

NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



December 1, 2012

TO: The Members of New Jersey Turnpike Authority

Under the provisions of Section 713 (c) of the Turnpike Revenue Bond Resolution adopted by the Authority on August 20, 1991 as amended and supplemented (the "Resolution"), the Authority, on or before December 1 in each year, shall complete a review of its financial condition for the purpose of estimating whether the Net Revenues (as such term is defined in the Resolution) for such year and for the next succeeding year will be sufficient to comply with subsection (b) of Section 713 of the Resolution and shall by resolution make a determination with respect thereto. A copy of such resolution, certified by an Authorized Officer of the Authority, together with a certificate of such Authorized Officer setting forth a reasonably detailed statement of the actual and estimated receipts and the payments to be made therefrom for such year, shall be filed with the Trustees on or before December 20.

If it fails to meet the requirements of Section 713 (b) of the Resolution, the Authority shall have its Traffic Engineers conduct a study for the purpose of recommending a schedule of tolls which will provide the necessary revenues to meet the requirements.

The undersigned has completed the review of the financial condition of the Authority for the years 2012 and 2013. The Authority is now in a position to make the determination showing that the requirements of Section 713 (b) of the Resolution will be met in the years 2012 and 2013.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2012 and 2013, which accompany this memorandum.

Schedule A

This schedule contains a Resolution which states that a review has been made of the Authority's financial condition for the purpose of estimating whether the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2012 and 2013, including investment income treated as revenues for each year, will be sufficient to provide all of the payments and meet all other requirements as specified in Section 713 (b) of the Resolution.

Schedules B and C

These schedules set forth calculations relative to 2012's revenue requirements. Specifically, the schedule provides actual revenue through October 31, 2012 and projected revenue for the balance of the year (November-December, 2012).

Schedules D and G

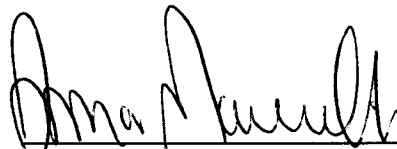
These schedules set forth figures to support the certification under Section 713(c) of the "Resolution" demonstrating that in each calendar year "Net Revenues shall at least equal the Net Revenue Requirement for such year" as required by Section 713(b) of the Resolution. Under Section 101 of said Resolution, Net Revenues are defined as "... for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of

- (i) The Sum of the Aggregate Debt Service, Maintenance Reserve Payments, Required State Payments, Special Project Reserve Payments, and payments, if any to the Charges Fund for such period
or
- (ii) 1.20 Times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

Schedules E and F

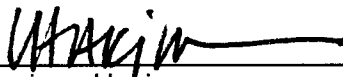
These schedules set forth calculations relative to 2013's financial projections and estimated revenue provisions.

Based upon a review of the financial condition of the Authority, it is estimated that Net Revenues (as such term is defined in the Resolution) for 2012 and 2013 will be sufficient to comply with Section 713 (b) of the Resolution.



Donna Manuelli
Chief Financial Officer

CERTIFIED FOR CONSIDERATION:



Veronique Hakim
Executive Director

Schedule A

WHEREAS, the Authority, in accordance with subsection (c) of Section 713 of its Turnpike Revenue Bond Resolution adopted August 20, 1991 as amended and supplemented (the "Resolution"), has completed a review of its financial condition for the purpose of estimating whether the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2012 and 2013, including investment income treated as revenues for such year, will be sufficient to provide all of the payments and meet all other requirements as specified in subsection (b) of Section 713 of said Resolution.

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Turnpike Authority as follows:

1. That it is determined based upon the review of the financial condition of the Authority as described in the recital hereof, the tolls, revenues, fees, charges, rents and other income and receipts from the operation of the New Jersey Turnpike and the Garden State Parkway during 2012 and 2013, including investment income treated as revenues for such year will be sufficient to comply with subsection (b) of Section 713 of the Resolution.

2. That a copy of this resolution certified by the Chief Financial Officer of the Authority, together with a certificate of said Chief Financial Officer setting forth a reasonably detailed statement of the actual and estimated receipts and payments to be made there from for 2012 and 2013 as shown in schedules which were utilized in said review, shall be filed in its entirety with The Bank of New York and U.S. Bank as Co-Trustees, under the Resolution, all in accordance with said Section 713 of said Resolution.

Schedule B

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2012

Operating Fund		\$ 474,000,000
Debt Service Requirements (1)		581,809,000
Charges Fund		3,630,000
Maintenance Reserve		70,519,000
Special Project Reserve		<u>35,965,000</u>
Total Requirements		1,165,923,000
Deduct Revenue:		
Actual Revenue Provison -		
January - October 2012 Revenue	\$ 1,329,876,100	
Estimated Revenue Provision		
November/December 2012		
(Estimate per Schedule C)	<u>246,932,900</u>	<u>1,576,809,000</u>
Revenue Less Requirements (2)		<u>\$ 410,886,000</u>

(1) Net Debt Service Requirement is as follows:

1991 C Debt Service Requirement	5,519,000
1991 D Debt Service Requirement (3)	15,088,000
2000 A Debt Service Requirement	18,286,000
2000 B-G Debt Service Requirement (3)	16,309,000
2003 A Debt Service Requirement	19,612,000
2003 B Debt Service Requirement	136,895,000
2003 C Debt Service Requirement (3)	7,861,000
2004 C Debt Service Requirement	7,307,000
2005 A Debt Service Requirement	20,893,000
2005 B Debt Service Requirement	1,563,000
2005 C Debt Service Requirement	4,794,000
2005 D Debt Service Requirement	10,774,000
2009 A Debt Service Requirement (3)	2,675,000
2009 B Debt Service Requirement (3)	1,646,000
2009 C Debt Service Requirement (3)	1,037,000
2009 D Debt Service Requirement (3)	1,037,000
2009 E Debt Service Requirement	17,625,000
2009 F Debt Service Requirement (5)	101,943,000
2009 G Debt Service Requirement	1,739,000
2009 H Debt Service Requirement	15,193,000
2009 I Debt Service Requirement	8,900,000
2010 A Debt Service Requirement (5)	131,387,000
2011 A Debt Service Requirement (4)	9,064,000
2011 B Debt Service Requirement (4)	2,036,000
2012 A Debt Service Requirement	3,696,000
2012 B Debt Service Requirement	11,158,000
2012 C Debt Service Requirement (4)	1,293,000
2012 D Debt Service Requirement (4)	2,763,000
2012 E Debt Service Requirement (4)	2,696,000
2012 F Debt Service Requirement (4)	524,000
2012 G Debt Service Requirement (4)	496,000
Total Debt Service	<u>581,809,000</u>

(2) The estimated surplus will be transferred to the Supplemental Capital Fund in the General Reserve Fund.

(3) Variable rate bonds with a corresponding interest rate swap agreement. Interest expense assumed at the fixed swap rate. The 2009A bonds include \$5.0 million of unhedged bonds with interest assumed at the maximum interest rate of 12%.

(4) Floating rate notes with a corresponding interest rate swap agreement. interest expense assumed at the fixed swap rate plus the fixed credit spread on the floating rate notes.

(5) Series 2009F and Series 2010A were issued as Build America Bonds. The Authority receives a cash subsidy from the United States Treasury in an amount equal to 35% of the total interest payable on the bonds which is recorded as revenue. Amounts shown as interest expense represent 100% of the interest payable on the bonds.

Schedule C

NEW JERSEY TURNPIKE AUTHORITY
 Certificate required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2012

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
November	\$ 104,714,000	\$ 3,625,600	\$ 6,805,400	\$ 2,608,000	\$ 1,000,000	\$ 38,400	\$ 811,500	\$ 119,602,900
December	112,578,000	3,508,700	6,805,400	2,588,000	1,000,000	38,400	811,500	127,330,000
	\$ 217,292,000	\$ 7,134,300	\$ 13,610,800	\$ 5,196,000	\$ 2,000,000	\$ 76,800	\$ 1,623,000	\$ 246,932,900

NOTES: (2) *Miscellaneous Revenues* include cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, and easements.

Schedule D

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713

Turnpike Revenue Bond Resolution

Fiscal Year Ending December 31, 2012

The following are the appropriate calculations which indicate that the Net Revenue Requirement will be satisfied.

Revenues		\$ 1,576,809,000
Operating Expenses		<u>474,000,000</u>
Net Revenues		<u>1,102,809,000</u>
(i) Debt Service Requirements	581,809,000	
(i) Charges Fund	3,630,000	
(i) Maintenance Reserve	70,519,000	
(i) Special Project Reserve	<u>35,965,000</u>	<u>691,923,000</u>
Excess Revenues		<u>\$ 410,886,000</u>
Net Revenues		\$ 1,102,809,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x 581,809,000		<u>698,170,800</u>
Excess Revenues		<u>\$ 404,638,200</u>
Debt Service Coverage		<u>1.90</u>

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenues shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenues are defined as "...for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Required State Payments, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."

Schedule E

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2013

Operating Fund	\$ 474,000,000
Debt Service Requirements (1)	605,376,000
Charges Fund	2,750,000
Maintenance Reserve	72,635,000
Special Project Reserve	<u>37,044,000</u>
Total Requirements	1,191,805,000
Deduct Revenue:	
Estimated Revenue Provision January/December 2013 (Estimate per Schedule F)	1,602,206,000
Revenue Less requirements (2)	<u>\$ 410,401,000</u>

(1) Net Debt Service Requirement is as follows:

1991 C Debt Service Requirement	4,365,000
2000 B-G Debt Service Requirement (3)	17,248,000
2003 B Debt Service Requirement	164,841,000
2003 C Debt Service Requirement (3)	7,759,000
2004 C Debt Service Requirement	7,307,000
2005 A Debt Service Requirement	20,893,000
2005 B Debt Service Requirement	1,563,000
2005 C Debt Service Requirement	4,794,000
2005 D Debt Service Requirement	10,898,000
2009 A Debt Service Requirement (3)	2,975,000
2009 B Debt Service Requirement (3)	1,647,000
2009 E Debt Service Requirement	15,750,000
2009 F Debt Service Requirement (5)	101,943,000
2009 G Debt Service Requirement	1,739,000
2009 H Debt Service Requirement	15,193,000
2009 I Debt Service Requirement	8,900,000
2010 A Debt Service Requirement (5)	131,387,000
2011 A Debt Service Requirement (4)	9,447,000
2011 B Debt Service Requirement (4)	2,099,000
2012 A Debt Service Requirement	6,894,000
2012 B Debt Service Requirement	39,772,000
2012 C Debt Service Requirement (4)	4,681,000
2012 D Debt Service Requirement (4)	10,129,000
2012 E Debt Service Requirement (4)	9,754,000
2012 F Debt Service Requirement (4)	1,699,000
2012 G Debt Service Requirement (4)	1,699,000
Total Debt Service	<u>605,376,000</u>

- (2) The estimated surplus will be transferred to the Supplemental Capital Fund in the General Reserve Fund.
- (3) Variable rate bonds with a corresponding interest rate swap agreement. Interest expense assumed at the fixed swap rate. The 2009A bonds include \$5.0 million of unhedged bonds with interest assumed at the maximum interest rate of 12%.
- (4) Floating rate notes with a corresponding interest rate swap agreement. interest expense assumed at the fixed swap rate plus the fixed credit spread on the floating rate notes.
- (5) Series 2009F and Series 2010A were issued as Build America Bonds. The Authority receives a cash subsidy from the United States Treasury in an amount equal to 35% of the total interest payable on the bonds which is recorded as revenue. Amounts shown as interest expense represent 100% of the interest payable on the bonds.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY
 Estimated Revenue Provision
 January 2013 through December 2013

Month	Toll Revenue (1)	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
January	\$ 105,455,000	\$ 3,538,700	\$ 6,805,400	\$ 2,664,000	\$ 1,269,000	\$ 400,600	\$ 806,100	\$ 120,938,800
February	100,177,000	3,700,700	6,805,400	2,212,000	1,195,500	400,600	806,200	115,297,400
March	114,861,000	2,934,300	6,805,400	2,189,000	1,282,200	400,700	806,200	129,278,800
April	115,815,000	3,821,900	6,805,400	2,519,000	1,175,500	310,200	806,100	131,253,100
May	125,417,000	3,635,900	6,805,400	2,942,000	1,255,600	310,100	806,200	141,172,200
June	125,854,000	4,218,000	6,805,400	3,443,000	1,205,500	310,200	806,200	142,642,300
July	128,300,000	4,162,800	6,805,500	3,979,000	1,274,400	310,000	806,100	145,637,800
August	129,659,000	4,349,000	6,805,400	3,790,000	1,284,900	310,100	806,200	147,004,600
September	117,636,000	3,688,300	6,805,400	3,664,000	1,265,700	310,200	806,200	134,175,800
October	119,192,000	4,358,000	6,805,400	2,716,000	1,294,100	38,400	806,100	135,210,000
November	113,907,000	4,229,400	6,805,400	2,637,000	1,242,100	38,400	806,200	129,665,500
December	114,068,000	4,283,000	6,805,500	2,645,000	1,283,500	38,500	806,200	129,929,700
	\$ 1,410,341,000	\$ 46,920,000	\$ 81,665,000	\$ 35,400,000	\$ 15,028,000	\$ 3,178,000	\$ 9,674,000	\$ 1,602,206,000

NOTES: (1) Miscellaneous Revenues include cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, and easements.

Schedule G

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2013

The following are the appropriate calculations which indicate that the Net Revenue Requirement will be satisfied.

Revenues		\$ 1,602,206,000
Operating Expenses		474,000,000
Net Revenues		<u>1,128,206,000</u>
(i) Debt Service Requirements	605,376,000	
(i) Charges Fund	2,750,000	
(i) Maintenance Reserve	72,635,000	
(i) Special Project Reserve	<u>37,044,000</u>	<u>717,805,000</u>
Excess Revenues		<u>\$ 410,401,000</u>
Net Revenues		\$ 1,128,206,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x 605,376,000		<u>726,451,200</u>
Excess Revenues		<u>\$ 401,754,800</u>
Debt Service Coverage		<u>1.86</u>

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenues shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenues are defined as "...for any calendar year or other period of time, the Pledged Revenues during such year or period less the amounts of the Operating Expenses for such year or period." The Net Revenue Requirement means with respect to any period of time, "an amount equal to the greater of (i) the sum of Aggregate Debt Service, Maintenance Reserve Payments, Required State Payments, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period or (ii) 1.20 times the Aggregate Debt Service for such period (excluding, for purposes of clause (ii) only, any payment due and payable by the Authority under a Qualified Swap upon an early termination thereof)."