

**New Jersey Turnpike Authority
Financial Summary
For the Three Months Ended March 31, 2020**

ACTUAL REVENUE - January - March	\$	395,249,000
ESTIMATED REVENUE - April - December		1,469,694,000
<i>Budgeted Annual Revenue</i>	\$	1,864,943,000
BUDGETED ANNUAL OPERATING EXPENSES		598,971,000
<i>Budgeted Net Revenue</i>	\$	1,265,972,000
DEBT SERVICE REQUIREMENTS		842,699,000
SPECIAL PROJECT RESERVE FUND		41,300,000
MAINTENANCE RESERVE FUND		134,097,000

The following un-audited results are for the three months ended March 31, 2020.¹ 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, 2020, the Authority is projected to have a debt service coverage ratio of 1.50 and a total requirements coverage ratio of 1.24.

The Authority's total revenue for the three months ended March 31, 2020 was \$395,249,000, which is \$21,609,000, or 5.2%, below the 2020 Budget. Toll revenue was \$337,724,000, which is \$23,057,000, or 6.4%, less than the 2020 budget. Despite lower gas prices and favorable weather conditions, toll revenue is less than budget primarily due to the impact of the COVID-19 pandemic crisis and the travel restrictions enforced under the declared State of Emergency. Despite total revenue being under budget, income from investments was above budget. Income from investments, which totaled \$6,693,000, was \$775,000 or 13.1% above the 2020 budget due to higher than projected yields on investments and higher invested balances. Interest income is not expected to remain over budget, as short-term interest rates have fallen since early March.

For the three months ended March 31, 2020, traffic on the New Jersey Turnpike decreased 8.6% and toll revenue decreased 6.6% compared to the same period in 2019. Traffic and toll revenue decreased entirely because of the COVID-19 pandemic. Of note, while passenger car revenue decreased by more than 34% in March, commercial vehicle revenue slightly increased due to longer trips driven by the larger trucks. Both traffic and toll revenue were lower than projected. Projections are based on the Authority's traffic engineering consultant's (CDM Smith) toll revenue forecast study dated September 27, 2018. The actual results for the three months ended March 31, 2020 have fallen short of CDM Smith's projections of a 3.3% decrease in traffic and a 0.5% decrease in revenue. Through March 2020, the E-ZPass usage rate on the New Jersey Turnpike was 88.6%, an increase from 87.0% for the same period in 2019.

For the three months ended March 31, 2020, toll transactions on the Garden State Parkway decreased 7.2% and revenue decreased 7.5% when compared to the same period in 2019. The decrease in revenue is due entirely to the effects of the COVID-19 pandemic. The actual results for the three months ended March 31, 2020 were well below CDM's projections of a decrease of 0.8% in toll transactions and a decrease of 0.4% in toll revenue. Through March 2020, the E-ZPass usage rate on the Garden State Parkway was 85.8%, an increase from 84.7% for the same period in 2019.

Operating expenses for the three months ended March 31, 2020 were approximately \$126,177,000, which was 83.3% of the year-to-date budget. The Authority's operating expenses through March were under budget primarily due to lower than budgeted snow and severe weather costs. The Authority spent a total of \$4,311,000 for snow and severe weather costs in 2020 from the operating expense budget. All snow and severe weather costs are charged to the operating expense budget except for declared state of emergency events, which are charged to the General Reserve Fund. New Jersey had no declared state of emergency weather events in calendar 2020 through March. For the three months ended March 31, 2020, snow and severe weather costs charged to operating expenses were approximately \$15,568,000 under budget.

Debt Service includes interest and principal payments on the Authority's outstanding debt. For the three months ended March 31, 2020, Debt Service totaled \$209,154,000 and included \$146,805,000 in interest payments and \$62,349,000 in principal payments. Debt Service is currently under budget primarily due to the Series 2015A bonds, as the budget assumes interest at 12% on the \$5 million unhedged portion of the bonds while the actual interest rate paid was under 2%.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund expenses totaled \$43,125,000 for the three months ended March 31, 2020. Expenditures consisted primarily of \$32,250,000 for the State Transportation Projects Funding Agreement, and \$5,500,000 for the Transportation Trust Fund Agreement.

The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, the Supplemental Capital Program, and the Passaic River Bridges Rehabilitation Program. For the three months ended March 31, 2020, total expenditures were approximately \$31,295,000. Expenditures included \$7,676,000 for Arts Center Improvements, \$2,716,000 for Parkway Bridge Repairs, and \$2,529,000 for the Service Area Improvement Project (outside the curb line).

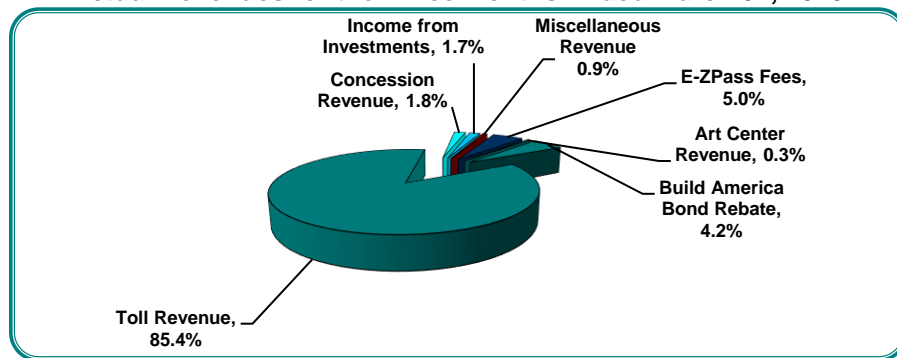
Total expenditures from the \$7 Billion Capital Improvement Program (CIP) for the three months ended March 31, 2020 were approximately \$39,243,000. Expenses included \$13,424,000 for NBHCE Bridge Re-decking, \$5,323,000 for the Authority's Phase I Facilities Improvements project, and \$5,272,000 for Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$307,869,000. Total expenditures from the 2019 CIP for the three months ended March 31, 2020 were approximately \$11,616,000. Expenses include \$3,326,000 for GSP Shoulder Widening from MP 30 to 35, \$2,235,000 for Turnpike Interchange 6 E-ZPass Improvements, and \$1,984,000 for TPK Bridge Fender Reconstruction. Both programs are funded from bond proceeds.

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

**Comparison of Budgeted Revenues to Actual Revenues
For the Three Months Ended March 31, 2020**

	Budgeted	Unaudited Actual
Toll Revenue	360,781,000	337,724,000
Concession Revenue	6,935,000	7,175,000
Income from Investments	5,918,000	6,693,000
Miscellaneous Revenue	2,947,000	2,820,000
Build America Bond Subsidy	19,212,000	19,799,000
Arts Center Revenue	1,291,000	1,289,000
E-ZPass Fees	19,774,000	19,749,000
Total Revenues	416,858,000	395,249,000

Actual Revenues for the Three Months Ended March 31, 2020



For the three months ended March 31, 2020, total revenue was \$395,249,000, which was 5.2%, or \$21,609,000 below the 2020 Budget. The decrease is due to the impact of the COVID-19 pandemic crisis, which is impacting many revenue categories.

Toll revenue for the period was \$337,724 which was 6.4%, or \$23,057,000 less than the 2020 Budget amount. Toll revenue was \$16,199,000 lower than the 2020 Budget amount on the New Jersey Turnpike and \$6,858,000 lower than the 2020 Budget amount on the Garden State Parkway. The decrease is attributed to the Stay at Home order issued on March 21, 2020 in New Jersey due to the COVID-19 pandemic, although declines were experienced since March 11, 2020.

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 \$7,175,000 which was \$240,000 or 3.5% above the 2020 Budget. Revenue was higher primarily due to the increase in the Monthly Annual Guaranteed Fee for HMS to \$1,165,515 from \$1,000,000. The Authority receives 50% of the gross profit margin on all diesel fuel sold for both roadways. On the Turnpike, food sales decreased 33.5%, fuel sales decreased 13.5% and convenience store sales increased by 13.9% compared to last year. On the Garden State Parkway, food sales decreased 19.3%, fuel sales decreased 10.7%, and convenience store sales increased 61.2% compared to the same period in 2019. The decrease in sales is due to a combination of service area closures for renovation and less travel from the COVID-19 pandemic.

Investment earnings consist of income from invested operating revenues and reserve funds. Investment income was \$6,693,000, which was \$775,000 or 13.1% higher than the 2020 Budget. Income from investments increased due to higher than projected yields on investments and higher invested balances. Investment income is expected to be below budget for the remainder of the year as short-term interest rates have declined.

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 \$2,820,000 which was \$127,000, or 4.3% lower than the 2020 Budget. Miscellaneous revenue was below the 2020 Budget levels due in part to lower than expected 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 2019 which began in September 2018. The subsidy received was \$19,799,000, which was \$587,000 higher than projected due to additional interest included in a late payment made to the Authority by the U.S Treasury.

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, 2020, revenue was \$1,289,000, representing the minimum guaranteed rent payment.

E-ZPass fees consist of monthly membership fees, transponder sales, return check fees, administrative fees, interest on prepaid accounts and monthly statement fees. Revenue of \$19,749,000 was essentially at budgeted amounts.

New Jersey Turnpike Traffic & Revenue Comparison

For the Month of March 2020⁽¹⁾

	<u>Traffic</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	12,796,000	19,186,000	-33.3%
Commercial Vehicles	2,726,000	2,822,000	-3.4%
Overall	<u>15,522,000</u>	<u>22,008,000</u>	<u>-29.5%</u>

	<u>Revenue</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	\$ 42,820,000	\$ 65,718,000	-34.8%
Commercial Vehicles	29,529,000	28,910,000	2.1%
Overall	<u>\$ 72,349,000</u>	<u>\$ 94,628,000</u>	<u>-23.5%</u>

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

For the month of March 2020, traffic on the New Jersey Turnpike decreased 29.5% and toll revenue decreased 23.5% when compared to the same period in 2019. These results are well below CDM's projection of a decrease of 3.4% for traffic and below CDM's projection of a decrease of 1.1% for revenue for the month of March 2020. Traffic and revenue were both negatively impacted due to effects of the COVID-19 pandemic and the Stay at Home order issued on March 21, 2020. Cash toll collection was suspended on March 24, 2020. Truck revenue actually increased due to longer trips driven by five (5) axle trucks.

For the Three Months Ended March 31, 2020⁽¹⁾

	<u>Traffic</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	47,674,000	52,945,000	-10.0%
Commercial Vehicles	8,238,000	8,219,000	0.2%
Overall	<u>55,912,000</u>	<u>61,164,000</u>	<u>-8.6%</u>

	<u>Revenue</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	\$ 160,085,000	\$ 179,455,000	-10.8%
Commercial Vehicles	88,439,000	86,677,000	2.0%
YTD Toll Revenue	<u>\$ 248,524,000</u>	<u>\$ 266,132,000</u>	<u>-6.6%</u>

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

For the three months ended March 31, 2020, traffic decreased 8.6% and toll revenue decreased 6.6% when compared to the same period in 2019. Traffic and revenue decreased entirely due the effects of the COVID-19 pandemic. Results fell below CDM Smith's projections of a 3.3% decrease in traffic and a 0.5% decrease in revenue.

Electronic toll collection remains popular and overall usage rates continue to be strong. For the three months ended March 31, 2020, the *E-ZPass* usage rate for passenger cars was 87.5%, and for commercial vehicles was 95.3%. This resulted in an overall *E-ZPass* usage rate of 88.6%. 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 2020⁽¹⁾

	<u>Traffic</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	21,539,000	30,581,000	-29.6%
Commercial Vehicles	405,000	428,000	-5.4%
Overall	<u>21,944,000</u>	<u>31,009,000</u>	<u>-29.2%</u>

	<u>Revenue</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	\$ 23,258,000	\$ 33,389,000	-30.3%
Commercial Vehicles	1,172,000	1,238,000	-5.3%
Overall	<u>\$ 24,430,000</u>	<u>\$ 34,627,000</u>	<u>-29.4%</u>

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

For the month of March 2020, toll transactions on the Garden State Parkway decreased by 29.2% and toll revenue decreased by 29.4% when compared to March 2019. Both results are well below CDM's projections of a 2.0% decrease in traffic and a 1.2% decrease in toll revenue. The decrease is due to effects of the COVID-19 pandemic and the travel restrictions enforced under the Stay at Home order issued on March 21, 2020. However, actual traffic and revenue declines were experienced since March 11, 2020. As with the New Jersey Turnpike, cash toll collection was suspended on March 24, 2020.

For the Three Months Ended March 31, 2019⁽¹⁾

	<u>Traffic</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	78,831,000	85,102,000	-7.4%
Commercial Vehicles	1,255,000	1,190,000	5.5%
Overall	<u>80,086,000</u>	<u>86,292,000</u>	<u>-7.2%</u>

	<u>Revenue</u>		
	<u>March-20</u>	<u>March-19</u>	<u>% Change</u>
Passenger Vehicles	\$ 85,649,000	\$ 92,954,000	-7.9%
Commercial Vehicles	3,551,000	3,450,000	2.9%
YTD Toll Revenue	<u>\$ 89,200,000</u>	<u>\$ 96,404,000</u>	<u>-7.5%</u>

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

For the three months ended March 31, 2020, toll transactions on the Garden State Parkway decreased 7.2% and revenue decreased 7.5% when compared to the same period in 2019. Toll transactions and revenue decreased due to effects of the COVID-19 pandemic. Results fell below CDM Smith's projections of a 0.8% decrease in traffic and a 0.4% decrease in toll revenue.

E-ZPass remains popular on the Garden State Parkway as electronic toll collection continues to increase. For the three months ended March 31, 2020, the total *E-ZPass* usage rate was 85.8%, up from 84.7% in the same period in 2019. The *E-ZPass* usage rate for passenger cars was 85.8%, and for commercial vehicles was 82.2%.

Operating Expenses
For the Three Months Ended March 31, 2020

	<u>2020</u> <u>Annual Budget</u>	<u>YTD</u> <u>Expenses</u>
<u>Maintenance of roadway, buildings & equipment</u>		
Maintenance	\$ 240,163,000	\$ 46,379,000
Engineering	10,413,000	2,363,000
Total Maintenance	250,576,000	48,742,000
 <u>Toll Collection</u>		
Toll Collection	169,995,000	36,141,000
 <u>State Police & Traffic Control</u>		
State Police	89,247,000	21,689,000
Operations	13,811,000	3,193,000
Total State Police and Traffic Control	103,058,000	24,882,000
 <u>Technology</u>		
Information Technology Services	24,445,000	5,126,000
 <u>General & Administrative</u>		
Executive Office	1,731,000	363,000
Law	10,911,000	2,585,000
Purchasing & Materials Management	8,506,000	1,769,000
Human Resources & Office Services	6,876,000	1,312,000
Finance	14,472,000	3,355,000
Patron & Customer Services	2,822,000	693,000
Internal Audit	5,579,000	1,209,000
Total General and Administrative	50,897,000	11,286,000
 TOTAL OPERATING	 \$ 598,971,000	 \$ 126,177,000

For the three months ended March 31, 2020, operating expenses were approximately \$126,177,000, which was 21.1% of the annual budget. Operating expenses through March 2020 were under budget primarily due to lower than expected snow and severe weather costs charged to operating expenses. The Authority spent \$4,311,000 for snow and severe weather costs in its operating expense budget in the first three months of 2020, which was approximately \$15,568,000 under budget. All snow and severe weather costs are charged to operating expenses except for declared state of emergency events, which are budgeted and charged to the General Reserve Fund. For the first three months of 2020, the Authority has not charged anything to Extraordinary Events in its General Reserve Fund budget. Lower than expected utilities and equipment maintenance costs also contributed to operating expenses being under budget.

Debt Service

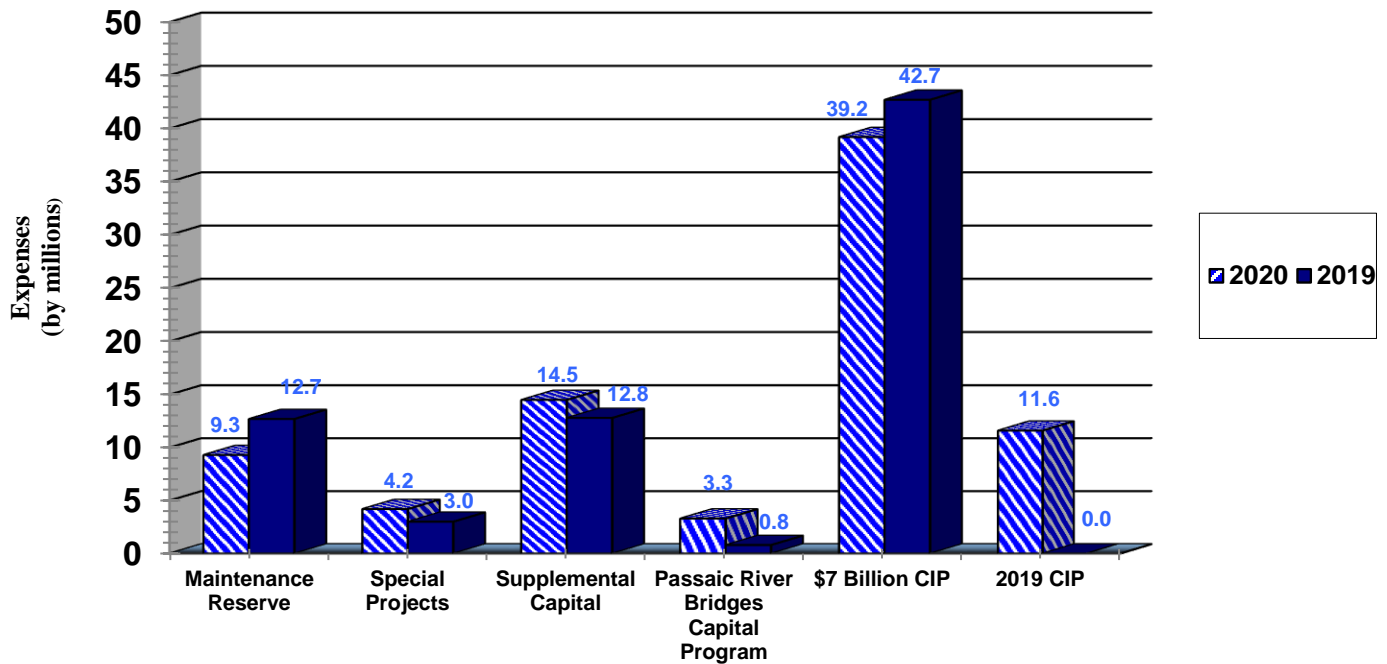
Debt Service includes interest and principal payments on NJTA's outstanding debt. For the three months ended March 31, 2020, Debt Service totaled \$209,154,000 and included \$146,805,000 in interest payments and \$62,349,000 in principal payments. Debt Service is currently under budget primarily due to Series 2015A Bonds. Series 2015A is under budget as it is budgeted at 12% interest on the \$5 million unhedged portion of the bond.

General Reserve Fund

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund expenses totaled \$43,125,000 and consisted primarily of \$32,250,000 for the State Transportation Projects Funding Agreement, and \$5,500,000 for the Transportation Trust Fund Agreement. Spending from the General Reserve Fund decreased by \$25,727,000 in 2020 primarily due to lower spending on snow state of emergency events.

Capital Budget and Construction Fund Expenditures For the Three Months Ended March 31, 2020

	<u>2020</u>	<u>2019</u>
Maintenance Reserve	\$ 9,303,000	\$ 12,722,000
Special Project Reserve	4,220,000	3,012,000
Supplemental Capital	14,464,000	12,750,000
Passaic River Bridges Rehabilitation Program	3,308,000	782,000
Capital Budget Total	31,295,000	29,266,000
\$7 Billion Capital Improvement Program	39,243,000	42,669,000
2019 Capital Improvement Program	11,616,000	-
Total Spending	\$ 82,154,000	\$ 71,935,000



The Capital Budget currently includes the Maintenance Reserve Fund, the Special Project Reserve Fund, the Supplemental Capital Program, and the Passaic River Bridges Rehabilitation Program. Current or accumulated revenues are used to support these funds. 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, as well as major technology projects. The Passaic River Bridges Capital Program covers the rehabilitation of the three (3) bridges that cross the Passaic River.

For the three months ended March 31, 2020, total expenditures from the Capital Budget were approximately \$31,295,000. Expenditures included \$7,676,000 for Arts Center Improvements, \$2,716,000 for Parkway Bridge Repairs, and \$2,529,000 for the Service Area renovations.

Bond proceeds fund the \$7 Billion Capital Improvement Program and the 2019 Capital Improvement Program. Total expenditures from the \$7 Billion Capital Improvement Program for the three months ended March 31, 2020 were approximately \$39,243,000. Expenses included \$13,424,000 for the NBHCE Bridge Re-decking, \$5,323,000 for the Authority's Phase I Facilities Improvements project, and \$4,531,000 for Phase II of Sign Replacements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$307,869,000. Total expenditures from the 2019 Capital Improvement Program for the three months ended March 31, 2020 were approximately \$11,616,000. Expenses include \$3,326,000 for GSP Shoulder Widening from MP 30 to 35 and \$2,235,000 for Turnpike Interchange 6 E-ZPass Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$216,764,000.