

## 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 21, 2012 at 2:00 PM (EDT).

The following Authority members were present:

- James S. Simpson, Commissioner, New Jersey Department of Transportation (NJDOT)
- David Moore, New Jersey Office of the Treasurer – *(Alternate Designee for Andrew P. Sidamon-Eristoff, New Jersey State Treasurer)*
- Joseph Ripa, County Clerk– Camden County; NJ TTFA Vice Chairman (Via teleconference)
- Nelson Ferreira, NJ TTFA Public Member
- Robert Briant, NJ TTFA Public Member (Via teleconference)
- Gregory Lalevee, 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
- Clifford T. Rones, Deputy Attorney General, NJDOL
- Johanna Barba Jones, Esq., Governor's Authorities Unit (Via teleconference)
- David Moore, Manager, Office of Public Finance
- Judith Sigle, NJ TTFA Comptroller
- Barbara DeLucia, Division of Accounting and Auditing, NJDOT
- Samuel Braun, Division of Accounting and Auditing, NJDOT
- Joseph Bertoni, Chief of Staff, NJDOT
- Linda Davino, Assistant Secretary to the Authority
- Mina Tsintzas, Administrative Assistant, NJDOT
- Jonathan Lichtenstein, Cozen O' Connor
- Julius Bailey, Senate Majority Office

Commissioner James Simpson presided at the meeting and Linda Davino, Assistant Secretary, kept the minutes.

Commissioner James Simpson convened the meeting at 2:16PM. 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 law. 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, Camden 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: James Simpson, Nelson Ferreira, David Moore, Gregory Lalevee and via telephone Joseph Ripa and Robert Briant.

After acknowledging that a quorum was present, Commissioner James Simpson called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting on November 22, 2011.

Public Member Nelson Ferreira moved the following resolution approving the Authority's November 22, 2011 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 22, 2011 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Public Member Gregory Lalevee. Commissioner James Simpson 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.

The next business item concerned the re-appointment of the existing Audit Committee members, specifically Joseph Bertoni, NJ DOT's Chief of Staff, Steven Petrecca, and Robert Briant, Jr. The current members of the Audit Committee agreed to continue on the Committee.

Commissioner James Simpson then asked for a motion to adopt the resolution reappointing the three members to the NJ TTFA Audit Committee.

Public Member Joseph Ripa moved the following resolution reappointing members to the NJ TTFA Audit Committee:

**RESOLUTION REAPPOINTING MEMBERS OF THE AUDIT COMMITTEE**

**WHEREAS**, the Transportation Trust Fund Authority (the "Authority") was established pursuant to the New Jersey Transportation Trust Fund Authority Act of 1984, as amended, N.J.S.A. 27:1B-1 et seq., ("Act"); and

**WHEREAS**, on July 23, 2004, Governor McGreevey issued Executive Order No. 122 which requires the governing body of a State authority to establish an Audit Committee and sets forth certain duties and obligations of the Audit Committee; and

**WHEREAS**, the Authority amended its By-laws to establish an Audit Committee in compliance with E.O. 122 (McGreevey 2004); and

**WHEREAS**, the Authority desires to appoint individuals to serve on the Audit Committee in compliance with the requirements of E.O. 122 (McGreevey 2004), two of whom shall be members of the board;

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

1. The Authority hereby appoints three individuals to serve on the Audit Committee in accordance with Article VI of the By-laws who shall serve until such time as their successors are appointed. The individuals are:
  - 1) Steven Petrecca;
  - 2) Joseph Bertoni; and
  - 3) Robert A. Briant, Jr.
2. This Resolution shall take effect upon adoption in accordance with the Act.

Public Member Nelson Ferreira seconded the motion above. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

The next business item was the use of 2006 Series A Grant Anticipation Bond surplus proceeds. The Commissioner asked Executive Director Brune to summarize this resolution. Executive Director Brune proposed the use of \$6.5 million in surplus proceeds from the 2006 Series A Grant Anticipation Bonds (i.e., Garvee Bonds) to offset related debt service costs. These funds were originally set aside for Rte 52, Contract A, which involves the reconstruction of a causeway in Cape May County. That portion of the project is now completed and the \$6.5 million is no longer needed. This action will achieve a budget savings since doing so will relinquish a like amount of federal funds that would otherwise have been used for this purpose.

Commissioner James Simpson then asked for a motion on the following resolution approving the use of the Garvee bond surplus to offset related debt service costs. Public Member Robert Briant moved the following resolution:

**NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY  
RESOLUTION REGARDING APPLICATION OF CONSTRUCTION FUND  
UNDER 2005 GRANT ANTICIPATION BOND RESOLUTION  
Adopted March 21, 2012**

**WHEREAS**, the New Jersey Transportation Trust Fund Authority (the "Authority") issued its \$131,555,000 Grant Anticipation Bonds, 2006 Series A (the "Bonds") pursuant to its 2005 Grant Anticipation Bond Resolution, duly adopted on May 26, 2005, as amended and supplemented (the "Resolution"); and

**WHEREAS**, the Authority desires to apply amounts held in the Construction Fund under the Resolution to payment of debt service on the Bonds on June 15, 2012, and Section 503(2) of the Resolution permits such application following fulfillment of certain conditions; and

**WHEREAS**, the Authority anticipates receiving the certification of the Commissioner of the New Jersey Department of Transportation substantially in the form attached hereto as Exhibit A, and the opinion of Cozen O'Connor, Bond Counsel substantially in the form attached hereto as Exhibit B, each being as required by Section 503(2) of the Resolution.

**BE IT RESOLVED** by the Members of the New Jersey Transportation Trust Fund Authority that the application of all amounts in the Construction Fund to the payment of debt service on the Bonds on June 15, 2012, is hereby approved, subject to receipt of the certification of the Commissioner of the New Jersey Department of Transportation and the opinion of Cozen O'Connor, Bond Counsel, required by Section 503(2) of the Resolution, and the officers of the Authority are hereby authorized and directed to take all actions and to execute any documents or certificates required in connection therewith.

This Resolution shall take effect upon its adoption.

**EXHIBIT A**

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

\$131,555,000  
Grant Anticipation Bonds,  
2006 Series A

Certificate of the Commissioner of the New Jersey Department of Transportation  
With Respect to Section 503(2) of  
the 2005 Grant Anticipation Bond Resolution

I, JAMES S. SIMPSON, Commissioner (the "Commissioner") of the New Jersey Department of Transportation (the "NJDOT"), DO HEREBY CERTIFY, pursuant to Section 503(2) of the New Jersey Transportation Trust Fund Authority's 2005 Grant Anticipation Bond Resolution, duly adopted on May 26, 2005, as amended and supplemented (the "Resolution"), that: (i) the 2006 Series A GARVEE Project has been completed; (ii) all required amounts have been deposited into the Rebate Fund; and (iii) no amounts on deposit in the Construction Fund are necessary to pay Construction Costs that have not yet been paid with respect to the 2006 Series A GARVEE Project.

All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_ day of \_\_\_\_ 2012.

By: \_\_\_\_\_  
James S. Simpson, Commissioner  
New Jersey Department Of Transportation

**EXHIBIT B**



\_\_\_\_\_, 2012

New Jersey Transportation Trust  
Fund Authority  
1035 Parkway Avenue  
Trenton, New Jersey 08625

Wells Fargo Bank, N.A., as trustee  
4 Penn Center, Suite 810  
1600 JFK Boulevard  
Philadelphia PA 19103

RE: New Jersey Transportation Trust Fund Authority  
\$131,555,000 Grant Anticipation Bonds, 2006 Series A

Ladies and Gentlemen:

We have served as Bond Counsel to the New Jersey Transportation Trust Fund Authority (the "Authority") in connection with the direction by the Authority to Wells Fargo Bank, N.A. (the "Trustee"), as trustee for the Authority's \$131,555,000 Grant Anticipation Bonds, 2006 Series A (the "Bonds"), requesting that the Trustee apply all funds then on deposit in the Construction Fund to the payment of debt service on the Bonds on June 15, 2012. Capitalized terms used but not defined herein shall have the meanings set forth in the Authority's 2005 Grant Anticipation Bond Resolution, duly adopted on May 26, 2005, as amended and supplemented (the "Resolution"), pursuant to which the Bonds were issued.

We have examined the proceedings relating to the authorization and issuance of the Bonds and the certificate of the Commissioner of the New Jersey Department of Transportation required by Section 503(2) of the Resolution, dated the date hereof, and the direction of the Authority (the "Direction") pursuant to Section 503(2) of the Resolution, dated the date hereof, in the form attached to this opinion as Attachment A. In rendering our opinion, we have not undertaken to verify the factual matters set forth in such proceedings, certificate and direction by independent investigation and have relied on the covenants, warranties and representations therein. We have also examined additional information provided to us by the Authority with respect to the expenditure of the proceeds of the Bonds and the payment of rebate for the Bonds. We have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies.

Based on the foregoing, and subject to the exceptions, qualifications and assumptions set forth herein, we are of the opinion that the use of the remaining moneys on deposit in the Construction Fund as described in the Direction to pay debt service on the Bonds on June 15, 2012, is a permitted use of such funds pursuant to applicable law and under the Resolution.

Based on the foregoing, we are also of the opinion that the use of the remaining moneys on deposit in the Construction Fund as described in the Direction to pay debt service on the Bonds on June

New Jersey Transportation Trust Fund Authority  
Wells Fargo Bank, N.A., as trustee  
\_\_\_\_\_, 2012

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15, 2012, will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax and New Jersey State income tax purposes .

In rendering the opinions contained herein, we have assumed that the interest on the Bonds is currently excludable from gross income for federal income tax and New Jersey State income tax purposes and have made no further investigation of the facts and circumstances that formed the basis for our opinion dated June 22, 2006 ("Original Bond Counsel Opinion") and delivered in connection with the original issuance of the Bonds. We have also assumed that such facts and circumstances continue to exist and have not changed since the date of the Original Bond Counsel Opinion. This opinion letter is not an update or reaffirmation of the Original Bond Counsel Opinion.

Notwithstanding anything else contained herein, this opinion is limited to the specific issues addressed herein and is made and given only as of the date hereof. We do not assume any obligation to update or supplement this opinion to reflect, or otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur.

This opinion is furnished solely for your benefit in connection with the delivery of the Direction to the Trustee and may not be used or relied upon by you for any other purpose or by any other person for any purpose. Notwithstanding anything to the contrary contained herein, the undersigned acknowledges that this opinion is a government record subject to release under the Open Public Records Act (N.J.S.A. 47:1A-1 et seq.).

Very truly yours,

Attachment A

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

\$131,555,000  
Grant Anticipation Bonds,  
2006 Series A

Direction Under Section 503(2) of the  
2005 Grant Anticipation Bond Resolution

I, GARY BRUNE, Executive Director of the New Jersey Transportation Trust Fund Authority (the "Authority"), DO HEREBY DIRECT, pursuant to Section 503(2) of the Authority's 2005 Grant Anticipation Bond Resolution, duly adopted on May 26, 2005, as amended and supplemented (the "Resolution"), the Trustee to apply all amounts on deposit in the Construction Fund to the payment of debt service on the 2006 Series A Grant Anticipation Bonds on June 15, 2012.

In connection with such direction, attached hereto as Exhibit A is a Certificate of the Commissioner and attached hereto as Exhibit B is an Opinion of Bond Counsel, each as required by Section 503(2).

All capitalized terms used but not defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Authority this \_\_ day of \_\_, 2012.

NEW JERSEY TRANSPORTATION  
TRUST FUND AUTHORITY

\_\_\_\_\_  
GARY BRUNE, Executive Director

Exhibit A

Certificate of the Commissioner

Exhibit B

Opinion of Bond Counsel

**CERTIFICATION**

I, **GARY BRUNE**, Executive Director of the New Jersey Transportation Trust Fund Authority (the "Authority"), DO HEREBY CERTIFY, that attached hereto is a true, correct and complete copy of the Authority's Resolution duly adopted by the Members of the Authority on March 21, 2012, as in effect on the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 21st day of March, 2012.

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**GARY BRUNE,**  
Executive Director

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

The next business item concerned the Authority's finance plan for fiscal year 2013. The Commissioner asked that Gary Brune lead a discussion of the TTFA's proposed FY 2013 Financial Plan, which by law must be submitted to the Governor, the Legislature, and the 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 2013. Mr. Brune pointed out several highlights of the Plan, including the fact that the FY13 outlook is consistent with the long range TTF plan released by the Governor in January, 2011, including the planned appropriation of \$1.12 billion as well as the total project authorization of \$1.24 billion, the proposed bonding amount of \$986 million, and the pay-as-you-go financing of \$260 million. For FY13, new debt would be issued in the fall of calendar 2012. Finally, the TTFA will still have access to approximately \$326 million of debt that was authorized but unissued under the prior TTF program and that debt may be issued sometime between now and FY16 when the new TTF program will expire. The Administration will seek new legislation to authorize the program from FY13 through FY16.

Commissioner James Simpson asked for a motion on the following resolution approving the Authority's Financial Plan for fiscal year 2013. Public Member Gregory Lalevee moved the following resolution:



**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND  
AUTHORITY APPROVING THE FISCAL YEAR 2013 FINANCIAL PLAN AND  
AUTHORIZING THE SUBMISSION OF THE FISCAL YEAR 2013 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 21, 2012, the Authority discussed a proposed financing plan for transportation projects for Fiscal Year 2013 (the "2013 Financial Plan"), attached hereto as Exhibit A (the "Fiscal Year 2013 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 2013 Financial Plan;

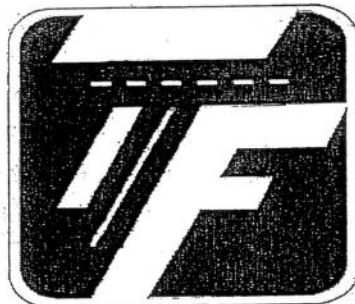
**NOW, THEREFORE, BE IT RESOLVED THAT:**

1. The Authority hereby approves the Fiscal Year 2013 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 2013 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 2013 Financial Plan**

**Plan for Financing Anticipated NJDOT/NJT  
Capital Program Outlays for Fiscal Year 2013**



**NEW JERSEY  
TRANSPORTATION  
TRUST FUND**

*Prepared by  
Transportation Trust Fund Authority*

*March, 2012*

Chris Christie, Governor  
Kim Guadagno, Lt. Governor

James S. Simpson, Commissioner

## I. Introduction

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.

## II. Prior Years' Results

The following table summarizes the results of the NJTTFA's operations for fiscal years 1985 through 2011 and the expected results for fiscal year 2012:

**Summary of Operations (FY 1985-2012)**  
(Dollar Amount in Thousands)

<u>Description</u>	<u>1985-2011 Actual</u>	<u>2012 Estimated</u>	<u>Thru 2012 Actual &amp; Est.</u>
<b>Authority Sources:</b>			
Revenue Appropriations	\$13,397,395	\$1,035,300	\$14,432,695
NJ Turnpike (New Contract)	0	66,000	66,000
Build America Bond Tax Credits	43,108	38,722	81,830
Interest Earnings	521,108	1,000	522,108
Bond Premiums	169,591	51,942	221,533
<u>Net Bond Proceeds</u>	<u>15,432,860</u>	<u>1,315,000</u>	<u>16,747,860</u>
Total Authority Sources	\$29,564,062	\$2,507,964	\$32,072,026
<b>Authority Uses:</b>			
Program Appropriations	\$23,535,450	\$1,247,000	\$24,782,450
Debt Service (TTF)*	8,170,265	900,900	9,071,165
<u>Authority Expenses</u>	<u>18,849</u>	<u>3,741</u>	<u>\$22,590</u>
Total Authority Uses	\$31,724,564	\$2,151,641	\$33,876,205
<b>Net Balance</b>	<b>-\$2,160,502</b>	<b>\$356,323</b>	<b>-\$1,804,179</b>

\*Includes debt service related to TTF swaps

As a measure of the TTFA's total operation, the estimated \$1.9 billion "net balance" calculation for fiscal years 1985 through 2012 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 \$1.9 billion reflects all spending authority (i.e., inception to date) less the total resources that have been provided or generated by the TTFA through June 30, 2012.

### 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 maintains 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 authorizes \$8 billion of work over the five-year period.

To fully support the TTF projects that are newly-authorized in fiscal year 2013, the planned funding mix includes an estimated \$986 million in NJTTFA bonds, \$261 million in pay-as-you go capital, and \$353 million from the Port Authority.

#### New Jersey Capital Transportation Plan (\$millions)

<b>Sources:</b>	<b><u>FY 13</u></b>
Bonds	\$ 986
Pay-As-You-Go	<u>261</u>
Total TTFA	1,247
Port Authority Projects	<u>353</u>
<b>Total Sources</b>	<b>\$1,600</b>
<b>Uses:</b>	<b><u>FY 13</u></b>
DOT/NJT Projects	\$1,057
Local Projects	<u>190</u>
Total TTFA	1,247
Port Authority Projects	<u>\$353</u>
<b>Total Uses</b>	<b>\$1,600</b>

As summarized in the chart below, the FY2013 Governor's Budget Message recommends an appropriation to the TTF of \$1,124.4 million, representing an increase of \$89.1 million (9%) over the amount appropriated in FY2012 Appropriations Act (\$1,035.3m). The entire increase is derived from constitutionally-dedicated sources. Of the \$89.1 million, \$78.6 million (88%) is recommended from the State Sales Tax, \$5.5 million (6%) from the Petroleum Products Gross Receipts Tax, and \$5 million (6%) from the Motor Fuels Tax. (See section IV. – B for additional background on the existing constitutional dedications to the TTF.) The existing \$12 million annual statutory contribution from the toll road authorities is recommended to continue at the same level.

In addition, \$261 million of pay-as-you-go revenue will be separately derived from the New Jersey Turnpike Authority ("NJTA"). That figure is \$195 million higher than the amount provided in the Fiscal Year 2012 Appropriations Act (i.e., \$66 million), representing a four-fold increase in the pay-as-you-go portion of the program in one year. Similar to fiscal year 2012, funding from the NJTA will not be reflected in the annual TTF appropriation but rather will be authorized through budget language as a separate, dedicated source of pay-as-you-go.

The Port Authority portion of the Plan will be supported by PANYNJ revenues that will not be deposited into the TTF. In July, 2011, NJDOT signed an agreement with the PANYNJ which formally recognized that the Port Authority's commitment is not to exceed \$1.8 billion, that the associated contracts will be jointly procured and administered, and that NJDOT will be reimbursed on a quarterly basis. The agreement established an interagency governance structure that includes an Executive Steering Committee to provide leadership and oversight as well as a Program Committee that monitors and resolves day-to-day issues. Also included is an auditing and fraud prevention component involving the Office of the Inspector General for both agencies.

**FY 13 TTF Appropriation  
(\$millions)**

	<u>FY 12</u> <u>Approp</u>	<u>Increased</u> <u>Approp</u>	<u>FY 13</u> <u>Approp</u>
Motor Fuels Tax	\$ 535.0	\$ 5.0	\$ 540.0
Petroleum Gross Receipts Tax	222.5	5.5	228.0
Sales & Use Tax	265.8	78.6	344.4
<u>Toll Road Authorities</u>	<u>12.0</u>	<u>0.0</u>	<u>12.0</u>
<b>TOTAL TTF APPROP</b>	<b>\$ 1,035.3</b>	<b>\$ 89.1</b>	<b>\$ 1,124.4</b>

As to the programmatic allocation of funds, NJDOT will receive \$820.5 million (including \$353 million from the PANYNJ), Local Aid will continue at \$190 million, and NJ Transit's allotment will total \$589.5 million.

The Fiscal Year 2013 Governor's Budget Message continues to recommend existing budget language items 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 total project authorization from the TTF.

#### IV. Debt Issuances

##### **A. Debt Issuances - Fiscal Year 2013's \$1.6 Billion Capital Program**

The proposed New Jersey Capital Transportation Plan for fiscal year 2013 totals \$1.6 billion, including the Port Authority-funded projects. In addition to cash outlays from that proposed program that will occur in fiscal year 2013, the NJTTFA must fund the cash need associated with previously-authorized projects. In keeping with past practice, the NJTTFA plans to limit debt issuances in fiscal year 2013 to an amount that satisfies the anticipated cash need for previously-authorized and new projects. The NJTTFA expects to issue \$986 million (par value) in new money bonds in fiscal year 2013. The bonds will have maturities up to 31 years.

This report assumes that the full value of the \$986 million in new bonds to be issued in fiscal year 2013 will be secured through a legislative enactment that increases NJTTFA's bond cap. (Note that an estimated \$326 million in unused bond cap is projected to carry forward into fiscal year 2013 from prior fiscal year authorizations.)

The proposed amendments to the NJTTFA statute are expected to specify that debt service coverage is to be provided by constitutionally-dedicated revenues comprised of an amount equivalent to revenue derived from the Motor Fuels Tax (\$.105) per gallon, but not less than \$483 million in each fiscal year, an amount equivalent to the revenues derived from the tax imposed on the sale of petroleum products of not less than \$200 million in each fiscal year beginning with fiscal year 2002, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act of not less than \$200 million for fiscal year 2004 and each fiscal year thereafter. As noted earlier, the Authority also anticipates receipt of \$12.0 million from toll road contributions which are currently dedicated to the NJTTFA by statute. All of these revenues are subject to annual appropriation by the Legislature.

A summary of the NJTTFA's projected cash flows for fiscal year 2013 is provided below:

**Fiscal Year 2013: Statement of Anticipated Changes in Cash Position  
(\$ whole)**

<u>Description</u>	<u>Sub-Total</u>	<u>Total</u>
<b>Estimated July 1, 2012 Cash Balance</b>		<b>\$ 287,451,441</b>
<b>Receipts:</b>		
State Appropriations:		
Motor Fuels Tax	540,000,000	
Petroleum Products Tax	228,000,000	
Sales and Use Tax	344,400,000	
Toll Road Authority Contributions	12,000,000	
<b>Net Total</b>		<b>1,124,400,000</b>
Pay as you Go		260,600,000
Interest Income		1,000,000
Bond Proceeds		986,000,000
<u>Build America Bonds Tax Credit</u>		<u>38,722,469</u>
<b>Total Receipts</b>		<b>\$ 2,410,722,469</b>
<b>Disbursements:</b>		
State Transportation Project Costs		\$ 1,256,000,000
TTF Debt Service		1,030,800,000
NJT COPs Debt Service		93,600,000
<u>Authority Operating Expenses</u>		<u>3,741,000</u>
<b>Total Disbursements</b>		<b>\$ 2,384,141,000</b>
<b>Estimated July 1, 2013 Cash Balance</b>		<b>\$ 314,032,910</b>

The estimated \$986 million in new money bonds will be issued as "state contract" debt backed by the existing contract between the State Treasurer and the Authority. This contract pledges that any dedicated NJTTFA revenues appropriated by the Legislature 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; 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.

(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 market.

## **D. Fiscal Year 2013 Statutory Debt Limit**

The 2006 Amendments to the Transportation Trust Fund Act established new restrictions on the statutory debt limitation. N.J.S.A. 27:1B-9(i), as amended, is set forth below:

"Commencing with the fiscal year beginning July 1, 2006 and ending with the fiscal year beginning on July 1, 2010, the authority shall not incur debt for any fiscal year in excess of \$1,600,000,000, reduced in each of those fiscal years by the amount by which the appropriation of State funds to the Transportation Trust Fund Account for that fiscal year shall exceed \$895,000,000; provided, however, that if a portion of that permitted amount of debt, less any reduction as provided above, is not incurred in a fiscal year, an amount not greater than the unused portion may be incurred in a subsequent fiscal year in addition to the amount otherwise permitted subject to the approval of the Joint Budget Oversight Committee. Debt permitted for the fiscal year beginning July 1, 2006 may be incurred prior to July 1, 2006. Any increase in this limitation shall only occur if so provided for by law. In computing the foregoing limitation as to the amount of debt the authority may incur, the authority may exclude any bonds, notes or other obligations, including subordinated obligations of the authority, issued for refunding purposes."

A legislative amendment to the TTF statute will be requested to increase the bond cap for the transportation program for fiscal years 2013 through 2016. That cap increase will include the aforementioned \$986 million that would be issued in fiscal year 2013. Also, as noted in Section IV, it is anticipated that unused bond authorization under the 2006 Amendments in the amount of \$326 million will carry forward from prior fiscal years into fiscal year 2013. The future use of those funds is subject to approval by the Joint Budget Oversight Committee.



Transportation Trust Fund Authority  
Statutory Debt Limit  
(\$ whole)

<b>Fiscal Year Bonding Credits:</b>		
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 (proposed)	986,000,000	
<b>Total</b>		<b>\$16,586,000,000</b>
<b>Less Authority Bond Issuances:</b>		
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 (proposed)	986,000,000	
<b>Total</b>		<b>\$16,259,740,715</b>
FY 2013 Unused Debt Limit		<b>\$326,259,285</b>

**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 \$986 million, 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 2013 and prior fiscal years.

**V. Fiscal Year 2013 Operating Budget**

The NJTTFA estimates the following operating expenses will be required to manage the financing operations of the NJTTFA during fiscal year 2013 assuming that there will be one bond sale. 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	30,000
Trustee Service Fees	60,000
Letter of Credit Fees	3,600,000
Contingency	50,000
<b>Total</b>	<b>\$3,741,000</b>

**Fiscal Year 2013  
Anticipated Bond Issuance Costs**

The Authority plans to issue new money bonds to support fiscal year 2013 project expenditures. At the \$986 million bonding level, the anticipated bond issuance costs for the 2013 Series A new money bonds is estimated to be \$6.3 million for underwriting expenses, up to \$5.2 million for bond insurance, to the extent it is available and cost effective, and \$1.1 million for other costs of issuance such as rating fees, printing fees, financial advisor fees, trustee's fees, bond counsel fees, and trustee counsel fees.

The motion was seconded by Public Member Joseph Ripa. Commissioner James Simpson 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.

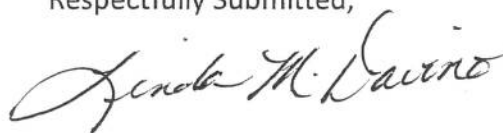
Commissioner James Simpson asked that Gary Brune update the board on an information item concerning the Authority's compliance with IRS tax compliance requirement regarding the issue of private use of facilities that are constructed with TTF dollars. Executive Director Gary Brune noted that the Board authorized Authority officials to develop guidelines on this issue in the bond resolution approved at the November 3, 2011 Board meeting. The guidelines were developed with assistance from bond counsel. Having these guidelines in place will help ensure compliance with IRS requirements regarding the proper use of bond proceeds. With assistance from bond counsel and DAGs, an internal policy has been drafted for DOT and an interagency MOU has been drafted for signature between NJ Transit, DOT and the TTFA. Each of those respective parties will have a Tax Compliance Officer, with the two agencies reporting to the TTFA officer on their findings twice a year, in March and September.

Finally, Commissioner James Simpson asked for any more questions or discussions. Gary Brune wanted to point out that the Authority's Board Members need to comply with the State Ethics Commission and provide the Commission with signed certificates for the Conflict of Interest Form, Acknowledgment Form for the Plain Language Guide and Uniform Code of Ethics as well as the on line State Ethics Training Session.

There being no further business coming from the Authority, Commissioner Simpson requested a motion to adjourn the meeting. Public Member Nelson Ferreira moved that the March 21, 2012 meeting of the New Jersey Transportation Trust Fund Authority be adjourned and was seconded by Mr. David Moore.

The March 21, 2012 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 2:30 PM.

Respectfully Submitted,

A handwritten signature in black ink, reading "Linda M. Davino". The signature is written in a cursive style with a large, prominent initial "L".

Linda M. Davino

Assistant Secretary of the Authority