

**New Jersey Turnpike Authority
Financial Summary
For the Five Months Ended May 31, 2021**

	Actual YTD January - May	YTD Budget January - May	2021 Annual Budget
Total Revenue	\$ 841,335,000	\$ 838,453,000	\$ 2,149,468,000
Operating Expenses	<u>242,831,000</u>	<u>251,927,000</u>	<u>622,324,000</u>
Net Revenue	\$ 598,504,000	\$ 586,526,000	\$ 1,527,144,000
Debt Service Requirements	332,086,000	383,648,000	920,757,000
Maintenance Reserve Fund	66,667,000	66,667,000	160,000,000
Special Reserve Fund	20,833,000	20,833,000	50,000,000
Debt Service Coverage	1.80	1.53	1.66
Total Requirements Coverage	1.43	1.24	1.35

The following un-audited results are for the five months ended May 31, 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 five months ended May 31, 2021 was \$841,335,000, which is \$2,882,000, or 0.3%, above the 2021 year-to-date budget. Toll revenue was \$735,010,000, which is \$8,373,000, or 1.1%, 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 gradually lessened, New Jersey was in a state of emergency until June 4, 2021, resulting 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 both April and May 2021 as compared to the same periods in 2020. Lower than expected interest income, which was \$3,076,000, or 62.8%, under budget due to lower than budgeted short-term interest rates, was offset by higher E-ZPass fees, which were \$16,263,000, or 46.8%, above the budget due to conservative budgeting in 2021.

For the five months ended May 31, 2021, traffic on the New Jersey Turnpike increased 17.4% and toll revenue increased 60.0% 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 five months of 2021, as compared to the same period in 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 and the May 2021 Memorial Day holiday weekends as compared to the same periods last year. The 2021 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated to II 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 18.9% increase in traffic and a 59.9% increase in revenue as compared to prior year. The actual results for the five months ended May 31, 2021 were slightly below the traffic projection and at projection for revenue 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. Also, the impact of Winter Storm Orlena and other winter storms in February which were not projected, combined for an approximate \$8 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 16.8% and revenue is up 17.2% for the five-month period. Through May 2021, the E-ZPass usage rate on the New Jersey Turnpike was 89.2%, a decrease from 90.8% 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 last year.

For the five months ended May 31, 2021, toll transactions on the Garden State Parkway increased 17.0% and revenue increased 53.3% 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 and Memorial Day holiday weekends as compared to last year also positively impacted results. The actual results for the five months ended May 31, 2021 were below the budget which was based on CDM's projection of a 23.6% increase in toll transactions and a 60.4% 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 14.1% and revenue is up 8.9%. Through May 2021, the E-ZPass usage rate on the Garden State Parkway was 87.5%, a decrease from 88.9% 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 last year.

Operating expenses for the five months ended May 31, 2021 were approximately \$242,831,000, which was 96.4% of the year-to-date budget. The Authority's operating expenses through May 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 property damage recoveries. This was partially offset by higher snow and severe weather costs, higher state police costs and higher electronic toll collection 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 toll revenue being under budget. The Authority spent a total of \$42,921,000 for snow and severe weather costs in 2021, with \$24,394,000 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 five months ended May 31, 2021, snow and severe weather costs charged to operating expenses were approximately \$3,156,000 over budget. Despite being over the year-to-date snow budget, the Authority has about \$13,708,000 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 Five Months Ended May 31, 2021

Debt Service includes interest and principal payments on the Authority's outstanding debt. For the five months ended May 31, 2021, Debt Service totaled \$332,086,000 and included \$240,509,000 in interest payments and \$91,577,000 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 in February 2021 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 \$100,129,000 for the five months ended May 31, 2021. Spending consisted primarily of \$53,750,000 for the State Transportation Projects Funding Agreement, \$18,527,000 for Extraordinary Events (state of emergency weather events - Orlena), and \$9,167,000 for the Transportation Trust Fund Agreement. Also included are \$17,901,000 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 five months ended May 31, 2021, total expenditures were approximately \$59,297,000. Expenditures included \$6,075,000 for Parkway Bridge Repairs, \$6,018,000 for Roadway Lighting Repairs, and \$4,964,000 for the Laderman Bridge Repair project.

Total expenditures from the 2021-2025 Capital Improvement Program for the five months ended May 31, 2021 were approximately \$16,402,000. Spending included \$3,365,000 for TPK Deck Reconstruction MP 35.3 to 37.97 and 74.31 to 74.39, \$2,418,000 for GSP & TPK Bridge Rehabilitation/Replacement Program, and \$1,901,000 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 \$212,947,000. Total expenditures from the 2019 CIP for the five months ended May 31, 2021 were approximately \$66,793,000. Spending included \$15,347,000 for GSP Shoulder Widening from MP 30 to 35, \$7,858,000 for TPK Install New Hybrid CMS, and \$6,822,000 for GSP Bridge Deck Reconstruction 160.6 to 161.9. In addition to these expenditures, there are open contracts and commitments totaling approximately \$322,204,000. Total expenditures from the 2008 \$7 Billion Capital Improvement Program (CIP) for the five months ended May 31, 2021 were approximately \$30,769,000. Spending included \$16,373,000 for NBHCE Bridge Re-decking, \$5,589,000 for Interchange Improvements, and \$2,579,000 for GSP Interchange 125 Phase I. In addition to these expenditures, there are open contracts and commitments totaling approximately \$167,012,000. All three programs are funded from bond proceeds.