

# NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



**TO:** Richard T. Hammer, *Chairman*  
Ronald Gravino, *Vice Chairman*  
Michael R. DuPont, *Treasurer*  
Raymond M. Pocino, *Commissioner*  
Ulises E. Diaz, *Commissioner*  
John D. Minella, *Commissioner*  
Raphael Salerno, *Commissioner*

**RE:** New Jersey Turnpike Revenue Bond Resolution Certification 713 (c)

**DATE:** October 12, 2017

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 there from 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 2017 and 2018. 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 2017 and 2018.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2017 and 2018, 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 2017 and 2018, 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.

**New Jersey Turnpike Revenue Bond Resolution Certification 713 (c)**

**October 12, 2017**

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Schedules B and C

These schedules set forth calculations relative to 2017's revenue requirements. Specifically, the schedule provides actual revenue through September 30, 2017 and projected revenue for the balance of the year (October-December, 2017).

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

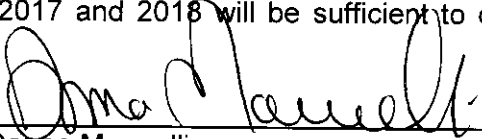
or


- (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 2018'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 2017 and 2018 will be sufficient to comply with Section 713 (b) of the Resolution.

  
 \_\_\_\_\_  
 Donna Manuelli  
 Chief Financial Officer

  
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 Bruce A. Harris  
 General Counsel

CERTIFIED FOR CONSIDERATION:

  
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 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 2017 and 2018, 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 2017 and 2018, 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 2017 and 2018 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, 2017

Operating Fund		\$ 508,800,000
Debt Service Requirements (1)		818,867,000
Charges Fund		155,000
Maintenance Reserve		116,751,000
Special Project Reserve		<u>39,696,000</u>
Total Requirements		1,484,269,000
Deduct Revenue:		
Actual Revenue Provision -		
January - September 2017 Revenue	\$ 1,352,881,000	
Estimated Revenue Provision		
October - December 2017		
(Estimate per Schedule C)	<u>438,315,000</u>	<u>1,791,196,000</u>
Revenue Less Requirements		<u>\$ 306,927,000</u>

(1) Net Debt Service Requirement is as follows:

Series 2000 B-G Debt Service Requirement (2)	\$ 14,577,000
Series 2004 C-2 Debt Service Requirement	7,307,000
Series 2005 A-D Debt Service Requirement	21,638,000
Series 2009 E-I Debt Service Requirement	149,414,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	46,666,000
Series 2013 A-F Debt Service Requirement (2)(3)	285,193,000
Series 2014 A-C Debt Service Requirement (2)(4)	60,585,000
Series 2015 A-H Debt Service Requirement (2)(3)(4)	51,311,000
Series 2016 A-D Debt Service Requirement (2)(3)	14,304,000
Series 2017 A-D Debt Service Requirement (2)(3)	36,485,000
Total Debt Service	<u>\$ 818,867,000</u>

(2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.

(3) Floating rate notes also include the fixed credit spread as interest expense.

(4) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.

**Schedule C**

**NEW JERSEY TURNPIKE AUTHORITY**  
 Certificate Required Under Section 713  
 Turnpike Revenue Bond Resolution  
 Fiscal Year Ending December 31, 2017

<b>Month</b>	<b>Toll Revenue</b>	<b>E-ZPass Fees</b>	<b>Build America Bonds Subsidy</b>	<b>Concession Revenue</b>	<b>Income from Investments</b>	<b>Arts Center Revenue</b>	<b>Miscellaneous (1)</b>	<b>Total Revenue</b>
October	\$ 135,397,000	\$ 4,864,000	\$ 6,356,000	\$ 2,952,000	\$ 996,000	\$ 39,000	\$ 1,084,000	\$ 151,688,000
November	126,283,000	5,202,000	6,356,000	2,922,000	1,004,000	38,000	1,084,000	142,889,000
December	127,334,000	4,872,000	6,356,000	2,946,000	1,050,000	96,000	1,084,000	143,738,000
	\$ 389,014,000	\$ 14,938,000	\$ 19,068,000	\$ 8,820,000	\$ 3,050,000	\$ 173,000	\$ 3,252,000	\$ 438,315,000

**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 D**

**NEW JERSEY TURNPIKE AUTHORITY**  
 Certificate Required Under Section 713  
 Turnpike Revenue Bond Resolution  
 Fiscal Year Ending December 31, 2017

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

Revenues		\$ 1,791,196,000
Operating Expenses		508,800,000
Net Revenues		<u>1,282,396,000</u>
(i) Debt Service Requirements	\$ 818,867,000	
(i) Charges Fund	155,000	
(i) Maintenance Reserve	116,751,000	
(i) Special Project Reserve	<u>39,696,000</u>	<u>975,469,000</u>
Excess Revenues		<u>\$ 306,927,000</u>
Net Revenues		\$ 1,282,396,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 818,867,000		<u>982,640,400</u>
Excess Revenues		<u>\$ 299,755,600</u>
Debt Service Coverage		<u>1.57</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, 2018

Operating Fund	\$ 538,965,000
Debt Service Requirements (1)	809,406,000
Charges Fund	-
Maintenance Reserve	119,086,000
Special Project Reserve	<u>40,490,000</u>
Total Requirements	1,507,947,000
Deduct Revenue:	
Estimated Revenue Provision January/December 2017 (Estimate per Schedule F)	1,787,775,000
Revenue Less requirements	<u>\$ 279,828,000</u>

## (1) Net Debt Service Requirement is as follows:

Series 2004 C-2 Debt Service Requirement	\$ 7,307,000
Series 2005 A-D Debt Service Requirement	54,138,000
Series 2009 F-I Debt Service Requirement	111,897,000
Series 2010 A Debt Service Requirement	131,387,000
Series 2012 A-B Debt Service Requirement	205,101,000
Series 2013 A-F Debt Service Requirement	71,358,000
Series 2014 A-C Debt Service Requirement	62,113,000
Series 2015 A-H Debt Service Requirement (2)(3)(4)	51,553,000
Series 2016 A-D Debt Service Requirement (2)(3)	14,407,000
Series 2017 A-D Debt Service Requirement (2)(3)	87,020,000
Series 2018 Debt Service Requirement (5)	13,125,000
Total Debt Service	<u>\$ 809,406,000</u>

- (2) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
- (3) Floating rate notes also include the fixed credit spread as interest expense.
- (4) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
- (5) Assumed new money issuance in 2017 of up to \$525 million to fund the \$7 billion capital program.

**Schedule F**

**NEW JERSEY TURNPIKE AUTHORITY**  
 Estimated Revenue Provision  
 January 2018 through December 2018

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Arts Center Revenue	Miscellaneous (1)	Total Revenue
January	\$ 114,114,000	\$ 4,844,000	\$ 6,356,000	\$ 3,180,000	\$ 1,049,000	\$ 423,000	\$ 844,000	\$ 130,810,000
February	104,928,000	4,654,000	6,356,000	2,635,000	1,012,000	423,000	844,000	120,852,000
March	126,583,000	5,109,000	6,356,000	2,359,000	1,122,000	422,000	844,000	142,795,000
April	130,624,000	4,656,000	6,357,000	2,961,000	1,151,000	327,000	845,000	146,921,000
May	139,464,000	5,415,000	6,356,000	3,310,000	1,312,000	327,000	844,000	157,028,000
June	139,333,000	5,265,000	6,356,000	3,681,000	1,638,000	327,000	844,000	157,444,000
July	148,291,000	5,811,000	6,356,000	4,292,000	1,205,000	326,000	844,000	167,125,000
August	148,927,000	5,848,000	6,357,000	4,592,000	1,535,000	327,000	845,000	168,431,000
September	132,670,000	5,375,000	6,356,000	4,069,000	1,224,000	327,000	844,000	150,865,000
October	137,214,000	5,899,000	6,356,000	3,051,000	1,264,000	38,000	844,000	154,666,000
November	127,977,000	5,672,000	6,356,000	2,933,000	1,224,000	39,000	844,000	145,045,000
December	129,042,000	5,252,000	6,357,000	2,937,000	1,264,000	96,000	845,000	145,793,000
	\$ 1,579,167,000	\$ 63,800,000	\$ 76,275,000	\$ 40,000,000	\$ 15,000,000	\$ 3,402,000	\$ 10,131,000	\$ 1,787,775,000

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, 2018

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

Revenues		\$ 1,787,775,000
Operating Expenses		538,965,000
Net Revenues		<u>1,248,810,000</u>
(i) Debt Service Requirements	\$ 809,406,000	
(i) Charges Fund	-	
(i) Maintenance Reserve	119,086,000	
(i) Special Project Reserve	<u>40,490,000</u>	<u>968,982,000</u>
Excess Revenues		<u>\$ 279,828,000</u>
Net Revenues		\$ 1,248,810,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 809,406,000		<u>971,287,200</u>
Excess Revenues		<u>\$ 277,522,800</u>
Debt Service Coverage		<u>1.54</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)."