

# NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



**TO:** Richard T. Hammer, Chairman  
Ronald Gravino, Vice Chairman  
Michael R. DuPont, Treasurer  
Raymond M. Pocino, Commissioner  
Ulises E. Diaz, Commissioner  
Daniel F. Becht, Commissioner  
John D. Minella, Commissioner

**RE:** New Jersey Turnpike Revenue Bond Resolution Certification 713 (c)

**DATE:** November 24, 2015

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 there from 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 2015 and 2016. 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 2015 and 2016.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2015 and 2016, 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 2015 and 2016, 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.

**New Jersey Turnpike Revenue Bond Resolution Certification 713 (c)**

**November 24, 2015**

**Page 2 of 2**

Schedules B and C

These schedules set forth calculations relative to 2015's revenue requirements. Specifically, the schedule provides actual revenue through October 31, 2015 and projected revenue for the balance of the year (November-December, 2015).

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, Special Project Reserve Payments, and payments, if any, to the Charges Fund for such period

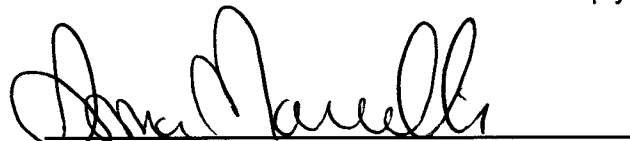
or

- (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 2016'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 2015 and 2016 will be sufficient to comply with Section 713 (b) of the Resolution.



Donna Manuelli  
Chief Financial Officer



Bruce A. Harris  
General Counsel

CERTIFIED FOR CONSIDERATION:



Joseph W. Mrózek  
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 2015 and 2016, 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 2015 and 2016, 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 2015 and 2016 as shown in schedules which were utilized in said review, shall be filed in its entirety with The Bank of New York Mellon 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, 2015

Operating Fund		\$ 509,593,100
Debt Service Requirements (1)		661,065,000
Charges Fund		575,000
Maintenance Reserve		87,058,000
Special Project Reserve		<u>50,301,000</u>
Total Requirements		1,308,592,100
Deduct Revenue:		
Actual Revenue Provision - January - October 2015 Revenue	\$ 1,437,053,000	
Estimated Revenue Provision November - December 2015 (Estimate per Schedule C)	<u>287,595,000</u>	<u>1,724,648,000</u>
Revenue Less Requirements		<u>\$ 416,055,900</u>

## (1) Net Debt Service Requirement is as follows:

Series 1991 C Debt Service Requirement	\$ 71,525,000
Series 2000 B-G Debt Service Requirement (2)	13,401,000
Series 2003 B Debt Service Requirement	72,982,000
Series 2004 B Debt Service Requirement	8,707,000
Series 2004 C-2 Debt Service Requirement	7,307,000
Series 2005 A-B Debt Service Requirement	10,680,000
Series 2005 D1-4 Debt Service Requirement	10,959,000
Series 2009 A-B Debt Service Requirement (2)(3)	324,000
Series 2009 E-I Debt Service Requirement	143,525,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	46,666,000
Series 2012 G Debt Service Requirement (2)(4)	1,252,000
Series 2013 A-G Debt Service Requirement (2)(4)	115,968,000
Series 2014 B-C Debt Service Requirement (2)(5)	14,836,000
Series 2015 A-E Debt Service Requirement (2)(4)	11,546,000
Total Debt Service	<u>\$ 661,065,000</u>

(2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.

(3) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.

(4) Floating rate notes also include the fixed credit spread as interest expense.

(5) Interest on the 2014A bonds is paid from capitalized interest (bond proceeds) through May 2016.

**Schedule C**

**NEW JERSEY TURNPIKE AUTHORITY**  
 Certificate required Under Section 713  
 Turnpike Revenue Bond Resolution  
 Fiscal Year Ending December 31, 2015

<i>Month</i>	<i>Toll Revenue</i>	<i>E-ZPass Fees</i>	<i>Build America Bonds Subsidy</i>	<i>Concession Revenue</i>	<i>Income from Investments</i>	<i>Arts Center Revenue</i>	<i>Miscellaneous (1)</i>	<i>Total Revenue</i>
November	\$ 130,143,000	\$ 4,308,000	\$ 6,343,000	\$ 2,542,000	\$ 900,000	\$ 38,000	\$ 835,000	\$ 145,109,000
December	127,421,000	4,260,000	6,323,000	2,608,000	1,000,000	39,000	835,000	142,486,000
	\$ 257,564,000	\$ 8,568,000	\$ 12,666,000	\$ 5,150,000	\$ 1,900,000	\$ 77,000	\$ 1,670,000	\$ 287,595,000

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

**Schedule D**

**NEW JERSEY TURNPIKE AUTHORITY**

Turnpike Revenue Bond Resolution  
Fiscal Year Ending December 31, 2015

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

Revenues		\$ 1,724,648,000
Operating Expenses		<u>509,593,100</u>
Net Revenues		<u>1,215,054,900</u>
(i) Debt Service Requirements	\$ 661,065,000	
(i) Charges Fund	575,000	
(i) Maintenance Reserve	87,058,000	
(i) Special Project Reserve	<u>50,301,000</u>	<u>798,999,000</u>
Excess Revenues		<u>\$ 416,055,900</u>
Net Revenues		\$ 1,215,054,900
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 661,065,000		<u>793,278,000</u>
Excess Revenues		<u>\$ 421,776,900</u>
Debt Service Coverage		<u>1.84</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, 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, 2016

Operating Fund	\$ 519,423,900
Debt Service Requirements (1)	794,359,000
Charges Fund	155,000
Maintenance Reserve	89,370,000
Special Project Reserve	<u>38,918,000</u>
Total Requirements	1,442,225,900
Deduct Revenue:	
Estimated Revenue Provision January/December 2016 (Estimate per Schedule F)	1,754,089,000
Revenue Less requirements (2)	<u>\$ 311,863,100</u>

(1) Net Debt Service Requirement is as follows:

Series 2000 B-G Debt Service Requirement (2)	\$ 17,248,000
Series 2004 B Debt Service Requirement	8,685,000
Series 2004 C-2 Debt Service Requirement	7,307,000
Series 2005 A-B Debt Service Requirement	10,680,000
Series 2005 D1-4 Debt Service Requirement	10,959,000
Series 2009 E Debt Service Requirement	117,693,000
Series 2009 G-I Debt Service Requirement	41,477,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	46,666,000
Series 2013 A-F Debt Service Requirement (2)(3)	292,297,000
Series 2014 A-C Debt Service Requirement (2)(4)	44,584,000
Series 2015 A-E Debt Service Requirement (2)(3)(5)	45,689,000
Series 2016 Debt Service Requirement (6)	19,687,000
Total Debt Service	<u>\$ 794,359,000</u>

(2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.

(3) Floating rate notes also include the fixed credit spread as interest expense.

(4) Interest on the 2014A bonds is paid from capitalized interest (bond proceeds) through May 2016.

(5) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.

(6) Assumed new money issuance in 2016 of \$525 million to fund the \$7 billion capital program.

## Schedule F

## NEW JERSEY TURNPIKE AUTHORITY

Estimated Revenue Provision

January 2016 through December 2016

<i>Month</i>	<i>Toll Revenue</i>	<i>E-ZPass Fees</i>	<i>Build America Bonds Subsidy</i>	<i>Concession Revenue</i>	<i>Income from Investments</i>	<i>Arts Center Revenue</i>	<i>Miscellaneous (1)</i>	<i>Total Revenue</i>
January	\$ 110,720,000	\$ 4,211,000	\$ 6,309,000	\$ 3,050,000	\$ 1,154,000	\$ 423,000	\$ 1,083,000	\$ 126,950,000
February	105,141,000	4,495,000	6,308,000	2,431,000	954,000	423,000	1,083,000	120,835,000
March	124,253,000	4,595,000	6,309,000	2,351,000	1,154,000	422,000	1,083,000	140,167,000
April	129,287,000	4,808,000	6,308,000	2,637,000	954,000	327,000	1,083,000	145,404,000
May	138,283,000	4,816,000	6,309,000	3,539,000	1,154,000	327,000	1,083,000	155,511,000
June	137,210,000	5,012,000	6,308,000	3,572,000	954,000	327,000	1,083,000	154,466,000
July	143,849,000	5,027,000	6,309,000	3,884,000	1,054,000	326,000	1,083,000	161,532,000
August	145,124,000	4,936,000	6,308,000	4,421,000	1,054,000	327,000	1,083,000	163,253,000
September	131,225,000	5,188,000	6,309,000	4,056,000	854,000	327,000	1,083,000	149,042,000
October	135,244,000	5,094,000	6,309,000	3,181,000	954,000	38,000	1,083,000	151,903,000
November	127,019,000	4,783,000	6,308,000	2,897,000	710,000	39,000	1,083,000	142,839,000
December	126,331,000	4,791,000	6,309,000	2,881,000	750,000	38,000	1,087,000	142,187,000
	\$ 1,553,686,000	\$ 57,756,000	\$ 75,703,000	\$ 38,900,000	\$ 11,700,000	\$ 3,344,000	\$ 13,000,000	\$ 1,754,089,000

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



**Schedule G**

**NEW JERSEY TURNPIKE AUTHORITY**

Certificate required Under Section 713  
 Turnpike Revenue Bond Resolution  
 Fiscal Year Ending December 31, 2016

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

Revenues		\$ 1,754,089,000
Operating Expenses		519,423,900
Net Revenues		<u>1,234,665,100</u>
(i) Debt Service Requirements	\$ 794,359,000	
(i) Charges Fund	155,000	
(i) Maintenance Reserve	89,370,000	
(i) Special Project Reserve	<u>38,918,000</u>	<u>922,802,000</u>
Excess Revenues		<u>\$ 311,863,100</u>
Net Revenues		\$ 1,234,665,100
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 794,359,000		<u>953,230,800</u>
Excess Revenues		<u>\$ 281,434,300</u>
Debt Service Coverage		<u>1.55</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, 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)."