

**New Jersey Turnpike Authority
Financial Summary
For the Two Months Ended February 28, 2021**

| | Actual YTD January - February | YTD Budget January - February | 2021 Annual Budget |
|------------------------------------|--|--|-------------------------------|
| Total Revenue | \$ 286,458,000 | \$ 304,398,000 | \$ 2,149,468,000 |
| Operating Expenses | <u>107,208,000</u> | <u>106,099,000</u> | <u>622,324,000</u> |
| Net Revenue | \$ 179,250,000 | \$ 198,299,000 | \$ 1,527,144,000 |
| Debt Service Requirements | 137,900,000 | 153,459,000 | 920,757,000 |
| Maintenance Reserve Fund | 26,667,000 | 26,667,000 | 160,000,000 |
| Special Reserve Fund | 8,333,000 | 8,333,000 | 50,000,000 |
| Debt Service Coverage | 1.30 | 1.29 | 1.66 |
| Total Requirements Coverage | 1.04 | 1.05 | 1.35 |

The following un-audited results are for the two months ended February 28, 2021.¹ 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, 2021, the Authority is projected to have a debt service coverage ratio of 1.66 and a total requirements coverage ratio of 1.35.

The Authority's total revenue for the two months ended February 28, 2021 was \$286,458,000, which is \$17,940,000, or 5.9%, below the 2021 year-to-date budget. Toll revenue was \$245,028,000, which is \$21,130,000, or 7.9%, less than the 2021 year-to-date budget. Toll revenue is less than budget due to the continuing impact of the COVID-19 pandemic crisis, the impact of Winter Storm Orlena, which occurred from January 31st – February 3rd, as well as a series of other storms throughout February. It is estimated that the February storms accounted for an approximate \$11 million revenue loss. February 2021 was the 7th snowiest February since 1895. New Jersey continues to be in a state of emergency and mandatory restrictions have resulted in lower traffic than anticipated. However, traffic declines have lessened since April 2020 and toll revenue had increased each month compared to the prior year since September 2020, except for February 2021 due to the severe winter weather as stated above. Despite being under budget, toll revenue did increase compared to the prior year due to the toll rate increase effective on September 13, 2020. Lower than expected interest income, which was \$1,975,000, or 61.1% under budget due to lower than budgeted short-term interest rates, was offset by higher E-ZPass fees, which were \$5,729,000, or 40.6%, above the budget due to conservative budgeting in 2021.

For the two months ended February 28, 2021, traffic on the New Jersey Turnpike decreased 25.7% and toll revenue increased 4.5% compared to the same period in 2020. While traffic decreased primarily due to the continued impacts of the COVID-19 pandemic and the severe winter weather, toll revenue increased due to the toll rate increase on September 13, 2020. Commercial toll revenue is up 19.3% compared to 2020. In addition to the effects of the pandemic, and the winter storms which combined for an approximate \$8 million revenue loss, February 2021 results were impacted by the month having one less day than February 2020. The 2021 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated toll revenue forecast dated October 6, 2020. The updated forecast includes both the assumed continuing impacts of COVID-19 and the toll rate increase. Considering these two factors, CDM Smith projected a 19.3% decrease in traffic and an 11.4% increase in revenue as compared to prior year. The actual results for the two months ended February 28, 2021 were below these projections due to the conservative and precautionary measures taken to control the spread of the virus, as compared to the additional phased openings and travel assumed in the projections, as well as the impact of Winter Storm Orlena which was not projected. Through February 2021, the E-ZPass usage rate on the New Jersey Turnpike was 89.2%, an increase from 88.3% for the same period in 2020.

For the two months ended February 28, 2021, toll transactions on the Garden State Parkway decreased 24.9% and revenue decreased 5.0% when compared to the same period in 2020. The decrease in traffic and revenue is due to the impacts of the COVID-19 pandemic, as well as more severe winter weather than expected which combined for an approximate \$3 million revenue loss, and February 2021 having one less day than February 2020. Commercial toll revenue increased 2.7% compared to 2020. The actual results for the two months ended February 28, 2021 were below the budget which was based on CDM's projection of a 14.1% decrease in toll transactions and a 7.9% increase in toll revenue, again due to the conservative and precautionary measures taken to control the spread of the virus as compared to the additional phased openings and travel assumed in the projections, as well as the impact of Winter Storm Orlena which was not projected. The projections include both the assumed impacts of COVID-19 and the toll rate increase. Through February 2021, the E-ZPass usage rate on the Garden State Parkway was 87.2%, an increase from 85.7% for the same period in 2020.

Operating expenses for the two months ended February 28, 2021 were approximately \$107,208,000, which was 101.0% of the year-to-date budget. The Authority's operating expenses through February were slightly over budget primarily due to higher than budgeted snow and severe weather costs. The Authority spent a total of \$44,316,000 for snow and severe weather costs in 2021, with \$23,960,000 spent from the operating expense budget and an additional \$20,356,000 spent from the General Reserve Fund. 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. For the two months ended February 28, 2021, snow and severe weather costs charged to operating expenses were approximately \$9,285,000 over budget, partially offset by lower than budgeted health benefits, credit card fees, and consulting services fees which combined were \$4,579,000 under budget. Despite being over the year-to-date snow budget, the Authority has about \$14,000,000 remaining in its annual 2021 Operating Expense Budget for snow and severe weather costs.

Debt Service includes interest and principal payments on the Authority's outstanding debt. For the two months ended February 28, 2021, Debt Service totaled \$137,900,000 and included \$96,388,000 in interest payments and \$41,512,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in November 2020 and another \$500,000,000 in January 2021, while only one has been completed. In addition, the Series 2021B refunding resulted in interest expense savings which were not budgeted.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$56,314,000 for the two months ended February 28, 2021. Spending consisted primarily of \$21,500,000 for the State Transportation Projects Funding Agreement, \$20,356,000 for Extraordinary Events (state of emergency weather events - Orlena), and \$3,667,000 for the Transportation Trust Fund Agreement. Also included is \$7,875,000 in net transfers to the revenue funded programs in the Construction Fund.

The Capital Budget, which is funded by revenue, consists of the Maintenance Reserve Fund, Special Project Reserve Fund, and the Supplemental Capital Program. For the two months ended February 28, 2021, total expenditures were approximately \$17,501,000. Expenditures included \$2,678,000 for Turnpike Bridge Repairs, \$2,572,000 for Roadway Lighting Repairs, and \$2,103,000 for Parkway Resurfacing.

Total expenditures from the 2008 \$7 Billion Capital Improvement Program (CIP) for the two months ended February 28, 2021 were approximately \$10,929,000. Spending included \$5,313,000 for NBHCE Bridge Re-decking, \$2,095,000 for Phase II Sign Replacements, and \$1,808,000 for Interchange Improvements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$184,186,000. Total expenditures from the 2019 CIP for the two months ended February 28, 2021 were approximately \$21,137,000. Spending included \$5,124,000 for GSP Shoulder Widening from MP 30 to 35, \$2,699,000 for GSP Bridge Deck Reconstruction 160.6 to 161.9, and \$2,327,000 for TPK Install of New Hybrid CMS. In addition to these expenditures, there are open contracts and commitments totaling approximately \$353,329,000. Total expenditures from the 2021-2025 Capital Improvement Program for the two months ended February 28, 2021 were approximately \$5,317,000. Spending included \$1,346,000 for TPK Deck Reconstruction MP 35.3 to 37.97 and 74.31 to 74.39, \$1,246,000 for TPK Bridge Rehabilitation W107.87, E107.88 and 84.24N&S, and \$1,228,000 for GSP & TPK Bridge Rehabilitation/Replacement Program. In addition to these expenditures, there are open contracts and commitments totaling approximately \$133,408,000. All three programs are funded from bond proceeds.

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