

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, 1035 Parkway Avenue, Trenton, New Jersey on May 21, 2020 at 11:00 AM (EDT).

The following Authority members were present:

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

Constituting a quorum of the Members of the Authority.

There were also present:

- Lewis Daidone, NJTTFA Executive Director; Assistant Commissioner Finance and Administration, NJDOT
- Samuel Braun, NJTTFA Comptroller; Office of the Assistant Commissioner, Finance and Administration, NJDOT
- Susan Wilkerson, Deputy Attorney General, NJDOL

- Joy Johnson, Governor's Authorities Unit
- Jackie Brown, NJTTFA Secretary; NJDOT
- Naileen Rodriguez, NJTTFA Assistant Secretary; NJDOT
- Andrew Tunnard, Assistant Commissioner, Transportation Operations Systems & Support, NJDOT
- Michael Russo, Assistant Commissioner, Planning, Multimodal, & Grants Administration, NJDOT
- Snehal Patel, Assistant Commissioner, Capital Program Management, NJDOT

Chairperson Diane Gutierrez-Scaccetti presided at the meeting and Jackie Brown, Authority Secretary, kept the minutes.

Chairperson Diane Gutierrez-Scaccetti convened the meeting at 11:04 AM. She introduced herself and made the following statement:

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

Chairperson Diane Gutierrez-Scaccetti stated that because this is a virtual meeting, members of the Board should identify themselves before making or seconding a motion so that the Secretary can properly record the motions.

Secretary Jackie Brown called the roll. The following acknowledged their presence: Diane Gutierrez-Scaccetti, Robert Briant, Jr., John Duthie, Nelson Ferreira, Gregory Lalevee, and Michael Kanef.

Chairperson Diane Gutierrez-Scaccetti acknowledged that a quorum was present.

Chairperson Diane Gutierrez-Scaccetti called the first order of business by requesting a motion to approve the minutes of the Authority's Board meeting held on February 20, 2020.

Michael Kanef moved to approve the following resolution approving the Authority's February 20, 2020 meeting minutes:

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 February 20, 2020 of the New Jersey Transportation Trust Fund Authority are hereby approved.

The motion was seconded by Robert Briant Jr. Chairperson Diane Gutierrez-Scaccetti asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. A roll call vote was done with all members being in favor, and no members were in opposition; therefore, the motion was carried. Chairperson Diane Gutierrez-Scaccetti declared said motion carried and said resolution adopted.

Chairperson Diane Gutierrez-Scaccetti stated that the next order of business was the appointment of a member of the Audit Evaluation Committee. She stated this resolution authorized the appointment of a member to the Audit Evaluation Committee in accordance with Article VI of the By-laws. The Board is recommending Michael Kanef. Chairperson Gutierrez-

Scaccetti requested a motion to adopt the resolution electing Michael Kanef to serve on the Audit Evaluation Committee.

Mr. John Duthie moved the following Resolution:

**RESOLUTION APPOINTING MEMBERS TO THE EVALUATION
COMMITTEE**

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

WHEREAS, 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 Authority is required to conduct an annual audit of its affairs and deliver a written report with respect to such audit to the Legislature and the Governor; and

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

WHEREAS, the current contract with Mercadien, P.C. for auditing services terminated with completion of the Fiscal Year 2019 audit; and

WHEREAS, the Authority seeks to engage a qualified professional accounting firm to audit its financial statements for Fiscal Years 2020, 2021, and 2022; and

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

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

WHEREAS, there is currently a vacancy on the Evaluation Committee; and

WHEREAS, the Authority desires to appoint an individual to serve on the Evaluation Committee in compliance with the requirements of E.O. 122 (McGreevey 2004), three of whom shall be members of the Board;

NOW, THEREFORE, BE IT RESOLVED that:

1. The Authority hereby appoints the following individual to serve on the Evaluation Committee in accordance with Article VI of the By-laws who shall serve until such time as their successor is appointed. The individual is:
 - 1) Michael Kanef
2. The Evaluation Committee will publish a Request for Proposal for Audited Financial Statements, evaluate the responses, and provide recommendations to the Audit Committee.
3. This Resolution shall take effect upon adoption in accordance with the Act.

Chairperson Diane Gutierrez-Scaccetti asked if anyone had any questions or further discussion. The members did not have any questions or discussion on the motion. The above resolution was seconded by Nelson Ferreira and adopted on a call of roll as follows:

AYE: 5

NAY: 0

ABSTAIN: 1

ABSENT: 0

For the next order of business, Chairperson Diane Gutierrez-Scaccetti called upon Lewis Daidone to provide a presentation on the NJDOT Capital Program.

Lewis Daidone stated he will be briefing the board on the status of the 2020 Capital Program and the proposed 2021 Capital Program. Mr. Daidone reviewed State fiscal year 2020

NJDOT Capital Program Expenditures through April of the current fiscal year. He also provided NJDOT Award Contract information through April of the current fiscal year and estimated projections for the balance of the fiscal year. Next, he began the discussion of the Draft FY2021 Capital Program by explaining the ways the Capital Program addresses the State's transportation needs, including local system support for municipalities and counties to fund programs related to infrastructure, safety and other transportation needs. Mr. Daidone continued his presentation by giving an overview of the Capital Investment Strategy and explained the Program's Core Mission Categories. He also stated that as a result of the state fiscal year's three-month extension, a supplemental bill is being drafted, for which the NJDOT provided input, requesting additional spending authority. Mr. Daidone referenced the proposed partial funding by capital investment strategy and described how it related to the draft 2021 Capital Program in general and ended his presentation by going over NJTTFA funding.

Chairperson Diane Gutierrez-Scaccetti continued the meeting by relating a call that she had with the Governor's office. The State Fiscal year 2020 projection for reduction in revenues is approximately \$2.7 billion. For State Fiscal 2021, there is an expectation that the State will be short over \$7 billion. Chairperson Gutierrez-Scaccetti mentioned that, at this time, no steps have been undertaken to cut or reduce the Capital Program.

Chairperson Diane Gutierrez-Scaccetti asked if anyone had any questions or further discussion. Robert Briant Jr. started a discussion with the group stating how the pandemic has caused economic uncertainty. He suggested infrastructure as a great way for the Authority to stimulate the economy. Mr. Briant noted that the Transportation Trust Fund was reauthorized in 2016 as a \$16 billion program for over an eight-year period and pointed out that the Authority has only used \$2 billion of its bonding authority over the last four years. He suggested that the

Authority, because of the low rates, look at the excess bonding capacity and issue more bonds in order to provide additional funding for more capital projects. Mr. Briant noted that this would stimulate the economy without taking money from the State Budget.

John Duthie stated that he thought Mr. Briant had a good idea and mentioned that in addition the Authority might want to consider some restructuring. Lewis Daidone responded that the Authority, working with the Office of Public Finance, has done refinancing, refunding and restructuring of its debt over the last couple years and he expects that will continue.

For the next order of business, Chairperson Diane Gutierrez-Scaccetti called upon Michael Kanef to do a presentation on the credit markets. Michael Kanef explained the differences between the tax-exempt municipal market and taxable market. He went into detail regarding the changes to the market before and after the impact of COVID-19. Mr. Kanef mentioned that after March 15, 2020, liquidity dried up and spreads expanded significantly, and the tax-exempt market suffered. He discussed the State's credit rating compared to other States. Mr. Kanef noted there has been a gradual recovery to the market. He stated that he expects the Office of Public Finance to be able to fund the TTFA needs in fiscal year 2021. He concluded his presentation by noting that the taxable market has been robust and that should improve the tax-exempt market and asked if there were any questions.

Chairperson Diane Gutierrez-Scaccetti asked Mr. Kanef how the market impacts of the pandemic compare to the recession of 2008 and 2009. Mr. Kanef responded that the credit and revenue impact to the State for the COVID crisis are predicted to be more severe than the recession. He noted that from the market perspective, the impact should be similar to the recession.

Robert Briant Jr. made a few follow-up comments regarding Mr. Kanef's presentation and how it relates to his suggestion regarding using additional bonding to stimulate the economy. Nelson Ferreira mentioned this could also provide additional jobs to those out of work.

Chairperson Diane Gutierrez-Scaccetti wrapped up the conversation by noting that before the Authority could consider additional borrowings, there must be shovel ready projects ready to go. Chairperson Gutierrez-Scaccetti suggested that the more research and vetting would need to be done in order to come up with a plan that could sustain additional borrowing and translate into additional jobs.

There being no further business Chairperson Diane Gutierrez-Scaccetti asked for a motion to dismiss. Robert Briant Jr. motioned to adjourn the May 21, 2020 meeting of the New Jersey Transportation Trust Fund Authority. John Duthie seconded the motion. There being no further discussion, Robert Briant Jr. declared the meeting adjourned.

The May 21, 2020 meeting of the New Jersey Transportation Trust Fund Authority ended at approximately 11:59 AM.

Respectfully Submitted,



Jackie Brown
Secretary of the Authority