

**New Jersey Turnpike Authority
Financial Summary
For the Five Months Ended May 31, 2020**

	Actual YTD January - May	YTD Budget January - May	Annual Budget 2020
Total Revenue	\$ 557,512,000	\$ 732,738,000	\$ 1,864,943,000
Transfer from General Reserve Fund	64,487,000	-	-
Operating Expenses	<u>196,202,000</u>	<u>245,150,000</u>	<u>598,971,000</u>
Net Revenue	\$ 425,797,000	\$ 487,588,000	\$ 1,265,972,000
Debt Service Requirements	348,628,000	349,036,000	842,699,000
Maintenance Reserve Fund	55,874,000	55,874,000	134,097,000
Special Reserve Fund	17,208,000	17,208,000	41,300,000
Debt Service Coverage	1.22	1.40	1.50
Total Requirements Coverage	1.01	1.16	1.24

The following un-audited results are for the five months ended May 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 budgeted 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 five months ended May 31, 2020 was \$557,512,000, which is \$175,226,000, or 23.9%, below the 2020 Budget. Toll revenue was \$464,444,000, which is \$173,876,000, or 27.2%, less than the 2020 budget. Toll revenue is less than budget due to the impact of the COVID-19 pandemic crisis and the shelter in place and non-essential business closures imposed under the declared State of Emergency. Despite total revenue being under budget, income from investments was above budget. Income from investments, which totaled \$10,895,000, was \$966,000 or 9.7% 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 five months ended May 31, 2020, traffic on the New Jersey Turnpike decreased 29.2% and toll revenue decreased 26.8% compared to the same period in 2019. Traffic and toll revenue decreased entirely due to the impacts of the COVID-19 pandemic. Both traffic and toll revenue were lower than budgeted. The 2020 budget is based on the Authority's traffic engineering consultant's (CDM Smith) projections included in a toll revenue forecast study dated September 27, 2018. The actual results for the five months ended May 31, 2020 were well below CDM Smith's projections of a 2.6% decrease in traffic and a 0.2% decrease in revenue. Through May 2020, the E-ZPass usage rate on the New Jersey Turnpike was 90.8%, an increase from 86.9% for the same period in 2019.

For the five months ended May 31, 2020, toll transactions on the Garden State Parkway decreased 26.6% and revenue decreased 28.9% 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 five months ended May 31, 2020 were well below the 2020 budget which assumed a decrease of 0.4% in toll transactions and toll revenue to remain flat for the five month period. Through May 2020, the E-ZPass usage rate on the Garden State Parkway was 88.9%, an increase from 84.7% for the same period in 2019.

Operating expenses for the five months ended May 31, 2020 were approximately \$196,202,000, which was 80% of the year-to-date budget. The Authority's operating expenses through May were under budget primarily due to lower than budgeted snow and severe weather costs. The Authority spent a total of only \$4,461,000 for snow and severe weather costs in 2020 from the operating expense budget. For the five months ended May 31, 2020, snow and severe weather costs charged to operating expenses were approximately \$18,600,000 under budget. In addition to snow, health benefits, salaries, and electronic toll collection processing costs are all under budget.

Debt Service includes interest and principal payments on the Authority's outstanding debt. For the five months ended May 31, 2020, Debt Service totaled \$348,628,000 and included \$244,713,000 in interest payments and \$103,915,000 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 \$77,809,000 for the five months ended May 31, 2020. Expenditures consisted primarily of \$53,750,000 for the State Transportation Projects Funding Agreement, and \$12,737,000 for funding of Service Area Improvements.

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 five months ended May 31, 2020, total expenditures were approximately \$111,531,000. Expenditures included \$18,215,000 for Turnpike Resurfacing, \$14,561,000 for Parkway Resurfacing, and \$13,989,000 for Arts Center Improvements.

Total expenditures from the \$7 Billion Capital Improvement Program (CIP) for the five months ended May 31, 2020 were approximately \$67,385,000. Spending included \$27,337,000 for NBHCE Bridge Re-decking, \$9,344,000 for Interchange Improvements, and \$8,082,000 for the Phase II of sign replacements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$280,293,000. Total expenditures from the 2019 CIP for the five months ended May 31, 2020 were approximately \$19,710,000. Spending included \$4,446,000 for GSP Shoulder Widening from MP 30 to 35, \$3,434,000 for Turnpike Interchange 6 E-ZPass Improvements, and \$3,114,000 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.