

**New Jersey Turnpike Authority
Financial Summary
For the Four Months Ended April 30, 2021**

	Actual YTD January - April	YTD Budget January - April	2021 Annual Budget
Total Revenue	\$ 645,810,000	\$ 650,868,000	\$ 2,149,468,000
Operating Expenses	<u>197,116,000</u>	<u>203,978,000</u>	<u>622,324,000</u>
Net Revenue	\$ 448,694,000	\$ 446,890,000	\$ 1,527,144,000
Debt Service Requirements	265,752,000	306,918,000	920,757,000
Maintenance Reserve Fund	53,333,000	53,333,000	160,000,000
Special Reserve Fund	16,667,000	16,667,000	50,000,000
Debt Service Coverage	1.69	1.46	1.66
Total Requirements Coverage	1.34	1.19	1.35

The following un-audited results are for the four months ended April 30, 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 four months ended April 30, 2021 was \$645,810,000, which is \$5,058,000, or 0.8%, below the 2021 year-to-date budget. Toll revenue was \$560,303,000, which is \$14,427,000, or 2.5%, 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, as February 2021 was the 7th snowiest February since 1895. Although restrictions have lessened, New Jersey continues to be in a state of emergency which has resulted in lower traffic than anticipated. However, traffic declines have lessened since April 2020 and toll revenue has increased each month compared to the prior year since September 2020, except for February 2021 due to the severe winter weather that month. Despite being under budget, toll revenue did increase compared to the prior year due primarily to the toll rate increase effective on September 13, 2020 as well as the significant increase in traffic in April 2021 as compared to April 2020. Lower than expected interest income, which was \$2,471,000, or 62.4%, under budget due to lower than budgeted short-term interest rates, was offset by higher E-ZPass fees, which were \$13,334,000, or 47.8%, above the budget due to conservative budgeting in 2021.

For the four months ended April 30, 2021, traffic on the New Jersey Turnpike increased 6.4% and toll revenue increased 45.5% compared to the same period in 2020. The increase in traffic is primarily due to the gradual re-opening of the State in the first quarter of 2021, as compared to April 2020, which was the peak of the pandemic. Toll revenue also increased due to the toll rate increase on September 13, 2020. In addition, traffic and revenue also increased due to more travel during the April 2021 Easter holiday weekend. 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 9.1% increase in traffic and a 47.4% increase in revenue as compared to prior year. The actual results for the four months ended April 30, 2021 were slightly 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 and other winter storms in February which were not projected and combined for an approximate \$8 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 18.3% for the four-month period. Through April 2021, the E-ZPass usage rate on the New Jersey Turnpike was 89.2%, a decrease from 90.1% for the same period in 2020. The marginal decrease is due to the suspension of cash toll collection from March 24 to May 18, 2020 which contributed to a relative increase in the E-ZPass usage rate.

For the four months ended April 30, 2021, toll transactions on the Garden State Parkway increased 7.1% and revenue increased 39.0% when compared to the same period in 2020. While the increase in traffic is primarily due to the less severe impacts of the COVID-19 pandemic, toll revenue increased primarily due to the toll rate increase on September 13, 2020. Increased travel during the Easter holiday weekend as compared to last year and the entire month of April 2021 as compared to April 2020. The actual results for the four months ended April 30, 2021 were below the budget which was based on CDM's projection of a 15.1% increase in toll transactions and a 47.8% 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 and other winter storms which were not projected and combined for an approximate \$3 million revenue loss. The projections include both the assumed impacts of COVID-19 and the toll rate increase. When compared to the same period in 2019, pre-pandemic, traffic is down 15.8%. Through April 2021, the E-ZPass usage rate on the Garden State Parkway was 87.4%, a slight decrease from 87.9% for the same period in 2020. The marginal decrease is due to the suspension of cash toll collection from March 24 to May 18, 2020 which contributed to a relative increase in the E-ZPass usage rate.

Operating expenses for the four months ended April 30, 2021 were approximately \$197,116,000, which was 96.6% of the year-to-date budget. The Authority's operating expenses through April were slightly below budget primarily due to lower salaries because of existing vacancies, lower than budgeted health benefit costs along with lower liability insurance and legal services costs, and higher recoveries. This was partially offset by higher snow and severe weather costs and higher state police costs. Electronic toll collection costs are higher due to higher violation processing fees which were partially offset by lower credit card transaction processing fees due to lower than budgeted toll revenue. The Authority spent a total of \$42,480,000 for snow and severe weather costs in 2021, with \$23,953,000 spent from the operating expense budget and an additional \$18,527,000 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 four months ended April 30, 2021, snow and severe weather costs charged to operating expenses were approximately \$3,280,000 over budget. Despite being over the year-to-date snow budget, the Authority has about \$14,149,000 remaining in its annual 2021 Operating Expense Budget for snow and severe weather costs.

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

Financial Summary For the Four Months Ended April 30, 2021

Debt Service includes interest and principal payments on the Authority's outstanding debt. For the four months ended April 30, 2021, Debt Service totaled \$265,752,000 and included \$192,490,000 in interest payments and \$73,262,000 in principal payments which was 86.6% of the year-to-date budget. 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 and principal 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 \$86,333,000 for the four months ended April 30, 2021. Spending consisted primarily of \$43,000,000 for the State Transportation Projects Funding Agreement, \$18,527,000 for Extraordinary Events (state of emergency weather events - Orlena), and \$7,333,000 for the Transportation Trust Fund Agreement. Also included are \$17,670,000 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 four months ended April 30, 2021, total expenditures were approximately \$40,344,000. Expenditures included \$5,624,000 for Roadway Lighting Repairs, \$4,177,000 for Parkway Bridge Repairs, and \$3,790,000 for Tumpike Bridge Repairs.

Total expenditures from the 2021-2025 Capital Improvement Program for the four months ended April 30, 2021 were approximately \$12,650,000. Spending included \$3,365,000 for TPK Deck Reconstruction MP 35.3 to 37.97 and 74.31 to 74.39, \$1,815,000 for GSP & TPK Bridge Rehabilitation/Replacement Program, and \$1,713,000 for TPK Bridge Rehabilitation W107.87, E107.88 and 84.24N&S. In addition to these expenditures, there are open contracts and commitments totaling approximately \$209,355,000. Total expenditures from the 2019 CIP for the four months ended April 30, 2021 were approximately \$49,731,000. Spending included \$11,689,000 for GSP Shoulder Widening from MP 30 to 35, \$5,336,000 for GSP Bridge Deck Reconstruction 160.6 to 161.9, and \$5,068,000 for TPK Bridge Lengthening 30.75 and 33.94. In addition to these expenditures, there are open contracts and commitments totaling approximately \$338,824,000. Total expenditures from the 2008 \$7 Billion Capital Improvement Program (CIP) for the four months ended April 30, 2021 were approximately \$26,198,000. Spending included \$13,481,000 for NBHCE Bridge Re-decking, \$5,167,000 for Interchange Improvements, and \$2,142,000 for Phase II Sign Replacements. In addition to these expenditures, there are open contracts and commitments totaling approximately \$171,170,000. All three programs are funded from bond proceeds.