

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

Minutes of the meeting of the New Jersey Transportation Trust Fund Authority (“Authority” or “NJTTFA”) held via GoToMeeting from the Office of the Commissioner in the Main Office Building of the New Jersey Department of Transportation (“NJDOT”), 1035 Parkway Avenue, Trenton, New Jersey on June 20, 2024, at 11:00 AM (ET).

The following Authority Board members were present:

- Francis O’Connor, NJTTFA Chairperson / NJDOT Acting Commissioner
- David Moore, NJTTFA Treasurer / Director, Office of Public Finance, NJ Department of the Treasury (Designee for the Honorable Elizabeth Maher Muoio, New Jersey State Treasurer)
- Khalid Anjum, NJTTFA Public Member (joined at 11:05 AM)
- Robert Briant, Jr., NJTTFA Public Member
- Nelson Ferreira, NJTTFA Public Member
- Gregory Lalevee, NJTTFA Vice Chairperson / Public Member,

Constituting a quorum of the Members of the Authority.

There were also present:

- Charles Maciejunes, NJTTFA Executive Director / Chief Financial Officer, NJDOT
- Naileen Rodriguez, NJTTFA Comptroller, NJDOT
- Raquel Rangel, NJTTFA Secretary, NJDOT
- Anthony Longo, NJTTFA Assistant Treasurer, NJ Department of the Treasury
- Stephanie Gibson, Deputy Attorney General, NJ Attorney General’s Office
- Jessica O’Connor, NJ Governor’s Authorities Unit
- Joseph Bertoni, Deputy Commissioner, NJDOT
- Christopher Scales, Chief of Staff, NJDOT

- Christopher Feintheil, Assistant Commissioner of Operations, NJDOT
- Parth Oza, Assistant Commissioner of Capital Program Management, NJDOT
- Eric Powers, Assistant Commissioner of Statewide Planning, Safety and Capital Investment
- Laine Rankin, Assistant Commissioner of Local Resources and Community Development, NJDOT
- Tricia Gasparine, Chiesa Shahinian & Giantomasi PC
- Jeremy Ostow, M. Jeremy Ostow, Esq.
- Adam Keith, BofA Securities, Inc.
- David McCarthy, BofA Securities, Inc.
- Will Sicks, BofA Securities, Inc.
- Phil McGovern, Connell Foley LLP
- Yims Ngoy, Division of Information Technology, NJDOT
- Stephen T. Radinsky, Division of Information Technology, NJDOT

Chairperson Francis O'Connor presided at the meeting and Secretary Raquel Rangel kept the minutes.

Chairperson Francis O'Connor convened the meeting at 11:00 AM. He introduced himself and made the following statement: *"I wish to announce that adequate notice of today's meeting 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 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 Raquel Rangel called the roll. The following Board members acknowledged their presence: Francis O'Connor, Robert Briant, Jr., Nelson Ferreira, Gregory Lavee, David Moore. Secretary Raquel Rangel confirmed that a quorum was present.

Chairperson Francis O'Connor reminded Board members to identify themselves before making or seconding a motion due to the virtual setting of the meeting.

Chairperson Francis O'Connor reminded everyone that public comment will be limited to three minutes per person, members of the public may speak on topics related to the NJTTFA, and they should identify themselves before they begin.

Chairperson Francis O'Connor opened the floor for public comment.

There were no public comments.

Chairperson Francis O'Connor called the first order of business by requesting a motion to adopt the resolution approving the minutes of the actions taken at the March 21, 2024, Board meeting of the Authority.

Board Member Khalid Anjum joined the meeting and acknowledged his presence.

Khalid Anjum moved to approve the following resolution:

***WHEREAS**, Article II, Section 2 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 21, 2024, of the New Jersey Transportation Trust Fund Authority are hereby approved.*

The motion was seconded by David Moore and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

Chairperson Francis O'Connor moved on to the next order of business: the election of officers for the Authority for Fiscal Year 2025.

Chairperson Francis O'Connor nominated Gregory Lalevee for the position of Vice Chairperson. There were no other nominations. Robert Briant, Jr. moved to elect Gregory Lalevee to serve as Vice Chairperson of the Authority for Fiscal Year 2025. The motion was seconded by Khalid Anjum and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

Chairperson Francis O'Connor nominated David Moore for the position of Treasurer. There were no other nominations. Gregory Lalevee moved to elect David Moore to serve as Treasurer of the Authority for Fiscal Year 2025. The motion was seconded by Khalid Anjum and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

Chairperson Francis O'Connor nominated Raquel Rangel for the position of Secretary. There were no other nominations. David Moore moved to elect Raquel Rangel to serve as Secretary of the Authority for Fiscal Year 2025. The motion was seconded by Gregory Lalevee and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

For the next order of business, Chairperson Francis O'Connor requested a motion to adopt the resolution appointing Kimberly Minter to the position of Assistant Secretary, Anthony Longo to the position of Assistant Treasurer, and Naileen Rodriguez to the position of Comptroller.

Gregory Lalevee moved to approve the following resolution:

***WHEREAS**, the New Jersey Transportation Trust Fund Authority (the "Authority") has been created and exists pursuant to the provisions of the New Jersey Transportation Trust Fund Authority Act, P.L. 1984, c. 73, N.J.S.A. 27:1B-1 et seq., as amended (the "Act"); and*

***WHEREAS**, the Authority is authorized, pursuant to Article V, Section 4 of the Authority's By-Laws, to appoint an Assistant Secretary; and*

***WHEREAS**, the Authority is authorized, pursuant to Article V, Section 6 of the Authority's By-Laws, to appoint an Assistant Treasurer; and*

***WHEREAS**, the Authority is authorized, pursuant to Article IV, Section 1 of the Authority's By-Laws, to appoint a Comptroller; and*

***WHEREAS**, it is in the best interest of the Authority to appoint persons to serve as Officers of the Authority in the positions of: Assistant Secretary, Assistant Treasurer, and Comptroller.*

***NOW, THEREFORE, BE IT RESOLVED**, that the Authority appoints the following individuals to serve as Officers of the Authority for Fiscal Year 2025:*

*Kimberly Minter as Assistant Secretary,
Anthony Longo as Assistant Treasurer, and
Naileen Rodriguez as Comptroller.*

The motion was seconded by Khalid Anjum and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

Chairperson Francis O'Connor moved on the next order of business by calling upon Executive Director Charles Maciejunes to provide an overview of the appointment of an auditor for Fiscal Years 2024, 2025 and 2026.

Mr. Maciejunes stated: *“Mercadien’s term as the Authority’s auditor ended as of Fiscal Year 2023. As a result, an RFP for auditing services was issued on May 2, 2024, to 16 State – approved auditing firms. The sole response was from the incumbent Mercadien. The NJTTFA Audit Evaluation Committee reviewed Mercadien’s proposal. Mercadien was rated a high average score of 8.4 out of 10 and their cost proposal was deemed reasonable and appropriate. Mercadien’s proposed fees are: \$18,000 for Fiscal Year 2024, \$19,000 for Fiscal Year 2025, and \$20,000 for Fiscal Year 2026. There is an optional extension of one year for Fiscal Year 2027, for which the proposed fee would be \$21,000. The Evaluation Committee determined Mercadien to be a qualified candidate and submitted a written report to the NJTTFA Audit Committee. The Audit Committee met on June 10, 2024, and unanimously agreed to recommend Mercadien to serve as the Authority’s auditor for fiscal years 2024, 2025 and 2026. Copies of the RFP, Mercadien’s proposal, and the reports of the Evaluation Committee and the Audit Committee were included in the meeting agenda package for reference.”*

Mr. Maciejunes opened the floor to any discussion or questions.

There being no further discussion, Chairperson Francis O’Connor requested a motion to approve the resolution authorizing the appointment of an auditor for the annual audit of the Authority’s financial statements for Fiscal Years 2024, 2025, and 2026, attached hereto as Agenda Item F.

Robert Briant, Jr. moved to approve the resolution. The motion was seconded by Gregory Lalevee and adopted on a call of roll as follows:

AYE: 6
NAY: 0
ABSTAIN: 0
ABSENT: 1

Chairperson Francis O'Connor moved on the next order of business by calling upon Executive Director Charles Maciejunes to provide an overview of the Authority's proposed Financial Plan for Fiscal Year 2025, which by law must be submitted to the Governor, the Senate, the General Assembly, and the Transportation Policy Review Board. This plan outlines the financing strategy that will apply to the highway and transit projects that are proposed for Fiscal Year 2025.

Mr. Maciejunes stated: *"By law, the Authority must adopt a Financial Plan each year that reports prior results; estimates of upcoming bond issuances; funding sources; amounts to be appropriated and expended; and anticipated obligations for future expenditures.*

On page 2, the plan summarizes several recent amendments to the New Jersey Transportation Trust Fund Act as a result of the reauthorization in 2024. The new legislation authorizes a total of \$10.367 billion in capital program appropriations through Fiscal Year 2029 broken out as follows: \$2 billion in Fiscal Years 2025 and 2026, \$2.060 billion in Fiscal Year 2027, \$2.122 billion in Fiscal Year 2028, and \$2.185 billion in Fiscal Year 2029. Funding sources will continue to include the gas tax, the sales & use tax, and contributions from toll road authorities. There is an additional funding source which will be revenues from a new registration fee on electric vehicles. This structure of the registration fee will be \$250 for Fiscal Year 2025, and it will increase by an additional \$10 each year, capping at \$290 in Fiscal Year 2029. Finally, the legislation extended and increased the Authority's bonding authorization to \$15.6 billion through Fiscal Year 2029. An increase of \$3.6 billion from the \$12.0 billion established in the prior legislation.

On page 3, the Summary of Operations details the resources, uses, and net balance for Fiscal Years 1985 through 2023 and the estimated results for Fiscal Year 2024. For Fiscal Years

1985-2023, the results of operations resulted in a net balance of negative \$5.6 billion. For Fiscal Year 2024, the estimated results are roughly \$3.6 billion in total resources and approximately \$3.9 billion in total uses, resulting in a balance of negative \$340 million. The various resources and uses are listed in the chart. When combined, the actual and estimated results of operations are projected at an aggregate net balance of negative \$5.9 billion at the end of Fiscal Year 2024.

As we have shared in the past, as transportation capital costs, particularly large road and bridge construction projects are paid out over several years, it is important to note that the negative balances reflect the fact that the NJTTFA practice is to only issue bonds or notes to meet projected annual cash flow obligations, not the full value of capital program appropriations. Therefore, the Authority issues debt only to the extent necessary to fund operational needs.

On page 4, the Fiscal Year 2025 Capital Program appropriation is reflected as shown in the Governor's Budget Message with the following breakout: \$803 million allocated to NJDOT, \$767 million allocated to NJ Transit, and \$430 million allocated to NJDOT's Local Aid Program.

Also on page 4 are the NJTTFA revenue appropriations. Revenues from the Motor Fuels Tax is estimated at \$454.8 million, and revenue from the Petroleum Products Gross Receipts Tax is estimated at \$991.4 million, while revenues from the Sales and Use Tax and contributions from toll road authorities remain at \$200 million and \$12 million, respectively. This results in a total revenue appropriation of \$1,658,219,000, an increase of \$84.4 million (5.4%) from the amount appropriated in Fiscal Year 2024.

On page 5 are debt issuances and authorization. Again, recent amendments to the legislation provides for the issuance of up to \$15.6 billion in Transportation Program Bonds between Fiscal Years 2017 through Fiscal Year 2029. Through Fiscal Year 2024, the NJTTFA has utilized a total

of \$6.7 billion of authorization, which results in a remaining balance of \$8.9 billion in unused authorization through Fiscal Year 2029.

Continuing this topic on page 6, the plan notes that the NJTTFA expects to issue an estimated \$1.5 billion in new money bonds and up to \$3.25 billion of refunding bonds in Fiscal Year 2025. Bonds issued for refunding purposes are not subject to the statutory debt limit, except for net premiums received in connection with Program Bond issuances. Both the principal amounts and net premium amounts are reflected within the table on page 5.

On page 7 is the Fiscal Year 2025 Statement of Anticipated Changes in Cash Position. The cash balance as of July 1, 2024 is estimated at \$765 million. After accounting for revenue appropriations, deposits to the subaccount for capital reserves, bond proceeds, and other smaller resources, total receipts are projected at \$3.858 billion against total disbursements of \$3.805 billion to cover capital projects, debt service and operating expenses. The resulting cash balance at the end of Fiscal Year 2025 is projected at \$818 million.

Finally, the Authority's operating budget on page 7 provides a breakdown of estimated expenses which total \$108,000 and is comprised primarily of professional and trustee service fees."

Mr. Maciejunes opened the floor to any discussion or questions.

There being no further discussion, Chairperson Francis O'Connor requested a motion to adopt the resolution approving the Fiscal Year 2025 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, attached hereto as Agenda Item G.

Khalid Anjum moved to approve the resolution. The motion was seconded by David Moore and adopted on a call of roll as follows:

AYE: 6 (*Due to technical issues, Nelson Ferreira's vote was acknowledged later at approximately 11:40 AM*).

NAY: 0

ABSTAIN: 0

ABSENT: 1

Chairperson Francis O'Connor stated that the remaining agenda items for the meeting pertained to a proposed refunding transaction under consideration for September 2024. BofA Securities had been selected as the senior managing underwriter for the Transportation System Bonds, 2024 Series A and 2024 Series B, and the Transportation Program Bonds, 2024 Series AA and 2024 Series BB. He called upon David McCarthy from BofA Securities to provide an overview of the transaction along with a market update.

David McCarthy stated: *"First, I would like to thank the State and the Authority for the opportunity to work with the group on this important transaction; we greatly appreciate it. Because this transaction is a little more complex than a typical Authority issuance, we put together a few pages to help provide an overview. As you are aware, the legislation revised the gas tax cap amount, imposed an electric vehicle fee and increased both the amount of projects funded and the Authority's bonding authorization through Fiscal Year 2029. We have outlined the cap amounts, the electric vehicle fee and the project funding authorization. If we look at the Authority's debt profile, the reauthorization period coincides with the Authority's highest debt service years, which will limit the amount of pay-as-you-go funding during the reauthorization period. The overall goal of this transaction is to use a portion of the savings generated by refunding currently callable debt to re-shape the Authority's overall debt profile and allow for more pay-as-you-go funding during reauthorization. The significance of increasing pay-as-you-go funding lies in its direct*

impact on reducing reliance on bond proceeds, which typically entail higher costs due to associated debt service obligations. By avoiding these additional costs, a greater portion of the funding provided during the reauthorization period goes towards transportation projects instead of debt service.

As a baseline for comparison, we looked at NJTTFA's cashflows post-reauthorization, assuming no refunding, which shows that, absent any re-shaping, NJTTFA would have to generate \$8.6 billion of bond proceeds to complete all the project funding provided by reauthorization (approximately 83% bond funding and 17% cash funding). So, again, the goal of this transaction is to use some of the Authority's currently available refunding savings to re-shape its overall debt service so that more projects can be funded with cash (pay-as-you-go).

The starting point for the proposed transaction are the opportunities that the Authority has in the current market to generate debt service savings. These include a current refunding of the 2009 Series C and 2009 Series D System Bonds and the 2014 Series AA Program Bonds as well as the opportunity to refund other outstanding debt by means of a tender offer. While these candidates produce attractive net present value savings, refunding them does not meaningfully change pay-as-you-go funding levels since most of the savings occurs outside of the reauthorization period. To meaningfully increase pay-as-you-go funding levels, we looked at refunding candidates maturing within the reauthorization window that don't have traditional call features. These candidates include the Authority's 2010 Series C System Build America Bonds and the 2006 Series C, 2009 Series A and 2010 Series A System Capital Appreciation Bonds. While these candidates don't produce savings on their own, they do provide an opportunity to generate a significant amount of additional pay-as-you-go capacity when combined with the current refunding and tender candidates.

We have outlined the goals and assumptions of the transaction, most of which we've already discussed. I do want to highlight that the transaction will meet the legislative requirements of the New Jersey Transportation Trust Fund Authority Act to have positive present value savings and it will meet the State Treasurer's 3-prong refunding test: (positive present value savings; positive gross savings; and no extension of final maturity).

There are four series planned to be offered. The Transportation System Bonds 2024 Series A will fund the current refunding of the outstanding 2009 Series C and 2009 Series D, the extraordinary optional redemption of the 2010 Series C Build America Bonds and a refunding of certain outstanding System Bonds by means of a tender offer. The Transportation System 2024 Series B Bonds will fund an advance refunding of other candidates, some of which may be candidates that don't get tendered. On the Program credit, we plan on issuing the 2024 Series AA Bonds to fund the current refunding of the 2014 Series AA Bonds as well as other outstanding Program Bonds by means of a tender offer. The Transportation Program Bonds 2024 Series BB will fund an advance refunding of other candidates on a taxable basis.

We show the results of the overall transaction and impact on borrowing needed to complete project funding during reauthorization. If we compare new debt service after this transaction, without consideration of any new money debt, to existing debt service, you can see that we have re-casted NJTTFA's debt service to create a level plateau from 2025-2041. By leaving a lower, level debt profile in the reauthorization years and beyond, the Authority can fund over \$928 million more of projects using pay-as-you-go, assuming market conditions as of June 3, 2024. This \$928 million reduction in debt results in approximately \$2.2 billion of debt service avoided and equates to 26% of the project costs during reauthorization being funded with cash as compared to 17% without the transaction.

A graphic of cash flows shows that savings are focused within the reauthorization period and moved some debt service to years beyond the reauthorization where there was already a steep drop-off in debt service, along with some additional savings later in the long-term. We also show the annual cash versus bond funding, and refunding results, of the status quo versus after this transaction, again assuming market conditions as of June 3, 2024.

Overall, current financial markets are supportive of primary issuances including the Authority's upcoming offering. The most relevant example of this is BofA's pricing on Tuesday of this week for the New York Transportation Development Corporation on behalf of JFK Airport's New Terminal One Project. The Preliminary Official Statement for the transaction was mailed at \$1.5 billion and, based on orders of \$6.4 billion by 127 investors, upsized to \$2.55 billion and tightened yields by up to 10 basis points. This transaction represents the largest airport issuance ever. While a different credit than the Authority's, it shows that the market will readily accept a transaction of significant size.

Both taxable and tax-exempt indices have declined over the past 2 weeks with tax-exempt rates leading the way with over 30 basis points of improvement based on strong demand and favorable inflation reports. Using interest rates as of this past Friday, this transaction would produce nearly \$975 million of increased pay-as-you-go vs. \$928 million generated using rates as of June 3, 2024. We believe, based on recent transactions, that the proposed NJTTFA issuance would be well received by the market."

The floor was opened for questions and discussion.

There being no further discussion, Chairperson Francis O'Connor stated that no action would be taken on this item at this time in order to allow ample time for consideration.

Chairperson Francis O'Connor moved on the next order of business: a discussion of the Authority's Thirty-Fourth Supplemental Transportation System Bond Resolution that authorizes the Authority to issue the Transportation System Bonds, 2024 Series A and 2024 Series B. He called upon Tricia Gasparine of CSG Law, co-Bond Counsel to the Authority, to provide a brief overview of the resolution.

Tricia Gasparine stated: *“The Thirty-Fourth Supplemental Resolution authorizes the issuance of one or more Series of Transportation System Bonds (the “Refunding Bonds”) in an aggregate principal amount not exceeding \$1,787,500,000 for the purposes of refunding certain of the Authority’s Outstanding Transportation System Bonds, including Bonds that have been tendered to the Authority for purchase, and paying costs of issuance of the Refunding Bonds, including any tender offer transaction costs. The Resolution provides that the true interest cost of each series of Refunding Bonds shall not exceed seven (7.00%) per annum and that the Refunding Bonds shall mature no later than June 15, 2042. The Resolution authorizes a negotiated sale of the Refunding Bonds to BofA Securities, Inc., as Manager, appoints BofA Securities, Inc. as the dealer manager in connection with the Tender Offer, and authorizes other matters in connection therewith, including the distribution of a Preliminary Official Statement, the execution and delivery of an Invitation to Tender, Dealer Manager Agreement, Bond Purchase Contract, Escrow Deposit Agreements, and a Continuing Disclosure Agreement, as applicable. Drafts of these documents are also included in your package.”*

The floor was opened for questions and discussion.

There being no further discussion, Chairperson Francis O'Connor stated that no action would be taken on this item at this time in order to allow ample time for consideration.

Chairperson Francis O'Connor moved on the next order of business: the discussion of the Fifteenth Supplemental Transportation Program Bond Resolution that authorizes the Authority to issue the Transportation Program Bonds, 2024 Series AA and 2024 Series BB. He called upon Tricia Gasparine of CSG Law, co-Bond Counsel to the Authority, to provide a brief overview of the resolution.

Tricia Gasparine stated: *“The Fifteenth Supplemental Resolution authorizes the issuance of one or more series of Transportation Program Bonds (the “Refunding Bonds”) in an aggregate principal amount not exceeding \$1,462,500,000 for the purposes of refunding certain of the Authority’s Outstanding Transportation Program Bonds, including Bonds that have been tendered to the Authority for purchase, and paying costs of issuance of the Refunding Bonds, including any tender offer transaction costs. It provides that the true interest cost of each series of Refunding Bonds shall not exceed seven percent (7%) per annum and that the Refunding Bonds shall mature no later than June 15, 2050. It authorizes a negotiated sale of the Refunding Bonds to BofA Securities, Inc., as Manager, appoints BofA Securities, Inc. as the dealer manager in connection with the Tender Offer, and authorizes other matters in connection therewith, including the distribution of a Preliminary Official Statement, the execution and delivery of an Invitation to Tender, Dealer Manager Agreement, Bond Purchase Contract, Escrow Deposit Agreements, and a Continuing Disclosure Agreement, as applicable. Drafts of these documents are also included in your package.”*

The floor was opened for questions and discussion.

There being no further discussion, Chairperson Francis O'Connor stated that no action would be taken on this item at this time in order to allow ample time for consideration.

Chairperson Francis O'Connor moved on the next order of business: a discussion of the resolution authorizing payment of the costs of issuance in connection with the issuance of the Authority's Transportation System Bonds, 2024 Series A and 2024 Series B, and the Authority's Transportation Program Bonds, 2024 Series AA and 2024 Series BB. He called upon David Moore, Director of the Office of Public Finance, to provide a brief overview of the resolution.

David Moore stated that the resolution reflects typical costs that the State and the Authority pay on transactions of this size with one exception being the "dealer manager fee" which is incurred in connection with the proposed tenders and is charged on a per-bond basis. As explained in BofA Securities' presentation, tenders are being pursued only where it contributes positively to the plan of finance. The amount included in the resolution is a cap and reflects a bondholder participation rate of 75%. A cap is used instead of a specific figure due to tenders being subject to bondholder discretion, in contrast to typical refundings where the State/Authority has a right to call the bonds. For reference, the Authority's most recent tender received a 50% participation rate (considered relatively high), while the current structure of the proposed transaction is assuming a 30% participation rate. The final figures are not certain until the transaction goes to market.

The floor was opened for questions and discussion.

There being no further discussion, Chairperson Francis O'Connor stated that no action would be taken on this item at this time in order to allow ample time for consideration.

Chairperson Francis O'Connor moved on the next order of business: a resolution authorizing the submission to the Joint Budget Oversight Committee of a Request for Approval in connection with the proposed issuance of the Authority's Transportation System Bonds to be issued under the Thirty-Fourth Supplemental Transportation System Bond Resolution and the Authority's Transportation Program Bonds to be issued under the Fifteenth Supplemental

Transportation Program Bond Resolution. He called upon David Moore, Director of the Office of Public Finance, to provide a brief overview of this resolution.

David Moore stated that the New Jersey Transportation Trust Fund Authority Act requires any refunding to be submitted to Joint Budget Oversight Committee of the Legislature for approval. The resolution authorizes the Authority to submit their request which contains a summary of the transaction. This would happen after approval at the next NJTTFA Board meeting depending on when the Joint Budget Oversight Committee can meet.

Chairperson Francis O'Connor stated no action will be taken on this item to allow ample time for consideration.

Chairperson Francis O'Connor opened the floor for questions. There was no further discussion.

There being no further business or discussion, Chairperson Francis O'Connor asked for a motion to adjourn the meeting.

Nelson Ferreira stated that he was having computer issues during the vote for Agenda Item G. He acknowledged that his vote for the record was "AYE."

Nelson Ferreira moved that the June 20, 2024, meeting of the Authority be adjourned. The motion was seconded by Khalid Anjum and carried by unanimous voice vote.

The June 20, 2024, meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 11:41 AM.

Respectfully Submitted,



Raquel Rangel
NJTTFA Secretary

AGENDA ITEM F

APPOINTMENT OF AUDITOR FOR FY 2024 ANNUAL AUDIT OF FINANCIAL STATEMENTS

WHEREAS, pursuant to Section 17 of the New Jersey Transportation Trust Fund Authority Act of 1984, as amended (the “Act”), N.J.S.A. 27:1B-1 et seq., the New Jersey Transportation Trust Fund Authority (the “Authority”) is required to conduct an annual audit of its affairs and deliver a written report with respect to such audit to the Governor and the Legislature; and

WHEREAS, the Authority requires the services of a professional accounting firm with respect to the preparation of such audit; and

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

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

WHEREAS, on May 2, 2024, the Evaluation Committee distributed the request for proposal for an auditor (“RFP”), a copy of which is attached hereto as Exhibit “A,” to various firms, which RFP provided for the selection of a firm to serve as auditor for the Authority for the three-year term of Fiscal Years 2024, 2025, and 2026 and to perform the annual audits for the Authority for Fiscal Years 2024, 2025, and 2026, which engagement shall be renewable, at the option of the Authority, for a one (1) year term of Fiscal Year 2027, including the performance of the annual audit for Fiscal Year 2027, at the rates set forth in the winning firm’s proposal; and

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

WHEREAS, the Audit Committee met on July 10, 2024, considered the Evaluation Committee’s report, a copy of which is attached hereto as Exhibit “C”, and determined to recommend to the Board that it award the contract for auditor to Mercadien; a copy of the Audit Committee’s written recommendation is attached hereto as Exhibit “D”; and

NOW THEREFORE, BE IT RESOLVED, that

1. The Authority hereby acknowledges receipt of the recommendation of the Audit Committee, which recommends that the Authority award the contract for auditor to Mercadien.

2. The Authority hereby authorizes the engagement of the firm of Mercadien to serve as auditor for the Authority for the three-year term of Fiscal Years 2024, 2025, and 2026, and to perform the annual audit for the Authority for Fiscal Years 2024, 2025, and 2026, which engagement shall be renewable, at the option of the Authority, for a one (1) year term of Fiscal Year 2027, including the performance of the annual audit for Fiscal Year 2027, at the rates set forth in Mercadien's proposal.
3. The Authority hereby authorizes the Executive Director to take and do any and all acts and things as may be necessary or desirable in connection with such selection.
4. This Resolution shall take effect upon adoption in accordance with the Act.



NJ TRANSPORTATION TRUST FUND AUTHORITY

Philip D. Murphy, Governor | Tahesha L. Way, Lieutenant Governor

Members:

Francis K. O'Connor, Chairperson
The Honorable Elizabeth Maher Muoio, State Treasurer
Gregory Lavee, Vice Chairperson
Robert A. Briant, Jr.
Nelson Ferreira
Khalid Anjum
Jack Kocsis, Jr.

May 2, 2024

Request for Proposal Annual Financial Auditing Services

The New Jersey Transportation Trust Fund Authority (Authority), a body politic and corporate of the State of New Jersey, is seeking proposals for professional services for the performance of the annual audit of the Authority's financial statements and the issuance of other related certifications related to debt issuance resolutions. Audit services will commence with the audit of the Authority's financial statements for the fiscal year ended June 30, 2024. The contract covers services for the fiscal year ended June 30, 2024, June 30, 2025, and June 30, 2026, and at the option of the Authority, an extension for no more than one additional fiscal year.

Questions concerning the Request for Proposal may be directed to Naileen Rodriguez, Comptroller, NJ Transportation Trust Fund Authority at naileen.rodriguez@dot.nj.gov before 12:00 noon, Wednesday, May 8, 2024. Please email Mrs. Rodriguez to confirm receipt of this proposal even if you do not have any questions, because in the interest of time it is our intent to distribute the answers to all questions via email.

Professional accounting firms wishing to be considered for this engagement must submit a completed bid proposal, in accordance with the terms and conditions detailed in the attached Request for Proposal. This proposal must be **returned** on or before **2:00 p.m., Thursday, May 16, 2024**.

Proposal to be accepted and award made will be in accordance with terms and conditions of Treasury Contract Auditing Services: Contracted Financial Auditing Firms, T-2458 (Revised Method of Operation /16DPP00044) dated November 15, 2017). No bids will be accepted after the above-mentioned Time and Date. It is the sole responsibility of the vendor to ensure delivery of the bid response and quote to the Authority. Reliance of the United States Postal Service or any other mail carrier is strictly the vendor's responsibility. The Authority accepts no responsibility for late bids.

NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY

REQUEST FOR PROPOSAL FOR AUDITING SERVICES

MAY 2024

I. PURPOSE

The New Jersey Transportation Trust Fund Authority (the "Authority") was created by the State of New Jersey (the "State") in 1984 to provide a stable, predictable funding mechanism for transportation projects undertaken by the New Jersey Department of Transportation (the "Department"). Transportation projects financed by the Authority include expenditures for the planning, acquisition, design, construction, repair, and rehabilitation of public facilities for ground, water or air transportation of people or goods. The Authority also finances State aid to counties and municipalities for transportation projects. The Authority is governed by seven members including the Commissioner of the New Jersey Department of Transportation (the "Commissioner") and the State Treasurer who serve as ex-officio members.

Through this Request for Proposal (the "RFP"), the Authority is soliciting responses from accounting firms interested in serving as Auditor for the Authority for fiscal years 2024, 2025, and 2026; renewable at the option of the Authority, for one additional fiscal year (2027). The Authority's fiscal year begins July 1 and ends June 30. The primary purpose of this contract is to complete a full audit of the Authority's financial transactions for each of the fiscal years noted above. Questions concerning this RFP may be directed to Naileen Rodriguez, Comptroller, NJ Transportation Trust Fund Authority; PO Box 600; 1035 Parkway Avenue; Trenton, NJ 08625, or to Naileen.Rodriguez@dot.nj.gov, or by phone at 609-963-2298.

II. BACKGROUND (for a comprehensive overview see www.state.nj.us/tffa)

A. History

The Authority is a body politic and corporate of the state of New Jersey, with corporate succession, constituted as an instrumentality of the State organized and existing under and pursuant to the New Jersey Transportation Trust Fund Authority Act (the "Act"). The Act was reauthorized in March 2024. For the purpose of complying with Article V, Section IV, Paragraph 1 of the State Constitution, the Authority is allocated within, but is independent of any supervision or control by, the Department. The purpose of the Authority is to provide the payment for and financing of all or a portion of the costs incurred by the Department for the State transportation system, including, without limitation, (i) the State's share (which may include State advances with respect to any Federal share) under Federal Aid Highway Laws of the costs of planning, acquisition, engineering, construction, reconstruction, repair resurfacing and rehabilitation of public highways, (ii) the State's share (which may include State advances with respect to any Federal share) of the costs of planning, acquisition, engineering, construction, reconstruction, repair and rehabilitation of public transportation projects and other transportation projects in the State, and (iii) State aid to counties and municipalities for public transportation projects.

The Authority must submit a financial plan to the State Legislature explaining the financing of the transportation system projects that the Department has proposed for the upcoming Fiscal Year. The financial plan must contain an enumeration of the Authority revenues, including (i) the proceeds of any anticipated bond issues, (ii) investment income, and (iii) State appropriations. Additionally, the financial plan must include an aggregation of project expenditures for the current Fiscal Year.

Debt service is provided for by the constitutionally dedicated revenues derived from all Motor Fuels Taxes and all revenues derived from the Petroleum Products Gross Receipts Tax in each applicable fiscal year, and an amount equivalent to the revenues derived from the tax imposed under the Sales and Use Tax Act on the sale of new motor vehicles of not less than \$200 million for each applicable fiscal year. Statutorily dedicated revenues are derived from Toll Road Authority Contributions, Heavy Truck Registration Fees, and Good Driver Vehicle Registration Surcharges. Statutorily dedicated revenues are subject to annual appropriation by the State Legislature.

The 2024 reauthorization legislation, P.L. 2024, c. 7, amended P.L. 2016, c. 56, to increase the existing bonding authorization to not to exceed \$15.6 billion for fiscal years 2017 - 2029, the debt service for which will be paid solely from constitutionally dedicated revenues. These funding sources, as well as future pay-as-you-go appropriations from revenue dedications, will satisfy Authority fiscal needs during the reauthorized period.

Fiscal Year 2023 ended with outstanding Transportation System Bond and Transportation Program Bond balances of \$15,243,255,716. On November 30, 2023 the Authority issued \$1,250,000,000 in Transportation Program Bonds, 2023 Series BB for the purpose of paying State Transportation System Costs.

Bond proceeds are combined with Authority revenues to fund State transportation improvement projects and to defease or refund a portion of the Authority's outstanding bonds. "Revenues" under the Bond Resolution include (i) all amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer from the Transportation Trust Fund Account in the State General Fund, (ii) any other amounts appropriated by the State Legislature and paid to the Authority by the State Treasurer, or received by the Authority from any other source and pledged by the Authority as security for the payment of bonds, and (iii) interest received on any moneys or securities held pursuant to the Bond Resolution.

B. Flow of Funds

Pursuant to the Bond Resolution, all revenues shall be promptly deposited by the Authority as received into the Transportation Improvement Fund. The Authority shall transfer or credit to the Trustee, for deposit in the following Funds and Accounts, on the following date and in the following order of priority the amounts set forth below, but only to the extent the amount in the Transportation Improvement Fund shall be sufficient therefore:

1. On or before each Payment Date with respect to each Series of Bonds for deposit in the Trustee Debt Service Fund, the amount, if any, so that the balance in the Fund shall equal or exceed the amounts of Debt Service on all Series of Bonds coming due on such Payment Date.
2. On or before the due dates thereof, for deposit in the Debt Service Fund, the amount of any Financing Facility Payment Obligations, *if applicable*.
3. On or before the due dates thereof, and subject and subordinate at all times to the payments, credits or transfers required pursuant to paragraphs 1 and 2 above, for deposit in the Subordinated Debt Fund, the amount of any principal, prepayment or redemption price, interest or other amounts payable in connection with any Subordinated Debt.

C. Systems, Records, and Procedure

1. The Authority maintains its records for the governmental fund financial statements on a modified accrual basis. The State of New Jersey has implemented the changes defined in GASB 34 and any subsequent guidance.
2. All records pertaining to the Authority's Funds are available at the Office of the Chief Financial Officer, New Jersey Department of Transportation.
3. State appropriations are paid to the Authority in accordance with an appropriation schedule established by the Office of Management and Budget.
4. All Transportation Improvement Fund expenditures are disbursed by wire to the State's Special Transportation Fund. All disbursements to the Special Transportation Fund must be audited. Monies disbursed from the Special Transportation Fund are not included in this audit.
5. All Authority Operating and Cost of Issuance Expense is disbursed by the Authority's trustee bank by check, wire, or ACH payments, using a disbursement order requiring two authorized signatures. Approximately 82 disbursements were made during the fiscal year ended June 30, 2023.
6. All securities held by the Authority are purchased through the State's Division of Investments.
7. The Authority's short-term investments are held in the State of New Jersey's Cash Management Fund (Money Market).
8. The State staff that maintain the Authority's books and accounts will be available to assist the auditors.

III. SCOPE OF SERVICES

The principal accounting and auditing activities required of the accounting firm will include:

A. Annual Audit

Perform an annual audit of all the Authority's books, records and annual financial statements prepared in accordance with Generally Accepted Accounting Principles and in accordance with Generally Accepted Audit Standards, within sixty (60) days of the end of the State Fiscal Year including:

1. Examining deposits, vendors' vouchers, receipted bills, statements and any other supporting documentation.
2. Examining all of the Authority's accounts, obtaining evidence as to the existence of the funds in each account, and determining that fund balances have been classified properly.
3. Verification of monies transferred between different Authority funds and accounts.

B. Signed Reports

The issuance of a signed report(s) of audit to the Authority and Trustee that includes at least (i) a statement of assets and liabilities of all funds (including operational and investments) held by the Authority and the Trustee as of the end of such Fiscal Year, (ii) a statement of revenues, expenses and changes in fund balance of the Authority for such Fiscal Year, (iii) a statement of cash receipts and disbursements of the Authority for such Fiscal Year, (iv) a statement whether the balance in the Debt Service Reserve Account satisfies the requirements of the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and (v) an opinion that the statements fairly present the financial position of the Authority;

C. Accountants Certificate

The issuance of an accountant's certificate as required by the bond trustee banks, which shall state whether or not, to the knowledge of the signer, the Authority is in default with respect to any of the covenants, agreements or conditions on its part contained in the Bond Resolution and the Grant Anticipation Bond Resolution, if any, and if so, the nature of such default.

D. Internal Control Reports

The issuance of separate reports to the Authority assessing the effectiveness of the Authority's internal control procedures, and recommending any changes to those procedures. Internal control assessments should be prepared annually and findings must be discussed in detail with the Authority.

E. Bond Document Review

The review of the Authority's bond documents for the issuance, when appropriate, of comfort and/or consent letters to facilitate subsequent bond issues of the Authority.

F. Financing Analysis/Review

The review and analysis of traditional fixed rate, synthetic fixed rate bonds (auction rate bonds swapped to a fixed interest rate) and Capital Appreciation Bonds.

IV. INFORMATION TO BE PROVIDED IN YOUR PROPOSAL

A. Firm Description

Provide a brief description of your firm. Also, include the most recent Peer Review opinion of your firm with the proposal.

B. Audit Engagement Manager

List the education and experience of the Project/Engagement Manager and Principal/Partner that will be responsible for managing the on-site staff and ensuring quality and schedule goals are met.

C. Key Staff

List the on-site auditors that will be assigned to this audit and include their education and experience.

D. Firm Experience

1. Provide a detailed summary of the firm's recent experience during the prior three calendar years ending December 31, 2023, as an Auditor to large non-profit public agencies that issue bonds. Include the following information:

a. Name a minimum of three (3) clients for references with telephone numbers and contact person

b. Dates of engagements

c. Personnel assigned

2. Describe the firm's experience in developing and reviewing accounting systems for internal control procedures and adequacy.

3. Provide a description of any experience with the analysis of synthetic fixed rate bonds and capital appreciation bonds in the prior two calendar years.

4. Detail the number of government-wide annual audits performed in the last three calendar years in accordance with Governmental Auditing Standards.

E. Cost Proposal

1. Please provide your Cost Proposal as follows:
 - a. Hourly rates for different categories of professionals and break out the work hours by job title for each year of the contract.
 - b. List and provide resumes of employees to be assigned to this project by name and category.
 - c. Provide an estimate of non-labor disbursements if included as an additional cost.
 - d. Compensation for auditing each Fiscal Year in this proposal. Specifically quote fees for 2024, 2025 and 2026.
2. The Authority will require the invoices for each service to include a breakdown of billed hours by date, task description, and personnel assigned.

V. PROPOSED EVALUATION CRITERIA

The Authority has appointed a committee to review the proposals submitted in response to this request and to make recommendations to the Authority's Board. The committee will review all proposals in light of the major evaluation criteria generally set forth below, which are not in order of importance.

1. The bidder's detailed approach and plans to perform the services required by the Scope of Work Section of this RFP.
2. The bidder's documented experience in successfully completing contracts of a similar size and scope to those required by this RFP.
3. The qualifications and experience of the bidder's management, supervisory or other key personnel assigned to the contract, with emphasis on documented experience in successfully completing work on contracts of similar size and scope to those required by the RFP and a Peer Review with an unqualified opinion.
4. The overall ability of the bidder to mobilize, undertake and successfully complete the contract.

VI. CONTRACT TERMS

The Authority shall notify the contractor of the number of final copies to be delivered. One copy shall be unbound and the other should be provided in an electronic (pdf) file. The distribution of these reports shall be conducted by the Authority.

Audit work papers must be retained for a period of not less than seven (7) years from the date of receipt of the contractor's final payment and be made available to the State and/or Authority when requested. Litigation support is not included in the bid price. The contractor shall provide expert testimony when necessary regarding any litigation resulting from audit work done as part of this contract. Expert testimony support shall be provided at the hourly rates and by the labor titles listed

on the contractor's budget for litigation support. The Authority will not assume any liability for the cost of the contractor's legal counsel. If, subsequent to the award of any contract resulting from this RFP, the contractor shall merge with, or be acquired by another firm, the following documents must be submitted to the Director, Division of Purchase & Property and the Executive Director of the Authority:

- a. Corporate resolutions prepared by the awarded contractor and new entity ratifying acceptance of the original contract, terms, conditions and prices.
- b. State of New Jersey Bidders Application reflecting all updated information including ownership disclosure.
- c. Vendor Federal Employer Identification Number.
- d. Completed Ownership Disclosure Form. The documents must be submitted within thirty (30) days of completion of the merger or acquisition. It should include the names and addresses of all its owners and potential owners which hold or may acquire 10% or more of its stock or interest. Failure to do so may result in termination of contract.

If subsequent to the award of any contract resulting from this RFP, the contractor's partnership or corporation shall dissolve, the Director, Division of Purchase & Property and the Authority's Executive Director must be so notified. All responsible parties of the dissolved partnership or corporation must submit to the Director and Executive Director in writing, the names of the parties proposed to perform the contract, and the names of the parties to whom payment should be made. No payment should be made until all parties to the dissolved partnership or corporation submit the required documents to the parties noted above.

VII. SUBMISSION OF PROPOSAL

One original PDF version to the attention of naileen.rodriguez@dot.nj.gov and one hard copy of your proposal should be sent to Naileen Rodriguez, Comptroller, NJ Transportation Trust Fund Authority, Office of the Chief Financial Officer, New Jersey Department of Transportation, 1035 Parkway Avenue, PO Box 600, Trenton, NJ 08625. All proposals will be expected by **2:00 p.m.** on **Thursday, May 16, 2024**. Any proposals received after this date and time will not be given any consideration.

The Authority reserves the right to accept a bid for the first year audit only, to reject any and all proposals and to waive any minor irregularities in a bid. Should the Authority accept a multi-year contract, which is subject to annual appropriation, it reserves the right to terminate the contract after the completion of each annual audit.

New Jersey Transportation Trust Fund Authority

Proposal for Professional Audit Services

**for the Fiscal Years Ending June 30, 2024, 2025 and 2026, with Optional
Year 2027**



May 16, 2024

New Jersey Transportation Trust Fund Authority
Naileen Rodriguez, Comptroller
1035 Parkway Avenue
P.O. Box 600
Trenton, NJ 08625

Dear Ms. Rodriguez:

We welcome this opportunity to demonstrate why New Jersey Transportation Trust Fund Authority (the "Authority") should engage Mercadien, P.C., Certified Public Accountants ("Mercadien") to provide financial statement audit services for the years ending June 30, 2024, 2025, and 2026. We believe the Authority will continue to benefit from our expertise. Several factors uniquely qualify our firm:

- Significant experience providing auditor services to the Authority in prior years.
- Significant experience performing similar New Jersey state and local authority auditor services.
- Half a century of experience and thought leadership in providing accounting, auditing and consulting services to numerous organizations, including over 25 years of experience in servicing various governmental entities.
- Highly credentialed, knowledgeable team of professionals who understand state and federal laws, regulations and requirements for governmental financial reporting.
- Focus on proactive client service and communication; delivering the Mercadien Client Experience.
- Our long-term commitment to the governmental sector in not only being an auditor, but also an advisor throughout the year.
- Proven experience working remotely with our clients including the use of Microsoft Teams and Zoom to facilitate the process.

As required, we will conduct the audit of the financial statements prepared in accordance with Generally Accepted Accounting Principles, in accordance with Generally Accepted Audit Standards and *Government Auditing Standards*. Our audit process enables us to comply with our audit and professional standards, as well as allows the Authority to meet its objectives.

We look forward to your response and continuing an excellent working relationship with the Authority.

Sincerely,



Digesh B. Patel, CPA, RMA, CMFO, MBA, CGMA, PSA
Principal

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Attachments

Peer Review Letter

Firm Overview

FULL-SERVICE FIRM

We provide four main services; Accounting, Tax, Advisory and Wealth Management. With a diverse team of more than 145 professionals, we work with a wide range of clients throughout the U.S., Europe, and other continents. Ensuring we remain a firm of the future, we invest in cutting-edge technology and facilities.

OUR MISSION

We're dedicated to providing forward-thinking, relationship-driven financial and strategic services designed to help every one of our clients – of varying size, type, industry sector and location – achieve and exceed their goals.

WHAT SETS US APART

We take pride in understanding our clients. Our entrepreneurial outlook, regard for trust and confidentiality, and the diverse experience of our seasoned professionals enable us to directly relate to clients and the daily challenges they face – whether managerial, operational, financial or personal.

FOUNDED 1963

Mercadien was founded in 1963 as a tax & accounting firm in Princeton, NJ by two entrepreneurial CPAs. We've experienced significant growth over the last 60 years.

WHO WE SERVE

- Nonprofit & Human Services Organizations
- Government Entities
- Financial Institutions
- Individuals & Families
- Private Companies in many industries:
 - Construction
 - Commercial Real Estate
 - Manufacturing & Distribution
 - Law & Professional Services
 - Sports, Entertainment & Media

WHAT WE DO

- Audit & Assurance
- Tax Preparation & Planning
- BSA & AML Consulting
- Business Strategy & Financial Consulting
- Compliance Consulting
- Enterprise Risk Management
- Exit & Succession Planning
- Family Office
- Financial Forensics & Fraud Investigation
- Internal Audit
- International Human Capital Advisory
- Litigation Consulting & Support
- Mergers & Acquisitions Consulting
- Outsourced Accounting & CFO Services
- Trust & Estate Planning
- Wealth Management

Firm Description

Mercadien offers a full spectrum of accounting and advisory services, including traditional audit and financial reporting; federal, multi-state and international tax compliance and planning; compliance oversight, risk assessment and litigation support services; transaction advisory; outsourced accounting and CFO services, management and board consulting, as well as wealth management solutions.

Founded in 1963 and comprised of dedicated, experienced and highly-credentialed professionals, the firm serves privately-owned companies of nearly every type and industry, as well as financial institutions, nonprofit organizations, government entities, and wealthy individuals and families. We pride ourselves on delivering forward-thinking, proactive financial and strategic solutions designed to maximize wealth and profitability, minimize taxes and risk, and evaluate systems and processes, while increasing efficiencies, for our many diverse and sophisticated clients.

Government Accounting, Auditing, Compliance and Consulting Services

For more than 30 years, we have provided audit, accounting and consulting services on behalf of many New Jersey municipalities and state and local authorities, assisted them in the preparation and review of audited financial statements, monitored federal and state grant compliance, and have advised them on internal control procedures, program compliance, accounting systems, cash flow management, as well as GASB implementation. In addition, we have the depth of expertise beyond traditional audit and accounting services, as we also have significant experience related to compliance oversight and consulting services. Our government practice focuses on providing services to our clients which consist of developing, implementing and executing a process whereby we meet client deadlines and assist them in maintaining compliance with federal, state and local rules and regulations.

We provide the following traditional audit and consulting services to governmental entities and privately held companies:

| | |
|--|---|
| Accounting advisory services | New GASB standard implementation |
| Agreed-upon procedures engagements | Continuing disclosure requirement services |
| Annual audits | Cost certification reviews |
| Annual financial statement preparation | Evaluation of trust funds |
| Annual and Supplemental Debt Statements | Federal Audit Clearinghouse-Data Collection Form Filing |
| Arbitrage rebate calculations | Financial analysis |
| Attendance at rating agency conference calls | Forensic reviews |
| Bond appendix preparation services | Grant compliance monitoring |
| Budget assistance | Indirect cost allocation plan |
| Compilations and reviews | Internal control procedure reviews |
| Compliance oversight services | Organizational and efficiency reviews |
| Compliance reviews | Operational reviews |
| Compliance with federal, state and local government requirements | Issuance of bond consent letters for bond offerings |
| Compliance with New Jersey Local Bond Law | Performance audits |
| Compliance with New Jersey Local Budget Law | Refunding bond verification services |

| | |
|---|--|
| Compliance with New Jersey Local Public Contracts Law | Reviews for compliance with bond resolutions |
| Compliance with New Jersey Administrative Code | Single and Yellow Book audits |

Peer Review

We uphold the very highest standards of accounting and auditing services, and because we are a member of the American Institute of Certified Public Accountants (AICPA) Division for CPA firms, we complete an annual review of operations for performance to such standards. As required by the AICPA, we undergo a peer review every three years. Our most recent peer review letter was issued in 2022 when we successfully completed our 15th evaluation. The peer review letter is included in the *Attachments*, and we are pleased to note that there is no letter of comments.

Our Professionals

Currently, our professionals by category are as follows:

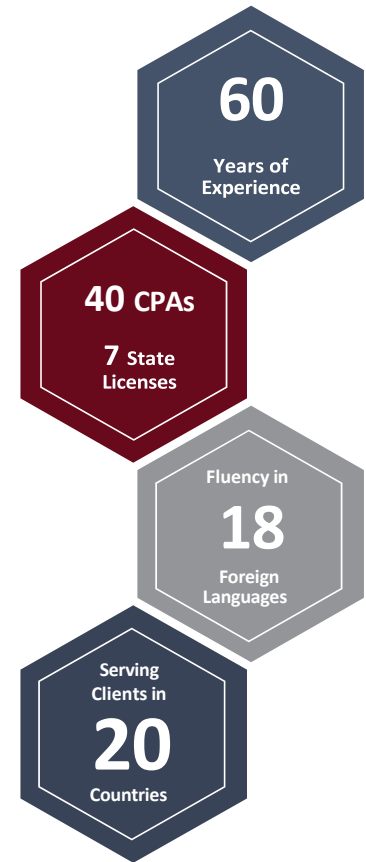
| Staff Level | Firm Count* | Government & Compliance Service Team* | CPAs* | RMAs |
|---------------------------------|-------------|---------------------------------------|-----------|----------|
| Principals (Partners) | 22 | 3 | 21 | 2 |
| Directors | 6 | 1 | 6 | |
| Managers | 15 | 3 | 5 | |
| Supervisors/Supervising Seniors | 15 | 5 | 4 | |
| Seniors | 20 | 4 | 2 | |
| Staff/Entry/Associates | 27 | 8 | 1 | |
| Other Professionals | 41 | 2 | 1 | |
| Asset Management Group | 4 | | | |
| Total | 150 | 26 | 40 | 2 |

***As of April 30, 2024**

Additionally, Mercadien has a team of four technical and eight principal administrative assistants, as well as two floating assistants, to provide support to the professional teams. Both a technical and principal assistant would be assisting the team assigned to the Authority with clerical support.

Advanced Degrees and Certifications

- Certified Public Accountant (CPA)
- Registered Municipal Accountant (RMA)
- Chartered Global Management Accountant (CGMA)
- Certified Government Financial Manager (CGFM)
- Certified in Financial Forensics (CFF)
- Certified Fraud Examiner (CFE)
- Certified Regulatory Compliance Manager (CRCM)
- Public School Accountant License (PSA)
- Certified Anti-Money Laundering Specialist (CAMS)
- Personal Financial Specialist (PFS)
- Certified Insolvency & Restructuring Advisor (CIRA)
- Certified Management Consultant (CMC)
- Certified Board Advisor (CBA)
- Enrolled Agent (EA)
- Commissioned Notary Public (NP)
- Certified Financial Planner (CFP)
- Certified QuickBooks ProAdvisor
- Certified Information Systems Auditor (CISA)
- Certified Municipal Finance Officer (CMFO)
- Certified Enterprise Risk Professional (CERP)
- Certified Valuation Analyst (CVA)
- Certified Community Bank Technology Officer (CCBTO)
- Doctor of Jurisprudence (JD)
- Master's Degrees – Business Administration, Taxation, Accountancy, Fraud & Forensics



Commitment to Diversity, Equity, and Inclusion

At Mercadien, we value Diversity, Equity, and Inclusion (DEI) in the workplace, within our workforce, including our Principal group and senior leadership, and with our clients. As a firm, we strongly believe that the more equitable and inclusive we are, the more successful we will be. We have a multilingual workforce, composed of employees that speak over eighteen different languages, which enables us to provide excellent service to all of our clients, both at home and abroad. In addition, we are constantly growing and recruiting from a diverse pool of candidates. Presently, 42% of the firm is female, including 9 principals and many others in senior leadership roles. We also have a Women's Initiative Group that is inclusive of all women associates in the firm. This group supports and empowers emerging women leaders, increases retention, supports work-life integration, and increases diversity in thought amongst the peer groups within the firm.

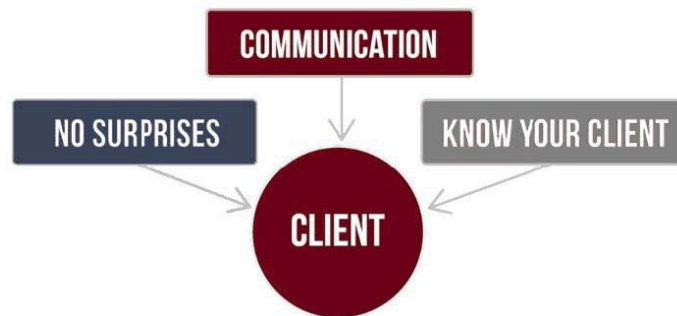
Advancing DEI is a corporate priority of Mercadien. We are committed to identifying, addressing, and resolving inequities that may exist in our operations. After completing a thorough search, in March 2021, we hired an outside consultant to work with an internal DEI committee in assessing and furthering equity and inclusion within Mercadien. In April 2021, we kicked off the DEI initiative with a firm-wide educational presentation called "The Business Case for Diversity, Equity and Inclusion at Mercadien." Immediately following the educational webinar, we completed a firm-wide survey to understand our associates' views on DEI and the current Mercadien culture. Our consultant has also conducted qualitative focus groups with our associates to get their views on DEI. The goal of the focus groups was to determine how our associates assess DEI, and their experience of the climate for DEI with regard to issues of race/ethnicity, gender identity, religion, sexual orientation, age, ability, and socioeconomic status. Findings from these focus

groups provided important context to further develop and prioritize policies and practices to facilitate the DEI efforts at Mercadien. After the conclusion of the focus groups, we have established measurable goals and priorities for the next year as well as longer term goals for 3 to 5 years. The entire leadership team, including the executive committee at Mercadien, fully supports this initiative. We are committed to educating ourselves and embracing our role and responsibility to further DEI.

The Mercadien Client Experience

For over 60 years, Mercadien has provided professional accounting services to numerous companies and organizations of varying industries, sizes and structures. In addition to compliance services, audit and tax, we advise our clients on internal control procedures, accounting systems, cash flow management and budgeting, as well as routine financial operations and sophisticated management advisory issues. Our firm distinguishes itself by delivering what we call “The Mercadien Client Experience.”

Mercadien is proud of the exemplary service that we provide to our clients. Relationships are the core focus of our firm; and our ability to develop partnerships with our clients is an integral part of our success. Our proactive approach to client service delivery and relationship-building includes:



- **No Surprises:** Our associates develop a clear understanding of service expectations, strive to meet those expectations, and always seek client feedback.
- **Communication:** We are committed to responding promptly to our clients and proactively providing information, which helps to solidify a relationship of trust and reliability.
- **Know Your Client:** We stay perpetually engaged with our clients to ensure we remain abreast of their challenges, goals, industry trends and nuances, and business operations.

Audit Engagement Principal/Manager

The Mercadien team assembled to meet the needs of the Authority possesses a wide range of skill sets, backgrounds, professional certifications and decades of hands-on experience.

Digesh B. Patel, CPA, RMA, CMFO, MBA, CGMA, PSA will lead the scoping and execution of this engagement, marshaling the appropriate professional resources within the Government Services Group. Digesh is a managing director of The Mercadien Group and a principal with Mercadien, P.C., Certified Public Accountants. In his capacity at Mercadien he is responsible for the Government Services Group's audit processes including, but not limited to, policies and procedures, resolving audit issues, training of staff, and evaluating and implementing internal control policies.

Jack Hammell, CPA, CGFM will have day-to-day oversight responsibility. Jack is a lead member of the Government Services Group with over 10 years of experience and involved in the technical training of the firm's staff on new government, auditing and financial reporting pronouncements.

Additionally, both Digesh and Jack and our other experienced and dedicated team are available to the Authority throughout the year to offer technical assistance as needed or to assist with implementing the most appropriate accounting pronouncements.

Key Staff

Mercadien believes that continuity is important in any engagement. We want our clients to feel confident knowing their engagements are managed by well-trained, committed, and passionate professionals year after year. We strive for staff consistency on all our engagements year to year, thereby creating unique efficiencies and further contributing to the value we provide our clients. From time to time, we may rotate certain engagement team members to bring a fresh set of eyes to the engagement. We take pride in the excellent service we provide our clients, and we pledge that the same superior quality of services will be extended to the Authority.

The engagement team will be finalized once we confirm your timetable and audit readiness. Primarily, the team will consist of Digesh Patel as the primary audit service partner and Jack Hammell as the manager and senior in-charge. Because the Authority is a highly valued client of ours, we will devote the necessary additional personnel to ensure your audit engagement goes smoothly and that the audit fieldwork is completed within about one week. As the principal ultimately responsible for your services at Mercadien, Digesh will be personally involved in your audit engagement.

Mercadien believes that qualified, experienced staff members are integral to our audit philosophy. All of our accountants are graduates of major universities with degrees in accounting, and many are certified public accountants. It is our standard practice that a senior accountant assigned to a governmental audit will have at least three years of such experience.

Individuals working on your engagement will have satisfied the American Institute of Certified Public Accountants requirement of 120 continuing professional credit hours over a three-year period with a minimum of 20 credit hours per year, as well as United States General Accounting Office requirements of 24 continuing professional credit hours in the governmental auditing area within the last two years. Resumes in this section include:

| Staff | Position | Years' Experience | Responsibilities |
|--|-----------------|--------------------------|--|
| Digesh Patel, CPA, RMA, CMFO, MBA, CGMA, PSA | Lead Principal | 17+ | Overall management of the audit engagement and financial reporting. |
| Warren A. Broudy, CPA, RMA, CGFM, CGMA, PSA | Principal | 30+ | Technical review of engagement. |
| Jack Hammell, CPA, CGFM | Manager | 10+ | Fieldwork, including preparation of any necessary adjusting journal entries. |
| Andie Lee | Staff | 1+ | Detailed audit testing. |



DIGESH B. PATEL, CPA, RMA, CMFO, MBA, CGMA, PSA

Managing Director, The Mercadien Group
Principal, Mercadien P.C., Certified Public Accountants

Practice Areas: Co-Chair Government Services, Audit & Assurance,
Risk Management, Compliance Oversight

Contact: dpatel@mercadien.com | 609-689-2410

Digesh Patel is a managing director of The Mercadien Group, a principal in Mercadien, P.C., Certified Public Accountants, and co-chair of the Government and Compliance Services Group, where he oversees and performs various audits, compilations, agreed-upon procedures and consulting projects for state, local, school and municipal government organizations. He also monitors compliance with generally accepted government auditing standards, is involved in evaluating internal controls over financial reporting and develops recommendations that assists clients in gaining efficiencies throughout their organization. In addition to performing financial audits, his expertise also includes audits in accordance with Uniform Guidance and New Jersey Circular Letter 15-08-OMB, and cost report audits.

Digesh specializes in assisting clients in the areas of internal control over financial reporting and compliance, preparing budgets, unaudited annual financial statements, annual and supplemental debt statements, attending bond ratings calls, preparing bond ordinances and resolutions. He also works with school districts in New Jersey to provide assistance in reconciling books and records and preparing them for annual audits. He is also involved in the technical training of the firm with new audit and accounting pronouncements issued by the Governmental Accounting Standards Board, local finance notices issued by the Division of Local Government Services, and hands-on training of professional staff and provides mentoring to the firm's up and coming young leaders.

While attending Rider University, Digesh worked part time for Mercadien as an auditor for the State of New Jersey, Division of State Lottery Commission, where he observed the lottery drawings and performed audit procedures throughout the year. He continues to work on this engagement as a principal and provide various other services, including cybersecurity services.

Digesh frequently participates in government seminars and round table discussions to discuss and provide feedback on auditing trends as well as how the American Rescue Plan funds can be spent in accordance with the requirements set forth by the federal government.

Finally, Digesh is a key member of the firm's Innovation Committee and challenges everyone to come to the table with innovative ideas that helps projects/teams gain efficiencies and move the firm towards a future that is technology and process driven.

Digesh resides with his wife and two sons in Bordentown Township, NJ.

Education: Bachelor's Degree in Accounting & Master of Business Administration, Rider University

Accomplishments: Certified Public Accountant, Registered Municipal Accountant, Certified Municipal Finance Officer, Chartered Global Management Accountant, Public School Accountant, Special Achievement Award – Association of Government Accountants' Trenton Chapter (2012)

Community Involvement: American Institute of Certified Public Accountants, Association of Government Accountants, New Jersey Society of Certified Public Accountants, The Trenton Salvation Army (Board Member)



WARREN A. BROUDY, CPA, RMA, CGFM, CGMA, PSA

Managing Director, The Mercadien Group
Principal, Mercadien P.C., Certified Public Accountants

Practice Areas: Chair – Government Services; Chair – Compliance Oversight Services; Audit & Assurance, Risk Management

Contact: wbroudy@mercadien.com | 609-689-2326

Warren Broudy is a managing director of The Mercadien Group, principal with Mercadien, P.C., Certified Public Accountants, and chair of the firm's Government Services and Compliance Oversight Groups. He brings over 30 years of professional experience in public accounting and the government and commercial sectors to provide appropriate and beneficial audit, compliance and risk management solutions to his clients.

Overseeing all facets of numerous and diverse engagements and leading knowledgeable and credentialed team members with a proven, consistent, proactive approach, Warren helps organizations meet their regulatory and contract compliance requirements; perform effective internal controls and fiscal and programmatic oversight; assess and remediate risks and exposures; improve business processes, reporting systems and decision-making abilities; ensure transparency and accountability; and achieve their financial and strategic objectives.

Highly regarded as an expert in audit program design and implementation, budgetary issues and financial reporting practices, Mr. Broudy specializes in performing financial statement and compliance audits, management and financial reporting, and agreed-upon procedures for state and local authorities, state agencies and commissions, municipalities, hospitals, and nonprofit and social service organizations throughout the tri-state area. His experience encompasses services to all entities subject to Uniform Guidance, state and local reporting requirements, Government Auditing Standards, GAAP and other regulatory requirements, as well as services pertaining to promoting interoperability and Medicaid programs.

Warren is frequently sought out by major public and private entities to advise on financial and governance issues, review and provide official annual financial and debt statements, participate in budget and operational reviews, and provide documents required by counsel or banks in connection with bond compliance, debt offerings or financial statements.

Warren resides in Mount Laurel, NJ with his wife and their two children.

Education: Bachelor's Degree in Accounting, Temple University

Accomplishments: Certified Public Accountant, Registered Municipal Accountant, Certified Government Financial Manager, Chartered Global Management Accountant, Public School Accountant

Community Involvement: American Institute of Certified Public Accountants, New Jersey Society of Certified Public Accountants, Association of Government Accountants, Rutgers University Master of Accountancy Program in Government Accounting (Advisory Board Member)



JACK HAMMELL, CPA, CGFM

Manager,
Mercadien P.C., Certified Public Accountants

Practice Areas: Government Services, Nonprofit & Human Services, Audit & Assurance

Contact: jhammell@mercadien.com | 609-689-2447

Mr. Hammell is a manager with Mercadien, P.C., Certified Public Accountants, and is a member of the firm's Government and Nonprofit and Human Services Groups. Jack's responsibilities include testing systems of internal controls, performing analytical reviews, and ensuring staff on engagements are productive. Mr. Hammell also assists in the preparation of audit and financial statements for various nonprofit and government organizations.

Prior to joining Mercadien, Mr. Hammell worked as an accountant for Fedway Associates, Inc. He performed numerous tasks such as month-end closing procedures, bank reconciliations, fixed asset and lease liability reconciliations, and journal entry postings. He also produced quarterly external financial statements in accordance with U.S. GAAP. Jack is skilled in Microsoft Excel, QuickBooks, AS400 global accounting system, Diver, and CCH Workpaper Manager.

Mr. Hammell currently resides in Hillsborough, NJ.

Education: Bachelor's Degree in Business Administration with a dual major in Accounting & International Business, Rochester Institute of Technology

Accomplishments: Certified Public Accountant, Certified Government Financial Manager, Raymond Englert Award for Academic Achievement – Rochester Institute of Technology

Community Involvement: American Institute of Certified Public Accountants, New Jersey Society of Certified Public Accountants, EASEL Animal Rescue League (Treasurer), Trenton Area Soup Kitchen (Board Member)



ANDIE LE

Entry Associate,
Mercadien P.C., Certified Public Accountants

Practice Areas: Government Services

Contact: ale@mercadien.com | 609-689-2342

Andie Le is an entry associate with Mercadien, P.C., Certified Public Accountants, and a member of our Government Services Group. In this role, Andie is responsible for assisting with and preparing financial statements, assisting with audit reports, and preparing review and compilation reports, including disclosures for state and local government entities. Andie also coordinates with auditing managers and partners to assess risk management procedures by implementing internal controls into an organization's internal systems and operations.

Prior to joining Mercadien full time, Andie successfully completed an Audit Internship at Mercadien.

Andie currently resides in Burlington, NJ.

Education: Bachelor's Degree in Accounting, The College of New Jersey

Firm Experience

As the prior auditor of the Authority, and the current auditor of the New Jersey Building Authority, the New Jersey Highlands Water Protection and Planning Council, New Jersey Water Supply Authority, New Jersey Lottery Commission, Casino Reinvestment Development Authority, and Tobacco Settlement Financing Corporation, we have an understanding of the unique requirements of government-wide and governmental fund financial statement audits, including the following:

- The basic financial statements consist of government-wide and governmental fund financial statements.
- The Authority, as a single program government, combines government-wide and governmental fund financial statements, which are linked together by a reconciliation.
- The government-wide financial statements are prepared under the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenditures are recognized when incurred.
- The governmental fund financial statements are prepared under current financial resources measurement focus and on the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recognized when the related liability is incurred. The exception to this rule is that principal and interest on long-term debt are recognized when due.

We are familiar with all the adjustments needed to convert the Authority's governmental fund financial statements to the government-wide financial statements as required under GASB Statement Number 34 and other applicable requirements per GASB pronouncements. We assisted the Authority in implementing GASB Statement No. 34 and comply with the standard in presenting government-wide financial statements.

For fiscal year ending June 30, 2024, the Authority audit will be subject to clarified standards under which the audit will be performed as a group audit since the Authority is a component unit of the State of New Jersey. The state auditor's office is involved in overseeing audit planning and fieldwork performed as part of this group audit. We have experience in working with the state auditor's office and are well aware of the process from other similar engagements.

Our Experience with Developing and Reviewing Internal Control

Risk Assessment Standards (Statement on Accounting Standards Nos. 104 through 114 and No. 145) establish standards and provide guidance concerning the auditors' assessment of the risks of material misstatement (whether caused by fraud or error) in a financial statement audit; design and performance of tailored audit procedures to address assessed risks; audit risk and materiality; planning and supervision; and audit evidence.

Our Experience with the Authority's Financial Background

In the prior several years, Mercadien has had multiple clients, including New Jersey Healthcare Facilities Financing Authority, New Jersey Building Authority and New Jersey Transportation Trust Fund Authority, who currently have or have had financial instrument agreements, such as interest rate swap agreements, in relation to variable rate bonds to achieve a synthetic fixed interest rate. Thus, each entity pays a fixed rate of interest, based on each agreement, on a notional amount equal to the bond principal amount being hedged pursuant to such swap. The fair market value of the swaps was disclosed in each entity's notes to financial statements. Over the past several years, we have also audited clients with various types of bonds including capital appreciation bonds and various forms of defeased or refunded bonds. Lastly, we have also audited multiple clients with constitutionally dedicated revenues and similar flows of funds with the State and various trustees related to bond activity and state collected and appropriated funds. Thus, we are familiar with all related financial reporting and disclosure requirements applicable to the Authority.




Our Experience with Government-Wide Annual Audits

Over the past three calendar years, we have performed government-wide audits in accordance with *Government Auditing Standards* for the New Jersey Building Authority, the New Jersey Highlands Water Protection and Planning Council, New Jersey Water Supply Authority, New Jersey Lottery Commission, Casino Reinvestment Development Authority, New Jersey Sports and Exposition Authority, Tobacco Settlement Financing Corporation, Delaware Valley Regional Planning Commission and New Jersey Transportation Trust Fund Authority.

Detailed Approach to Perform the Required Services

In approaching your audit engagement, Mercadien begins with the recognition that an external auditor must fill a dual role, on the one hand serving as an objective reviewer from an outside organization, and at the same time functioning as a team member working with and for the client.

In planning our audits, we work with your management team to make the audit process as rewarding to you as possible. We believe that it is possible for us to gain increased insight into the operations of our clients during the examination process. In doing so, we are often able to provide them with unique recommendations to increase efficiencies and avoid potential internal control or noncompliance issues. Our audit staff is trained to attune itself to the client's organization and to respect and to work around the client's operations to minimize intrusions. Our work will include obtaining an understanding of your system of internal controls over significant transaction cycles and over your bond compliance processes.

| Audit Event | Mercadien Audit Plan |
|---|---|
| Kickoff  | Conduct kickoff meeting based on the proposed timeline to discuss: <ul style="list-style-type: none"> ▪ Timing of the audit ▪ Personnel and the supervision ▪ Preferred communication methods ▪ Documents and assistance required from management |
| Planning  | <ul style="list-style-type: none"> ▪ Obtain any existing accounting manuals or documented policies and procedures manual ▪ Determine how and where your financial statements may be susceptible to material misstatement due to error or fraud based on a risk-based approach ▪ Identify transaction cycles and account balances to audit based on materiality and risk ▪ Conduct interviews with the appropriate staff members to document our understanding of internal controls ▪ Select transactions from each major transaction cycle and “walk through” transactions to ensure the designed controls are adhered to and exist ▪ Identify operational improvements as applicable and communicate any observations or issues to management to ensure we have a clear understanding ▪ If any operational improvements or issues are identified, we will present our draft report of management recommendations or issues to management first, to allow management to review and confirm our understanding, as well as the most practical solution or approach ▪ Select audit samples and provide to management to gather the documentation necessary |
| Fieldwork  | <ul style="list-style-type: none"> ▪ Review all supporting documentation for samples selected during planning and perform procedures for areas of audit focus |

Our goal is to complete all procedures by the end of the fieldwork and have minimal open items remaining.

Post Fieldwork

As required by our own quality control process, the audit working papers will be reviewed by the engagement manager and Client Service Principal assigned to your engagement. We will retain the working papers for three years following the audit report date. Generally, we expect to issue draft financial statements within three weeks of the end of fieldwork, but within the confines of the timetable we set with you. Our financial reporting quality control procedures require a concurring principal not involved with the audit to approve issuance of the financial statements.

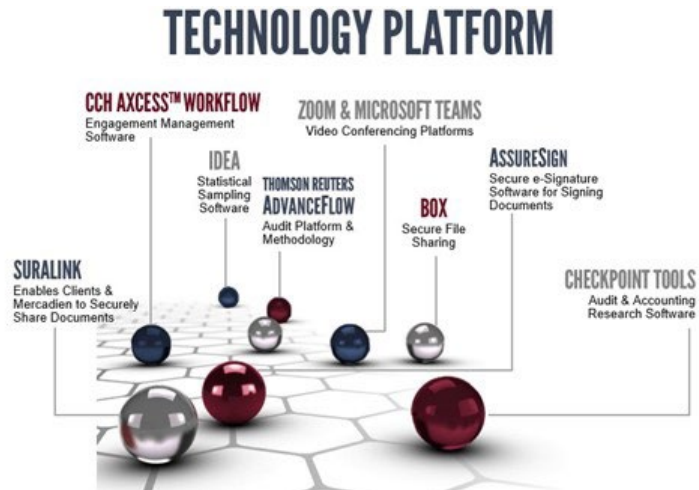
We will be available to assist you in the preparation of the financial statements and related notes, including enhancement of the presentation of the financial statements and implementation of GASB standards, if requested, and while maintaining appropriate levels of independence. In an effort to keep the cost of our services to its lowest reasonable level, we expect that you will provide us with all schedules that support the financial statements. We will send out all legal letters and any other confirmations deemed necessary for the audit. We will require appropriate cooperation and a reasonable allocation of time and resources from you and your staff in gaining access to the records and other information we will need to perform timely, efficient and cost-effective services.

Audit Technology

Mercadien uses a paperless audit approach. This approach allows us to work from a central location to capture, manage, share and protect all of our files, both paper and digital. In addition, the security provided through these sophisticated systems also provides another layer of protection for our clients' confidential information.

We utilize the latest technology, including virtual servers, smart devices and online libraries to provide us with the most up-to-date information to better serve our clients. Thomson Reuters

AdvanceFlow is our software that we use to manage our audit engagements. Our online client portal, Suralink, gives us the capability of sending and receiving information to and from our clients faster and more securely. Our portals are encrypted, and user password protection ensures that data can only be viewed by the appropriate client.



Remote Capability

It may be necessary or you may prefer that we perform portions of fieldwork remotely. At the beginning of this engagement, we will discuss the best possible way to work while maintaining the integrity of both parties' work performed. Any work done remotely will incorporate our state-of-the-art technology, including remote access tools, to access accounting systems and software. We will also continue to be available via email and telephone calls. In addition, we can conduct meetings and work sessions on Zoom or Microsoft Teams platforms. At Mercadien, we have been performing audits and providing consulting work to clients fully remotely using these tools.

References

| Organization | Contact | Dates of Engagement | Description of Services | Staff Involved |
|--|--|----------------------------|--|---|
| New Jersey Building Authority 50 West State Street 2nd Floor PO Box 292 Trenton, NJ 08625-0292 | Wanda Gibson, Administration Operations Manager (609) 943-4835 wanda.gibson@treas.state.nj.us | 2004-Current | Annual financial statement audit; agreed-upon procedures-construction projects; agreed-upon procedure engagements to review contract expenditures; bond resolution compliance. | Warren Broudy Digesh Patel Matthew Daly |
| Tobacco Settlement Financing Corporation 33 West State Street 4th Floor Trenton, NJ 08625 | Michele Ridge, Department of the Treasury Office of Management and Budget (609) 292-4242 Michele.Ridge@treas.nj.gov | 2008-2010, 2013-Current | Annual financial statement audit; bond resolution compliance. | Warren Broudy Digesh Patel Jack Hammell |
| New Jersey Water Supply Authority 1851 Highway 31 PO Box 5196 Clinton, NJ 08809 | Susan Buckley, Director, Finance and Administration (908) 638-6121 sbuckley@njswa.org | 2005-2014, 2017-Current | Annual financial statement and single audits; agreed-upon procedures; arbitrage rebate calculations; bond resolution compliance. | Warren Broudy Digesh Patel Matthew Daly Jack Hammell |
| Casino Reinvestment Development Authority 15 South Pennsylvania Avenue, Atlantic City, NJ 08401 | Kathleen M. Marshall, Chief Financial Officer (609) 347-0500 kmarshall@njcrda.com | 2017-Current | Annual financial statement audit; bond resolution compliance. | Warren Broudy Digesh Patel Matthew Daly Jack Hammell |
| New Jersey Sports and Exposition Authority One DeKorte Park Plaza Lyndhurst, NJ 07071 | Anna Acanfora, Director of Finance (201) 460-1700 | 2018-Current | Annual financial statement audit; agreed-upon procedures | Warren Broudy Digesh Patel Jack Hammell |

Cost Proposal

Our fees are based on the time expended by each of our staff and are calculated at their respective standard hourly rates. These rates are established on the basis of staff members' levels of experience and responsibilities, are quite fair, and very competitive with the rates of other CPA firms offering the types of services that we provide.

**New Jersey Transportation Trust Fund Authority
June 30, 2024-2026
Cost Proposal**

| | Partner | Manager | Senior | Staff | Total |
|--------------|----------|----------|----------|-------------------------------|---|
| Hours | 14 | 25 | 43 | 43 | 125 |
| Hourly Rate* | \$ 320 | \$ 260 | \$ 207 | \$ 148 | |
| Audit Cost | \$ 4,480 | \$ 6,500 | \$ 8,901 | \$ 6,364 | \$ 26,245 |
| | | | | Additional Discount | (8,245) |
| | | | | Total Maximum Fee 2024 | <u>\$ 18,000</u> |
| | | | | | |
| | Partner | Manager | Senior | Staff | Total |
| Hours | 14 | 25 | 43 | 43 | 125 |
| Hourly Rate* | \$ 350 | \$ 270 | \$ 217 | \$ 153 | |
| Audit Cost | \$ 4,900 | \$ 6,750 | \$ 9,331 | \$ 6,579 | \$ 27,560 |
| | | | | Additional Discount | (8,560) |
| | | | | Total Maximum Fee 2025 | <u>\$ 19,000</u> |
| | | | | | |
| | Partner | Manager | Senior | Staff | Total |
| Hours | 14 | 25 | 43 | 43 | 125 |
| Hourly Rate* | \$ 380 | \$ 285 | \$ 222 | \$ 162 | |
| Audit Cost | \$ 5,320 | \$ 7,125 | \$ 9,546 | \$ 6,966 | \$ 28,957 |
| | | | | Additional Discount | (8,957) |
| | | | | Total Maximum Fee 2026 | <u>\$ 20,000</u> |
| | | | | | |
| | | | | | Total Maximum Fee Optional - Year Ending June 30, 2027 |
| | | | | | <u>\$ 21,000</u> |

*Stated rates based on Year 1-3 rates for State Contract T2458

Our fee is contingent upon the satisfactory condition of the books and records, the records being ready for audit by a mutually agreed-upon date, availability of underlying documentation, and the cooperation of staff in gaining access to the information we need. Should the Authority require additional accounting assistance we will discuss an additional fee arrangement with you before proceeding. We assure you that we will make every effort to hold our time to the absolute minimum necessary commensurate with the effort required. If our time is less than estimated on any engagement, we, of course, always bill you the lesser amount. If we encounter any unforeseen circumstances that may require significantly more time than anticipated, we will notify you promptly of the situation and the estimated added cost before proceeding with the services.

Any additional services will be provided at our standard hourly rates as follows:

| State Contract T2458 Hourly Rates | | | |
|--|--------|--------|--------|
| | Year 1 | Year 2 | Year 3 |
| Principals | \$320 | \$350 | \$380 |
| Managers/Directors | \$260 | \$270 | \$285 |
| Senior | \$207 | \$217 | \$222 |
| Staff/Consultants | \$148 | \$153 | \$162 |



ATTACHMENTS



Report on the Firm's System of Quality Control

To the Principals of Mercadien, P.C. and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mercadien, P.C. (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act; and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Mercadien, P.C. applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2022, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Mercadien, P.C. has received a peer review rating of *pass*.

A handwritten signature in black ink that reads "Marcum LLP". The letters are cursive and fluid, with the "M" and "L" being particularly prominent.

Marcum LLP
December 15, 2022



NJ TRANSPORTATION TRUST FUND AUTHORITY

Philip D. Murphy, Governor | Tahesha L. Way, Lieutenant Governor

Members:

Francis K. O'Connor, Chairperson
The Honorable Elizabeth Maher Muoio, State Treasurer
Gregory Lalevee, Vice Chairperson
Robert A. Briant, Jr.
Nelson Ferreira
Khalid Anjum
Jack Kocsis, Jr.

May 24, 2024

Report of the Audit Evaluation Committee Review of the Responses to the Request for Proposal for Auditing Services

In Attendance:

Gregory Lalevee, Member
Nelson Ferreira, Member
David Moore, Member (designee for the State Treasurer)

The Evaluation Committee (Committee) solicited responses from qualified audit firms in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (NJTTFA) for the fiscal year 2024, fiscal year 2025 and fiscal year 2026 and, at the option of the Authority, an extension for no more than one additional fiscal year.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property. The Committee disbursed thirteen (16) requests for proposal (RFP) and received one (1) response. The responding firm was:

1. Mercadien, P.C.

The Committee members reviewed the response of the firm and determined the firm to be a qualified response. The response addressed all requirements of the RFP as established by the Committee and management of the NJTTFA.

The firm submitted fees for the annual financial audit as follows:

1. \$18,000 for fiscal year 2024, \$19,000 for fiscal year 2025, and \$20,000 for fiscal year 2026.

There are established fees for management advisory and consulting services in the response for future agreed upon procedures, if deemed necessary

The Committee hereby recommends Mercadien, P.C., to the Audit Committee as a qualified candidate to be the NJTTFA auditor for fiscal years 2024, 2025 and 2026, and potential recommendation to the board of Directors of the NJTTFA.

Respectfully submitted on behalf of the Evaluation Committee,

David Moore, Member (designee for the State Treasurer)



NJ TRANSPORTATION TRUST FUND AUTHORITY

Philip D. Murphy, Governor | Tahesha L. Way, Lieutenant Governor

Members:

Francis K. O'Connor, Chairperson
The Honorable Elizabeth Maher Muoio, State Treasurer
Gregory Lalevee, Vice Chairperson
Robert A. Briant, Jr.
Nelson Ferreira
Khalid Anjum
Jack Kocsis, Jr.

June 10, 2024

Report of the Audit Committee Review of the Evaluation Committee Recommendation for Auditor

In Attendance:

Robert Briant, Jr., Member
Joseph Bertoni, Member
David Moore, Member (designee for the State Treasurer)

The Audit Committee reviewed the recommendation for a qualified audit firm in accordance with Executive Order #122 to perform the audit of the annual financial statements and other services for the New Jersey Transportation Trust Fund Authority (TTFA) for Fiscal Years 2024, 2025, and 2026, renewable at the option of the Authority for Fiscal Year 2027, as submitted by the Evaluation Committee on May 24, 2024.

The list of potential firms was solicited from the New Jersey Department of the Treasury, Division of Purchase and Property. The Evaluation Committee disbursed sixteen (16) requests for proposal (RFP) and received one (1) response. The responding firm was:

1. Mercadien, P.C.

The Evaluation Committee members reviewed the response of the firm and determined the firm to be a qualified response. The response addressed all requirements of the RFP as established by the Evaluation Committee and management of the TFA.

The firm submitted fees for the annual financial audit as follows:

1. \$18,000 for fiscal year 2024, \$19,000 for fiscal year 2025, and \$20,000 for fiscal year 2026.

There are established fees for management advisory and consulting services in the response for future agreed upon procedures, if deemed necessary.

The Audit Committee hereby recommends Mercadien, P.C., to the TTFA Board as a qualified candidate to be the TTFA auditor for fiscal years 2024, 2025 and 2026, for approval by the TTFA Board.

Respectfully submitted on behalf of the Audit Committee,

David Moore, Member (designee for the State Treasurer)

AGENDA ITEM G

APPROVAL OF AUTHORITY'S FINANCIAL PLAN FOR FISCAL YEAR 2025

The attached resolution approves the Authority's financial plan for Fiscal Year 2025. It also authorizes the Authority to forward the 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.

**RESOLUTION OF THE NEW JERSEY TRANSPORTATION TRUST FUND
AUTHORITY APPROVING THE FISCAL YEAR 2025 FINANCIAL PLAN AND
AUTHORIZING THE SUBMISSION OF THE FISCAL YEAR 2025 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 June 20, 2024, the Authority discussed the proposed financing plan for transportation projects for Fiscal Year 2025, attached hereto as Exhibit A (the "Fiscal Year 2025 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 2025 Financial Plan.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The recitals of this Resolution are incorporated herein by reference as if set forth at length herein.
2. The Authority hereby approves the Fiscal Year 2025 Financial Plan.
3. 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 2025 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.
4. This Resolution shall take effect upon adoption in accordance with the Act.

“EXHIBIT A”



NJ Transportation Trust Fund Authority

New Jersey Transportation Trust Fund Authority Fiscal Year 2025 Financial Plan

Plan for Financing Anticipated NJDOT/NJ TRANSIT Capital Program Outlays for Fiscal Year 2025 As of June 2024

Philip D. Murphy, Governor
Tahesha L. Way, Lt. Governor

Francis K. O'Connor, Acting Commissioner
Charles Maciejunes, Executive Director

New Jersey Transportation Trust Fund Authority Fiscal Year 2025 Financial Plan

A. INTRODUCTION

The New Jersey Transportation Trust Fund Authority (“TTFA”, or “Authority”) finances the State of New Jersey (“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 and supplemented, constituting N.J.S.A. 27:1B-1 et seq. (the “TTFA Act”), requires the TTFA to adopt a financial plan (“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 March 2024, the TTFA Act was amended through P.L. 2024, c. 7 to renew the Transportation Trust Fund for Fiscal Year 2025 through Fiscal Year 2029. The bill authorizes a total of \$10.367 billion in appropriations for the State portion of the Transportation Capital Program for Fiscal Year 2025 through Fiscal Year 2029. Funding sources include revenues from the motor fuels tax, the petroleum products gross receipts tax (“PPGRT”), the sales and use tax, and contributions from toll road authorities. A new registration fee for zero emission vehicles to be effective on July 1, 2024, was also created, with such revenues being deposited into the Transportation Trust Fund – Subaccount for Capital Reserves and being available for appropriation for transportation projects. Additionally, the TTFA’s authorization for the issuance of Transportation Program Bonds was increased and extended to \$15.6 billion through June 30, 2029 (previously \$12 billion through June 30, 2024).

The Fiscal Year 2024 Appropriations Act appropriated \$2.0 billion for the State portion of the Transportation Capital Program. To fund capital projects in Fiscal Year 2024, the TTFA issued \$1,250,000,000 in Transportation Program Bonds, 2023 Series BB. Other resources include the remaining proceeds from the Transportation Program Bonds, 2022 Series CC, and an estimated \$286.4 million in Pay-As-You-Go funding from the Subaccount for Capital Reserves, which is funded by the excess of appropriations and revenues not needed to satisfy current year debt service costs.

The Fiscal Year 2025 Governor’s Budget Message recommends \$2.0 billion for the State portion of the Transportation Capital Program. To fund capital projects in Fiscal Year 2025, the TTFA plans to issue approximately \$1,500,000,000 in Transportation Program Bonds. Other resources include the remaining proceeds of the Transportation Program Bonds, 2023 Series BB, and an estimated \$247.8 million in Pay-As-You-Go funding from the Subaccount for Capital Reserves.

New Jersey Transportation Trust Fund Authority
Fiscal Year 2025 Financial Plan

B. SUMMARY OF OPERATIONS THROUGH FISCAL YEAR 2024

The following table summarizes the results of the TTFA's operations for Fiscal Years 1985 through 2023, as well as the unaudited estimated results of operations for Fiscal Year 2024.

| NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY SUMMARY OF OPERATIONS THROUGH FISCAL YEAR 2024 (in thousands) | | | |
|---|-----------------------------|---------------------------|--------------------------------------|
| | 1985-2023 ACTUAL | 2024 ESTIMATED | 1985-2024 ACT. & EST. |
| <u>RESOURCES</u> | | | |
| Revenue Appropriations | \$ 28,420,246 | \$ 1,573,782 | \$ 29,994,028 |
| Subaccount for Capital Reserves – Pay-As-You-Go | \$ 2,605,168 | \$ 286,435 | \$ 2,891,603 |
| Subaccount for Capital Reserves – Federal Project Costs | \$ 1,550,377 | \$ 338,849 | \$ 1,889,227 |
| Build America Bonds Interest Subsidies | \$ 430,036 | \$ 21,860 | \$ 451,895 |
| Interest Income | \$ 611,821 | \$ 32,713 | \$ 644,534 |
| Net Bond Proceeds * | \$ 29,437,214 | \$ 1,319,033 | \$ 30,756,247 |
| Capitalized Interest Fund ** | \$ 245,761 | - | \$ 245,761 |
| PAYGO NJ Turnpike | \$ 66,000 | - | \$ 66,000 |
| Prior Year Carryforward | \$ 83,722 | - | \$ 83,722 |
| TOTAL RESOURCES: | \$ 63,540,344 | \$ 3,572,673 | \$ 67,023,017 |
| <u>USES</u> | | | |
| Capital Program Appropriations | \$ 44,463,100 | \$ 2,000,000 | \$ 46,463,100 |
| Debt Service *** | \$ 24,532,811 | \$ 1,912,631 | \$ 26,478,224 |
| Operating Expenses | \$ 26,704 | \$ 64 | \$ 26,767 |
| TOTAL USES: | \$ 69,022,614 | \$ 3,912,695 | \$ 72,935,309 |
| NET BALANCE: | \$ (5,572,270) | \$ (340,022) | \$ (5,912,293) |

* Includes bond premiums; net of costs of issuance.

** 2016 Series A Federal Highway Reimbursement Revenue Notes (Indirect GARVEE).

*** Transportation System Bonds, Transportation Program Bonds, and Indirect GARVEEs.

The negative \$5.6 billion “Net Balance” for Fiscal Years 1985 through 2023 in the chart above recognizes that the TTFA only issues bonds or notes to meet cash flow obligations, not the full value of capital program appropriations. The “Capital Program Appropriations” line item reflects the appropriation authority that the State Legislature provided to NJDOT and NJ Transit for State transportation capital projects since Fiscal Year 1985. However, transportation capital project costs are paid out over several years. This is particularly true of large road and bridge construction projects. The TTFA only issues bonds for cash outlays that are anticipated during the current fiscal year. Therefore, the estimated negative \$5.9 billion “Net Balance” through Fiscal Year 2024 reflects estimated and actual spending authority (i.e. inception to date) less total actual and estimated resources already provided or generated by the TTFA through June 30, 2024. The estimated increase in the negative “Net Balance” of \$340.0 million in Fiscal Year 2024 is primarily due to Fiscal Year 2024 capital program appropriations exceeding net new Transportation Program Bond proceeds and other available resources.

New Jersey Transportation Trust Fund Authority Fiscal Year 2025 Financial Plan

C. FISCAL YEAR 2025 NEW JERSEY TRANSPORTATION CAPITAL PLAN

The TTFA Act, as amended in 2024, authorizes a total of \$10.367 billion in appropriations for the State portion of the Transportation Capital Program from Fiscal Year 2025 through Fiscal Year 2029:

- \$2.000 billion for capital projects in Fiscal Year 2025;
- \$2.000 billion for capital projects in Fiscal Year 2026;
- \$2.060 billion for capital projects in Fiscal Year 2027;
- \$2.122 billion for capital projects in Fiscal Year 2028; and
- \$2.185 billion for capital projects in Fiscal Year 2029.

The Fiscal Year 2025 Governor’s Budget Message recommends a total of \$2.0 billion in appropriations for the State portion of the Transportation Capital Program:

| NEW JERSEY TRANSPORTATION CAPITAL PLAN STATE FUNDS | | | |
|---|-------------------------|---------------------------|----------------|
| | FY 2024 | FY 2025 | CHANGE |
| | Appropriations Act | Governor’s Budget Message | |
| NJDOT | \$ 810,000,000 | \$ 803,000,000 | \$ (7,000,000) |
| NJ TRANSIT | \$ 760,000,000 | \$ 767,000,000 | \$ 7,000,000 |
| LOCAL AID | \$ 430,000,000 | \$ 430,000,000 | - |
| TOTAL | \$ 2,000,000,000 | \$ 2,000,000,000 | - |

The Fiscal Year 2025 Governor’s Budget Message recommends a total of \$1.658 billion in revenue appropriations to the TTFA, an increase of \$84.4 million (5.4%) from the amount appropriated in the Fiscal Year 2024 Appropriations Act.

| NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY REVENUE APPROPRIATIONS | | | |
|--|-------------------------|---------------------------|----------------------|
| | FY 2024 | FY 2025 | CHANGE |
| | Appropriations Act | Governor’s Budget Message | |
| MOTOR FUELS TAX | \$ 462,416,000 | \$ 454,836,000 | \$ (7,580,000) |
| PPGRT | \$ 899,366,000 | \$ 991,383,000 | \$ 92,017,000 |
| SALES AND USE TAX | \$ 200,000,000 | \$ 200,000,000 | - |
| TOLL ROAD AUTHORITIES | \$ 12,000,000 | \$ 12,000,000 | - |
| TOTAL | \$ 1,573,782,000 | \$ 1,658,219,000 | \$ 84,437,000 |

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D. DEBT ISSUANCES AND AUTHORIZATION

The TTFA Act as amended in 2024 authorizes the issuance of up to a total of \$15.6 billion in Transportation Program Bonds between Fiscal Years 2017 and Fiscal Year 2029. Bonds issued for refunding/remarketing purposes are not subject to this limitation, except that net premiums received in connection with the issuance of Transportation Program Bonds (whether for new money, refunding, or remarketing purposes) do count against this limitation.

Currently, there is no remaining statutory debt authorization for the issuance of Transportation System Bonds for new money purposes (except for a nominal amount). Accordingly, Transportation System Bonds may only be issued for refunding purposes.

In Fiscal Year 2024, the TTFA issued \$1.25 billion in new money Transportation Program Bonds, 2023 Series BB. Through Fiscal Year 2024, the TTFA has utilized a total of \$6.7 billion of its statutory debt limitation. The TTFA currently has \$8.9 billion of remaining authorization available through Fiscal Year 2029.

| NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY TRANSPORTATION PROGRAM BONDS | | | | | |
|--|------------------|-------------|-------------------------|-----------------------|--------------------------|
| Total Authorization for Fiscal Years 2017 - 2029: | | | | | \$ 15,600,000,000 |
| Issue Date | Issue Name | Issue Type | Principal | Net Premium | Total |
| 1/16/19 | 2019 Series AA | New Money | \$ 750,000,000 | \$ 31,257,279 | \$ 781,257,279 |
| 10/3/19 | 2019 Series BB | New Money | \$ 1,000,000,000 | \$ 86,161,303 | \$ 1,086,161,303 |
| 10/3/19 | 2014 Series BB-1 | Remarketing | | \$ 28,430,717 | \$ 28,430,717 |
| 12/15/20 | 2020 Series AA | New Money | \$ 1,500,000,000 | \$ 174,125,833 | \$ 1,674,125,833 |
| 5/6/21 | 2014 Series BB-2 | Remarketing | | \$ 33,718,792 | \$ 33,718,792 |
| 1/27/22 | 2022 Series BB | New Money | \$ 750,000,000 | \$ 107,884,233 | \$ 857,884,233 |
| 4/27/22 | 2022 Series AA | Refunding | | \$ 122,977,948 | \$ 122,977,948 |
| 12/8/22 | 2022 Series CC | New Money | \$ 750,000,000 | \$ 45,355,704 | \$ 795,355,704 |
| 6/1/23 | 2023 Series AA | Refunding | | \$ 35,247,749 | \$ 35,247,749 |
| 11/30/23 | 2023 Series BB | New Money | \$ 1,250,000,000 | \$ 69,033,254 | \$ 1,319,033,254 |
| Total Utilization through Fiscal Year 2024: | | | \$ 6,000,000,000 | \$ 734,192,813 | \$ 6,734,192,813 |
| Remaining Authorization through Fiscal Year 2029: | | | | | \$ 8,865,807,187 |

New Jersey Transportation Trust Fund Authority

Fiscal Year 2025 Financial Plan

D. DEBT ISSUANCES AND AUTHORIZATION (continued)

In Fiscal Year 2025, the TTFA estimates that it will issue \$1.5 billion in new money Transportation Program Bonds. Additionally, there is a proposed refunding transaction of up to \$3.25 billion of Transportation System Bonds and Transportation Program Bonds contemplated for September 2024.

Transportation Program Bonds are issued as “state contract” debt pursuant to a contract between the State Treasurer and the TTFA, whereby the State Treasurer agrees to pay TTFA the amount appropriated and credited to the Transportation Trust Fund Subaccount, subject to appropriation by the State Legislature. The State Treasurer and the TTFA agree that the TTFA will pledge the State Contract as security for bonds issued by the TTFA. The State Legislature has no legal obligation to make any such appropriations; however, in all previous fiscal years, the State Legislature has always made sufficient appropriations to pay debt service for all obligations of the Authority.

The TTFA’s Transportation Program Bonds and Transportation System Bonds are currently rated ‘A’ by Fitch Ratings, ‘A2’ by Moody’s Investors Service, ‘A-’ by Standard & Poor’s, and, for Transportation Program Bonds only, ‘A’ by Kroll Bond Rating Agency.

The TTFA’s Federal Highway Reimbursement Revenue Notes, 2016 Series A are currently rated ‘A’ by Fitch Ratings, ‘A2’ by Moody’s Investors Service, and ‘A+’ by Standard & Poor’s. The TTFA’s Federal Highway Reimbursement Revenue Notes, 2016 Series B are not rated by the rating agencies.

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 Financial Plan, upon its adoption by the Authority in accordance with law, shall constitute a declaration of the intent of the Authority to issue obligations, as more fully described in Section D above, in the estimated principal amount of \$1.5 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 2025 and prior fiscal years.

New Jersey Transportation Trust Fund Authority
Fiscal Year 2025 Financial Plan

F. FISCAL YEAR 2025 STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION

| NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY FISCAL YEAR 2025 STATEMENT OF ANTICIPATED CHANGES IN CASH POSITION | |
|--|-------------------------|
| ESTIMATED CASH BALANCE ON JULY 1, 2024: | \$ 765,079,431 |
| RECEIPTS | |
| Revenue Appropriations | \$ 1,658,219,000 |
| <i>Motor Fuels Tax</i> | \$ 454,836,000 |
| <i>PPGRT</i> | \$ 991,383,000 |
| <i>Sales and Use Tax</i> | \$ 200,000,000 |
| <i>Toll Road Authorities Contributions</i> | \$12,000,000 |
| Subaccount for Capital Reserves – Pay-As-You-Go | \$ 247,840,732 |
| Subaccount for Capital Reserves – Federal Project Costs | \$ 338,850,268 |
| Subaccount for Capital Reserves – ZEV Registration Fee | \$ 61,344,000 |
| Interest Income | \$ 30,000,000 |
| Build America Bonds Interest Subsidies | \$ 21,747,000 |
| Bond Proceeds | \$ 1,500,000,000 |
| TOTAL RECEIPTS: | \$ 3,858,001,000 |
| DISBURSEMENTS | |
| Transportation Capital Project Expenditures | \$ 1,807,547,000 |
| Debt Service | \$ 1,997,069,268 |
| Operating Expenses | \$ 108,000 |
| TOTAL DISBURSEMENTS: | \$ 3,804,724,268 |
| ESTIMATED CASH BALANCE ON JULY 1, 2025: | \$ 818,356,163 |

G. FISCAL YEAR 2025 OPERATING BUDGET

The TTFA estimates the following operating expenses will be required during Fiscal Year 2025. The operating budget does not include costs of issuance in connection with bond issuances or interest payments on debt service. The operating budget is funded from the legislative appropriations to the TTFA.

| NEW JERSEY TRANSPORTATION TRUST FUND AUTHORITY FISCAL YEAR 2025 OPERATING EXPENSES | |
|---|-------------------|
| Legal Notices | \$ 3,000 |
| Professional Services | \$ 45,000 |
| Trustee Administrative Fees | \$ 35,000 |
| Contingency | \$ 25,000 |
| ESTIMATED TOTAL EXPENSES: | \$ 108,000 |

New Jersey Transportation Trust Fund Authority
Fiscal Year 2025 Financial Plan

H. CONSTITUTIONAL DEDICATION OF REVENUES

Pursuant to Article VIII, Section II, Paragraph 4 of the 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 relevant text is copied below, reflecting the most recent constitutional amendment approved by the voters in November 2016.

“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.”