



NJ TRANSPORTATION TRUST FUND AUTHORITY

Philip D. Murphy, Governor | Sheila Y. Oliver, Lieutenant Governor

Members:

The Honorable Diane-Gutierrez-Scaccetti, Chairperson
The Honorable Elizabeth Maher Muoio, State Treasurer
Greg LaVevee, Vice Chairperson
Robert A. Briant, Jr.
Nelson Ferreira
John J. Duthie

May 10, 2019

Adam Sternbach
Office of the Governor
225 West State Street
Trenton, NJ 08625

Dear Mr. Sternbach:

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 May 8, 2019 meeting of the New Jersey Transportation Trust Fund Authority.

Sincerely,

Jackie Brown
Assistant Secretary of the Authority

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 May 8, 2019 at 11:00 AM (EDT).

The following Authority members were present:

- Diane Gutierrez-Scaccetti, NJTTFA Chairperson, Commissioner, New Jersey Department of Transportation
- Michael Kanef, NJTTFA Treasurer (Director, Office of Public Finance, New Jersey Department of the Treasury / Designee for the Honorable Elizabeth Maher Muoio, New Jersey State Treasurer) – [Via Teleconference]
- Gregory Lalevee, NJTTFA Vice Chairperson – [Via Teleconference]
- Robert A. Briant, Jr., NJTTFA Public Member
- Nelson Ferreira, NJTTFA Public Member – [Via Teleconference]
- John J. Duthie, NJTTFA Public Member – [Via Teleconference]

Constituting a quorum of the Members of the Authority.

There were also present:

- Lewis Daidone, NJTTFA Executive Director and Assistant Commissioner of Finance and Administration, NJDOT
- Joseph Bertoni, Deputy Commissioner NJDOT
- Brian McGarry, Deputy Attorney General, NJDOL

- Samuel Braun, NJTTFA Comptroller, Office of the Assistant Commissioner, Finance and Administration, NJDOT
- Adam Sternbach, Governor's Authorities Unit – [Via Teleconference]
- Linda M. Davino, Secretary to the Authority, NJDOT
- Teresa Manna, Administrative Assistant 1, NJDOT

Chairperson Gutierrez-Scaccetti presided at the meeting and Linda Davino, Authority Secretary, kept the minutes.

Chairperson Gutierrez-Scaccetti convened the meeting at 11:04 AM. She introduced herself 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 and mailed to five [5] newspapers of general distribution (The Trentonian, Trenton Times, Courier Post, Star Ledger, and the Atlantic City Press); posted on the Authority's website, and posted in the main entrance of the New Jersey Department of Transportation's Headquarters."

Secretary Linda Davino called the roll. The following acknowledged their presence: Diane Gutierrez-Scaccetti, Gregory Lavee, Robert A. Briant, Jr., Nelson Ferreira, John J. Duthie, and Michael Kanef.

After acknowledging that a quorum was present, Chairperson Gutierrez-Scaccetti called the first order of business by requesting a motion to approve the minutes of the TTFA Board meeting held on March 15, 2019.

Mr. Briant moved to adopt the following resolution approving the Authority's March 15, 2019 meeting:

WHEREAS, Article II Section 8 of the By-laws of the New Jersey Transportation Trust Fund Authority (the “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 March 15, 2019 of the New Jersey Transportation Trust Fund Authority are hereby approved.

Chairperson Gutierrez-Scaccetti asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The motion was seconded by Mr. Lalevee. The members were polled with all members being in favor, and no members were in opposition; therefore, the motion was carried.

Chairperson Gutierrez-Scaccetti declared said motion carried and said resolution adopted.

For the next order of business, Chairperson Gutierrez-Scaccetti called upon Executive Director Lewis Daidone to lead a discussion pertaining to the TTFA’s proposed Fiscal Year 2020 Financial Plan (the “Financial Plan”), which by law must be submitted to the Governor, the Senate, the General Assembly and the Transportation Policy Review Board. This Financial Plan outlines the financing strategy that will apply to the State highway and transit projects that are proposed for Fiscal Year 2020.

Mr. Daidone stated that the Financial Plan and Q& A related to that Financial Plan was previously distributed to the Board. The Q &A provided details and information regarding the reason that the Authority adopts a Financial Plan; the projected State Fiscal Year 2020 funding level; State Fiscal Year 2020 projected costs and the resources available to make those payments; projected State Fiscal Year 2020 new debt issuance; and, notes that the Financial Plan is in compliance with the Act. The Financial Plan itself is structured in five sections: 1) The

Introduction describes what the Financial Plan is for, details resources available and the current Re-Authorization; 2) Prior Years' Results outlines resources and uses for prior years and estimates for the current State Fiscal Year; 3) Capital Plan describes the Capital Plan, State Fiscal Year 2019 Appropriation; and, Governor's Budget Message for State Fiscal Year 2020; 4) Debt Issuances indicates proposed new issuances; projected changes in cash position, constitutionally dedicated revenues; credit ratings; statutory debt limit and the official intent for Federal Income Tax purposes, which is: to use bond proceeds to reimburse expenditures in accordance with the applicable tax laws with respect to the capital program; and 5) Operating budget – the budget for State Fiscal Year 2020.

Mr. Briant noted the beginning balance of \$12 billion bonding authority and the ending Fiscal Year 2020 bonding capacity of over \$9 billion and inquired if the GARVEE's had any impact on those amounts.

Mr. Daidone stated that the GARVEE issuances do not factor into the calculation as it relates to the current Re-Authorization period. The Re-Authorization provided for \$12 billion in bonding capacity. During the year the Authority issued \$750 million in new bonding; there was \$37 million premium associated with that issuance. The Authority has an estimated authorized but unused bonding credit of \$9.9 billion projected for the end of State Fiscal Year 2020.

Chairperson Gutierrez-Scaccetti commented on the ability to use cash from other revenue sources to pay for funded projects. Given the Authority's debt, the less borrowed the better. Chairperson Gutierrez-Scaccetti also noted that if there is a significant project it leaves room to borrow for that purpose.

Mr. Briant agreed.

Chairperson Gutierrez-Scaccetti asked if anyone had any questions or further discussion and, hearing none, then requested a motion to approve the resolution accepting the Authority's restated Fiscal Year 2020 Financial Plan and authorizing its submission to the Commissioner of the Department of Transportation for submission to the Governor, the Senate, the General Assembly, and the Transportation Policy Review Board. Mr. Briant moved to adopt the Resolution. (Which is appended to these minutes).

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

AYE: 6

NAY:

ABSTAIN:

ABSENT:

Chairperson Gutierrez-Scaccetti declared said motion carried and said resolution adopted.

There being no further business coming from the Authority, Chairperson Gutierrez-Scaccetti requested a motion to adjourn the meeting. Mr. Briant moved that the May 8, 2019 meeting of the Authority be adjourned. Mr. Lalevee seconded the motion, which was carried by unanimous vote.

The May 8, 2019 meeting of the Authority ended at approximately 11:10 AM.

Respectfully Submitted,


Jackie Brown

Assistant Secretary of the Authority

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND
AUTHORITY APPROVING THE FISCAL YEAR 2020 FINANCIAL PLAN AND
AUTHORIZING THE SUBMISSION OF THE FISCAL YEAR 2020 FINANCIAL PLAN
TO THE COMMISSIONER OF THE DEPARTMENT OF TRANSPORTATION FOR
SUBMISSION TO THE GOVERNOR, THE SENATE, THE GENERAL ASSEMBLY,
AND THE TRANSPORTATION 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 Governor, the Senate, the General Assembly, and the Transportation 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 May 8, 2019, the Authority discussed the proposed financing plan for transportation projects for Fiscal Year 2020, attached hereto as Exhibit A (the "Fiscal Year 2020 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 2020 Financial Plan.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Authority hereby approves the Fiscal Year 2020 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 2020 Financial Plan, to the Commissioner of the Department of Transportation for submission to the Governor, the Senate, the General Assembly, and the Transportation 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 2020 Financial Plan**

**Plan for Financing Anticipated NJDOT/NJ TRANSIT
Capital Program Outlays for Fiscal Year 2020**



**NEW JERSEY
TRANSPORTATION
TRUST FUND**

*Prepared by the
New Jersey Transportation Trust Fund Authority*

May 2019

Philip D. Murphy, Governor
Sheila Y. Oliver, Lt. Governor

Diane Gutierrez-Scaccetti, Commissioner
Lewis Daidone, Executive Director

I. Introduction

New Jersey Transportation Trust Fund Authority's 2019 Financial Plan

The New Jersey Transportation Trust Fund Authority ("NJTTFA", "TTFA", 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 TTFA 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 TTFA has funded its programs through annual State appropriations of revenues received from the Motor Fuels Tax, Petroleum Products Gross Receipts Tax, Sales and Use Tax, toll road contributions, investment earnings, and the incurrence of debt. The Fiscal Year 2019 Appropriations Act reflected an annual Statewide Transportation Capital Program of \$2.050 billion, including an additional \$50 million appropriated to NJ Transit for Eligible Preventive and Capital Maintenance and Capital Program Implementation Expenses. The Fiscal Year 2020 Governor's Budget Message reflects a Statewide Transportation Capital Program of \$2 billion.

Fiscal Year 2019 resources included the remaining proceeds from \$3.24 billion in Federal Highway Reimbursement Revenue Notes (commonly known as Indirect GARVEEs) issued in Fiscal Year 2017. 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 GARVEE bonds, a portion of the ongoing project expenses that are reimbursed by the Federal Highway Administration is used to pay the associated debt service. The Indirect GARVEE proceeds from the Fiscal Year 2017 issuance were sufficient to cover the Authority's cash needs in Fiscal Year 2017 and Fiscal Year 2018, and partially cover Fiscal Year 2019 cash needs. In Fiscal Year 2019 the TTFA issued \$750 million in 2019 Series AA Transportation Program Bonds. Fiscal Year 2019 resources also included \$773.8 million from an off budget resource, the Transportation Trust Fund Account - Subaccount for Capital Reserves, comprised of Pay-As-You-Go funding of \$435 million and \$338.8 million for project costs eligible for federal reimbursement.

In October 2016, the TTFA Act was re-authorized, providing 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 \$12 billion in bonding authorization, both of which were supported by the Motor Fuels Tax and the Petroleum Products Gross Receipts Tax. The Petroleum Products Gross Receipts Tax was increased in November 2016 and again in October 2018, reflecting a provision of the 2016 legislation allowing the State to adjust the Petroleum Products Gross Receipts Tax rate contingent

Fiscal Year 2020 Financial Plan

upon revenues meeting the Highway Fuel Cap Amount revenue target for the fiscal years. The increase in bond authorization was predicated on the passage of a proposed constitutional amendment, which was approved by the voters in the November 2016 general election. Amounts equivalent to the total collection of motor fuels tax revenues and petroleum products gross receipts revenues are now constitutionally dedicated for transportation purposes.

II. Prior Years' Results

The following table summarizes the results of the TTFA's operations for Fiscal Years 1985 through 2018 as well as the unaudited estimated results of Operations for Fiscal Year 2019:

Summary of Operations (FY 1985-2019)			
(\$ in Thousands)			
DESCRIPTION	1985-2018	2019	1985 – 2019
	<u>Actual</u>	<u>Estimated</u>	<u>Actual & Estimated</u>
Authority Resources:			
Revenue Appropriations	\$ 21,310,684	\$ 1,342,066	\$ 22,652,750
PAYGO NJ Turnpike	66,000		66,000
Sub-Acct Cap Res-PAYGO	329,900	435,000	764,900
Sub-Acct Cap Res-Fed Project Cost	1,000	338,800	339,800
Prior Year Carryforward	83,722		83,722
Build America Bonds Interest Subsidy	299,006	36,167	335,173
Interest Earnings	552,275	7,000	559,275
Net Bond Proceeds *	24,224,428	779,133	25,003,561
Capitalized Interest Fund **	245,761		245,761
Total Authority Sources	\$ 47,112,776	\$ 2,938,166	\$ 50,050,942
Authority Uses:			
Program Appropriations	\$ 33,813,100	\$ 2,050,000	\$ 35,863,100
Debt Service (TTF) ***	16,114,481	1,595,477	17,709,958
Authority Expenses	26,310	1,514	27,824
Total Authority Uses	\$ 49,953,891	\$ 3,646,991	\$ 53,600,882
Net Balance	\$ (2,841,115)	\$ (708,825)	\$ (3,549,940)
* Including Bond Premiums net of Cost of Issuance			
** 2016A Indirect GARVEE bonds			
*** State Contract Transportation System, Transportation Program, and Indirect GARVEE			

The estimated negative \$3.5 billion "Net Balance" for Fiscal Years 1985 through 2019 in the chart

Fiscal Year 2020 Financial Plan

above recognizes that the TTFA only issues bonds or notes to meet cash flow obligations, not the full value of capital program appropriations. The "Program Appropriations" amounts reflects the obligation authority that the State Legislature provided to NJDOT/NJ Transit for TTFA projects since Fiscal Year 1985. However, the costs of most transportation capital projects are paid out over a number of years. This is particularly true of large road and bridge construction projects. The TTFA only issues bonds for cash outlays that are anticipated in the current year. Therefore, the net calculation of negative \$3.5 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, 2019. The estimated increase in the negative Net Balance deficit of \$700 million is primarily due to Fiscal Year 2019 capital program expenditures exceeding new money bond proceeds and PAYGO resources.

III. New Jersey Transportation Capital Plan

The TTFA reauthorization enacted in October 2016 provided for \$16 billion in state programming authority from Fiscal Year 2017 through Fiscal Year 2024. The state capital programs in Fiscal Year 2018 totaled \$2 billion, Fiscal Year 2019 totaled \$2.050 billion, and the Fiscal Year 2020 Governor's Budget Message recommends a \$2 billion program for Fiscal Year 2020.

Cash required to support the New Jersey Transportation Capital Plan (the "Capital Plan") is provided by the sale of bonds and Pay-As-You-Go funding. Program bonds are issued as "state contract" debt backed by a contract between the State Treasurer and the TTFA. The reauthorization of the TTFA Act signed in October 2016 provided for \$12 billion in total bonding authorization to finance transportation projects beginning in Fiscal Year 2017 through Fiscal Year 2024.

As noted in the chart below, the Fiscal Year 2020 Transportation Capital Plan splits the \$2 billion program between DOT (\$810.0 million), NJ Transit (\$760.0 million), and Local Aid (\$430.0 million).

NEW JERSEY TRANSPORTATION CAPITAL PLAN	
(\$ in Millions)	
TTF Spending Authority:	FY 20
TTFA	\$ 2,000.0
Total	\$ 2,000.0
Programmatic Distribution:	
DOT	\$ 810.0
NJ Transit	\$ 760.0
Local Aid	\$ 430.0
Total	\$ 2,000.0

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As summarized in the chart below, the Fiscal Year 2020 Governor's Budget Message recommends an appropriation to the NJTTFA of \$1,471.8 million, which represents an increase of \$123.6 million (9.2%) from the amount appropriated in the Fiscal Year 2019 Appropriations Act (\$1,348.2 million).

FY 20 TTF APPROPRIATION			
(\$ in Millions)			
	FY 19	FY 20	
	Appropriation	GBM	Change
Motor Fuels Tax	\$ 503.0	\$ 490.7	(\$12.3)
Petroleum Gross Receipts Tax	633.2	769.1	135.9
Sales & Use Tax	200.0	200.0	-
Toll Road Authorities	12.0	12.0	-
TOTAL TTF APPROPRIATION	<u>\$1,348.2</u>	<u>\$1,471.8</u>	<u>\$ 123.6</u>

IV. Debt Issuances

A. Debt Issuances - Fiscal Year 2020 Capital Program

The revised TTFA Act provided for the issuance of \$12 billion of Program Bonds between Fiscal Year 2017 and Fiscal Year 2024. The TTFA issued \$3.24 billion of Federal Highway Reimbursement Revenue Notes, 2016 Series A & B (the "Notes") during Fiscal Year 2017, sufficient to cover project costs for Fiscal Year 2017, Fiscal Year 2018, and part of Fiscal Year 2019. The TTFA issued \$750 million in new money Program Bonds in Fiscal Year 2019 to cover remaining project cost needs in Fiscal Year 2019. In addition, the Authority refinanced \$2.9 billion in existing debt, including \$1.3 billion in Federal Highway Reimbursement Revenue Notes (Indirect GARVEEs, 2016 Sub-Series A-2) as well as \$1.6 billion of Transportation System Bonds issued in 2007 (2007 Series A, \$0.9 billion) and 2008 (2008 Series B, \$0.7 billion), realizing nearly \$300 million in present value savings. The TTFA plans to issue \$1.250 billion in new money Program Bonds, which are state contract-backed debt, in Fiscal Year 2020.

Fiscal Year 2020 Financial Plan

The chart below summarizes the TTFA's projected Fiscal Year 2020 cash flows:

FY 20: STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION		
Description	Sub-Total	Total
Estimated July 1, 2019 Cash Balance		\$ 865,000,000
RECEIPTS:		
State Appropriations:		
Motor Fuels Tax	\$ 490,700,000	
Petroleum Products Tax	769,100,000	
Sales and Use Tax	200,000,000	
Toll Road Authorities Contributions	12,000,000	\$ 1,471,800,000
Other:		
Sub-Acct Capital Reserve Pay-As-You-Go	498,140,000	
Sub-Acct Capital Reserve Federal Project Costs	338,846,000	
Interest Income	10,000,000	
Bond Proceeds	1,250,000,000	
Build America Bonds Interest Subsidy	36,166,000	\$ 2,133,152,000
Total Receipts		\$ 3,604,952,000
Disbursements:		
State Transportation Project Costs		1,850,000,000
Debt Service		1,810,646,000
Authority Operating Expenses		101,000
Total Disbursements		\$ 3,660,747,000
Estimated July 1, 2020 Cash Balance		\$ 809,205,000

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,

Fiscal Year 2020 Financial Plan

engineering, construction, reconstruction, repair and rehabilitation of the transportation system in the State. The relevant text is copied below, reflecting the most recent constitutional amendment accepted by the voters in November 2016.

4. There shall be credited to a special account in the General Fund:

(a) for each State fiscal year commencing on and after July 1, 2007 through the State fiscal year commencing on July 1, 2015 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, and for each State fiscal year thereafter, an amount equivalent to all revenue derived from the collection of the tax imposed on the sale of motor fuels pursuant to chapter 39 of Title 54 of the Revised Statutes or any other subsequent law of similar effect;

(b) for the State fiscal year 2001 an amount not less than \$100,000,000 derived from the State revenues collected from the tax on the gross receipts of the sale of petroleum products imposed 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, for each State fiscal year from State fiscal year 2002 through State fiscal year 2016 an amount not less than \$200,000,000 derived from those revenues, and for each State fiscal year thereafter, an amount equivalent to all revenue derived from the collection of the tax on the gross receipts of the sale of petroleum products imposed 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

(c) for the State fiscal year 2002 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 2003 an amount not less than \$140,000,000 from those revenues, and for each State fiscal year thereafter an amount not less than \$200,000,000 from those revenues; provided, however, the dedication and use of such revenues as provided in this paragraph shall be subject and subordinate to (a) all appropriations of revenues from such taxes made by laws enacted on or before December 7, 2006 in accordance with Article VIII, Section II, paragraph 3 of the State Constitution in order to provide the ways and means to pay the principal and interest on bonds of the State presently outstanding or authorized to be issued under such laws or (b) any other use of those revenues enacted into law on or before December 7, 2006. These amounts shall be appropriated from time to time by the Legislature, only for the purposes of paying or financing the cost of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of the transportation system in this State and it shall not be competent for the Legislature to borrow, appropriate or use these amounts or any part thereof for any other purpose, under any pretense whatever.

Article VIII, Section II, paragraph 4 added effective December 6, 1984; amended effective December 7, 2000; amended effective December 7, 2006; amended effective December 8, 2016

C. Credit Ratings

The NJTTFA Federal Highway Reimbursement Revenue Notes, 2016 Series A and 2018 Series A are rated "A-" by Fitch Investors Service ("Fitch"), "Baa1" by Moody's Investors Service ("Moody's"), and "A+" by Standard & Poor's Corporation ("Standard & Poor's"). The NJTTFA Federal Highway Reimbursement Revenue Notes, 2016 Series B are not rated by the rating agencies. TTFA System and Program Bonds are rated A- by Fitch and KBRA, and Baa1, BBB+

Fiscal Year 2020 Financial Plan

by Moody's and Standard & Poor's, respectively.

D. Fiscal Year 2020 Statutory Debt Limit

The planned Fiscal Year 2020 issuance of \$1.250 billion in Program Bonds (state contract-backed debt) is in compliance with the TTFA Act, which authorized bond issuances totaling \$12 billion through the end of the current reauthorization period in Fiscal Year 2024. After the planned Fiscal Year 2020 issuance, the Authority's projected unused statutory debt limit will equal \$9.96 billion. It should be noted that the 2016 TTFA Act, as amended, provides that any bond premium generated from Program Bond issues counts against the unused bonding capacity. The Fiscal Year 2019 issuance of Program Bonds includes \$37.3 million in bond premium.

Currently, there is no remaining unused statutory debt cap under the TTFA Act, as amended by L. 2016, c. 3, for the Transportation System Bonds (the "Prior Bonds") (except a nominal amount representing the amount thereof in excess of nearest integral multiple of \$5,000). Accordingly, under the TTFA Act, only refunding bonds may be issued under its 1995 Prior Bond Resolution, as amended and supplemented. As such, the table below provides a statutory debt limit calculation solely for bonds authorized under the 2016 TTFA Act.

TRANSPORTATION TRUST FUND AUTHORITY		
STATUTORY DEBT LIMIT		
Fiscal Year Bonding Credits:		
FY 2017-2024		<u>\$12,000,000,000</u>
Less 2019 Series AA Par Amount	\$750,000,000	
Less 2019 Series AA Bond Premium	\$37,256,131	
Total Current Authorized but Unused Bonding Credit		<u>\$11,212,743,869</u>
Less FY 2020 Estimated Issuance	\$1,250,000,000	
FY 2020 Estimated Authorized but Unused Bonding Credit		<u>\$ 9,962,743,869</u>

E. Official Intent for Federal Income Tax Purposes

For the purpose of permitting the proceeds of TTFA 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 TTFA 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 principal amount of \$1.250 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 2020 and prior fiscal years.

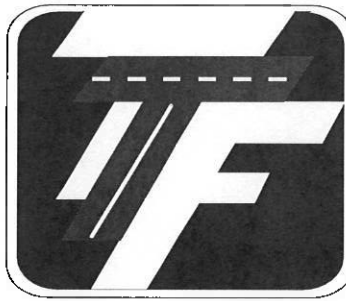
V. Fiscal Year 2020 Operating Budget

The TTFA estimates the following operating expenses will be required during Fiscal Year 2020. The operating budget, which does not include costs of issuance relating to bond issuances or the monthly interest obligations on 2014 Series BB multi-modal SIFMA notes or other debt service, is funded from the legislative appropriations to the Authority:

FY 2020 ANTICIPATED OPERATING EXPENSES	
<u>Description</u>	<u>Estimate</u>
Legal Notices	\$ 1,000
Professional Services	50,000
Trustee Service Fees	25,000
Contingency	25,000
Total	<u>\$ 101,000</u>

New Jersey Transportation Trust Fund Authority Fiscal Year 2020 Financial Plan

Questions and Answers



Prepared by:

Transportation Trust

**NEW JERSEY
TRANSPORTATION
TRUST FUND**

Office of the Executive Director

Fund Authority

May, 2019

1. Why is the Authority adopting a Financial Plan?

The Transportation Trust Fund Authority Act (the "Act") requires the Authority to approve an annual Financial Plan in support of NJDOT's Capital Project List for the upcoming fiscal year.

2. What capital program funding level is NJDOT requesting for Fiscal Year 2020?

The Fiscal Year 2020 Appropriations Act is expected to authorize \$2 billion for the Statewide Transportation Capital Program. In October 2016, the TTFA Act was reauthorized, providing for an 8-year, \$16 billion program funded by a combination of current revenues (also referred to as Pay-As-You-Go or "PAYGO"), and \$12 billion in bonding authorization supported by the Motor Fuels Tax and the Petroleum Products Gross Receipts Tax. The Petroleum Products Gross Receipts Tax was increased in October 2016 and again in October 2018, as per provisions of the 2016 reauthorization. The provision allows the State to adjust the Petroleum Products Gross Receipts Tax rate, contingent upon revenues meeting the Highway Fuel Cap Amount revenue target for the fiscal years. The increase in bond authorization was predicated on the passage of a proposed constitutional amendment that was approved by the voters in the November 2016 general election.

3. What are the Authority's expected project costs in Fiscal Year 2020 and what resources will be available to make those payments?

As shown in the chart labeled "FY 20: Statement of Anticipated Changes in Cash Position" within section IV of the Financial Plan, an opening cash balance of approximately \$865 million is projected for Fiscal Year 2020. In addition, an estimated \$3.6 billion in receipts will be provided from legislative appropriations, PAYGO from the Subaccount for Capital Reserves, new money bonds, and other sources. A total of approximately \$1.9 billion in project costs are projected for Fiscal Year 2020 while debt service costs are projected at approximately \$1.8 billion.

4. When will the Authority issue new debt for Fiscal Year 2020?

Also noted in the "FY 20: Statement of Anticipated Changes in Cash Position" chart, the Authority anticipates issuing approximately \$1.25 billion in new money Program Bonds to pay for State transportation projects in Fiscal Year 2020.

5. Is the Financial Plan in compliance with the Act?

The Financial Plan is in compliance with the Act.