

**New Jersey Turnpike Authority
Financial Summary
For the Two Months Ended February 28, 2022**

	Actual YTD January - February	YTD Budget January - February	2022 Annual Budget
Total Revenue	\$ 334,093,000	\$ 323,614,000	\$ 2,298,400,000
Operating Expenses	<u>101,736,000</u>	<u>108,402,000</u>	<u>676,600,000</u>
Net Revenue	\$ 232,357,000	\$ 215,212,000	\$ 1,621,800,000
Debt Service Requirements	143,057,000	147,350,000	902,853,000
Maintenance Reserve Fund	33,333,000	33,333,000	200,000,000
Special Reserve Fund	8,333,000	8,333,000	50,000,000
Debt Service Coverage	1.62	1.46	1.80
Total Requirements Coverage	1.26	1.14	1.41

The following un-audited results are for the two months ended February 28, 2022.¹ 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, 2022, the Authority is projected to have a debt service coverage ratio of 1.80 and a total requirements coverage ratio of 1.41.

The Authority's total revenue for the two months ended February 28, 2022 was \$334,093,000, which is \$10,479,000, or 3.2%, above the 2022 year-to-date budget. Toll revenue was \$292,173,000, which is \$7,073,000, or 2.5%, more than the 2022 year-to-date budget. Toll revenue is greater than budget primarily due to stronger than projected commercial traffic growth on the New Jersey Turnpike and less severe winter weather in February 2022. However, the impacts of severe winter weather in the month of January 2022 accounted for an approximate \$8 million revenue loss. January 2022 was the 9th snowiest January since 1895, with an average snowfall of 18.1" across the entire State. Compared to prior year, toll revenue has increased, partly due to the 3% annual toll rate indexing effective on January 1, 2022. E-ZPass fees were \$3,832,000, or 23.1%, above the budget due to conservative budgeting in 2022.

For the two months ended February 28, 2022, traffic on the New Jersey Turnpike increased 16.3% and toll revenue increased 20.7% compared to the same period in 2021. The increase in traffic is primarily due to the continued return to office, increased travel, and resumption of large-scale public events after the lifting of COVID-related restrictions in 2021, as well as less severe winter weather. Toll revenue also increased due to the 3% annual toll rate indexing which went into effect on January 1, 2022. In addition, traffic and revenue also increased due to more travel during the February 2022 Presidents' Day holiday weekend compared to the same period as last year. The 2022 traffic and toll revenue budgets are based on the Authority's traffic engineering consultant's (CDM Smith) updated toll revenue forecast dated September 10, 2021. The updated forecast includes both the assumed improved impact of COVID-19 on travel and the 3% annual toll rate indexing. Considering these two factors, CDM Smith projected a 14.5% increase in traffic and a 15.2% increase in revenue as compared to prior year. The actual results for the two months ended February 28, 2022 were above CDM's projections, despite the severe winter weather in January which was not projected and accounted for an approximate \$6 million revenue loss. When compared to the same period in 2019, pre-pandemic, traffic is down 10.9% but revenue is up 29.1% for the same period. However, when comparing the month of February 2022 to February 2019, traffic has recovered to about 96% of pre-pandemic levels. Through February 2022, the E-ZPass usage rate on the New Jersey Turnpike was 91.4%, an increase from 89.2% for the same period in 2021.

For the two months ended February 28, 2022, toll transactions on the Garden State Parkway increased 11.3% and revenue increased 14.8% when compared to the same period in 2021. The increase in traffic is primarily due to the increase in travel as COVID-related restrictions continue to be lifted as well as less severe winter weather, while toll revenue increased mainly due to the 3% annual toll rate indexing. Increased travel during the Presidents' Day holiday weekend as compared to last year also positively impacted results. The actual results for the two months ended February 28, 2022 were below the budget which was based on CDM's projection of a 15.7% increase in toll transactions and a 19.7% increase in toll revenue, due to the severe winter weather in January which was not projected and accounted for an approximate \$2 million revenue loss. The projections include both the assumed impacts of COVID-19 and the 3% annual toll rate indexing. When compared to the same period in 2019, pre-pandemic, traffic is down 12.1% and revenue is up 14.4%. However, when comparing the month of February 2022 to 2019, traffic has recovered to about 94% of pre-pandemic levels. Through February 2022, the E-ZPass usage rate on the Garden State Parkway was 89.5%, an increase from 87.2% for the same period in 2021.

Operating expenses for the two months ended February 28, 2022 were approximately \$101,736,000, which is \$6,666,000, or 6.1%, below the year-to-date budget. The Authority's operating expenses through February were below budget primarily due lower than budgeted salaries because of vacancies and lower legal costs, which were partially offset by higher than budgeted credit card transaction processing fees and transponder costs. The Authority spent a total of \$25,627,000 for snow and severe weather costs in 2022, with \$11,203,000 spent from the operating expense budget and an additional \$14,424,000 spent from the General Reserve Fund. All snow and severe weather costs are considered operating expenses and paid from the Revenue Fund, except for declared state of emergency events, which are charged to the General Reserve Fund. The Authority still has about \$38,000,000 in total available in its 2022 operating expense and general reserve budgets for snow and severe weather costs.

Debt Service includes interest and principal payments on the Authority's outstanding bonds. For the two months ended February 28, 2022, Debt Service totaled \$143,057,000, which was \$4,293,000 or 2.9% below budget and included \$94,549,000 in interest payments and \$48,508,000 in principal payments. Debt Service is below budget partly because the budget assumed a \$500,000,000 new money bond issuance in the beginning of 2022 but has not been issued as of February 2022.

The General Reserve Fund includes all contractual payments subordinate to bondholders and expenditures for any other corporate purpose. The General Reserve Fund spending totaled \$88,327,000 for the two months ended February 28, 2022. Spending consisted primarily of \$58,333,000 for the new State Transportation Agreement, \$14,424,000 for Extraordinary Events (state of emergency weather events), and \$3,667,000 for the Transportation Trust Fund. Also included are \$8,333,000 in transfers to the revenue funded programs in the Construction Fund.

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

**Financial Summary
For the Two Months Ended February 28, 2022**

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, 2022, total expenditures were approximately \$9,909,000, which was 13.4% of the year-to-date spending budget. Expenditures included \$1,369,000 for TMC Communications Upgrades, \$822,000 for TPK Milepost 92-122 & NBHCE, and \$675,000 for Major Fleet Augmentation. In addition to these expenditures, there are open contracts and commitments totaling approximately \$188,003,000.

The Construction Fund, which is funded from bond proceeds, consists of the 2022-2026 Capital Improvement Program, 2019 Capital Improvement Program, and the 2008 \$7 Billion Capital Improvement Program. For the two months ended February 28, 2022, total expenditures were approximately \$50,223,000, which was 47.0% of the year-to-date spending budget. Total expenditures included \$4,656,000 for NBHCE Bridge Re-decking, \$4,246,000 for GSP Shoulder Widening from MP 30 to 35, \$3,104,000 for Service Area Improvements, and \$2,473,000 for TPK Install of New Hybrid CMS. In addition to these expenditures, there are open contracts and commitments totaling approximately \$1,073,909,000.