
Commission Meeting

of

NEW JERSEY COMMISSION ON CAPITAL BUDGETING AND PLANNING

LOCATION: Conference Call

DATE: June 26, 2020
1:30 p.m.

MEMBERS OF COMMISSION PRESENT:

James M. Rutala, Chair
Assemblywoman Shavonda E. Sumter
Assemblyman Harold “Hal” J. Wirths
Justin Braz
Catherine Z. Brennan
JoAnn Povia
Luke E. Wolff
Dennis Zeveloff



ALSO PRESENT:

James Langsdorf
Executive Director

Jade Bechelli
Senate Majority Office
Commission Aide

David F. Patella
Assistant Executive Director

Daniel Nason
Brian Onda
Budget Specialists

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey

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(The New Jersey Commission on Capital Budgeting and Planning held a meeting on June 26, 2020, at 1:30 p.m. Members of the Commission present via teleconference were James M. Rutala, Assemblywoman Shavonda E. Sumter, Assemblyman Harold 'Hal' J. Wirths, Justin Braz, Catherine Z. Brennan, JoAnn Povia, Luke E. Wolff, and Dennis Zeveloff.)

JAMES M. RUTALA (Chair): Okay; we'll call the meeting to order.

In accordance with the Open Public Meetings Act, the Commission has provided adequate notice of this meeting by giving written notice of the time, date, and location. The notice of the meeting has been filed at least 48 hours in advance by mail or by fax to the Trenton *Times* and the Newark *Star-Ledger*, and filed with the Secretary of State.

We can now take the roll call.

MR. LANGSDORF (Executive Director): Okay; thank you, Chairman.

Senator Sarlo. (no response)

Senator Thompson. (no response)

Assemblywoman Sumter. (no response)

Assemblyman Wirths.

ASSEMBLYMAN WIRTHS: Present.

MR. LANGSDORF: Ms. Catherine Brennan.

MS. BRENNAN: Here.

MR. LANGSDORF: Ms. JoAnn Povia.

MS. POVIA: Present.

MR. LANGSDORF: Mr. Dennis Zeveloff.

MR. ZEVELOFF: Here.

MR. LANGSDORF: Mr. Justin Braz.

MR. BRAZ: Here.

MR. LANGSDORF: Mr. Luke Wolff.

MR. WOLFF: Here.

MR. LANGSDORF: Chairman James Rutala.

MR. RUTALA: Here.

MR. LANGSDORF: Chairman, you have a quorum.

MR. RUTALA: Okay, great.

Can we have a motion to approve the minutes of February 12,
2020?

MS. BRENNAN: Motion.

MS. POVIA: Second.

MR. LANGSDORF: Okay, on the motion to approve the
minutes from February 12, 2020, Senator Sarlo. (no response)

Senator Thompson. (no response)

Assemblywoman Sumter. (no response)

Assemblyman Wirths.

ASSEMBLYMAN WIRTHS: Yes.

MR. LANGSDORF: Ms. Catherine Brennan.

MS. BRENNAN: Yes.

MR. LANGSDORF: Ms. JoAnn Povia.

MS. POVIA: Yes.

MR. LANGSDORF: Mr. Dennis Zeveloff.

MR. ZEVELOFF: Yes.

MR. LANGSDORF: Mr. Justin Braz.

MR. BRAZ: Yes.

MR. LANGSDORF: Mr. Luke Wolff.

MR. WOLFF: I'm going to abstain. This is my first meeting on this.

MR. LANGSDORF: Okay.

Chairman James Rutala.

MR. RUTALA: I'll abstain; I wasn't present.

MR. LANGSDORF: Okay, Chairman; the motion moves.

MR. RUTALA: Okay.

Next on the agenda we have the Debt Report presentation for Fiscal Year 2019.

MR. LANGSDORF: May I add something, Chairman?

MR. RUTALA: Certainly.

MR. LANGSDORF: For those of you who are representing agencies, and for all the others, please state your name before making any comments. This meeting is being transcribed, and we would like your name to accompany your statement.

Chairman, you may begin again; I'm sorry.

MR. RUTALA: Okay, thank you.

If we could have the presentation of the Debt Report for Fiscal Year 2019.

M I C H A E L B. K A N E F: Good morning, Chairman Rutala and Commission members.

I am Michael Kanef, the Director of the Office of Public Finance in the Department of Treasury.

Here with me today is Anthony Longo, Senior Manager of that office.

We are here today to present the State of New Jersey's Debt Report for Fiscal Year 2019.

Also with me are John Megariotis, Director of the Division of Pensions and Benefits; and Jeff DeCicco, Assistant Director, Office of Management and Budget. John is here to assist with any pensions-related questions, and Jeff is here to assist with any accounting-related questions.

As you know, the Office of Public Finance is the Treasury agency responsible for managing the process of borrowing funds for capital purposes primarily through the issuance of bonds, notes, and other obligations in the capital market. The purpose of the report is to assist the Commission, by its acceptance of the report, in meeting its legislative mandate to include such a report in its State Capital Improvement Plan. In addition, the report is made available on our office's website, and provides a data resource document to the public finance community.

I will now turn this over to Anthony Longo to present the report.

ANTHONY M. LONGO: Thank you, Michael.

This year's report is generally consistent in format with that of prior years.

The report comprises eight sections.

Section 1 is an introduction, which includes a discussion of the various types of obligations covered and not covered by the report.

Section 2 is the legislative requirement for the report.

Section 3 includes the State's outstanding obligations, which consists of summary tables and charts, changes in long-term obligations and their history of outstanding obligations, and the listing of legislatively authorized but unissued debt.

Section 4 provides data on the annual debt service associated with the State's outstanding obligation, with summary tables and charts followed by more detailed data.

In Section 5 we provide obligation profiles for each bond issue or program funded with bonds.

Section 6 provides selected debt metrics which compares New Jersey's standing relative to the other states.

Section 7 contains a glossary of terms and headings used throughout this report and in the State CAFR. And Section 8 includes a section containing supplemental information, including subsequent events which occurred after June 30, 2019, as well as certain pensions and benefits data.

At this point, I can begin a brief review of the numbers, focusing on some of the major totals and subtotals.

Please turn to page 8 of the report.

If you look at the fourth line down from the top table, you can see that the total CAFR reconciled bonded obligations decreased \$752.1 million from Fiscal Year 2018 to Fiscal Year 2019. Non-bonded obligations decreased \$20.6 billion, to \$173.3 billion.

The bonded and non-bonded obligations together sum a report total of \$217.7 billion of aggregate bonded and non-bonded obligation as of June 30, 2019. This represents a decrease of \$21.4 billion on June 30, 2018 (*sic*), from \$239.0 billion.

You can see that the *Percent of Total* column -- that the non-bonded obligations account for almost 80 percent of the State's aggregate outstanding obligations.

If you turn to page 10, you'll see the outstanding General Obligation bonds of the State. The State's General Obligation bonds decreased \$244.6 million, year-over-year.

The State's total outstanding General Obligation bonds, on June 30, 2019, were \$1.6 billion. If you look at the next page you can see the State's subject to appropriation bonds supported by general State revenues. These obligations decreased \$183.0 million. The total outstanding amount of these obligations, on June 30, 2019, was \$15.5 billion.

If you turn to the next page, you can see the State's subject to appropriation bonds supported by dedicated State revenues. These obligations decreased by \$67.3 million, year-over-year.

The total outstanding amount of these obligations, on June 30, 2019, was \$16.6 billion. Also on this page is a subtotal for the three previous sections.

If you turn to the next page, you can see the CAFR reconciliation, which consists of obligations not supported by State revenues -- obligations recorded on other entities' books and other bond adjustment.

The total CAFR reconciliation decreased \$257.2 million, year-over-year, to \$10.8 billion.

The sum of the four previous sections for the aggregate bonded obligations was \$44.4 billion, which again, with a decrease of \$752.07 million.

If you turn to the next page you can see the non-bonded obligations, which totaled \$173.3 billion on June 30, 2019, which was a decrease of \$20.6 billion.

If you add the aggregate bonded obligation's figure from the previous page to the total non-bonded obligations from this page, you arrive at the report total of \$217.7 billion of aggregate bonded and non-bonded obligations as of June 30, 2019, a decrease of \$21.4 billion.

In addition to the information on the State's outstanding obligations, the statute also requires the report to include debt service costs on those obligations for the prior fiscal year and current fiscal year, and the subsequent five fiscal years.

If you turn to page 18, you can see, in Fiscal Year 2019, the State incurred \$3.9 billion in debt service supported by State revenues. In Fiscal Year 2020, that figure was predicted to rise to \$4 billion. After 2020, annual debt service is projected to trend downward from Fiscal Year 2021 through 2025.

If you turn to page 20, you can see the debt service supported by general State revenues in Fiscal Year 2019 was \$2.4 billion. In Fiscal Year 2020, that figure was projected to remain at approximately \$2.4 billion. After 2020, debt service is projected to gradually decline from Fiscal Year 2021 through 2025.

Turn to the next page -- you can see that the debt service supported by dedicated State revenues in Fiscal Year 2019 was \$1.5 billion. That figure was projected to rise to \$1.6 billion in Fiscal Year 2020, and remain relatively flat through 2025, remaining in the \$1.5 billion to \$1.6 billion range.

In addition to bonded and non-bonded debt, the statute also requires the report to include the unfunded actuarial accrued liabilities for State-administered retirement systems, and the unfunded actuarial accrued

liabilities for post-retirement medical and other benefits. Those figures are presented on pages 71 through 76 of this report.

I will end my presentation there.

I'm happy to answer any questions with regard to the report.

MR. RUTALA: Are there any questions? (no response)

Could I ask you to review page 63, where you talk about the state comparisons--

MR. LONGO: Sure.

MR. RUTALA: --and how that has changed over the last few years, if it has?

MR. LONGO: Compared to last year, the numbers have gotten slightly better, as the State's (indiscernible) debt amount has decreased. But the State still remains as one of the more indebted states, relative to the other states.

MR. RUTALA: Okay, thank you.

Are there any other questions?

MR. LANGSDORF: With the late arrival of Assemblywoman Sumter-- We had just received the summary of the Debt Report. And I don't know if you would like to be brought back up to speed on what the report indicated; if so, just let us know and we can have Public Finance go through it again.

ASSEMBLYWOMAN SUMTER: Oh, okay.

Is that possible to have that done? Because I don't want to hold up the other folks who have been on the call. I apologize for that.

MR. LANGSDORF: I believe that would be no problem, if you'd like to reach out to them with any questions you may have.

ASSEMBLYWOMAN SUMTER: Yes, please.

MR. LANGSDORF: Okay.

ASSEMBLYWOMAN SUMTER: Thank you.

MR. RUTALA: Okay, thank you.

Is there a motion to approve the Debt Report for Fiscal Report 2019?

MR. LANGSDORF: Okay, on the matter of accepting the Debt Report for Fiscal Year 2019, Senator Sarlo. (no response)

Senator Thompson. (no response)

Assemblywoman Sumter.

ASSEMBLYWOMAN SUMTER: Yes.

MR. LANGSDORF: Assemblyman Wirths.

ASSEMBLYMAN WIRTHS: Yes.

MR. LANGSDORF: Ms. Catherine Brennan.

MS. BRENNAN: Yes.

MR. LANGSDORF: Ms. JoAnn Povia.

MS. POVIA: Yes.

MR. LANGSDORF: Mr. Dennis Zeveloff.

MR. ZEVELOFF: Yes.

MR. LANGSDORF: Mr. Justin Braz.

MR. BRAZ: Yes.

MR. LANGSDORF: Mr. Luke Wolff.

MR. WOLFF: Yes.

MR. LANGSDORF: Chairman James Rutala.

MR. RUTALA: Yes.

MR. LANGSDORF: Chairman, the motion moves.

MR. RUTALA: Okay.

Is there any other business to come before the Commission today? (no response)

If not, I'll entertain a motion to adjourn.

MS. POVIA: Motion to adjourn.

MR. RUTALA: Okay; second?

ASSEMBLYMAN WIRTHS: Second.

MR. RUTALA: Okay; very good.

Thank you very much, everyone.

ALL: Thank you.

(MEETING CONCLUDED)