

NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



TO: Diane Gutierrez-Scaccetti, *Chair*
Ulises E. Diaz, *Vice Chairman*
Michael R. DuPont, *Treasurer*
Ronald Gravino, *Commissioner*
John D. Minella, *Commissioner*
Raphael Salermo, *Commissioner*

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

DATE: November 8, 2021

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 therefrom 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 2021 and 2022. 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 2021 and 2022.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2021 and 2022, 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 2021 and 2022, 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)

November 8, 2021

Page 2 of 2

Schedules B and C

These schedules set forth calculations relative to 2021's revenue requirements. Specifically, the schedule provides actual revenue through October 31, 2021 and projected revenue for the balance of the year (November-December 2021).

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 (2021 and 2022) "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

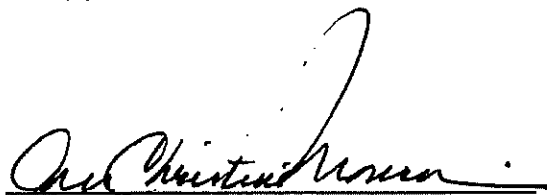
or

- (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)."

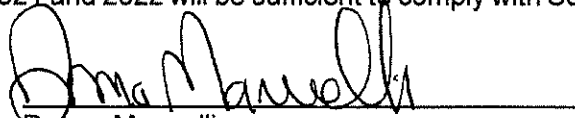
Schedules E and F

These schedules set forth calculations relative to 2022'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 2021 and 2022 will be sufficient to comply with Section 713 (b) of the Resolution.



Ann Christine Monica
Acting Director of Law



Donna Manuelli
Chief Financial Officer

CERTIFIED FOR CONSIDERATION:



John M. Keller
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 2021 and 2022, 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 2021 and 2022, 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 2021 and 2022 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, 2021

Operating Expenses and Reserve (1)		\$ 594,300,000
Debt Service Requirements (2)		797,200,000
Maintenance Reserve Payments		160,000,000
Special Project Reserve Payments		<u>50,000,000</u>
Total Requirements		1,601,500,000
Deduct Revenue:		
Actual Revenue Provision - January - October 2021	\$ 1,883,000,000	
Estimated Revenue Provision November - December 2021 (Estimate per Schedule C)	<u>355,600,000</u>	<u>2,238,600,000</u>
Revenue Less Requirements		<u>\$ 637,100,000</u>

(2) Net Debt Service Requirement is as follows:

Series 2004 C-2 Debt Service Requirement	\$ 7,300,000
Series 2005 A-D Debt Service Requirement	20,100,000
Series 2009 F Debt Service Requirement	101,900,000
Series 2010 A Debt Service Requirement	131,400,000
Series 2012 A-B Debt Service Requirement	4,300,000
Series 2013 A-F Debt Service Requirement	6,000,000
Series 2014 A-C Debt Service Requirement	49,200,000
Series 2015 A-H Debt Service Requirement (3)(4)(5)	186,300,000
Series 2016 A-D Debt Service Requirement (3)(4)	30,500,000
Series 2017 A-G Debt Service Requirement (3)(4)	189,000,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 A-C Debt Service Requirement (3)(4)	17,700,000
Series 2021 A-B Debt Service Requirement	<u>33,000,000</u>
Total Debt Service	<u>797,200,000</u>

- (1) Operating Expenses and Reserve includes the operating expenses for the year and the working capital reserve of 10% of the annual budgeted operating expenses as per section 504(B) of the Bond Resolution.
- (2) Amount includes interest and principal payments.
- (3) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate.
- (4) Includes the fixed credit spread as interest expense.
- (5) 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, 2021

<i>Month</i>	<i>Toll Revenue</i>	<i>E-ZPass Fees</i>	<i>Build America Bonds Subsidy</i>	<i>Concession Revenue</i>	<i>Income from Investments</i>	<i>Arts Center Revenue</i>	<i>Miscellaneous (1)</i>	<i>Total Revenue</i>
November	160,500,000	7,900,000	6,400,000	2,500,000	600,000	100,000	1,000,000	179,000,000
December	157,500,000	7,900,000	6,400,000	2,500,000	600,000	700,000	1,000,000	176,600,000
	\$ 318,000,000	\$ 15,800,000	\$ 12,800,000	\$ 5,000,000	\$ 1,200,000	\$ 800,000	\$ 2,000,000	\$ 355,600,000

NOTE: (1) Miscellaneous Revenue includes 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, 2021

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

Revenue		\$ 2,238,600,000
Operating Expenses and Reserve (1)		<u>594,300,000</u>
Net Revenue		<u>1,644,300,000</u>
 (i) Debt Service Requirements	 \$ 797,200,000	
(i) Maintenance Reserve Payments	160,000,000	
(i) Special Project Reserve Payments	<u>50,000,000</u>	<u>1,007,200,000</u>
Revenue Less Requirements		<u>\$ 637,100,000</u>
 Net Revenue		 \$ 1,644,300,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 797,200,000		<u>956,600,000</u>
Excess Revenue (2)		<u>\$ 687,700,000</u>
 Debt Service Coverage		 <u>2.06</u>

- (1) Operating Expenses and Reserve includes the operating expenses for the year and the working capital reserve of 10% of the annual budgeted operating expenses as per section 504(B) of the Bond Resolution.
- (2) Excess revenue will be used to cover budgeted expenses, transfers into Construction Fund and contractual payments from the General Reserve Fund of \$395,800,000

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenue shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenue is defined as "...for any calendar year or other period of time, the Pledged Revenue 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, 2022

Operating Expenses and Reserve (1)	\$ 676,600,000
Debt Service Requirements (2)	735,200,000
Maintenance Reserve Payments	200,000,000
Special Project Reserve Payments	<u>50,000,000</u>
Total Requirements	1,661,800,000
 Deduct Revenue:	
Estimated Revenue Provision January/December 2022 (Estimate per Schedule F)	2,298,400,000
 Revenue Less requirements	 <u>\$ 636,600,000</u>

(2) Net Debt Service Requirement is as follows:

Series 2004 C-2 Debt Service Requirement	\$ 7,300,000
Series 2005 A-D Debt Service Requirement	20,100,000
Series 2009 F-H Debt Service Requirement	101,900,000
Series 2010 A Debt Service Requirement	131,400,000
Series 2012 A-B Debt Service Requirement	34,900,000
Series 2013 A-F Debt Service Requirement	9,700,000
Series 2014 A-C Debt Service Requirement	71,300,000
Series 2015 A-H Debt Service Requirement (3)(4)(5)	61,200,000
Series 2016 A-D Debt Service Requirement (3)(5)	155,500,000
Series 2017 A-G Debt Service Requirement (3)(5)	189,400,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 A-D Debt Service Requirement (3)(5)	17,700,000
Series 2021 A-B Debt Service Requirement	38,300,000
Series 2022 New Money Debt Service Requirement (6)	25,000,000
Series 2022 New Money Debt Service Requirement (7)	18,800,000
Total Debt Service	<u>\$ 903,000,000</u>
Funded from Bond Proceed (capitalized interest)	(43,800,000)
Assumed upfront payment from forward refunding	<u>(124,000,000)</u>
Net Debt Service Funded from Revenue	<u>\$ 735,200,000</u>

(1) Operating Expenses and Reserve includes the operating expenses for the year and the working capital reserve of 10% of the annual budgeted operating expenses as per section 504(B) of the Bond Resolution.

(2) Amount includes interest and principal payments.

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

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

(5) Include the fixed credit spread as interest expense.

(6) Budget 2022 assumes New Money issuance in January 2022 of \$500M at 5% w/capitalized interest for first 3 years.

(7) Budget 2022 assumes New Money issuances in July 2022 of \$750M at 5% w/capitalized interest for first 3 years.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY Estimated Revenue Provision January 2022 through December 2022

<i>Month</i>	<i>Toll Revenue</i>	<i>E-ZPass Fees</i>	<i>Build America Bonds Subsidy</i>	<i>Concession Revenue</i>	<i>Income from Investments</i>	<i>Arts Center Revenue</i>	<i>Miscellaneous (1)</i>	<i>Total Revenue</i>
January	\$ 146,100,000	\$ 8,300,000	\$ 6,400,000	\$ 2,600,000	\$ 500,000	\$ 500,000	\$ 1,000,000	\$ 165,400,000
February	139,000,000	8,300,000	6,400,000	2,600,000	500,000	500,000	1,000,000	158,300,000
March	161,200,000	8,300,000	6,400,000	2,600,000	500,000	500,000	1,000,000	180,500,000
April	170,400,000	8,400,000	6,500,000	2,700,000	500,000	300,000	1,200,000	190,000,000
May	181,600,000	8,400,000	6,400,000	2,600,000	500,000	300,000	1,000,000	200,800,000
June	187,300,000	8,300,000	6,400,000	2,600,000	500,000	300,000	1,000,000	206,400,000
July	193,100,000	8,300,000	6,400,000	2,600,000	500,000	300,000	1,000,000	212,200,000
August	199,200,000	8,400,000	6,400,000	2,700,000	500,000	300,000	1,200,000	218,700,000
September	173,300,000	8,300,000	6,500,000	2,600,000	500,000	400,000	1,000,000	192,600,000
October	178,100,000	8,400,000	6,400,000	2,600,000	500,000	100,000	1,000,000	197,100,000
November	170,100,000	8,300,000	6,400,000	2,600,000	500,000	100,000	1,000,000	189,000,000
December	167,600,000	8,300,000	6,400,000	2,700,000	500,000	700,000	1,200,000	187,400,000
	\$ 2,067,000,000	\$ 100,000,000	\$ 77,000,000	\$ 31,500,000	\$ 6,000,000	\$ 4,300,000	\$ 12,600,000	\$ 2,298,400,000

NOTE: (1) Miscellaneous Revenue includes 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, 2022

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

Revenue		\$ 2,298,400,000
Operating Expenses and Reserve (1)		<u>676,600,000</u>
Net Revenue		<u>1,621,800,000</u>
 (i) Debt Service Requirements	 \$ 735,200,000	
(i) Maintenance Reserve Payments	200,000,000	
(i) Special Project Reserve Payments	<u>50,000,000</u>	<u>985,200,000</u>
Revenue Less Requirements		<u>\$ 636,600,000</u>
 Net Revenue		 \$ 1,621,800,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 735,200,000		<u>882,200,000</u>
Excess Revenue (2)		<u>\$ 739,600,000</u>
 Debt Service Coverage		 <u>2.21</u>

(1) Operating Expenses and Reserve includes the operating expenses for the year and the working capital reserve of 10% of the annual budgeted operating expenses as per section 504(B) of the Bond Resolution.

(2) Excess revenue will be used to cover budgeted expenses, transfers into Construction Fund and contractual payments from the General Reserve Fund of \$685,800,000

The Revenue Requirement under section 713(b) of the Turnpike Revenue Bond Resolution states that in each calendar year Net Revenue shall at least equal the Net Revenue Requirements for such year. Under Section 101 of said Resolution, Net Revenue is defined as "...for any calendar year or other period of time, the Pledged Revenue 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)."