

New Jersey Turnpike Authority

Financial Summary

For the Seven Months Ended July 31, 2018

ACTUAL REVENUE - January - July	\$ 1,065,513,000
ESTIMATED REVENUE - August - December	722,262,000
<i>Budgeted Annual Revenue</i>	\$ 1,787,775,000
BUDGETED ANNUAL OPERATING EXPENSES	\$ 538,965,000
<i>Budgeted Net Revenue</i>	\$ 1,248,810,000
DEBT SERVICE REQUIREMENTS	804,392,000
SPECIAL PROJECT RESERVE FUND	40,490,000
MAINTENANCE RESERVE FUND	119,086,000

The following un-audited results are for the seven months ended July 31, 2018.¹ 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, 2018, the Authority is projected to have a debt service coverage ratio of 1.55 and a total requirements coverage ratio of 1.30.

The Authority's total revenue for the seven months ended July 31, 2018 was \$1,065,513,000, which is \$42,491,000, or 4.2%, above budget. Toll revenue was \$921,959,000, which is \$18,622,000, or 2.1%, greater than budget. Toll revenue exceeded budget as the toll revenue projections used for the budget assumed the Pulaski Skyway would be open to two-way traffic for all of 2018 and that some traffic currently using the Turnpike due to the closure of the skyway would return to the free route. The Pulaski Skyway reopened to two-way traffic on July 2nd, 2018. Revenue increased despite the effects from winter storms Grayson (January 4-5, 2018), Quinn (March 7-8, 2018), and Toby (March 21-22, 2018), which were state of emergency events. The increase in total revenue was also due in part to higher than anticipated miscellaneous revenue and income from investments. Miscellaneous revenue, which totaled \$12,744,000, was \$6,835,000, or 115.7%, greater than budget due to the receipt of a \$5,000,000 advance payment for the Delaware River Turnpike Bridge insurance claim and a payment from a new fiber lease agreement with PEG Bandwith LLC. Income from investments, which totaled \$15,310,000, was \$6,821,000 or 80.4% above budget due to higher yields on investments due to an increase in short-term interest rates and higher invested balances.

For the seven months ended July 31, 2018, traffic on the New Jersey Turnpike increased 2.0% and toll revenue increased 2.4% as compared to the same period in 2017. Toll transactions and revenue increased primarily due to the reopening of Interchanges 6 and 6A on the New Jersey Turnpike. Those interchanges were closed 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. Traffic and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby. The storms resulted in 2,013,000 fewer transactions and \$8,283,000 less revenue when compared to similar days in January and March. When adjusting for the impacts of the storms, traffic and revenue would have increased 2.3% and 3.7%, respectively. CDM Smith, the Authority's traffic engineering consultant, 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 projected 2018 annual traffic to decrease 1.7% and revenue to decrease 0.4% as compared to 2017 actual results, due to the projected impacts of the reopening of the Pulaski Skyway for a full year in 2018. The actual and adjusted results for the seven months ended July 31, 2018 were above CDM Smith's projections of a 1.8% decrease in traffic and a 0.3% decrease in revenue. Through July 2018, the *E-ZPass* usage rate on the New Jersey Turnpike was 85.7%, an increase from 83.7% for the same period in 2017.

For the seven months ended July 31, 2018, toll transactions on the Garden State Parkway increased 0.6% and revenue increased 0.9% when compared to the same period in 2017, due mainly to normal growth. Toll transactions and revenue increased despite more severe winter weather in the first seven months of 2018 compared to 2017. Traffic and revenue were negatively impacted by winter storms Grayson, Quinn, and Toby. The storms resulted in 3,148,000 fewer transactions and \$3,441,000 less revenue when compared to similar days in January and March. When adjusting for the impacts of the storms, traffic and revenue would have increased 1.9% and 2.2%, respectively. CDM Smith's 2018 forecast projected toll transactions to increase 0.4% and revenue to increase 0.9% on the Garden State Parkway. The actual and adjusted results for the seven months ended July 31, 2018 were above CDM's projected increase of 0.2% in toll transactions and increase of 0.6% in revenue. Through July 2018, the *E-ZPass* usage rate on the Garden State Parkway was 82.7%, an increase from 80.9% for the same period in 2017.

Operating expenses for the seven months ended July 31, 2018 were approximately \$280,767,000, which was 92% of the year-to-date budget. The Authority's operating expenses through July were under budget primarily due to lower than budgeted snow and severe weather costs charged to operating expenses. The Authority spent a total of \$40,597,000 for snow and severe weather costs through July 2018, with \$15,219,000 spent from the operating expense budget and an additional \$25,378,000 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. The Authority has spent more on snow through July 31, 2018 as it did for the entire calendar year in 2017. Excluding snow costs, operating expenses were 94% of the year-to-date budget. 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 seven months ended July 31, 2018, total expenditures were approximately \$80,966,000. Expenditures included \$15,752,000 for Turnpike Resurfacing, \$12,276,000 for Turnpike Bridge Repairs and \$10,592,000 for Parkway Bridge Repairs. In addition to the Capital Budget spending, the General Reserve Fund expenses totaled \$164,893,000 and consisted primarily of \$112,750,000 for the State Transportation Projects Funding Agreement 2016-2021, \$25,378,000 for Extraordinary Events – Snow, and \$12,833,000 for the Transportation Trust Fund Agreement.

Total expenditures in the Construction Fund for the seven months ended July 31, 2018 were approximately \$153,881,000. Expenses included \$31,202,000 for NBHCE Bridge Redecking, \$27,198,000 for the Authority's Phase I Facilities Improvements project, and \$21,064,000 for the Great Egg Harbor/Drag Channel Bridge project. In addition to these expenditures, there are open contracts and commitments totaling approximately \$453,032,000.

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