriation of the contributions from the NJTA and the Port Authority, and establishment of the TTF's total project authorization.

IV. Debt Issuances

A. Debt Issuances – Fiscal Year 2015's \$1.6 Billion Capital Program

As outlined in the Fiscal Year 2015 Governor's Budget Message, the proposed New Jersey Capital Transportation Plan for fiscal year 2015 totals \$1.6 billion, including \$1,225 million from the Transportation Trust Fund and \$375 million from the PANYNJ for the aforementioned Port Authority-funded projects. In addition to cash outlays from the proposed Fiscal Year 2015 Capital Plan that will affect fiscal year 2015, the NJTTFA must support the cash need associated with previously-authorized projects. Based on recent experience, the total cash requirement in fiscal year 2015 is projected between \$1.2 billion and \$1.3 billion. To address this need, the NJTTFA expects to issue \$1,061.6 million of new money Transportation Program Bonds provided under the 2012 Amendments, including \$735.3 million authorized for FY 2015 and \$326.3 million of unused bond cap that is expected to carry over from FY2014, and to apply most of a projected cash balance of \$318 million. (See chart below entitled, "Fiscal Year 2015: Statement of Anticipated Changes in Cash Position").

The 2012 Amendments specify that debt service on the newly authorized Transportation Program Bonds is to be paid solely from revenues dedicated pursuant to the New Jersey

Constitution, including Article VIII, Section II, paragraph 4 and deposited into the Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds. The 2012 Amendments further provide that the State Treasurer, to the extent appropriated by the State Legislature, shall credit to such subaccount a portion of the revenues derived from an amount equivalent to revenue derived from the Motor Fuels Tax (\$.105 per gallon) in each fiscal year, an amount equivalent to the revenues derived from the tax imposed on the sale of petroleum products but not less than \$200 million in each fiscal year, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act but not less than \$200 million for each fiscal year. All of these revenues are subject to annual appropriation by the Legislature.

As noted earlier, the Authority also anticipates receipt of \$12 million from toll road contributions which are currently dedicated to the NJTTFA by statute, subject to annual appropriation by the Legislature.

A summary of the NJTTFA's projected cash flows for fiscal year 2015 is provided below:

FY 15: STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION		
(\$ Whole)		
<u>Description</u>	<u>Sub-Total</u>	<u>Total</u>
Estimated July 1, 2014 Cash Balance		\$ 318,600,000
Receipts:		
State Appropriations:		
Motor Fuels Tax	516,000,000	
Petroleum Products Tax	215,000,000	
Sales and Use Tax	517,043,000	
Toll Road Authorities Contributions	<u>12,000,000</u>	
Net Total		1,260,043,000
Pay-As-You-Go		-
Interest Income		350,000
Bond Proceeds		1,061,559,285
Build America Bonds Tax Credit		<u>38,722,469</u>
Total Receipts		\$ 2,360,674,754
Disbursements:		
State Transportation Project Costs		1,260,000,000
TTF Debt Service		1,184,243,000
NJT COPs Debt Service		75,800,000
Authority Operating Expenses		<u>3,350,000</u>
Total Disbursements		\$ 2,523,393,000
Estimated July 1, 2015 Cash Balance		\$ 155,881,754

The Transportation Program Bonds will be issued as "state contract" debt backed by the Contract Implementing Funding Provisions of the New Jersey Transportation Trust Fund Authority Act with respect to Transportation Program Bonds, dated as of December 4, 2012, among the State Treasurer, the Commissioner of the New Jersey Department of Transportation (the "Commissioner"), and the Authority. This contract pledges that the aforementioned 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, which were issued up to and through fiscal year 2013, continue to be secured by the Third Amended and Restated Contract Implementing Funding Provisions of the New Jersey Transportation Trust Fund Authority Act with respect to Transportation System Bonds, dated as of December 4, 2012, among the State Treasurer, the Commissioner, and the Authority. That contract pledges that any dedicated NJTTFA revenues appropriated by the Legislature to the payment of such bonds will be made available to the Authority for debt service payments.

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 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 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.)

C. Credit Ratings

The NJTTFA debt is currently rated "A+" by Fitch Investors Service, "A1" by Moody's Investors Service, and "A+" by Standard & Poor's Corporation.

In determining the timing, structure and size of each bond issuance, the NJTTFA considers such factors as current market conditions, cash flow needs, and the impact of the added debt on the NJTTFA's appropriation. The NJTTFA's Transportation System Bonds have been and continue to be well received by the financial markets.

D. Fiscal Year 2015 Statutory Debt Limit

The statutory debt issuance limitations for the Transportation System Bonds were last set by L. 2006, c.3 (the "2006 Amendments"). Presently, there is no remaining unused statutory debt cap under the TTFA Act, as amended by L. 2006, c.3, for the Transportation System Bonds (except for a nominal amount). Accordingly, only Transportation System Bonds that will be used to refund other outstanding Transportation System Bonds may be issued under the TTFA Act. These restrictions apply only to the Authority's Transportation System Bonds.

The 2012 Amendments to the TTFA Act (section N.J.S.A. 27:1B-9(i)) established the following new statutory debt limitations for the Transportation Program Bonds:

The authority shall not issue transportation program bonds in excess of \$1,247,000,000 for the fiscal year beginning July 1, 2012, in excess of \$849,200,000 for the fiscal year beginning July 1, 2013, in excess of \$735,300,000 for the fiscal year beginning July 1, 2014, and in excess of \$626,800,000 for the fiscal year beginning July 1, 2015, except that (1) if that permitted amount of transportation program bonds, or any portion thereof, is not incurred in a fiscal year, it may be issued in a subsequent fiscal year and (2) 30 percent of the permitted amount of transportation program bonds for a fiscal year may be issued in the fiscal year preceding such fiscal year provided that (a) any transportation program bonds issued pursuant to this paragraph shall be deducted from the authorization for the fiscal year from which it was taken, and (b) the proceeds of any such transportation program bond shall not be encumbered until the fiscal year from which the deduction of the authorization was taken pursuant to this paragraph. Transportation program bonds authorized to be issued for the fiscal year beginning July 1, 2012 may be issued prior to July 1, 2012. Any increase in this limitation shall only occur if so provided for by law. In computing the foregoing limitation as to the amount of bonds the authority may issue, the authority may exclude any bonds, notes or other obligations, including subordinated obligations of the authority, issued for refunding purposes. The payment of debt service on transportation program bonds and any agreements issued in connection with such transportation program bonds shall be paid solely from revenues dedicated pursuant to the New Jersey Constitution, including Article VIII, Section II, paragraph 4, and deposited into the "Transportation Trust Fund Account – Subaccount for Debt Service for Transportation Program Bonds." [P.L. 2012, c. 13, section 3.]

As noted earlier, the 2012 Amendments provided bonding authority of \$735.3 million of Transportation Program Bonds for the transportation program for fiscal year 2015. In addition, it is projected that bond cap of \$326.3 million that was statutorily authorized for fiscal year 2014 but not issued will carryforward into fiscal year 2015. (Note: During fiscal year 2013, the Authority issued \$1,247 million of bonds for transportation purposes. Of that amount, \$326 million of existing Transportation System Bond Cap was issued, essentially exhausting the availability of those bonds that were originally authorized under the 2006 Amendments.) The \$326.3 million in carryforward Transportation Program bond cap will provide flexibility during fiscal year 2015 to supplement the amounts authorized in the 2012 Amendments, as necessary, subject to the requirements of the TTFA Act. Pursuant to the 2012 Amendments, the future use of the bond cap carryforward is no longer subject to approval by the Joint Budget Oversight Committee.

TRANSPORTATION TRUST FUND AUTHORITY
STATUTORY DEBT LIMIT
(\$ Whole)

Fiscal Year Bonding Credits:

FY 1996-2006	\$ 7,600,000,000	
FY 2007	1,600,000,000	
FY 2008	1,600,000,000	
FY 2009	1,600,000,000	
FY 2010	1,600,000,000	
FY 2011	1,600,000,000	
FY 2012	- 0 -	
FY 2013	1,247,000,000	
FY 2014	849,200,000	
FY 2015	735,300,000	
Total		\$ 18,431,500,000

Less Authority Bond Issuances:

1996 Series A Thru 2005 Series C	\$ 6,291,885,000	
2005 Series D	953,020,000	
2006 Series A Grant Anticipation	131,555,000	
2006 Series C	1,115,496,792	
2007 Series A	1,171,055,000	
2008 Series A	1,122,744,638	
2009 Series A	142,730,924	
2009 Series B	273,500,000	
2009 Series C	150,000,000	
2009 Series D	147,500,000	
2010 Series A	359,253,361	
2010 Series B	500,000,000	
2010 Series C	1,000,000,000	
2011 Series A	600,000,000	
2011 Series B	1,315,000,000	
2012 Series A and AA	1,247,000,000	
2013 Series AA	849,200,000	
2014 Series A (Proposed)	735,300,000	
2014 Series AA (Proposed)	326,259,285	
Total		\$ 18,431,500,000
FY 2015 Unused Debt Limit		\$ -

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 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 Authority in accordance with law, shall constitute a declaration of the intent of the Authority to issue bonds, as more fully described in section IV(A) above, in the expected maximum principal amount of \$1,061.6 million, which includes \$735.3 million of bond cap authorized in fiscal year 2015 and \$326.3 million of unused bond cap from fiscal year 2013, 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 2015 and prior fiscal years.

V. Fiscal Year 2015 Operating Budget

The NJTTFA estimates the following operating expenses will be required to manage the financing operations of the NJTTFA during fiscal year 2015. The operating budget, which does not include costs of issuance relating to bond issuances, is funded from the Legislative appropriations to the NJTTFA:

ANTICIPATED OPERATING EXPENSES	
(\$ Whole)	
<u>Description</u>	<u>Estimate</u>
Legal Notices	\$ 1,000
Professional Accounting Services	25,000
Trustee Service Fees	50,000
Letter of Credit Fees	3,200,000
Contingency	74,000
Total	\$ 3,350,000

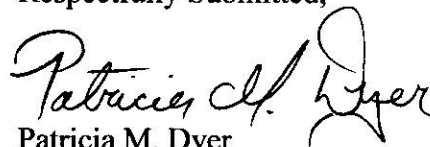
Fiscal Year 2015 Anticipated Bond Issuance Costs

The Authority plans to issue new money bonds to support fiscal year 2015 project expenditures. At the planned \$1,061.6 million bonding level, the anticipated bond issuance costs for new money bonds is estimated to be \$4.2 million for underwriting expenses and \$850,000 for other costs of issuance such as rating fees, printing fees, financial advisor fees, trustee's fees, bond counsel fees, and trustee counsel fees.

Lastly, Chairperson Designee Joseph Dee asked the Board if there were any other issues to be discussed. There being no further business coming from the Authority, Chairperson Designee Joseph Dee requested a motion to adjourn the meeting. Mr. Robert A. Briant, Jr. moved that the March 13, 2014 meeting of the New Jersey Transportation Trust Fund Authority be adjourned, and Mr. Gregory Laveve seconded the motion, all members were in favor with no members opposed, and the motion was carried.

The New Jersey Transportation Trust Fund Authority's meeting ended at approximately 2:20 PM.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Patricia M. Dyer". The signature is written in a cursive style with a large, looped initial "P".

Patricia M. Dyer
Executive Secretarial Assistant
Office of the CFO, NJDOT