

**New Jersey Turnpike Authority
Financial Summary
For the Six Months Ended June 30, 2017**

ACTUAL REVENUE - January - June	\$ 860,946,000
ESTIMATED REVENUE - July - December	907,299,000
<i>Projected Annual Revenue</i>	\$ 1,768,245,000
ESTIMATED ANNUAL OPERATING EXPENSES	\$ 528,762,000
<i>Projected Net Revenue</i>	\$ 1,239,483,000
DEBT SERVICE REQUIREMENTS	829,582,000
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 six months ended June 30, 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 1.49 and a total requirements coverage ratio of 1.26.

The Authority's total revenue for the six months ended June 30, 2017 was \$860,946,000, which is \$13,343,000, or 1.6%, above projections. Toll revenue was \$758,635,000, which is \$10,110,000, or 1.4%, greater than projections due to favorable weather, economic conditions, and gas prices. 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 income from investments and concession revenue. Income from investments, which totaled \$7,268,000, was \$1,464,000 or 25.2% above projections due to higher invested balances and higher yields on investments due to an increase in short term interest rates. All other revenues were at or above budgeted levels.

For the six months ended June 30, 2017, traffic on the New Jersey Turnpike increased 1.8% and toll revenue increased 0.6% as compared to the same period in 2016. The increases in traffic and revenue are due to generally milder winter weather in 2017 compared to the same period in 2016, favorable economic conditions, and stable gas prices. Toll transactions and revenue increased despite 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 742,000 fewer transactions and \$2,878,000 less revenue when compared to similar days in March. When adjusting for the impacts of this storm, traffic and revenue would have increased 2.4% and 1.2%, 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 and adjusted results for the six months ended June 30, 2017 were above CDM Smith's projections of an increase of 0.3% for traffic and a decrease of 1.1% for revenue. Through June 2017, the E-ZPass usage rate on the New Jersey Turnpike was 83.9%, an increase from 82.7% for the same period in 2016.

For the six months ended June 30, 2017, toll transactions on the Garden State Parkway increased 0.6% and revenue increased 0.5% when compared to the same period in 2016. Toll transactions and revenue increased despite the impact of winter storm Stella. The storm resulted in 1,128,000 fewer transactions and \$1,216,000 less revenue when compared to similar days in March. When adjusting for the impacts of this storm, Parkway traffic and revenue would have increased 1.2% and 1.0%, 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 and adjusted results for the six months ended June 30, 2017 compare favorably to CDM's projected increases of 0.1% for toll transactions and 0.1% for revenue. Through June 2017, the E-ZPass usage rate on the Garden State Parkway was 81.0%, an increase from 79.5% for the same period in 2016.

Operating expenses for the six months ended June 30, 2017 were approximately \$231,345,000, which was 87.9% of the year-to-date budget. The Authority's operating expenses through June were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$25,031,000 for snow and severe weather costs through June 30, 2017, with \$17,486,000 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 six months ended June 30, 2017, total expenditures were approximately \$63,215,000. Expenditures included \$8,572,000 for Turnpike Bridge Repairs, \$6,734,000 for Turnpike Resurfacing, and \$6,396,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$134,813,000 and consisted primarily of \$102,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$11,000,000 for the Transportation Trust Fund, and \$8,750,000 for Other Post-employment benefits.

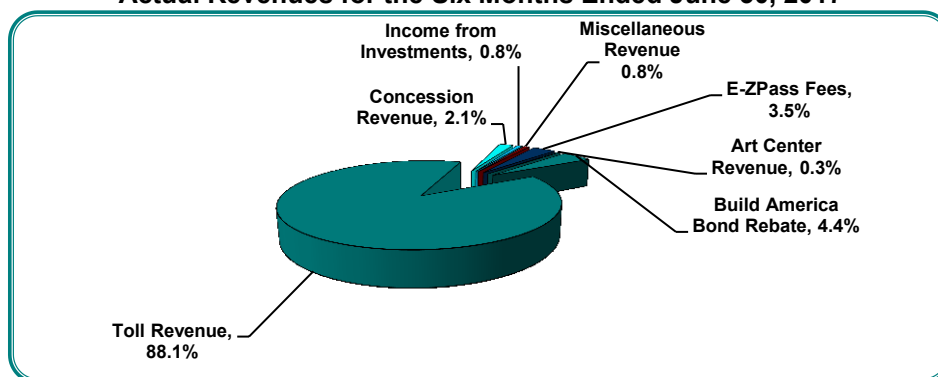
Total expenditures in the Construction Fund for the six months ended June 30, 2017 were approximately \$198,130,000. Expenses included \$66,661,000 for the Authority's Phase I Facilities Improvements project, \$24,299,000 for the Turnpike Interchange 14A Reconstruction project, and \$22,204,000 for the Widening of GSP Interchange 35-63. In addition to these expenditures, there are open contracts and commitments totaling approximately \$669,654,000.

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 Six Months Ended June 30, 2017**

	<u>Projections</u>	<u>Unaudited Actual</u>
<i>Toll Revenue</i>	748,525,000	758,635,000
<i>Concession Revenue</i>	17,685,000	18,209,000
<i>Income from Investments</i>	5,804,000	7,268,000
<i>Miscellaneous Revenue</i>	6,498,000	6,623,000
<i>Build America Bond Subsidy</i>	38,015,000	38,015,000
<i>Arts Center Revenue</i>	2,289,000	2,289,000
<i>E-ZPass Fees</i>	28,787,000	29,907,000
<i>Total Revenues</i>	<u>847,603,000</u>	<u>860,946,000</u>

Actual Revenues for the Six Months Ended June 30, 2017



For the six months ended June 30, 2017, total revenue was \$860,946,000, which was 1.6%, or \$13,343,000 above projections. The increase is due mostly to higher than expected toll revenue.

Toll revenue for the period was \$758,635,000 which was 1.4%, or \$10,110,000 greater than the projected amount. Toll revenue was \$9,455,000 higher than projected on the New Jersey Turnpike and \$655,000 higher 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 \$18,209,000 which was \$524,000 or 3.0% above projections, mostly due to an increase in payments based on the gross profit margin on diesel fuel sales in 2017 as compared to 2016. The Authority receives 50% of the gross profit margin on all diesel fuel sold. Overall, however, fuel sales decreased 8.5% on the New Jersey Turnpike. New Jersey Turnpike food sales decreased 1.1% and convenience store sales increased 1.2% compared to last year. On the Garden State Parkway, fuel sales decreased 9.4% and convenience store sales increased 4.9% in 2017 when compared to the same period in 2016. Convenience store revenue increased due to the receipt of back rent payment for the Oceanview service area from July 2014 to January 2017. Overall, Parkway food sales have increased 3.5% in 2017 compared to the same period in 2016 due to the reopening of the Vauxhall Service Plaza in May, 2016. During the Vauxhall closure, the Authority continued to receive guaranteed rent payments.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$7,268,000, which was \$1,464,000 or 25.2% higher than projected. Short-term interest rates have recently increased and the Authority's invested balances are higher than anticipated.

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 \$6,623,000 which was \$125,000, or 1.9% higher than projected. Miscellaneous revenue was above projections due primarily to the \$204,000 FEMA recovery for the June 2015 windstorm.

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 2017 which began in September 2016. The subsidy received was \$38,015,000, which was at budgeted levels.

Arts Center revenue consists of rent and naming rights for the PNC Bank Arts Center located in Holmdel. For the six months ended June 30, 2017, revenue was \$2,289,000, 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 \$29,907,000 was \$1,120,000, or 3.9%, higher than projected. For the six months ended June 30, 2017, administrative fee collections from toll violators increased 8.5% from the same period in 2016.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of June 2017⁽¹⁾

	<u>Traffic</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	20,250,000	19,661,000	3.0%
Commercial Vehicles	2,913,000	2,809,000	3.7%
Overall	<u>23,163,000</u>	<u>22,470,000</u>	<u>3.1%</u>
	<u>Revenue</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	69,647,000	68,664,000	1.4%
Commercial Vehicles	33,039,000	32,415,000	1.9%
Overall	<u>102,686,000</u>	<u>101,079,000</u>	<u>1.6%</u>

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

For the month of June 2017, traffic on the New Jersey Turnpike increased 3.1% and toll revenue increased 1.6% when compared to the same period in 2016. These results are ahead of CDM's projections of an increase of 0.4% for traffic and a decrease of 0.9% revenue for the month of June 2017. Stable gas prices compared to last year and ordinary Spring weather contributed to the increase.

For the Six Months Ended June 30, 2017⁽¹⁾

	<u>Traffic</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	109,749,000	107,845,000	1.8%
Commercial Vehicles	15,902,000	15,527,000	2.4%
Overall	<u>125,651,000</u>	<u>123,372,000</u>	<u>1.8%</u>
	<u>Revenue</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	370,756,000	369,850,000	0.2%
Commercial Vehicles	182,481,000	179,883,000	1.4%
Overall	<u>553,237,000</u>	<u>549,733,000</u>	<u>0.6%</u>

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

For the six months ended June 30, 2017, traffic increased 1.8% and toll revenue increased 0.6% when compared to the same period in 2016. Results compare favorably to the CDM Smith projected increase of 0.3% for traffic and decrease of 1.1% for toll revenue. The first half of 2017 had an average temperature of 50.3 degrees, which is the 3rd highest average temperature compared to the same period since 1895. Traffic and revenue increased despite the closure of the Delaware River Turnpike Bridge and one fewer day in 2017. Although the winter months of 2017 were less severe than those in 2016, traffic and revenue were negatively impacted by winter storm Stella.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the six months ended June 30, 2017, the *E-ZPass* usage rate for passenger cars was 82.8%, and for commercial vehicles was 91.5%. This resulted in an overall *E-ZPass* usage rate of 83.9%. 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 June 2017⁽¹⁾

	<u>Traffic</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	35,234,000	34,886,000	1.0%
Commercial Vehicles	490,000	479,000	2.3%
Overall	<u>35,724,000</u>	<u>35,365,000</u>	<u>1.0%</u>
	<u>Revenue</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	37,789,000	37,359,000	1.2%
Commercial Vehicles	1,542,000	1,515,000	1.8%
Overall	<u>39,331,000</u>	<u>38,874,000</u>	<u>1.2%</u>

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

For the month of June 2017, toll transactions and toll revenue on the Garden State Parkway increased by 1.0% and toll revenue increased by 1.2% when compared to June 2016. These results are above CDM Smith's projections of a decrease of 0.8% for both traffic and revenue. Results are positively impacted by average Spring weather and relatively stable gasoline prices compared to last year.

For the Six Months Ended June 30, 2017⁽¹⁾

	<u>Toll Transactions</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	186,343,000	185,083,000	0.7%
Commercial Vehicles	2,461,000	2,526,000	-2.6%
Overall	<u>188,804,000</u>	<u>187,609,000</u>	<u>0.6%</u>
	<u>Revenue</u>		
	<u>June-17</u>	<u>June-16</u>	<u>% Change</u>
Passenger Vehicles	197,854,000	196,879,000	0.5%
Commercial Vehicles	7,544,000	7,598,000	-0.7%
YTD Toll Revenue	<u>205,398,000</u>	<u>204,477,000</u>	<u>0.5%</u>

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

For the six months ended June 30, 2017, toll transactions on the Garden State Parkway increased 0.6% and revenue increased 0.5% when compared to the same period in 2016. These results compare favorably to the CDM Smith projections of toll transactions and revenue both increasing 0.1%. As with the Turnpike, toll transactions and revenue increased despite 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 six months ended June 30, 2017, the total *E-ZPass* usage rate was 81.0%, up from 79.5% in the same period in 2016. The *E-ZPass* usage rate for passenger cars was 80.9%, and for commercial vehicles was 90.4%.

Operating Expenses

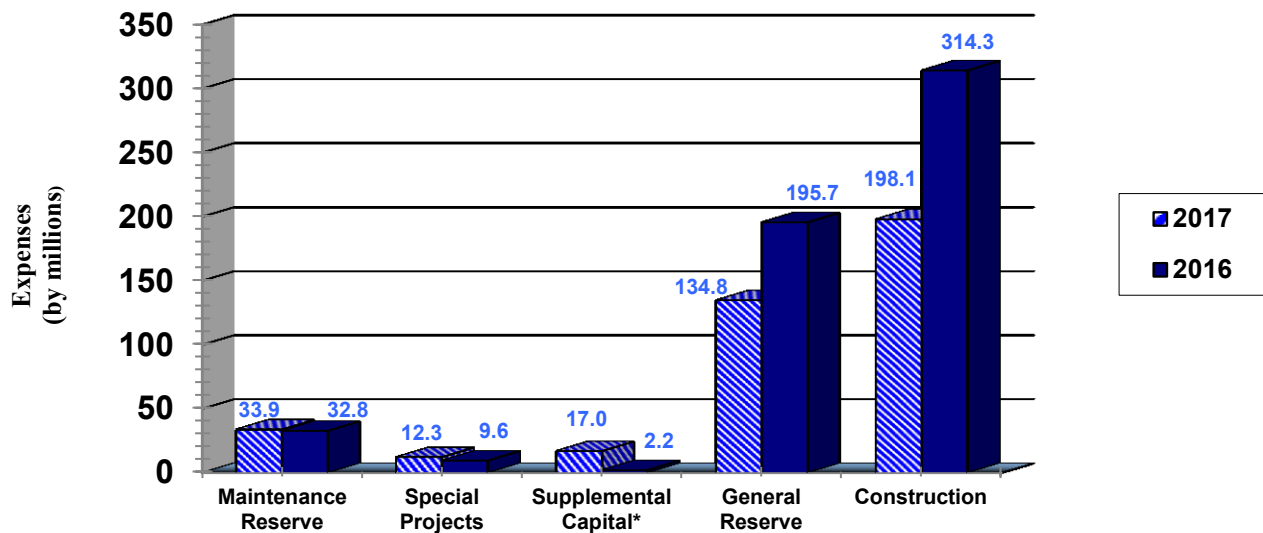
For the Six Months Ended June 30, 2017

	Annual Budget	YTD Expenses
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 212,818,200	\$ 94,565,600
Engineering	8,609,000	3,575,500
Total Maintenance	221,427,200	98,141,100
<u>Toll Collection</u>		
Toll Collection	156,800,500	63,962,900
<u>State Police & Traffic Control</u>		
State Police	69,126,800	30,488,400
Operations	11,970,700	5,633,300
Total State Police and Traffic Control	81,097,500	36,121,700
<u>Technology</u>		
Integrated Technology Services	27,416,000	13,655,700
<u>General & Administrative</u>		
Executive Office	1,074,100	547,900
Law	9,866,100	4,318,400
Purchasing & Materials Management	8,867,400	4,030,800
Human Resources & Office Services	5,167,900	2,562,500
Finance	11,672,200	5,465,600
Patron & Customer Services	1,916,400	956,400
Internal Audit	3,457,100	1,582,000
Total General and Administrative	42,021,200	19,463,600
TOTAL OPERATING	\$ 528,762,400	\$ 231,345,000

For the six months ended June 30, 2017, operating expenses were approximately \$231,345,000, which was 43.8% 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 \$25,031,000 for snow and severe weather costs in the first six months of 2017, with \$17,486,000 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. Lower than expected utility costs and savings from the new contract with Conduent for services provided at the New Jersey E-ZPass Customer Service Center have contributed to the lower than anticipated expenses.

Capital Budget, General Reserve and Construction Fund Expenditures For the Six Months Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
Maintenance Reserve	\$ 33,939,000	\$ 32,771,000
Special Project Reserve	12,286,000	9,592,000
Supplemental Capital	16,990,000	2,235,000
Capital Budget Total	63,215,000	44,598,000
General Reserve	134,813,000	195,738,000
Construction Fund	198,130,000	314,342,000
Total Spending	\$ 396,158,000	\$ 554,678,000



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 six months ended June 30, 2017, total expenditures were approximately \$63,215,000. Expenditures included \$9,940,000 for the 1 Turnpike Plaza Purchase, \$8,572,000 for Turnpike Bridge Repairs, \$6,734,000 for Turnpike Resurfacing, and \$6,396,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$134,813,000 and consisted primarily of \$102,000,000 for the State Transportation Projects Funding Agreement 2016-2021, \$11,000,000 for the Transportation Trust Fund, \$8,750,000 for Other Post-employment benefits, and \$7,545,000 for Extraordinary Events Snow.

Bond proceeds are deposited in the Construction Fund to support major capital programs. Total expenditures in the Construction Fund for the six months ended June 30, 2017 were approximately \$198,130,000. Expenses included \$66,661,000 for the Authority's Phase I Facilities Improvements project, \$24,299,000 for the Turnpike Interchange 14A Reconstruction project, and \$22,204,000 for the Widening of GSP Interchange 35-63. In addition to these expenditures, there are open contracts and commitments totaling approximately \$669,654,000.