

**New Jersey Turnpike Authority
Financial Summary
For the Three Months Ended March 31, 2017**

ACTUAL REVENUE - January - March	\$ 393,817,000
ESTIMATED REVENUE - April - December	1,355,364,000
<i>Projected Annual Revenue</i>	\$ 1,749,181,000
ESTIMATED ANNUAL OPERATING EXPENSES	\$ 528,762,000
<i>Projected Net Revenue</i>	\$ 1,220,419,000
DEBT SERVICE REQUIREMENTS	846,462,000
CHARGES FUND	155,000
SPECIAL PROJECT RESERVE FUND	39,696,000
MAINTENANCE RESERVE FUND	116,751,000

The following un-audited results are for the three months ended March 31, 2017.¹ Based upon these results, revenues will be sufficient to satisfy the requirements of the Authority's Bond Resolution. For the twelve months ending December 31, 2017, the Authority is projected to have a debt service coverage ratio of 1.44 and a total requirements coverage ratio of 1.22.

The Authority's total revenue for the three months ended March 31, 2017 was \$393,817,000, which is \$4,518,500, or 1.2%, above projections. Toll revenue was \$344,903,000, which is \$3,968,000, or 1.2%, greater than projections due to less severe weather in the first three months of 2017 than was projected. February had an average temperature of 40.1 degrees, making it one of the warmest February months in New Jersey history. Traffic and revenue increased despite the effects from winter Storm Stella, a state of emergency event which occurred on March 14-15, 2017 and the closure of the Delaware River Turnpike Bridge from January 20, 2017 to March 9, 2017. The increase in total revenue was also due in part to higher than anticipated *E-ZPass* fees and income from investments. Income from investments, which totaled \$3,279,000, was \$459,000 or 16.3% above projections due to higher invested balances and higher yields on investments due to an increase in short term general interest rates.

For the three months ended March 31, 2017, traffic on the New Jersey Turnpike decreased 0.1% and toll revenue decreased 1.7% as compared to the same period in 2016. The decreases in traffic and revenue are due in part to one fewer day in 2017 and the closure of Interchanges 6 and 6A on the New Jersey Turnpike from January 20, 2017 to March 9, 2017 due to the emergency closure of the Delaware River Turnpike Bridge, which connects the New Jersey Turnpike to the Pennsylvania Turnpike. This closure resulted in a revenue loss of \$8.0 million. Traffic and revenue were also negatively impacted by winter storm Stella. The storm resulted in 703,000 fewer transactions and \$2,828,000 less revenue when compared to similar days in March. When adjusting for the impacts of this storm, traffic and revenue would have increased 1.2% and decreased 0.6%, respectively. CDM Smith, the Authority's traffic engineer, released a draw down letter dated March 8, 2017 updating the short-term projections of its investment grade study released in May 2014. CDM Smith projects 2017 annual traffic to increase 0.3% and revenue to decrease 0.6%. The actual results for the three months ended March 31, 2017 were above CDM Smith's projections of a decrease of 1.4% for traffic and 3.3% for revenue. Through March 2017, the *E-ZPass* usage rate on the New Jersey Turnpike was 84.1%, an increase from 83.0% for the same period in 2016.

For the three months ended March 31, 2017, toll transactions on the Garden State Parkway decreased 0.2% and revenue decreased 0.6% when compared to the same period in 2016. Toll transactions and revenue decreased due to one fewer day in 2017, and the impact of winter storm Stella. The storm resulted in 1,010,000 fewer transactions and \$1,083,000 less revenue when compared to similar days in March. When adjusting for the impacts of this storm, Parkway traffic and revenue would have increased 0.9% and 0.6%, respectively. CDM Smith's 2017 forecast projected toll transactions and revenue to increase 0.4% and 0.5% respectively for the Garden State Parkway. The actual results for the three months ended March 31, 2017 compare favorably to CDM's projected decrease of 0.5% for toll transactions and fell just under the projected decrease of 0.5% for revenue. Through March, 2017 the *E-ZPass* usage rate on the Garden State Parkway was 80.9%, an increase from 79.5% for the same period in 2016.

Operating expenses for the three months ended March 31, 2017 were approximately \$126,808,000, which was 89.1% of the year-to-date budget. The Authority's operating expenses through March were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$23,790,000 for snow and severe weather costs through March 31, 2017, with \$16,245,000 spent from the operating expense budget and an additional \$7,545,000 spent from the General Reserve Fund. All snow and severe weather costs are charged to the operating expense budget with the exception of declared state of emergency events, which are charged to the General Reserve Fund. Discretionary spending and budgetary guidelines will be closely monitored and adhered to through the remainder of the year in order to control operating expenses.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the three months ended March 31, 2017, total expenditures were approximately \$13,147,000. Expenditures included \$3,083,000 for Emergency Maintenance, \$2,023,000 for Turnpike Bridge Repairs and \$1,787,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$71,163,000 and consisted primarily of \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$7,545,000 for Extraordinary Events Snow, and \$5,500,000 for the Transportation Trust Fund.

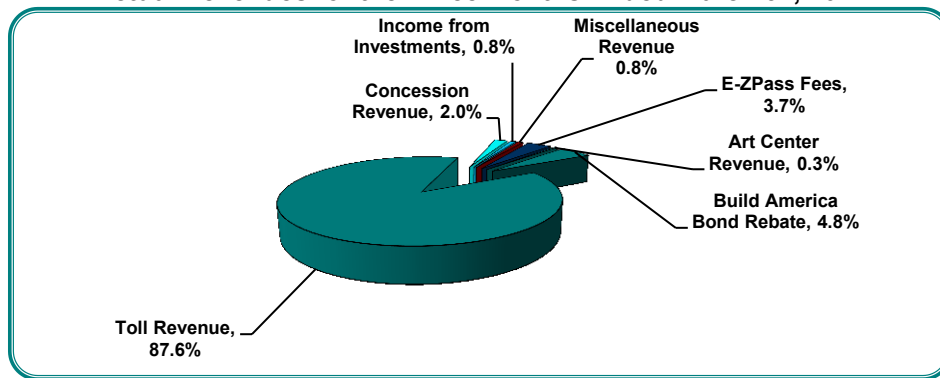
Total expenditures in the Construction Fund for the three months ended March 31, 2017 were approximately \$100,591,000. Expenses included \$32,291,000 for the Authority's Phase I Facilities Improvements project, \$11,340,000 for the Turnpike Interchange 14A Reconstruction project, and \$9,989,000 for the Authority's Phase II Facilities Improvement project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$670,747,000.

¹ These are un-audited results. Amounts and categories of revenue and expenses may change when audited.

Comparison of Projected Revenues to Actual Revenues For the Three Months Ended March 31, 2017

	Projections	Unaudited Actual
<i>Toll Revenue</i>	340,935,000	344,903,000
<i>Concession Revenue</i>	8,014,000	7,710,000
<i>Income from Investments</i>	2,820,000	3,279,000
<i>Miscellaneous Revenue</i>	3,249,000	3,128,000
<i>Build America Bond Subsidy</i>	19,008,000	19,008,000
<i>Arts Center Revenue</i>	1,291,500	1,292,000
<i>E-ZPass Fees</i>	13,981,000	14,497,000
<i>Total Revenues</i>	389,298,500	393,817,000

Actual Revenues for the Three Months Ended March 31, 2017



For the three months ended March 31, 2017, total revenue was \$393,817,000, which was 1.2%, or \$4,518,500 above projections. The increase is due mostly to higher than expected toll revenue.

Toll revenue for the period was \$344,903,000 which was 1.2%, or \$3,968,000 greater than the projected amount. Toll revenue was \$4,041,000 higher than projected on the New Jersey Turnpike and \$73,000 lower than projected on the Garden State Parkway.

Concession revenue consists of revenues generated through the sale of food, gasoline and convenience store items at the service areas located along both roadways. Concession revenue was \$7,710,000 which was \$304,000 or 3.8% below projections. Fuel sales decreased 6.1% on the New Jersey Turnpike. Revenue was also lower than projected due to a decrease in revenue from the gross profit margin on diesel fuel sales as compared to 2016. The Authority receives 50% of the gross profit margin on all diesel fuel sold. New Jersey Turnpike food and convenience store sales increased 0.3% and 1.2%, respectively, compared to last year. On the Garden State Parkway, fuel sales decreased 8.1% and convenience store sales increased 461.9% in 2017 when compared to the same period in 2016. Convenience store sales increased due to the recovery of revenue from sales for the Oceanview service area from July 2014 to January 2017. Overall, Parkway food sales have increased 5.4% in 2017 compared to the same period in 2016 due to the reopening of the Vauxhall Service Plaza in May, 2016. Excluding Vauxhall, gross food sales for 2017 would have decreased 5.4% when compared to the same period in 2016 due to a decrease in traffic. The Authority received fixed rent payments in 2016 and 2017 from Vauxhall.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$3,279,000, which was \$459,000 or 16.3% higher than projected. Investment yields are higher than projected as short term interest rates have recently risen.

Miscellaneous revenue includes fees for cell tower rentals, towing, fiber optic leases, park & ride commissions, property rentals, and other items. Revenue for the period was \$3,128,000 which was \$121,000, or 3.7% lower than projected. Miscellaneous revenue fell below projections due primarily to lower than expected insurance recoveries and surplus sales.

The Build America Bond Subsidy is a direct payment from the U.S. Treasury to the Authority equaling about 32.6% of the interest payable on the Series 2009F and the Series 2010A Bonds for Federal Fiscal Year 2016 which began in September 2015. The subsidy received was \$19,008,000, which was at projection.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the three months ended March 31, 2017, revenue was \$1,292,000, which was at projection.

E-ZPass fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, fiber lease revenue, interest on prepaid accounts and monthly statement fees. Revenue of \$14,497,000 was \$516,000, or 8.4%, higher than projected. Revenue of \$222,000 from lost/damaged tag fees was up 140% from last year due to fees for unreturned tags from the current tag swap program. In addition, for the three months ended March 31, 2017, administrative fee collections from toll violators increased 1.8% from the same period in 2016.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of March 2017⁽¹⁾

	<u>Traffic</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	17,908,000	18,402,000	-2.7%
Commercial Vehicles	2,695,000	2,737,000	-1.5%
Overall	<u>20,603,000</u>	<u>21,139,000</u>	<u>-2.5%</u>

	<u>Revenue</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	58,771,000	62,543,000	-6.0%
Commercial Vehicles	30,240,000	31,726,000	-4.7%
Overall	<u>89,011,000</u>	<u>94,269,000</u>	<u>-5.6%</u>

(1) Includes un-audited data for the month.

For the month of March 2017, traffic on the New Jersey Turnpike decreased 2.5% and toll revenue decreased 5.6% when compared to the same period in 2016. Traffic and revenue were down compared to March 2016 due to the closure of the Delaware River Turnpike Bridge and the effects of winter storm Stella which occurred on March 14-15, 2017.

For the Three Months Ended March 31, 2017⁽¹⁾

	<u>Traffic</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	50,329,000	50,379,000	-0.1%
Commercial Vehicles	7,478,000	7,458,000	0.3%
Overall	<u>57,807,000</u>	<u>57,837,000</u>	<u>-0.1%</u>

	<u>Revenue</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	165,888,000	169,234,000	-2.0%
Commercial Vehicles	85,137,000	86,104,000	-1.1%
Overall	<u>251,025,000</u>	<u>255,338,000</u>	<u>-1.7%</u>

(1) Includes un-audited data for the month.

For the three months ended March 31, 2017, traffic decreased 0.1% and toll revenue decreased 1.7% when compared to the same period in 2016. The decreases in traffic and revenue are due to the closure of the Delaware River Turnpike Bridge, higher gas prices, and one fewer day in 2017. Although the winter months of 2017 were less severe than 2016, traffic and revenue were negatively impacted by winter storm Stella. Results compare favorably to the CDM Smith projected decreases of 1.4% for traffic and 3.3% for toll revenue.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the three months ended March 31, 2017, the *E-ZPass* usage rate for passenger cars was 82.9%, and for commercial vehicles was 91.7%. This resulted in an overall *E-ZPass* usage rate of 84.1%. The *E-ZPass* usage rate remains one of the highest in the region reflecting acceptance among commuters and frequent travelers of the *E-ZPass* brand and the convenience provided to the users throughout the Northeast.

Garden State Parkway Traffic & Revenue Comparison

For the Month of March 2017⁽¹⁾

	<u>Traffic</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	30,295,000	31,218,000	-3.0%
Commercial Vehicles	388,000	418,000	-7.2%
Overall	<u>30,683,000</u>	<u>31,636,000</u>	<u>-3.0%</u>
	<u>Revenue</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	32,111,000	33,178,000	-3.2%
Commercial Vehicles	1,191,000	1,242,000	-4.1%
Overall	<u>33,302,000</u>	<u>34,420,000</u>	<u>-3.2%</u>

(1) Includes un-audited data for the month.

For the month of March 2017, toll transactions and toll revenue on the Garden State Parkway decreased by 3.0% and toll revenue decreased by 3.2% when compared to March 2016. These results fall under CDM Smith's projections of a decrease of 0.4% for both traffic and revenue due primarily to the negative impacts of winter storm Stella.

For the Three Months Ended March 31, 2017⁽¹⁾

	<u>Toll Transactions</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	85,714,000	85,894,000	-0.2%
Commercial Vehicles	1,077,000	1,109,000	-2.9%
Overall	<u>86,791,000</u>	<u>87,003,000</u>	<u>-0.2%</u>
	<u>Revenue</u>		
	<u>March-17</u>	<u>March-16</u>	<u>% Change</u>
Passenger Vehicles	90,620,000	91,142,000	-0.6%
Commercial Vehicles	3,258,000	3,267,000	-0.3%
YTD Toll Revenue	<u>93,878,000</u>	<u>94,409,000</u>	<u>-0.6%</u>

(1) Includes un-audited data for the month.

For the three months ended March 31, 2017, toll transactions on the Garden State Parkway were down 0.2% and revenue decreased 0.6% when compared to the same period in 2016. These results compare favorably to the CDM Smith projections of toll transactions decreasing 0.5%, but fell just under the projected revenue decrease of 0.5%. As with the Turnpike, toll transactions and revenue decreased due to higher gas prices and one fewer day in 2017. Although the winter months of 2017 were less severe than 2016, toll transactions and revenue were negatively impacted by winter storm Stella in March.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the three months ended March 31, 2017, the total *E-ZPass* usage rate was 80.9%, up from 79.5% in the same period in 2016. The *E-ZPass* usage rate for passenger cars was 80.8%, and for commercial vehicles was 91.3%.

Operating Expenses

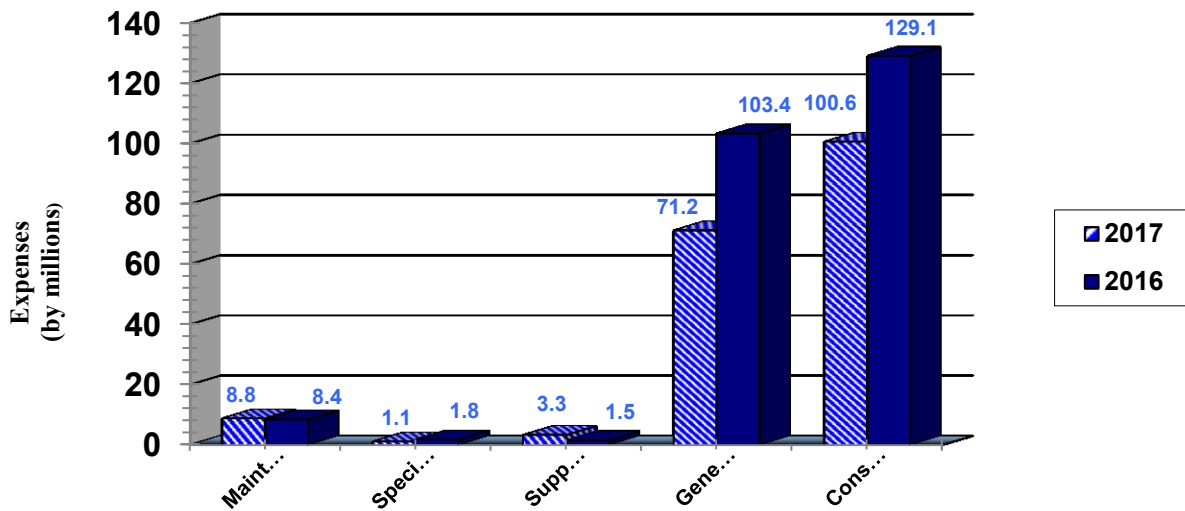
For the Three Months Ended March 31, 2017

	Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 210,701,200	\$ 54,351,000
Engineering	9,582,800	1,576,200
Total Maintenance	220,284,000	55,927,200
 <u>Toll Collection</u>		
Toll Collection	158,965,900	34,905,000
 <u>State Police & Traffic Control</u>		
State Police	69,126,800	16,190,900
Operations	11,923,500	2,969,700
Total State Police and Traffic Control	81,050,300	19,160,600
 <u>Technology</u>		
Integrated Technology Services	27,797,300	6,591,400
 <u>General & Administrative</u>		
Executive Office	1,074,100	301,000
Law	9,003,500	2,651,800
Purchasing & Materials Management	8,573,600	2,003,500
Human Resources & Office Services	5,182,800	1,225,500
Finance	11,413,500	2,821,900
Patron & Customer Services	1,960,300	444,200
Internal Audit	3,457,100	775,900
Total General and Administrative	40,664,900	10,223,800
 TOTAL OPERATING	\$ 528,762,400	\$ 126,808,000

For the three months ended March 31, 2017, operating expenses were approximately \$126,808,000, which was 24.0% of the annual budget. Operating expenses in 2017 were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$23,790,000 for snow and severe weather costs in calendar 2017, with \$16,245,000 charged to operating expenses and an additional \$7,545,000 charged to the General Reserve Fund. All snow and severe weather costs are charged to operating expenses with the exception of declared state of emergency events which are budgeted and charged to the General Reserve Fund.

Capital Budget, General Reserve and Construction Fund Expenditures For the Three Months Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
Maintenance Reserve	\$ 8,773,000	\$ 8,396,000
Special Project Reserve	1,124,000	1,831,000
Supplemental Capital	3,250,000	1,532,000
Capital Budget Total	13,147,000	11,759,000
General Reserve	71,163,000	103,348,000
Construction Fund	100,591,000	129,167,000
Total Spending	\$ 184,901,000	\$ 244,274,000



Capital Budget projects are classified as Maintenance Reserve, Special Project Reserve and Supplemental Capital. These projects are funded from current or accumulated revenues. The Maintenance Reserve Fund covers the routine upkeep of the Authority's roadways with projects that are directly related to the Turnpike System. These projects consist of major resurfacing, structural repairs, major bridge repairs and painting. The Special Project Reserve Fund covers non-routine maintenance of the roadways and facilities. These projects consist of, but are not limited to, improving the Authority's facilities and technology platform. The Supplemental Capital Fund generally covers roadway and facilities improvements, major technology projects, whereas the General Reserve Fund includes payments to the State of New Jersey and payments for any other corporate purpose.

The Capital Budget consists of Supplemental Capital, Maintenance Reserve, and Special Project Reserve Funds. For the three months ended March 31, 2017, total expenditures were approximately \$13,147,000. Expenditures included \$3,083,000 for Emergency Maintenance, \$2,023,000 for Turnpike Bridge Repairs, \$1,787,000 for Parkway Bridge Repairs, and \$882,000 for Bridge Inspections. In addition to the Capital Budget, the General Reserve Fund expenses totaled \$71,163,000 and consisted primarily of \$51,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$7,545,000 for Extraordinary Events, \$5,500,000 for the Transportation Trust Fund, and \$2,000,000 for Feeder Road Reimbursement to NJDOT.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the three months ended March 31, 2017 were approximately \$100,591,000. Expenses included \$32,291,000 for the Authority's Phase I Facilities Improvements project, \$11,340,000 for the Turnpike Interchange 14A Reconstruction project, \$9,989,000 for the Authority's Phase II Facilities Improvements project, and \$9,869,000 for the Great Egg Harbor/Drag Channel Bridge Project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$670,747,000.