

NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



October 31, 2014

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 2014 and 2015. 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 2014 and 2015.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2014 and 2015, 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 2014 and 2015, 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 2014's revenue requirements. Specifically, the schedule provides actual revenue through September 30, 2014 and projected revenue for the balance of the year (October-December, 2014).

Schedules D and G

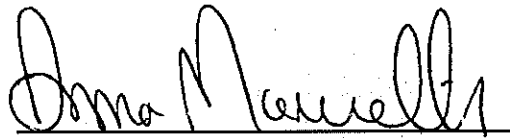
These schedules set forth figures to support the certification under Section 713(c) of the "Resolution" demonstrating that in each calendar year "Net Revenues shall at least equal the Net Revenue Requirement for such year" as required by Section 713(b) of the Resolution. Under Section 101 of said Resolution, 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

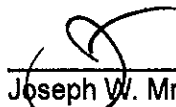
These schedules set forth calculations relative to 2015's financial projections and estimated revenue provisions.

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 2014 and 2015 will be sufficient to comply with Section 713 (b) of the Resolution.



Donna Manuelli
Chief Financial Officer

CERTIFIED FOR CONSIDERATION:



Joseph W. Mrozek
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 2014 and 2015, 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 2014 and 2015, 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 2014 and 2015 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, 2014

Operating Fund		\$ 473,800,000
Debt Service Requirements (1)		610,331,000
Charges Fund		1,150,000
Maintenance Reserve		74,814,000
Special Project Reserve		<u>28,800,000</u>
Total Requirements		1,188,895,000
Deduct Revenue:		
Actual Revenue Provision -		
January - September 2014 Revenue	\$ 1,221,757,800	
Estimated Revenue Provision		
October - December 2014		
(Estimate per Schedule C)	<u>404,842,500</u>	<u>1,626,600,300</u>
Revenue Less Requirements (2)		<u>\$ 437,705,300</u>

(1) Net Debt Service Requirement is as follows:

Series 1991 C Debt Service Requirement	\$ 4,365,400	
Series 2000 B-G Debt Service Requirement (2)	14,346,700	
Series 2003 B Debt Service Requirement	174,163,600	
Series 2004 C-2 Debt Service Requirement	7,306,800	
Series 2005 A-D Debt Service Requirement	31,452,200	
Series 2009 A-B Debt Service Requirement (2)(4)	4,516,400	
Series 2009 E-I Debt Service Requirement	143,524,600	
Series 2010 A Debt Service Requirement	131,387,000	
Series 2011 A-B Debt Service Requirement (2)(3)	2,836,100	
Series 2012 A-G Debt Service Requirement (2)(3)	48,409,500	
Series 2013 A-G Debt Service Requirement (2)(3)(5)	43,726,400	
Series 2014 A-C Debt Service Requirement (2)(3)(6)	4,296,300	

Total Debt Service

\$ 610,331,000

- (2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
- (3) Spreads over the index on variable rate debt are also included.
- (4) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
- (5) The Series 2013A bond funding included capitalized interest from the date of the bond issuance through January 1, 2015. Therefore, there is no interest payable from Revenues in 2014.
- (6) The Series 2014A bond funding included capitalized interest from the date of the bond issuance through May 2016. Therefore, there is no interest payable from Revenues in 2014.

Schedule C

NEW JERSEY TURNPIKE AUTHORITY

Certificate required Under Section 713

Turnpike Revenue Bond Resolution

Fiscal Year Ending December 31, 2014

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
October	\$ 125,627,000	\$ 4,674,000	\$ 6,315,400	\$ 2,694,000	\$ 1,000,000	\$ 38,400	\$ 835,000	\$ 141,183,800
November	117,734,000	4,899,000	6,315,400	2,542,000	900,000	38,400	835,000	133,263,800
December	115,033,000	4,565,000	6,315,400	2,608,000	1,000,000	38,500	835,000	130,394,900
	\$ 358,394,000	\$ 14,138,000	\$ 18,946,200	\$ 7,844,000	\$ 2,900,000	\$ 115,300	\$ 2,505,000	\$ 404,842,500

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

Certificate required Under Section 713
Turnpike Revenue Bond Resolution
Fiscal Year Ending December 31, 2014

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

Revenues		\$ 1,626,600,300
Operating Expenses		<u>473,800,000</u>
Net Revenues		<u>1,152,800,300</u>
(i) Debt Service Requirements	\$ 610,331,000	
(i) Charges Fund	1,150,000	
(i) Maintenance Reserve	74,814,000	
(i) Special Project Reserve	<u>28,800,000</u>	<u>715,095,000</u>
Excess Revenues		<u>\$ 437,705,300</u>
Net Revenues		\$ 1,152,800,300
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 610,331,000		<u>732,397,200</u>
Excess Revenues		<u>\$ 420,403,100</u>
Debt Service Coverage		<u>1.89</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, 2015

Operating Fund	\$ 485,593,100
Debt Service Requirements (1)	687,820,300
Charges Fund	1,150,000
Maintenance Reserve	87,058,000
Special Project Reserve	<u>20,900,000</u>
Total Requirements	1,282,521,400
Deduct Revenue:	
Estimated Revenue Provision January/December 2014 (Estimate per Schedule F)	1,677,759,000
Revenue Less requirements (2)	<u>\$ 395,237,600</u>

(1) Net Debt Service Requirement is as follows:

Series 1991 C Debt Service Requirement	\$ 71,525,400
Series 2000 B-G Debt Service Requirement (2)	17,248,000
Series 2003 B Debt Service Requirement	72,981,600
Series 2004 B Debt Service Requirement	8,685,200
Series 2004 C-2 Debt Service Requirement	7,306,800
Series 2005 A-D Debt Service Requirement	21,638,500
Series 2009 A-B Debt Service Requirement (2)(4)	4,971,800
Series 2009 E-I Debt Service Requirement	143,524,600
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-G Debt Service Requirement (2)(3)	48,411,300
Series 2013 A-G Debt Service Requirement (2)(3)	117,048,100
Series 2014 A-C Debt Service Requirement (2)(3)(5)	14,843,000
Series 2015 Debt Service Requirement (6)	28,249,000
Total Debt Service	<u>\$ 687,820,300</u>

- (2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
- (3) Spreads over the index on variable rate debt are also included.
- (4) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
- (5) The Series 2014A bond funding included capitalized interest from the date of the bond issuance through May 2016. Therefore, there is no interest payable from Revenues in 2015.
- (6) Assumed new money issuance in 2015 of \$750 million to fund the \$7 billion capital program.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY
 Estimated Revenue Provision
 January 2015 through December 2015

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
January	\$ 110,051,000	\$ 4,330,000	\$ 6,315,000	\$ 2,781,000	\$ 1,500,000	\$ 415,000	\$ 1,019,000	\$ 126,411,000
February	104,260,000	4,320,000	6,316,000	2,197,000	1,200,000	415,000	1,019,000	119,727,000
March	118,057,000	4,320,000	6,315,000	2,251,000	1,500,000	416,000	1,020,000	133,879,000
April	122,484,000	4,420,000	6,316,000	2,747,000	1,300,000	321,000	1,018,000	138,606,000
May	129,892,000	4,425,000	6,315,000	3,314,000	1,500,000	321,000	1,019,000	146,786,000
June	129,204,000	4,485,000	6,315,000	3,546,000	1,200,000	321,000	1,020,000	146,091,000
July	136,087,000	4,660,000	6,316,000	3,669,000	1,400,000	321,000	1,019,000	153,472,000
August	140,691,000	4,660,000	6,315,000	4,185,000	1,400,000	321,000	1,018,000	158,590,000
September	124,584,000	4,650,000	6,315,000	3,791,000	1,200,000	321,000	1,020,000	141,881,000
October	128,066,000	4,510,000	6,316,000	2,855,000	1,300,000	39,000	1,019,000	144,105,000
November	119,993,000	4,358,000	6,315,000	2,702,000	1,000,000	38,000	1,019,000	135,425,000
December	117,240,000	4,310,000	6,316,000	2,762,000	1,100,000	39,000	1,019,000	132,786,000
	\$ 1,480,609,000	\$ 53,448,000	\$ 75,785,000	\$ 36,800,000	\$ 15,600,000	\$ 3,288,000	\$ 12,229,000	\$ 1,677,759,000

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, 2015

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

Revenues		\$ 1,677,759,000
Operating Expenses		485,593,100
Net Revenues		<u>1,192,165,900</u>
(i) Debt Service Requirements	\$ 687,820,300	
(i) Charges Fund	1,150,000	
(i) Maintenance Reserve	87,058,000	
(i) Special Project Reserve	<u>20,900,000</u>	<u>796,928,300</u>
Excess Revenues		<u>\$ 395,237,600</u>
Net Revenues		\$ 1,192,165,900
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 687,820,300		<u>825,384,360</u>
Excess Revenues		<u>\$ 366,781,540</u>
Debt Service Coverage		<u>1.73</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)."